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BARCLAYS BANK IRELAND PLC

Annual Report and Financial Statements

Year Ended 31 December 2013

Barclays Bank Ireland PLC is regulated by the Central Bank of Ireland.
Registered Office: Two Park Place, Hatch Street, Dublin 2. Registered in Ireland. Registered No: 396330.

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DIRECTORS AND OTHER INFORMATION

Board of Directors

Chris Cullen, Independent Non-Executive Director and Chairman of the Audit Committee

Andrew Stewart Hastings, Chief Executive Officer

Helen Keelan, Independent Non-Executive Director

James Kelly, Chief Risk & Operating Officer

Donal Roche, Chairman and Independent Non-Executive Director

Secretary

Conor Doyle (resigned 19 July 2013)

Pauline Gallagher (appointed 19 July 2013)

Audit Committee members:

Chris Cullen, Chairman of the Committee and Independent Non-Executive Director

Helen Keelan, Independent Non-Executive Director

Board Risk Committee

All Board members as shown above are also members of the Board Risk Committee along with Michael Downes, the Chief Credit Officer of Barclays Bank Ireland PLC ('the Bank') and Pauline Gallagher, Head of Legal for the Bank.

Registered Office and Business Address

Two Park Place
Hatch Street
Dublin 2
Registered Number 396330

Solicitors

Matheson,
70 Sir John Rogerson's Quay, Dublin 2

Arthur Cox,
Earlsfort Court, Earlsfort Terrace, Dublin 2

Auditors

PricewaterhouseCoopers, Chartered Accountants & Statutory audit firm,
One Spencer Dock, North Wall Quay, Dublin 1

DIRECTORS' REPORT FOR THE YEAR

The Directors present their annual report and audited financial statements for the year ended 31st December 2013.

Principal Activities

The principal activity of the Bank is the provision of wholesale banking services to corporate entities and wealth management advisory services. The Bank advises, leads, underwrites and participates in debt transactions and also provides operational banking services. The Bank can also offer leveraged finance, project finance, and finance to Public Private Partnerships ("PPP") and in co-operation with fellow subsidiaries of the Barclays group, wealth management advisory services, debt capital markets and sophisticated risk management products.

The Bank is licensed by the Central Bank of Ireland and received its banking licence on 7th March 2005.

Ratings

Standard & Poor's have assigned the Bank a long-term debt and counterparty rating of 'A-' with a 'positive' outlook, and a short term rating of 'A-2'. The outlook was amended from 'stable' to 'positive' on 16 July 2013. This was in line with the revision of the outlook for the Irish sovereign from 'negative' to stable on 12 July 2013.

Standard & Poor's formally review their ratings at least annually.

Board of Directors

The names of persons who were Directors at any time during the year ended 31st December 2013, or who have been appointed since that date, are set out below.

Donal Roche, Chairman and Independent Non-Executive Director

Chris Cullen, Independent Non-Executive Director and Chairman of the Audit Committee

Helen Keelan, Independent Non-Executive Director

John David Stuart, Group Non-Executive Director (resigned 01 November 2013)

Andrew Stewart Hastings, Chief Executive Officer

James Kelly, Chief Risk & Operating Officer

DIRECTORS' REPORT FOR THE YEAR

Risk management and control

In the ordinary course of business, the Directors and management of the Bank manage a variety of risks with credit, operational, market, liquidity, interest and foreign currency risks being the most significant. These risks are identified, measured and monitored through various control mechanisms across the Bank in order to price facilities and products on a risk adjusted basis and to highlight risk concentrations which require management attention. Independent checks on risk issues and key processes are undertaken by the Barclays Bank PLC internal audit function.

Credit risk

Credit risk arises because the Bank's customers, clients or counterparties may not be able or willing to fulfil their contractual obligations under loan agreements or other credit facilities. The objective of credit risk management is to create value by ensuring that the income generated by each exposure individually and in aggregate is commensurate with the risk taken.

The Bank closely monitors the credit risk of the portfolio on a number of bases including sector, geography, credit grade and security and has a range of control mechanisms in place to manage the risk.

Credit approvals are rigorously reviewed by expert credit staff and approved by a senior sub-committee of the Board of Directors under delegated authority.

Operational risk

Operational risk, which is inherent in all business activities, is the potential for financial and reputational loss arising from failures in internal controls, operational processes or the systems that support them. The Bank manages this risk through appropriate risk controls and loss mitigation actions. These actions include a balance of policies, procedures, internal controls and business continuity arrangements.

Market and liquidity risk

Market risk is the risk of loss arising from adverse movements in the level of volatility of market prices occurring in the interest rate and foreign exchange markets.

Part of the Bank's return on financial instruments is obtained from the controlled mismatching of the dates on which the Bank's investment and customer deposits mature; it is policy that all customer term deposits greater than €10m and with a term greater than one month are matched, thus minimising any interest rate and foreign exchange risk. In addition, all surplus funds are presently placed with Barclays Bank PLC with specific maturities.

The objective of liquidity management is to ensure the availability, at all times, of sufficient funds to meet the demand of customers for additional borrowings or to repay existing deposits as they mature or are withdrawn.

Large balances mature daily from placements of surplus funds and customer deposits. A daily maturity analysis is produced thus enabling the Bank to constantly manage its liquidity position.

Foreign currency risk

The Bank provides foreign exchange capability on behalf of customers, with most deals undertaken at spot value. Forward foreign exchange deals undertaken are generally matched by corresponding positions with Barclays Bank PLC.

The currency risk on the Bank's customer accounts that are denominated in currencies other than euro is mitigated by matching asset and liability amounts in the same currency.

DIRECTORS' REPORT FOR THE YEAR

Results and dividend

The Bank's profit after tax for the year to 31 December 2013 was €25.8m (2012: €12.1m). The profit after tax for 2013 includes a credit of €12.8m generated from the closure of the Bank's defined benefit plan to future accrual in June 2013 and associated benefit changes. An interim dividend of €75m was paid on 16 December 2013 (2012: €25m). The Directors do not propose to make an additional dividend payment for the year ended 31 December 2013.

Business review

Barclays Bank Ireland PLC provides wholesale banking services to corporate entities and wealth management advisory services.

The Bank advises, leads, underwrites and participates in debt transactions and also provides operational banking and treasury services. The Bank also introduces Irish companies to the debt and equity capital raising and risk management structuring capability of Barclays Investment Bank, a leader in the global investment banking market.

The Bank continues to pursue the right opportunities to grow the business and to provide a wide range of banking services to corporate entities and advisory services to wealth management clients.

Following the payment of a €75m dividend to its parent, the Bank's Core Tier 1 capital ratio remains strong at 12.9% as at 31 December 2013 (2012: 17.9%), a ratio that is well in excess of the minimum 4.0% regulatory capital requirement. The Bank received a €50m Tier 2 sub-ordinated loan from its parent in December 2013, as part of optimising its Tier 1 and Tier 2 capital mix and to provide the Bank with capital to support business growth. The Bank's solvency ratio (8% minimum regulatory capital requirement) was 17.1% as at 31 December 2013 (2012: 18.4%), thus giving significant capacity to conservatively expand the balance sheet.

The Bank maintains a robust credit risk management process and utilises well developed risk pricing methodologies that profile economic capital returns.

Profit before tax for the year ended 31 December 2013, was lower than the Board's expectation primarily due to a 29% decrease in net interest income. This decrease in interest income was driven by continuing very low market interest rates, with three month Euribor rates remaining below 0.3% for 2013 compared to a range of 0.2% to 1.3% over 2012. In addition, net interest income reduced as the rate of return on a deposit hedging programme reduced from an average of 1.1% in 2012 to 0.6% in 2013.

Fee income in 2013 of €11.5m was up 12% from 2012 and Foreign Exchange income increased in 2013 by 24% to €2m.

Before the impact of pension changes, there was a 21% increase in 2013 operating costs. The rise in costs was driven by an increase in staff costs due to higher staff numbers and some one-off pension costs, as well as increases in other costs, including the incurring of €0.9m in project costs involved in the rollout of the new SEPA environment. Excluding project costs, 2013 operating costs were 15% up on 2012 to take the cost income ratio from 34% in 2012 to 46% in 2013.

Customer deposits rose by 18% in 2013 to €1,157m and customer loans increased by 3% to €634m resulting in a loan to deposit ratio falling from 63% in 2012 to 55% at the end of 2013. A ratio of 55% reflects a position that the Bank was fully able to fund loans from deposits and the Bank did not need to access its parent bank or the wholesale interbank market for its day to day liquidity requirements.

The Bank in conjunction with Barclays Assurance and Barclays Insurance in Dublin operated a shared defined benefit pension scheme. This scheme was closed to future accrual in May 2013. At the end of 2013, the Bank had a net liability of €4.9m between the fair value of the scheme assets and the present value of the schemes liabilities versus a prior year liability of €18.2m. The driver of the €13.3m decrease in the net liabilities over the period was the €12.8m release in past service cost liabilities, arising from the closure of the scheme to future accrual and the changes made to the scheme benefits.

The changes made to the defined benefit scheme, in addition to the associated ten year funding proposal, were approved by the Pensions Board in September 2013. Incorporated into this funding proposal is a commitment that the Bank and Barclays Insurance Dublin will pay €15m in aggregate into the scheme over the ten year period of the proposal. An escrow account was set up in 2013 which may be used to provide up to €5m in further resources over the ten year period to meet pension obligations if required, depending on the performance of the scheme and actuarial advice.

DIRECTORS' REPORT FOR THE YEAR

The Bank has a proactive approach to early warning list customers and as a result is very close to events at companies that are encountering trading difficulties. The Bank utilises the advice of Barclays' group experts to manage such situations. The Bank suffered no net impairment charge in 2013 versus a total charge of €12m in the prior year. The total balance sheet impairment provision of €10.6m at the end of 2013 is made up of specific provisions of €10.2m and model driven provisions of €0.4m.

The Bank forecasts its liquidity position on a daily basis as the balance sheet asset and liability maturity profile changes with each new asset or liability booked. The Bank has significant buffers over the required minimum levels of daily liquidity necessary to meet the Central Bank of Ireland's liquidity rules, having invested €480m (2012: €491m) in readily realisable liquid assets in the form of Barclays Bank PLC's certificates of deposit. In addition the Bank has the ability to borrow from Barclays Group Treasury should the need arise. The Bank has a detailed liquidity funding plan in place and has access to the Barclays Group liquidity contingency plan and expert personnel, if a need were to arise.

Directors' responsibilities statement for the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish law. Irish company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that year. Under that law the Directors have elected to prepare the financial statements in accordance with generally accepted accounting practices in Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland). In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2013. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors confirm that they have considered, and believe they have satisfied, the above requirements in preparing the financial statements. The Directors are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books and accounting records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the Bank. To ensure compliance with these requirements the Directors have appointed professionally qualified accounting personnel with appropriate expertise and have provided adequate resources to the finance function. These books and accounting records are maintained at the Bank's registered office at Two Park Place, Hatch Street, Dublin 2.

Political Donations

The Electoral Act, 1997 requires companies to disclose all political donations over €200 in aggregate made during the year. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Bank during the year to 31st December 2013.

DIRECTORS' REPORT FOR THE YEAR

Code of Corporate Governance

The Bank is subject to the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance Undertakings. The Bank does not have to comply with the additional requirements in Annex 1 of the Code for Major Institutions.

Going Concern

The Directors are satisfied that the Bank has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the "going concern" basis for preparation of the Financial Statements.

Directors and Secretary's Interest

The Directors' and Secretary's Interest is disclosed in note 31 to the Financial Statements.

Fair value of financial instruments

Disclosure in relation to fair values of financial instruments is included in note 36 to the Financial Statements.

Events since the year end

There have been no significant events affecting the Bank since the year end.

Auditors

The auditors, PricewaterhouseCoopers, are willing to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board

Director

21 March 2014

pwc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS BANK IRELAND PLC

We have audited the financial statements of Barclays Bank Ireland PLC for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Bank's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Bank's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the bank's affairs as at 31 December 2013 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013 and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

pwc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS BANK IRELAND PLC - continued

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the Bank.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.
- The net assets of the company, as stated in the Balance Sheet, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Ronan Doyle

Ronan Doyle
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
21 March 2014

PROFIT AND LOSS ACCOUNT

Year to 31 December 2013

	Notes	2013 €'000	2012 €'000
Interest receivable	2	33,028	47,392
Interest payable		(13,465)	(19,906)
Net interest income		19,563	27,486
Fee and commission income		11,481	10,229
Foreign exchange income	3	1,999	1,608
Other finance expense		(363)	(330)
Total operating income		32,680	38,993
Administrative expenses	5	(15,970)	(13,143)
Depreciation and amortisation		(31)	(45)
Operating expenses before pension benefit changes		(16,001)	(13,188)
Impact of changes in pension benefits	30	12,796	-
Operating expenses after pension benefit changes		(3,205)	(13,188)
Impairment recoveries / (charges)	7	45	(12,025)
Profit on ordinary activities before taxation	4	29,520	13,780
Taxation on profit on ordinary activities	8	(3,745)	(1,705)
Profit for the financial year		25,775	12,075

Profit on ordinary activities arose solely from continuing operations.

The notes on page 13 to 51 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 51 were approved by the Board of Directors on 21 March 2014.

On behalf of the board

Director

Helen A Keelan
Director

James Kelly
Director

Pauline Gallagher
Company Secretary

BALANCE SHEET

As at 31 December 2013

	Notes	2013 €'000	2012 €'000
Assets			
Cash and balance at central banks	11	17,565	16,296
Derivative financial instruments	12	19,234	4,601
Loans and advances to banks	13	781,199	669,807
Available for sale financial instruments	14	480,260	492,097
Loans and advances to customers	15	633,579	612,835
Tangible fixed assets	16	72	104
Other assets, prepayments and accrued income	17	5,677	5,170
Total assets		1,937,586	1,800,910
Liabilities			
Deposits by banks	18	528,711	573,873
Customer deposits	19	1,157,307	978,684
Derivative financial instruments	12	19,074	4,462
Accruals and deferred income	20	10,197	9,611
Retirement benefit obligations	30	4,864	18,169
Subordinated debt	21	50,000	-
Deferred tax		55	198
Total liabilities		1,770,208	1,584,997
Shareholders' funds			
Called up share capital	23	12,446	12,446
Capital contribution	25	121,000	121,000
Available for sale reserve	25	395	1,392
Profit and loss account	25	33,537	81,075
Total shareholders' funds		167,378	215,913
Total liabilities and shareholders' funds		1,937,586	1,800,910
Memorandum Items			
Guarantees and irrevocable letters of credit	26	166,177	160,317
Commitments	26	523,688	444,866

The notes on pages 13 to 51 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 51 were approved by the Board of Directors on 21 March 2014.

On behalf of the board

Director — **Director** Helen A Keelan

Director James Kelly — **Company Secretary** Pauline Gallagher

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year to 31 December 2013

	Notes	2013 €'000	2012 €'000
Profit for the financial year		25,775	12,075
Actuarial gain / (loss) on the pension scheme	30	1,988	(14,672)
Fair value (loss) / gain on available for sale financial instruments	14	(1,140)	554
Movement on deferred tax relating to pension deficit	30	(301)	1,858
Deferred tax relating to available for sale financial instruments	14	143	(69)
Total recognised gains / (losses) relating to the year		26,465	(254)

The notes on pages 13 to 51 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 51 were approved by the Board of Directors on 21 March 2014.

On behalf of the board

Director   **Director** Helen A Keelan

Director James Kelly   **Company Secretary** Pauline Gallagher

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies adopted by the Bank are set out below.

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts 1963 to 2013. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Accounting Convention

The financial statements are prepared under the historical cost convention, with the exception of derivative financial instruments and available for sale instruments.

Foreign currencies

The financial statements are drawn up in Euro and except where otherwise indicated are expressed in thousands (Eur'000).

Monetary assets and liabilities denominated in foreign currencies are translated to Euro using the exchange rates prevailing at the balance sheet date. Profits and losses in foreign currencies are translated into Euros at the average rates of exchange per month.

Profits and losses arising from foreign currency translation and on settlement of amounts receivable and payable in foreign currencies are dealt with in the profit and loss account.

Financial Assets

The Bank classifies its financial assets in the following categories: loans and receivables; derivatives and available for sale financial assets.

Loans and receivables are non-derivative financial assets which are initially recognised at fair value and subsequently measured at amortised cost on the balance sheet using the effective interest rate method. Derivative financial assets are initially measured at fair value and transaction costs are taken directly to the profit and loss. Any gains or losses arising from changes in fair value are included directly in the profit and loss account.

Available for sale financial assets are non-derivative financial assets that are designated as available for sale. They are initially recognised at fair value and subsequently held at fair value. Movement in fair value is included in available for sale reserves.

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is objective evidence that loans and receivables or available for sale financial instruments are impaired. These are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that a loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

a) significant financial difficulty of the issuer or obligor;

b) a breach of contract, such as a default or delinquency in interest or principal payments;

c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Impairment of financial assets (continued)

e) the disappearance of an active market for that financial asset because of financial difficulties; or

f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio;

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

For loans and receivables the Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan and receivable, whether significant or not, it includes the asset in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The amount of the loss is recognised using an allowance account and recognised in the profit and loss account.

The calculation of the present value of the estimated future cash flows of a collateralised loan and receivable asset reflect the cash flows that may result from foreclosure costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Following impairment, interest income is recognised using the interest rate used to discount the future cashflows for the purposes of measuring the impairment loss.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit and loss account.

The Bank's Available for sale financial instruments are assessed for impairment in the same way as loans. If impairment is deemed to have occurred, the cumulative decline in the fair value of the instrument that has previously been recognised in equity is removed from equity and recognised in the profit and loss account.

Taxation

Provision is made for taxation at current enacted rates on the taxable profits.

Deferred taxation is recognised on all timing differences where the transaction or event that gives rise to the obligation to pay more tax in the future or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred taxation on items taken to reserves is also recognised in reserves and is subsequently reclassified to the profit and loss account together with the deferred gain or loss.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Revenue Recognition

Interest income and interest expense are recognised in the profit and loss account using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate which exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fee income relating to loans and advances is recognised in the profit and loss account to match the cost of providing a continuing service, together with a reasonable profit margin. Where a fee is charged in lieu of interest, it is recognised in the profit and loss account as interest receivable on a level yield basis over the behavioural life of the advance. Fees and commissions receivable in respect of all other services provided are recognised in the profit and loss account when the related services are performed and when considered recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates to write off the cost of the assets over their expected useful lives at the following annual rates:

Motor vehicles	20%
Fixtures, plant and equipment	10% / 20%

Retirement benefits

The Bank is a contributor to the Barclays Bank Irish Retirement and Life Assurance Plan, which is a funded, defined benefit scheme and for certain employees the Bank contributes to the Barclays Ireland Defined Contribution Pension Plan.

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income / expense. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur. The pension cost relating to this scheme is assessed in accordance with the advice of a qualified actuary. Past service costs is the change in the present value of the defined benefit obligations resulting from a plan amendment or curtailment. A plan amendment occurs when the Bank changes the benefits payable under an existing plan.

The defined contribution pension charge to operating profit comprises the contribution payable to the scheme for the year.

Dividends

Dividends are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders and are no longer at the discretion of the Bank. Interim dividends declared by the Directors are recognised when paid.

Changes in accounting policy

The financial statements have been prepared using consistent accounting policies as those set out in the financial statements for the year ended 31st December 2012.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Share based payments

The Bank as part of Barclays Bank PLC engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that the services are received, which is the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the profit and loss account reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

2 Interest Receivable

	2013 €'000	2012 €'000
Cash and Balances with Central Banks	97	281
Available for Sale financial instruments	4,924	8,485
Loans and advances to banks	10,699	18,408
Loans and advances to customers	17,308	20,218
Total Interest Receivable	33,028	47,392

3 Foreign Exchange Income

Foreign exchange income represents the net margin earned on spot and forward foreign exchange transactions and also includes the income impact of the monthly revaluation of non-euro balances.

4 Profit Before Tax

	2013 €'000	2012 €'000
Profit on ordinary activities before tax is stated after charging:		
Depreciation	31	45
Auditors' remuneration (stated exclusive of VAT)		
Statutory Audit	95	95
Other assurance Services	-	-
Taxation Services	-	10
Other non-audit Services	-	-
	95	105

NOTES TO THE FINANCIAL STATEMENTS

5 Administrative expenses

	2013 €'000	2012 €'000
Administrative expenses comprise:		
Staff costs	11,731	10,785
Other administrative expenses	4,239	2,358
	15,970	13,143
Staff costs comprise:		
Wages and salaries	9,068	8,660
Social welfare costs	920	791
Pension costs – Defined Contribution	694	61
Pension costs – Defined Benefit	896	1,068
Recruitment costs	153	205
	11,731	10,785

	2013 Number	2012 Number
The average number of persons employed by the Bank during the year was as follows:	99	91

6 Emoluments of Directors

	2013 €'000	2012 €'000
Emoluments for executive Directors		
For services as directors	-	-
For other services	810	761
Pension contributions	38	34
Fees to Non-Executive Directors	170	155
Number of Directors to whom retirement benefits are accruing under defined benefit schemes	1	1

Performance related bonuses are awarded on the basis of measuring annual performance against certain specified financial targets, which include both corporate performance objectives and key strategic objectives as well as taking into account various risk measures.

Details of Barclays Bank PLC share options held and exercised by Directors are separately disclosed in note 31 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

7 Impairment

	2013 €'000	2012 €'000
At 1st January	33,004	26,117
Impairment Provision Charge (Profit & Loss Account)	518	12,025
Impairment releases and recoveries (Profit & Loss Account)	(563)	-
Impairment provision write offs	(22,330)	(5,138)
At 31st December	10,629	33,004

An analysis of the impairment charges by class of financial instrument is included in Note 34.

8 Taxation on profit on ordinary activities

	2013 €'000	2012 €'000
Current Corporation tax charge for the year at 12.5%	2,145	1,705
Deferred tax charge for the year	1,600	-
	3,745	1,705

The current tax charge for the year is lower than the current charge that would result from applying the standard rate of Irish corporation tax of 12.5% to profit on ordinary activities. The reasons for differences are set out below:

	2013	2012
Profit on ordinary activities before tax	29,520	13,780
Profit on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5%	3,690	1,723
Other timing differences	55	(18)
Deductions allowable for tax purposes	(1,600)	-
The actual amount of current tax	2,145	1,705

NOTES TO THE FINANCIAL STATEMENTS

9 Dividends

An interim dividend of €75m was paid on 16th December 2013 (2012: €25m). The Directors do not propose to make an additional dividend payment for the year ended 31st December 2013 (2012: Nil).

10 Assets, liabilities and shareholders' funds	**2013 €'000**	**2012 €'000**
Assets denominated by currency:		
Denominated in Euro	1,103,807	873,458
Denominated in currencies other than Euro	833,779	927,452
Total assets	**1,937,586**	**1,800,910**
Liabilities and shareholders' funds denominated by currency:		
Denominated in Euro	1,102,103	873,460
Denominated in currencies other than Euro	835,483	927,450
Total liabilities and shareholders' funds	**1,937,586**	**1,800,910**

11 Cash and Balances at central banks	**2013 €'000**	**2012 €'000**
Minimum reserve requirement	15,600	13,782
Deposit Protection Account	1,965	2,514
	17,565	**16,296**

NOTES TO THE FINANCIAL STATEMENTS

12 Derivative Financial Instruments

Financial instruments

The Bank's objectives and policies on managing the risks that arise in connection with its forward foreign exchange derivatives, including the policies for hedging, are included in Note 33, Note 34 and Note 35 under the headings "Risk Management", "Credit Risk" and "Liquidity Risk".

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on and, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.

The fair value of a derivative contract represents the amount at which that contract could be exchanged in an arms-length transaction, calculated at market rates current at the balance sheet date. The fair values and notional amounts of derivative instruments held for trading are set out in the table below:

Forward Foreign Exchange

The Bank enters into forward foreign exchange contracts on behalf of its clients to buy or sell foreign currency at a specified future time at a price agreed upon on the trade date.

		2013 Fair value			2012 Fair value	
As at 31st December Derivatives held for trading	**Notional contract amount €'000**	**Assets €'000**	**Liabilities €'000**	**Notional contract amount €'000**	**Assets €'000**	**Liabilities €'000**
Foreign exchange derivatives	1,122,159	19,234	(19,074)	448,275	4,601	(4,462)
Equity Options	126,149	-	-	174,350	-	-

NOTES TO THE FINANCIAL STATEMENTS

13 Loans and advances to banks

	2013 €'000	2012 €'000
Repayable on demand or at short notice	458,104	407,208
Other deposits by banks, remaining maturity:		
3 months or less	244,403	210,665
1 year or less but over 3 months	78,692	51,934
	781,199	**669,807**
Amounts include: Due from Barclays undertakings	**744,028**	**638,015**

14 Available for Sale Financial Instruments

	2013 €'000	2012 €'000
At 1st January	492,097	520,361
Purchased	479,809	490,506
Matured	(490,506)	(519,324)
(Loss) / Gain from movement in fair value	(1,140)	554
At 31st December	**480,260**	**492,097**

Movement in Available for Sale Reserves

Fair value (loss) / gain	(1,140)	554
Deferred Tax thereon	143	(69)
	(997)	**485**

Available for sale financial instruments are certificates of deposits purchased from Barclays Bank plc. These certificates of deposits are readily marketable financial assets purchased for liquidity purposes.

15 Loans and advances to customers

	2013 €'000	2012 €'000
Repayable on demand or short notice	18,933	12,925
Remaining maturity:		
3 months or less	4,178	49,233
1 year or less but over 3 months	24,478	31,195
5 years or less but over 1 year	414,122	355,073
Over 5 years	182,497	197,413
	644,208	**645,839**
Less allowance for impairment losses on loans & advances to customers	(10,629)	(33,004)
	633,579	**612,835**

NOTES TO THE FINANCIAL STATEMENTS

16 Tangible fixed assets	Fixtures, plant and equipment €'000	Motor Vehicles €'000	Total €'000
Net book value			
At 1st January 2013	74	30	104
Additions	1	-	1
Disposals / Other Movements	(2)	-	(2)
Depreciation charge for the year	(21)	(10)	(31)
At 31st December 2013	52	20	72

17 Other assets, prepayments and accrued income	2013 €'000	2012 €'000
Interest receivable	3,514	3,492
Other debtors	2,163	1,678
	5,677	5,170

18 Deposits by banks	2013 €'000	2012 €'000
Deposits by banks, remaining maturity:		
3 months or less	48,902	83,366
1 year or less but over 3 months	479,809	490,507
	528,711	573,873
Amounts include: Due to Barclays undertakings	479,809	490,506

19 Customer deposits	2013 €'000	2012 €'000
Repayable on demand	649,760	512,992
3 months or less but not repayable on demand	465,030	446,687
1 year or less but over 3 months	42,517	19,005
	1,157,307	978,684
Amounts include: Due to Barclays undertakings	54,172	51,004

20 Accruals and deferred income	2013 €'000	2012 €'000
Accruals	2,891	2,497
Interest Payable	2,047	1,942
Deferred income	5,232	5,148
Corporation Tax	27	24
	10,197	9,611

NOTES TO THE FINANCIAL STATEMENTS

21	Subordinated Debt	2013 €'000	2012 €'000
	Dated Loan Capital		
	€50 million Floating Rate Subordinated Debt 2023	50,000	-

On the 16th December 2013 the Bank availed of €50m Tier 2 Subordinated debt from its parent Barclays Bank PLC, as part of optimising its Tier 1and Tier 2 capital mix and to provide the Bank with sufficient capital to support business growth. This debt re-prices on a three monthly basis, based on the 3 month Euribor rate plus 2.84%.

22	Called up share capital	2013 €'000	2012 €'000
	Authorised		
	5,000,000,000 ordinary shares of EUR 1 each	5,000,000	5,000,000

23	Allotted, called up and fully paid	2013 €'000	Ordinary shares of €1 each
	Issued share capital at beginning of year	12,446	12,446,218
	Issued during the year	-	-
	Balance at end of year	**12,446**	**12,446,218**

24	Reconciliation of movement in shareholders' funds	2013 €'000	2012 €'000
	Shareholders' funds at beginning of year	215,913	241,167
	Profit for the financial year	25,775	12,075
	Dividend Paid	(75,000)	(25,000)
	Available for sale reserve	(997)	485
	Actuarial gains / (losses) on the pension scheme	1,687	(12,814)
	Shareholders' funds at end of the year	**167,378**	**215,913**

NOTES TO THE FINANCIAL STATEMENTS

25 Reserves

	Profit & Loss €'000	Capital Contribution €'000	Available For sale reserve €'000	Total €'000
Opening reserves 1st January 2013	81,075	121,000	1,392	203,467
Profit for the year	25,775	-	-	25,775
Dividend Paid	(75,000)	-	-	(75,000)
Actuarial gain on pension scheme	1,687	-	-	1,687
Available for sale loss	-	-	(997)	(997)
Closing reserves 31st December 2013	**33,537**	**121,000**	**395**	**154,932**

On 24th June 2005 the Bank received a capital contribution amounting to €121m from Barclays Bank PLC for ongoing use in its operations. The Bank has no repayment obligation in respect of this contribution.

26 Memorandum items

The tables below give the contract amounts of contingent liabilities, commitments and other off balance sheet items. The maximum exposure to credit loss under contingent liabilities and commitments is the contract amount of the instrument in the event of non-performance by the other party where all counter claims, collateral or security proved worthless.

	2013 Contract Amount €'000	2012 Contract Amount €'000
Contingent liabilities		
Guarantees and irrevocable letters of credit	166,177	160,317
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend ; - irrevocable with original maturity over 1 year	523,688	444,866

27 Investor compensation

Under the Investor Compensation Act 1998 as amended by the Central Bank and Financial Services Authority of Ireland Act 2003, authorised investment firms must become members of an investor compensation scheme and contribute to its funding.

The Act provides that compensation shall be paid to eligible investor (as defined in the Act) to the extent of 90% of an investor's net loss or €20,000 whichever is the lesser.

The Bank contributed to the fund €4,050 for the fund year ended 31st July 2013 and will compensate €4,460 for the fund year ended 31st July 2014.

NOTES TO THE FINANCIAL STATEMENTS

28 Cashflow statement

A cash flow statement has not been prepared in accordance with Financial Reporting Standard No.1. (Revised 1996) Cash Flow Statements, as the ultimate parent company, Barclays Bank PLC is established under the laws of the United Kingdom and publishes consolidated financial statements, which include a consolidated cash flow statement.

29 Related party transactions

Transactions with other wholly owned subsidiaries within the Barclays Group are not disclosed as the bank has taken advantage of the exemption available under Financial Reporting Standard No. 8 paragraph 3(c) "Related party disclosures", as the consolidated accounts of Barclays Bank PLC in which the company is included are available from 1 Churchill Place, London E14 5HP.

The operational bank account for the Bank's pension scheme is held by the Bank under the control of the independent trustees. There are no fees or interest charged on this operational bank account.

All disclosures relating to Director emoluments and Director interest in shares are set out in Notes 6 and 31. There are no transactions to disclose in relation to key management personnel.

30 Retirement benefits

The pension entitlements of certain employees arise under a defined contribution pension scheme and are secured by contributions by the Bank to a separately administered pension fund. Annual contributions are charged to the Profit and Loss Account on an accruals basis. The cost to the company for the period was €694,000. The total amount owing for the pension scheme at 31 December 2013 was €Nil.

The Bank, in conjunction with Barclays Insurance Dublin, operates a defined benefit pension scheme, the Barclays Bank Irish Retirement and Life Assurance Plan. The scheme provides retirement benefits on the basis of the members' salary as at the time of the closure of the scheme to future accrual on 31 May 2013. The contributions are determined by a qualified actuary on the basis of triennial valuations. Contributions of €1,230,000 are expected to be paid into the scheme during the accounting period beginning after the balance sheet date. As part of the amendments, an escrow account was set up in 2013 which may be used to provide further resources to meet pension obligations in certain circumstances. The expected value of contributions by the Bank to the escrow account in 2014 is €410,000.

The defined benefit scheme was closed to future accrual on 31 May 2013. The amendment to future increases in the pensionable salary has been recognised as a curtailment gain of €4,133,000. The amendment to future discretionary increases has been recognised as negative past service costs of €8,663,000. As a result the total income statement impact of the amendment is a gain of €12,796,000.

A full actuarial valuation was carried out as at 31 December 2013, on which the amounts recognised in the financial statements are based.

NOTES TO THE FINANCIAL STATEMENTS

30 Retirement benefits (continued)

The amounts recognised in the balance sheet are as follows:

	2013 €'000	2012 €'000
Fair value of scheme assets	26,368	22,883
Present value of scheme liabilities	(31,927)	(43,648)
Pension deficit	(5,559)	(20,765)
Related deferred tax asset	695	2,596
Net pension deficit	**(4,864)**	**(18,169)**

The amounts recognised in the profit and loss account are as follows:	2013 €'000	2012 €'000
Interest cost	1,563	1,423
Expected return on scheme assets	(1,200)	(1,093)
Other finance expense	363	330
Current service cost – included in operating expenses	896	1,068
Past Service cost / (gain) – Plan Amendments	(8,663)	-
Past Service cost / (gain) – Curtailments	(4,133)	-
Net amount recognised in the profit and loss account	(11,537)	1,398

The amounts recognised in the statement of total recognised gains and losses are as follows

	2013 €'000	2012 €'000
Actual less expected return on scheme assets	1,075	841
Experience losses on liabilities	85	(47)
Change in the assumptions underlying the present value of scheme liabilities	828	(15,466)
Actuarial gain /(loss) recognised in the statement of recognised gains and losses	1,988	(14,672)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31st December 2013 is €19,407,000 (2012: €21,395,000). The cumulative net pension deficit as at 31st December 2013 is €4,864,000 (2012: €18,169,000). Actual returns on plan assets were €2,275,000 in 2013 (2012: €1,934,000).

NOTES TO THE FINANCIAL STATEMENTS

30 Retirement benefits (continued)

Movement in scheme assets and liabilities

	Scheme Assets €'000	Scheme Liabilities €'000
At 1st January 2012	**20,193**	**(26,095)**
Current service cost	-	(1,068)
Interest on scheme liabilities	-	(1,423)
Expected return on scheme assets	1,093	-
Actual less expected return on scheme assets	841	-
Experience losses on liabilities	-	(47)
Change in assumptions	-	(15,466)
Benefits paid	(451)	451
Employer contributions paid	1,207	-
At 31st December 2012	**22,883**	**(43,648)**
Current service cost	-	(896)
Interest on scheme liabilities	-	(1,563)
Expected return on scheme assets	1,200	-
Actual less expected return on scheme assets	1,075	-
Experience losses on liabilities	-	85
Change in assumptions	-	828
Benefits paid	(471)	471
Curtailments		4,133
Plan Amendments		8,663
Employer contributions paid	1,681	-
At 31st December 2013	**26,368**	**(31,927)**

All of the scheme liabilities above arise from schemes that are wholly funded.

Risk and rewards arising from the assets

At 31st December 2013 the scheme assets were invested in managed funds, with a diversified portfolio of investments that consisted primarily of equity, fixed-interest securities and other investments. The fair value of the scheme assets as percentages of the total assets are set out below:

	2013	2012
Equity	74.1%	75.9%
Fixed-interest	13.4%	18.2%
Property	1.5%	1.3%
Other (including cash)	11.0%	4.6%

Scheme assets do not include any of Bank's own financial instruments, or any property occupied by the Bank.

NOTES TO THE FINANCIAL STATEMENTS

30 Retirement benefits (continued)

Basis of expected return on scheme assets

The managed funds run by the investment managers contain a mix of assets with different expected rates of return. Thus a range of different assumptions were used to estimate the expected return. The assumptions made for the expected rates of return on assets have been derived by considering best estimates for the expected long-term real rates of return from the main asset classes. No specific allowance has been made for plan expenses and the rate of return assumption should be considered a net rate after plan expenses.

In the case of bonds, the expected rate of return should be taken as the (weighted) average gross redemption yield of the actual stocks held at the measurement date. For the existing portfolio this equates to 3.5%. The rates for other asset classes are more subjective in nature, but should comply with the principle of forming a best estimate of future experience.

For equities, the assumed rate of return at 31 December 2013 is 6.5% nominal, representing an addition of about 3.0% equity risk premium above Eurozone government bond yields at the measurement date.
FRS17 does not specify how the expected rate of return on other assets should be derived. The other assets are made up of property and cash. Taking account of the current market conditions, we propose adopting an expected rate of return of 5.0% per annum on property and 2.0% p.a. on cash.

The pension levy paid in 2013 was €189,046 (2012: €163,734).

	Long-term rate of return expected at 31/12/13	**Value at 31/12/13 €'000**	**Long-term rate of return expected at 31/12/12**	**Value at 31/12/12 €'000**
Equity	6.50%	19,547	6.50% p.a.	17,373
Fixed Interest	3.50%	3,521	3.30% p.a	4,156
Property	5.00%	388	6.00% p.a	295
Other	2.00%	2,912	2.00% p.a.	1,059

The principal actuarial assumptions at the balance sheet date:

	2013	**2012**
Discount rate at 31 December	3.6%	3.6%
Future salary increases	-	3.5%
Inflation	2.0%	2.0%
Future pension increases		
Entrants after 31 July 1997	2.0%	2.0%
Entrants before 31 July 1997	2.0%	5.0%

Assumptions regarding future mortality are set based on advice from published statistics and represent the Bank's best estimate of future experience.

NOTES TO THE FINANCIAL STATEMENTS

30 Retirement benefits (continued)

The mortality assumptions are based on standard mortality tables.

Longevity at 60 for current pensioners:	2013	2012
Male	26.2	26.9
Female	27.8	28.5

Longevity at 60 for members retiring in 20 years' time	2013	2012
Male	28.8	29.5
Female	30.0	30.7

Amounts for the current and previous four years are as follows:

	2013	2012	2011	2010	2009
	€'000	€'000	€'000	€'000	€'000
Present value of the scheme liabilities	(31,927)	(43,648)	(26,095)	(22.015)	(16.130)
Present value of scheme assets	26,368	22,883	20,193	20.327	17.329
Pension (deficit) /surplus	**(5,559)**	**(20,765)**	**(5,902)**	**(1,688)**	**1.199**
Experience adjustments on scheme liabilities as a percentage of scheme liabilities at the balance sheet date	0.3%	(0.1%)	(2.6%)	5.3%	(6.2%)
Experience adjustments on scheme assets as a percentage of scheme assets at the balance sheet date	4.1%	3.7%	(9.8%)	7.1%	11.8%

Sensitivity Analysis

In order to illustrate the sensitivity to changes in the key financial assumptions, the following table highlights the adverse impact on the pension deficit (before any tax impact) of a change of 0.5% to each of the main assumptions the independent actuary has used to estimate the present value of the scheme liabilities as at 31st December 2013:

	2013	2012
	€'000	€'000
Discount Rate Reduction	3,585	5,912
Inflation Increase	3,466	1,651
Future Salary Increase	-	1,635

NOTES TO THE FINANCIAL STATEMENTS

31 Directors' and Secretary's interests

The Directors and Secretary of the company at 31st December 2013 had no interest in the shares or debentures or loan stock of the Bank or associated Group companies other than those set out below:

	Ordinary shares in Barclays Bank PLC 31st December 2013	Ordinary shares in Barclays Bank PLC 31st December 2012
Chris Cullen	1,650	1,650
James Kelly	11,534	13,656
Andrew Stewart Hastings	22,780	6,336

Options to subscribe for shares in Barclays Bank PLC 31st December 2013

	Andrew Stewart Hastings	**James Kelly**
At 31st December 2012	58,186	24,957
Options released during the year	(30,005)	(502)
Options granted during the year	6,470	6,838
Adjustments to options	(955)	(4,442)
Rights Issue granted	2,885	1,654
At 31st December 2013	**36,581**	**28,505**

James Kelly holds a beneficial interest in 8,717 shares held in trust under the Ireland Profit Sharing scheme as at 31 December 2013 (2012: 7,174). There were no other beneficial interests held by the Directors in any other Barclays Group Companies and no loans were outstanding with directors during the year (2012: Nil).

NOTES TO THE FINANCIAL STATEMENTS

32 Share based payments

The Company as part of Barclays Bank PLC engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The current schemes are:

Share value plan (SVP)
The Share Value Plan (SVP) was introduced in March 2010 and approved by shareholders (for executive Director participation and use of new issue shares) at the Barclays PLC AGM in April 2011. SVP Awards are granted to participants in the form of a conditional right to receive Barclays PLC shares or provisional allocations of Barclays PLC shares which vest or are considered to release over a period of three years in equal annual tranches. Participants do not pay to receive an award or to receive a release of shares. The grantor may also make a dividend equivalent payment to participants on release of a SVP award. SVP awards are also made to eligible employees for recruitment purposes under schedule 1 to the SVP. All awards are subject to potential forfeiture in certain leaver scenarios.

Executive share award scheme (ESAS)
ESAS awards were granted to participants in the form of a provisional allocation of Barclays PLC shares. The total value of the ESAS award made to the employee was dependent upon the business unit, Group and individual performance. The ESAS award must normally be held for at least three years. Additional bonus shares are subsequently awarded to recipients of the provisional allocation and are considered for release upon achieving continued service for three and five years from the date of award. ESAS awards were also made to eligible employees for recruitment purposes under JSAP (Joiners Share Award Plan). All awards are subject to potential forfeiture if the individual resigns and commences work with a competitor business.

Sharesave
Eligible employees in Ireland may participate in the Barclays Sharesave scheme. Under this scheme, employees may enter into contracts to save up to €300 per month and, at the expiry of a fixed term of three, five or seven years, have the option to use these savings to acquire shares in Barclays Bank plc at a discount, calculated in accordance with the rules of the scheme.

The discount is currently 20% of the market price at the date the options are granted. Participants in the scheme have six months from the date of vest in which the option can be exercised.

Other schemes
In addition to the above schemes, the Group operates a number of other schemes including schemes operated by and settled in the shares of subsidiary undertakings, none of which are individually or in aggregate material in relation to the charge for the year or the dilutive effect of outstanding share options. Included within other schemes are the Performance Share Plan, Incentive Share Plan, Sharepurchase, and the Barclays Long Term Incentive Plan which was introduced at the Barclays PLC AGM in April 2011.

The weighted average fair value per award granted and weighted share price at the date of exercise / release of shares during the year was;

	Weighted average fair value per award granted in year		Weighted average share price at exercise/release during year	
	2013 STG	2012 STG	2013 STG	2012 STG
SVP	3.04	2.41	3.04	2.39
ESAS	3.04	1.69	3.04	2.28
Others	0.81 – 3.08	0.63 - 2.45	2.64 – 3.22	2.14 – 2.45

SVP and ESAS are nil cost awards and nil cost options respectively on which the performance conditions are substantially completed at the date of grant. Consequently the fair value of these awards/options is based on the market value at that date.

NOTES TO THE FINANCIAL STATEMENTS

32 Share based payments (continued)

As described above, the terms of the ESAS scheme require shares to be held for a set number of years from the date of the vest. The calculation of the vest date fair value of such awards includes a reduction for this post-vesting restriction.
This discount is determined by calculating how much a willing market participant would rationally pay to remove the restriction using a Black-Scholes option pricing model.

Analysis of the movement in the number and weighted average exercise price of options is set out below:

Sharesave

	Number	Weighted average Exercise Price (Stg£)
	2013	**2013**
Outstanding at beginning of year	324,118	1.60
Granted in year	35,226	2.20
Exercised in year	(24,957)	1.50
Granted Rights Issue	26,125	1.47
Less: Expired in year	(3,198)	2.17
Less: forfeited in year	(10,919)	1.68
Outstanding at end of year	**346,395**	**1.54**

Executive share award scheme

	Number	Weighted average Exercise Price (Stg£)
	2013	**2013**
Outstanding at beginning of year	564	3.11
Transferred Within the year	-	-
Exercised in year	(564)	3.11
Released in year	-	-
Less: forfeited/expired in year	-	-
Outstanding at end of year	-	-

NOTES TO THE FINANCIAL STATEMENTS

32 Share based payments (continued)

Incentive Share Option Plan

	Number	Weighted average Exercise Price (Stg£)
	2013	2013
Outstanding at beginning of year	17,249	2.49
Transferred Within the year	8,214	
Granted in year	-	-
Lapsed in the year	(2,875)	-
Granted Rights Issue	1,864	
Less: forfeited/expired in year	-	-
Outstanding at end of year	24,452	-

Share Value Plan	2013	2013
Outstanding at beginning of year	163,118	-
Granted in year	16,665	3.08
Transferred within the Year	(80,807)	-
Exercised in year	(40,289)	2.76
Granted Rights Issue	7,467	-
Less: forfeited/expired in year	-	-
Outstanding at end of year	66,154	-

The cost of all the share based payments in 2013 was €75,860 (2012: €51,541).

NOTES TO THE FINANCIAL STATEMENTS

33 Risk management

Responsibility for risk management policies and limits on the level of risk assumed lies with the Board of Directors. The Bank's approach to risk management is derived from that of its parent company, which has a separate department dedicated exclusively to risk management. The framework is designed to provide a reasonable degree of assurance that no single event, or combination of events, will materially affect the financial well-being of the Bank.

The Bank has a formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures. The principal risks faced by the bank are credit risk, liquidity risk, market risk, operational risk, pension risk and business risk.

Credit risk management is performed in line with parent bank guidelines. This includes the on-going monitoring and measurement of the credit quality of all acquired loan assets with a credit rating system, the objective of which is to provide an accurate measure of the underlying quality of the credit portfolio. The structure of the credit portfolio and all material new transactions are regularly discussed at Board level.

Market risk

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatility.

Market risk management and control responsibilities

The market risk appetite of the Bank is determined by the Board of Directors in conjunction with Barclays Group Market Risk.

Market risk measurement

The measurement technique used to measure and control market risk is daily value at risk.

Daily value at risk (DVAR)

DVaR is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 95%. Daily losses exceeding the DVaR figure are likely to occur, on average five times in every 100 business days. DVaR is calculated by Barclays Group using the historical simulation method with a historical sample of two years.

Interest rate sensitivity gap analysis

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specific period. Part of the Bank's return on financial instruments is obtained from controlled mismatching of the dates on which the instruments mature or, if earlier, the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates.

Interest rate risk arises primarily from the Bank's fixed rate money market deposits and loan book. Fluctuations in interest rates are reflected in interest margins and earnings.

The tables on the following page summarise these repricing mismatches on the Bank's book as at 31st December 2013 and for the prior year as at 31st December 2012. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date. The tables show that the Bank's interest rate profile is predominantly short-dated, which minimises the Bank's exposure to market interest rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

33 **Risk Management continued:**

31st December 2013

Interest rate repricing	**Not more than three months**	**More than three months but not more than six months**	**More than six months but not more than one year**	**More than one year but not more than five years**	**More than five years**	**Non-interest Bearing**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Assets:							
Cash and balances at central bank	17,565	-	-	-	-	-	17,565
Loans and advances to banks	738,452	8,331	34,416	-	-	-	781,199
Loans and advances to customers	534,209	99,370	-	-	-	-	633,579
Available for sale financial instruments	-	120,087	360,173	-	-	-	480,260
Derivative financial instruments	-	-	-	-	-	19,234	19,234
Other assets	-	-	-	-		5,749	5,749
Total assets	**1,290,226**	**227,788**	**394,589**	-	-	**24,983**	**1,937,586**
Liabilities:							
Deposits by banks	(48,901)	(119,952)	(359,858)	-	-	-	(528,711)
Customer accounts	(647,124)	(7,708)	(35,038)	-	-	(467,437)	(1,157,307)
Accruals, deferred income and deferred tax	-	-	-	-	-	(10,252)	(10,252)
Other liabilities	-	-	-	-	-	(4,864)	(4,864)
Derivative financial instruments	-	-	-	-	-	(19,074)	(19,074)
Subordinated Debt	(50,000)	-	-	-	-	-	(50,000)
Shareholders' funds	-	-	-	-	-	(167,378)	(167,378)
Total liabilities	**(746,025)**	**(127,660)**	**(394,896)**	-	-	**(669,005)**	**(1,937,586)**
Interest rate re-pricing gap	544,201	100,128	(307)	-	-	(644,022)	-
Cumulative gap	544,201	644,329	644,022	644,022	644,022	-	-

NOTES TO THE FINANCIAL STATEMENTS

33 Risk Management continued:

31st December 2012

Interest rate repricing	**Not more than three months**	**More than three months but not more than six months**	**More than six months but not more than one year**	**More than one year but not more than five years**	**More than five years**	**Non-interest Bearing**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Assets:							
Cash and balances at central bank	16,296	-	-	-	-	-	16,296
Loans and advances to banks	648,199	10,923	10,685	-	-	-	669,807
Loans and advances to customers	523,499	88,018	1,318	-	-	-	612,835
Available for sale financial instruments	-	-	492,097	-	-	-	492,097
Derivative financial instruments	-	-	-	-	-	4,601	4,601
Other assets	-	-	-	-	-	5,274	5,274
Total assets	**1,187,994**	**98,941**	**504,100**	-	-	**9,875**	**1,800,910**
Liabilities:							
Deposits by banks	(83,366)	-	(490,507)	-	-	-	(573,873)
Customer accounts	(610,651)	(8,285)	(10,720)	-	-	(349,028)	(978,684)
Accruals, deferred income and deferred tax	-	-	-	-	-	(9,809)	(9,809)
Other liabilities	-	-	-	-	-	(18,169)	(18,169)
Derivative financial instruments	-	-	-	-	-	(4,462)	(4,462)
Shareholders' funds	-	-	-	-	-	(215,913)	(215,913)
Total liabilities	**(694,017)**	**(8,285)**	**(501,227)**	-	-	**(597,381)**	**(1,800,910)**
Interest rate re-pricing gap	493,977	90,656	2,873	-	-	(587,506)	-
Cumulative gap	493,977	584,633	587,506	587,506	587,506	-	-

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the Bank. Credit risk exists as a result of the bank providing commercial loans, advances and loan commitments arising from such lending activities and from credit enhancements provided by the Bank such as financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to other credit risks arising from spot and forward foreign exchange transactions as well as settlement balances with customers.

Credit risk management and control responsibilities

The granting of credit is one of the Bank's major sources of income and is also one of its most significant risks. The Bank dedicates considerable resources to controlling credit risk effectively.

The sanctioning of individual exposures is performed either by the Bank's Chief Credit Officer, Associate Credit Director or the Bank's Credit Committee (in accordance with sanctioning discretions); the subsequent control of exposures is performed by the Bank's Lending Middle Office which report to the Bank's Operations Team. The Associate Credit Director reports to the Bank's Chief Credit Officer who reports to the Chief Risk & Operating Officer, a member of the Bank's board.

The Bank's Sanctioning Committee is the Ireland Credit Committee which is the highest level credit sanctioning forum in the Bank. The permanent members are the Chief Credit Officer and Associate Credit Director. Responsibility for oversight of this Committee lies with the Credit Risk Management Committee which is chaired by the Chief Executive Officer.

The Bank's Credit Risk Management Committee exercises oversight through regular review of the Bank's credit portfolio examining, in particular, the constitution of the portfolio in terms of sectorial and individual exposures against the Bank's overall Risk appetite. The Chief Credit Officer, who is a member of Bank's Credit Risk Management Committee, reports the views of this Committee to the Board Risk Committee as a standard agenda item.

Corporate and commercial lending

Corporate accounts which are identified as showing signs of credit stress / deterioration are recorded on graded problem exposure lists known as early-warning or watch lists. These lists are updated monthly and circulated to the relevant Management Committees. Once listing has taken place, exposures are closely monitored and, where appropriate, reduced and/or cancelled.

Watch list exposures are categorised in line with the perceived degree of the risk attached to the lending, and its probability of default. In line with Barclays Group policy, the Bank works to three watch list categories based on the degree of concern. By the time an account becomes impaired it will normally have passed through all three categories, each of which reflect the need for ever-increasing caution and control.

Where a customer's financial health gives grounds for concern, it is immediately placed into the appropriate category. All customers, regardless of financial health, are subject to a full review of all facilities on, at least, an annual basis. More frequent interim reviews may be undertaken should circumstances dictate.

Settlement risk

The Bank is exposed to settlement risk in its dealings with customers/counterparties. These risks arise, for example, in foreign exchange transactions when the Bank pays away its side of the transaction to another bank or other counterparty before receiving payment from the counterparty. The risk is that the counterparty may not meet its obligation. The risk is measured and an appropriate limit, for each client, is sanctioned via the Bank's sanctioning process.

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

Settlement risk also arises through the operation of a number of systems through which the Bank makes and receives payments on behalf of its customers. While these exposures are of short duration, they can be large.

Where mechanisms to achieve simultaneous settlement are not available, the risk is reduced by dealing predominantly with highly-rated counterparties, holding collateral and limiting the size of the exposures according to the rating of the counterparty, with smaller exposures to those of higher risk.

Credit risk measurement

Barclays Group uses statistical modeling techniques throughout its business in its credit rating systems. These systems are used to assist the Bank in frontline credit decisions on new commitments and in managing the portfolio of existing exposures. They enable a coherent approach to risk measurement across all credit exposures. The key building blocks in the measurement system are the probability of customer default (PD), exposure in the event of default (EAD), and severity of loss-given-default (LGD).

Where financial models are used to monitor credit risk, they are based upon customers' financial performance information over recent periods as a predictor for future performance. The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

For corporate and wholesale customers, the Bank also assesses the credit quality of borrowers and other counterparties and assigns them an internal risk grading. There are two different categories of default grading used. The first reflects the statistical probability of a customer in a grading class defaulting within the next 12-month period, and is referred to as a point in time rating (PIT). The second grade also reflects the statistical probability of a customer in a grading class defaulting, but the period of assessment is 12 months of average credit conditions for the customer type. This type of grading therefore provides a measure of risk that is independent of the current credit conditions for a particular customer type, is much more stable over time than a PIT rating and is referred to as a through the cycle (TTC) rating.

Multiple grading methodologies may be used to inform the grading decision on individual large credits, such as internal and external models, rating agency grades and, for wholesale assets, market information such as credit spreads. For smaller credits, a single source may suffice, such as the result from a grading model.

For counterparties where third party ratings are used to inform credit decisions, the Bank mainly uses those provided by Standards and Poors' or Moody's.

The Bank (and the Barclays Group) uses a wholesale credit grading containing 21 grades, representing the Group's/Bank's best estimate of credit risk for a counterparty based on current economic conditions.

The tables below detail how external rating grades, Default Grades and Barclays Grades relate to the categories of credit quality selected for the financial statements. Where applicable, the internal measure of probability of default has been presented for indicative purposes.

Corporate and Commercial lending

Default grade	Financial statements description	Probability of default
1-3	Strong	0.0% – 0.05%
4-5		0.05% – 0.15%
6-8		0.15% – 0.30%
9-11		0.30% – 0.60%
12-14	Satisfactory	0.60% – 2.15%
15-19		2.15% – 11.35%
20-21	Higher Risk	11.35%+

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

Financial statement descriptions can be summarised as follows:

Strong – there is a very high likelihood of the asset being recovered in full.

Satisfactory – whilst there is a high likelihood that the asset will be recovered and therefore, of no cause for concern to the Bank, the asset may not be collateralised, regardless of the fact that the output of internal grading models may have indicated a higher classification. At the lower end of this grade there are customers that are being more carefully monitored, for example corporate customers which are indicating some evidence of some deterioration.

Higher Risk – there is concern over the customer's ability to make payments when due. However, these have not yet converted to actual delinquency. However, the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

Credit risk mitigation, collateral, security, and other credit enhancements

The Bank uses a wide variety of techniques to reduce credit risk on its lending. The most important of these is performing an assessment of the ability of a borrower to service the proposed level of borrowing. Bank policy is to establish that loans are within the customer's capacity to repay, rather than to rely excessively on security.

Credit risk mitigation

The Bank actively manages its credit exposures. When weaknesses in exposures are detected – either in individual exposures or in groups of exposures – the Bank takes action to mitigate the risks. Such actions may, for example, include; reducing the amounts outstanding (in discussion with the customers, clients or counterparties if appropriate) and, on occasion, selling the financial asset which constitutes the exposure.

The Bank looks to maintain the diversification of its portfolio to avoid unwanted credit risk concentrations. Maximum exposure guidelines are in place, mirroring that of the Regulatory Rules, relating to the exposures to any individual counterparty. These permit higher exposures to higher-rated borrowers than to lower-rated borrowers. They also distinguish between types of counterparty, for example, between sovereign governments, banks and corporations. Excesses are considered individually through the credit function as they arise and are reviewed regularly.

Collateral and security

Collateral and security can be an important mitigant of credit risk.

The Bank also routinely obtains non tangible collateral and security typically by way of intergroup and /or third party guarantees, where possible supported by negative pledges which prohibit the granting of tangible security to other lenders/creditors.

The Bank ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed.

Valuation of the collateral and security taken is within set Bank parameters which are reviewed for appropriateness on a regular basis. Before reliance is placed on third party protection, a credit assessment is undertaken of the proposed protection.

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

Security structures and legal covenants are subject to regular review, at least annually, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

Maximum exposure to credit risk before collateral held or other credit enhancements

For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure at 31st December 2013 and 2012 to credit risk of on balance sheet and off balance sheet financial instruments, before taking account of any collateral and security held or other credit enhancements and after allowance for impairment and netting where appropriate.

This analysis and all subsequent analyses of credit risk include financial assets subject to credit risk only.

	2013 €'000	2012 €'000
On balance sheet:		
Cash and balances at central banks	17,565	16,296
Loans and advances to banks	781,199	669,807
Loans and advances to customers	633,579	612,835
Available for sale financial instruments	480,260	492,097
Derivative financial instruments	19,234	4,601
Other assets	5,677	5,170
Off balance sheet:		
Guarantees and letters of credit pledged as collateral security	166,177	160,317
Commitments	523,688	444,866
Total maximum exposure at 31st December	**2,627,379**	**2,405,989**

Whilst the Bank's maximum exposure to credit risk is the carrying value of the assets, or, in the case of off-balance sheet items the amount guaranteed, committed, accepted or endorsed, in most cases the likely exposure is far less due to collateral, credit enhancements and other actions taken to mitigate the Bank's exposure.

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

Financial assets that would be past due or impaired had their terms not been renegotiated

Financial assets are generally renegotiated either as part of an ongoing customer relationship or in response to an adverse change in the circumstances of the borrower. In the latter case renegotiation can result in an extension of the due date of repayment. This will result in the asset continuing to be overdue (delinquent) and will be individually impaired where the renegotiated payments of interest and principal will not recover the original carrying amount of the asset. In other cases, renegotiation will lead to a new agreement, which is treated as a new loan.

Credit risk concentrations

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The analyses of credit risk concentrations presented below are based on the location of the counterparty or customer or the industry in which they are engaged, or the product type in accordance with the manner in which the Bank manages credit risk.

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

Analyses of the Bank's credit risk concentrations by industrial sector is set out below:

	2013						
	Government & Central Banks €'000	Financial Services €'000	Transport, Postal & communications and business and other services €'000	Agriculture, Manufacturing & wholesale & retail trade €'000	Construction & property €'000	Energy & water €'000	Total €'000
On Balance sheet:							
Cash & balances at central banks	17,565	-	-	-	-	-	**17,565**
Loans & advances to banks	-	781,199	-	-	-	-	**781,199**
Loans & advances to customers	-	12,786	155,274	232,048	99,419	134,052	**633,579**
Available for sale financial instruments	-	480,260	-	-	-	-	**480,260**
Derivative financial instruments	-	1,442	12,842	4,950	-	-	**19,234**
Off balance sheet:							
Guarantees and letters of credit pledged as collateral security	-	49,024	26,563	90,557	-	33	**166,177**
Commitments	-	24,683	48,410	408,735	1,078	40,782	**523,688**
Total	**17,565**	**1,349,394**	**243,089**	**736,290**	**100,497**	**174,867**	**2,621,702**

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

Analyses of the Bank's credit risk concentrations by industrial sector is set out below:

	2012						
	Government & Central Banks €'000	**Financial Services €'000**	**Transport, Postal & communications and business and other services €'000**	**Agriculture, Manufacturing & wholesale & retail trade €'000**	**Construction & property €'000**	**Energy & water €'000**	**Total €'000**
On Balance sheet:							
Cash & balances at central banks	16,296	-	-	-	-	-	**16,296**
Loans & advances to banks	-	669,807	-	-	-	-	**669,807**
Loans & advances to customers	-	14,831	161,918	148,901	134,142	153,043	**612,835**
Available for sale financial instruments	-	492,097	-	-	-	-	**492,097**
Derivative financial instruments	-	2,526	1,535	539	-	1	**4,601**
Off balance sheet:							
Guarantees and letters of credit pledged as collateral security	-	75,601	9,968	74,625	-	123	**160,317**
Commitments	-	31,002	51,561	353,239	1,078	7,986	**444,866**
Total	**16,296**	**1,285,864**	**224,982**	**577,304**	**135,220**	**161,153**	**2,400,819**

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

Financial assets subject to credit risk:

	As at December 31st 2013					
	Neither past due nor individually impaired €'000	Past due but not individually impaired €'000	Individually impaired €'000	Total €'000	Impairment allowance €'000	Total carrying value €'000
Cash & balances at central bank	17,565	-	-	17,565	-	17,565
Loans and advances to banks	781,199	-	-	781,199	-	781,199
Loans and advances to customers	552,832	77,294	14,082	644,208	(10,629)	633,579
Available for sale instruments	480,260	-	-	480,260	-	480,260
Derivative financial instruments	19,234	-	-	19,234	-	19,234
Other assets	5,677	-	-	5,677	-	5,677
Total	**1,856,767**	**77,294**	**14,082**	**1,948,143**	**(10,629)**	**1,937,514**

	As at December 31st 2012					
	Neither past due nor individually impaired €'000	Past due but not individually impaired €'000	Individually impaired €'000	Total €'000	Impairment allowance €'000	Total carrying value €'000
Cash & balances at central bank	16,296	-	-	16,296	-	16,296
Loans and advances to banks	669,807	-	-	669,807	-	669,807
Loans and advances to customers	539,690	69,356	36,793	645,839	(33,004)	612,835
Available for sale instruments	492,097	-	-	492,097	-	492,097
Derivative financial instruments	4,601	-	-	4,601	-	4,601
Other assets	5,170	-	-	5,170	-	5,170
Total	**1,727,661**	**69,356**	**36,793**	**1,833,810**	**(33,004)**	**1,800,806**

The impairment allowance above includes allowances against financial assets that have been individually impaired and those subject to collective impairment. Assets subject to a collective impairment allowance are included in financial assets neither past due nor individually impaired or financial assets past due but not individually impaired, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

a) Credit quality of financial assets neither past due nor individually impaired:

The credit quality of financial assets subject to credit risk, that were neither past due nor impaired, based on the credit ratings in note 34, was as follows:

	2013			
	Strong €'000	**Satisfactory €'000**	**Higher Risk €'000**	**Total €'000**
Cash & balances at central banks	17,565	-	-	17,565
Loans & advances to banks	781,199	-	-	781,199
Loans & advances to customers	392,019	160,813	-	552,832
Available for sale financial instruments	480,260	-	-	480,260
Derivative financial instruments	19,234	-	-	19,234
Other assets	5,677	-	-	5,677
Total financial assets neither past due nor individually impaired	**1,695,954**	**160,813**	-	**1,856,767**

	2012			
	Strong €'000	**Satisfactory €'000**	**Higher Risk €'000**	**Total €'000**
Cash & balances at central banks	16,296	-	-	16,296
Loans & advances to banks	669,807	-	-	669,807
Loans & advances to customers	307,062	226,579	6,049	539,690
Available for sale financial instruments	492,097	-	-	492,097
Derivative Financial Instruments	4,601	-	-	4,601
Other assets	5,170	-	-	5,170
Total financial assets neither past due nor individually impaired	**1,495,033**	**226,579**	**6,049**	**1,727,661**

(b) Financial assets that are past due but not individually impaired

An aged analysis of financial assets that are past due but not individually impaired is set out below.

For the purposes of this analysis an asset is considered past due and included below when any payment due under the strict contractual terms is received late or missed, for example late receipt of a fee/repayment due. The amount included is the entire financial asset, not just the payment, of principal or interest, fees or all, overdue. This criteria is considered a "worst case" snapshot of that past due exposure as at year end.

The Bank expends considerable effort in monitoring overdue assets. Assets may be overdue for a number of reasons, including late processing of payments or documentation, for example, over weekends and holiday periods.

NOTES TO THE FINANCIAL STATEMENTS

34 Credit Risk (continued)

(b) Financial assets that are past due but not individually impaired (continued)

	2013					
	Past due up to 1 month	**Past due 1-2 months**	**Past due 2-3 months**	**Past due 3-6 months**	**Past due 6 months and over**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Loans and advances to customers	77,294	-	-	-	-	77,294
Total financial assets past due but not individually impaired	77,294	-	-	-	-	77,294

As at 31 December 2013 there were total arrears of €0.2m relating to the €77.3m facilities marked as past due but not impaired. None of the arrears related to capital and interest payments, the €0.2m being related to lending fees.

There are no facilities at the year-end that moved from being classified as past due or impaired due to the loan facility being renegotiated.

	2012					
	Past due up to 1 month	**Past due 1-2 months**	**Past due 2-3 months**	**Past due 3-6 months**	**Past due 6 months and over**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Loans and advances to customers	28,056	39,553	-	1,747	-	69,356
Total financial assets past due but not individually impaired	28,056	39,553	-	1,747	-	69,356

(c) Impaired financial assets

An analysis of financial assets individually assessed as impaired is as follows:

	2013			2012		
	Gross carrying amount €'000	**Impairment allowance €'000**	**Net carrying amount €'000**	**Gross carrying amount €'000**	**Impairment allowance €'000**	**Net carrying amount €'000**
Loans & advances to customers	14,082	(10,195)	3,887	36,793	(32,236)	4,557
Total loans and advances to customers individually impaired	**14,082**	**(10,195)**	**3,887**	**36,793**	**(32,236)**	**4,557**
Collective impairment allowance	-	**(434)**	-	-	**(768)**	-
Total impairment allowance	-	**(10,629)**	-	-	**(33,004)**	-

NOTES TO THE FINANCIAL STATEMENTS

35 Liquidity Risk

Liquidity risk arises from fluctuations in the contractual and behavioural cash flows associated with the Bank's assets and liabilities. The liquidity risk management process ensures that the Bank is able to honour all of its financial commitments as they fall due. Liquidity limits are set and are reported daily.

Liquidity risk management and measurement

This is the risk that the Bank is unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with consequent failure to repay depositors and fulfil commitments to lend. The risk that the Bank will be unable to meet its obligations is inherent in all banking operations and can be impacted by a range of institution specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Intraday liquidity

The need to monitor, manage and control intraday liquidity is recognised by the Bank as a mission critical process: any failure to meet specific intraday commitments would have significant consequences. The liquidity position is monitored on a daily basis with the expected next day position also being reviewed.

Liquid Assets

The Bank maintains a portfolio of highly marketable assets including Certificates of Deposit that can be sold as protection against any unforeseen interruption to cash flow.

Structural liquidity

An important source of structural liquidity is provided by our core corporate deposits, mainly current accounts and savings accounts. Although current accounts are repayable on demand and savings accounts at short notice, the Bank's broad base of corporate customers helps to protect against unexpected fluctuations. Such accounts help to form a stable funding base for the Bank's operations and liquidity needs.

Stress tests

Stress testing is undertaken to assess and plan for the impact of various scenarios which may put the Bank's liquidity at risk.

The Bank performs a range of stress tests on the net funding position and projected cash flows. These stress scenarios include Bank-specific scenarios such an unexpected rating downgrade, and external scenarios such as an economic recession. The output informs both the liquidity mismatch limits and the Bank's contingency funding plan.

The ability to raise funds is dependent on Barclays Group. The funding impact of a credit downgrade is regularly estimated. Whilst the impact of a single downgrade may affect the price at which funding is available, the effect on liquidity is not considered significant in overall terms.

NOTES TO THE FINANCIAL STATEMENTS

35 Liquidity Risk (continued)

The tables below summarise the maturity profile of the Bank's Financial Instrument liabilities at 31 December 2013 and 31 December 2012 based on contractual, undiscounted payment obligations. The Bank does not manage liquidity risk on the basis of contractual maturity but on the basis of expected cash flows. The balances will not agree directly to the balances in the Balance Sheet as the table incorporates all cash flows on an undiscounted basis, related to both principal and interest payments.

	As at December 31st 2013					
	On Demand €'000	**Within three months €'000**	**Over three months but less than one year €'000**	**Over one year but less than five years €'000**	**Over five years €'000**	**Total €'000**
Liabilities						
Deposits from other banks*	(78)	(48,979)	(483,579)	-	-	(532,636)
Customer accounts	(649,767)	(465,258)	(42,746)	-	-	(1,157,771)
Subordinated Debt	-	(389)	(1,189)	(6,317)	(57,830)	(65,725)
Gross Settled Derivatives						
Pay Leg	-	420,658	638,618	45,437	-	1,104,713
Received Leg	-	(420,690)	(638,748)	(45,435)	-	(1,104,873)
Net Cashflows	-	(32)	(130)	2	-	(160)
Total financial liabilities	(649,845)	(514,658)	(527,644)	(6,315)	(57,830)	(1,756,292)
Off balance sheet items						
Loan commitments	(523,688)	-	-	-	-	(523,688)
Guarantees and irrevocable letters of credit	(166,177)	-	-	-	-	(166,177)
Total off balance sheet items	(689,865)	-	-	-	-	(689,865)
Total financial liabilities and off balance sheet items	(1,339,710)	(514,658)	(527,644)	(6,315)	(57,830)	(2,446,157)

* Includes €479m of funds received and invested in Certificates of Deposits at identical maturities

NOTES TO THE FINANCIAL STATEMENTS

35 **Liquidity Risk (continued)**

	As at December 31st 2012					
	On Demand €'000	Within three months €'000	Over three months but less than one year €'000	Over one year but less than five years €'000	Over five years €'000	Total
Liabilities						
Deposits from other banks*	(216)	(83,494)	(496,788)	-	-	(580,498)
Customer accounts	(512,502)	(455,200)	(10,817)	-	-	(978,519)
Gross Settled Derivatives						
Pay Leg	-	126,135	66,456	55,139	-	247,730
Received Leg	-	(125,536)	(67,217)	(54,926)	-	(247,679)
Net Cashflows	-	**599**	**(761)**	**213**	-	**51**
Total financial liabilities	**(512,718)**	**(538,095)**	**(508,366)**	**213**	-	**(1,558,966)**
Off balance sheet items						
Loan commitments	(444,866)	-	-	-	-	(444,866)
Guarantees and irrevocable letters of credit	(160,317)	-	-	-	-	(160,317)
Total off balance sheet items	**(605,183)**	-	-	-	-	**(605,183)**
Total financial liabilities and off balance sheet items	**(1,117,901)**	**(538,095)**	**(508,366)**	**213**	-	**(2,164,149)**

* Includes €491m of funds received and invested in Certificates of Deposits at identical maturities.

NOTES TO THE FINANCIAL STATEMENTS

36 Fair Value

	2013		2012	
Financial assets:	Carrying amount €'000	Fair value €'000	Carrying amount €'000	Fair value €'000
Cash and balances at central banks (a)	17,565	17,565	16,296	16,296
Derivative financial instruments (b)	19,234	19,234	4,601	4,601
Loans and advances to banks (a)	781,199	781,199	669,807	669,807
Loans and advances to customers (c)	633,579	607,602	612,835	602,888
Available for sale financial instruments;				
- Debt securities (b)	480,260	480,260	492,097	492,097
Financial liabilities:				
Deposits from banks (a)	528,711	528,711	573,873	573,873
Customer accounts:				
- Current and demand accounts (a)	602,812	602,812	460,455	460,455
- Other time deposits (a)	554,495	554,495	518,229	518,229
Derivative financial instruments (b)	19,074	19,074	4,462	4,462
Subordinated Debt (a)	50,000	50,000	-	-

(a) Fair value approximates carrying value due to the short-term nature of these financial assets and liabilities.

(b) The Bank holds derivative financial instruments and debt securities at fair value on the balance sheet at year end. As the fair value of these assets are calculated using valuation techniques based on market observable data, all are considered to be within level 2 of the hierarchy table as prescribed under FRS 29. Fair value of financial instruments is determined using discounted cash flows, applying market derived interest and foreign exchange rates.

(c) Fair value of loans and receivables has been determined by applying an average of available credit spreads to the loan portfolio, taking the contractual maturity of the loan facilities into consideration. Loans and receivables are stated in the financial statements at amortised cost.

For Fair value disclosure purposes only, where no observable market values were available management estimates were used.

37 Large Exposure Guarantee

The Bank has a small number of large exposures which are in excess of 25% of its capital base relevant for limits to large exposures. On 31st July 2012 Barclays Bank PLC provided an irrevocable and unconditional pari-passu guarantee to a maximum amount of €75m to cover any excesses above the 25% limit. This guarantee limit remained in place as at 31 December 2013.

38 Segmental analysis

The Bank's income is entirely attributable to banking activities carried out from its sole office in Ireland.

NOTES TO THE FINANCIAL STATEMENTS

39 Ultimate Parent Company

The ultimate parent company of the Bank is Barclays PLC. Copies of the group accounts of Barclays PLC may be obtained from Group Secretary's Office, Barclays PLC, 1 Churchill Place, London E14 5HP. Barclays PLC is incorporated in Great Britain and registered in England and Wales.

40 Approval of financial statements

The financial statements were approved by the Board of Directors on 21 March 2014.

BARCLAYS BANK IRELAND PLC

FINANCIAL STATEMENTS

31 DECEMBER 2013

We hereby certify that the Auditors Report, Director's Report, Balance Sheet, Profit and Loss Account and Notes to the Accounts are a true copy laid before the members at the Annual General Meeting

Dated this 7th day of August 2014

James Kelly

JAMES KELLY
DIRECTOR

Pauline Gallagher

PAULINE GALLAGHER
COMPANY SECRETARY