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BARCLAYS BANK IRELAND PLC

Directors' Report and Financial Statements

Year Ended 31 December 2010

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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.

CONTENTS

BARCLAYS BANK IRELAND PLC

FINANCIAL STATEMENTS

31 DECEMBER 2010

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 of those laid before the members at the Annual General Meeting

Dated this 5th day of August 2011

ANDREW STEWART HASTINGS
DIRECTOR

CONOR DOYLE
COMPANY SECRETARY

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DIRECTORS AND OTHER INFORMATION

Board of Directors

Donal Roche, Chairman and Non-Executive Director

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

James Kelly, Finance Director & acting Managing Director

John David Stuart, Non-Executive Director (appointed 26 October 2010)

Helen Calder, Risk Director

Secretary

Conor Doyle

Audit Committee

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

Donal Roche, Non-Executive Director

Registered Office and Business Address

Two Park Place
Hatch Street
Dublin 2
Registered Number 396330

Solicitors

Matheson Ormsby Prentice
30 Herbert Street
Dublin 2

Arthur Cox
Earlsfort Court
Earlsfort Terrace
Dublin 2

Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their annual report and audited financial statements for the year ended 31st December 2010.

Principal Activities

The principal activity of the Bank is the provision of wholesale banking services to corporate entities. 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, 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 'negative' outlook, and a short term rating of 'A-1'.

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 2010, or who have been appointed since that date, are set out below.

John O'Connor, Managing Director (resigned 22 November 2010)

James Kelly, Finance Director

Helen Calder, Risk Director

Donal Roche, Chairman and Non-Executive Director

Chris Cullen, Non-Executive Director

John David Stuart, Non-Executive Director (appointed 26 October 2010)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010...continued

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 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, although all customer sterling and currency term deposits are generally matched thus minimising any interest rate and foreign exchange risk. In addition, all surplus funds are presently placed with Barclays Bank PLC for specific maturities and, in exceptional circumstances, could be recalled prior to maturity if necessary.

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 replace 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 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.

Profits and losses earned / incurred by the Bank from foreign currency are converted to euro.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010...continued

Results and dividend

The Bank made a profit after tax for the year to 31st December 2010 of €20.1m, a strong performance in the face of challenging economic conditions. The Directors do not propose to make a dividend payment for this year.

Business review

Barclays Bank Ireland PLC provides wholesale banking services to corporate entities.

The Bank advises, leads, underwrites and participates in debt transactions and also provides operational banking and treasury services. The Bank can also offer leveraged finance, project finance, and finance to Public Private Partnerships. The Bank also introduces Irish companies to the debt capital raising and risk management structuring capability of Barclays Capital, a leader in the global investment banking market.

The Bank has tier one capital and reserves of €221m and with a tier 1 capital ratio of 16% is capitalised well in excess of the minimum 8% regulatory capital requirement, 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.

The profit after loan impairment provisions for the current financial year was ahead of the Board's expectations due to lower than expected impairment charges. One of the drivers of the 13% increase in net interest income was the securing of improved rates from Barclays Bank plc for funds deposited with our parent bank.

Margins on current and call liability accounts remained low throughout the year as Central Banks maintained low base rates and money market deposit margins remained under significant pressure as participants in the interbank market bid up high value fixed time deposits.

Fee income increased by 26% in 2010 to €12.5m as a result of higher fees earned from new and renegotiated Lending Facilities that generated arrangement, commitment and trade income in 2010.

There was an 11% increase in 2010 costs driven by an increase in staff related costs but the cost income ratio fell to 30% in 2010 from a rate of 32% in 2009.

Customer deposit liabilities increased by 49% in 2010 to €1,293m. This increase, coupled with a fall of 11% in lending to customers, resulted in the customer loan to customer deposit ratio falling to 47% at the end of 2010 from a ratio of 79% in 2009, reflecting the position that the Bank was self funding and did not need to access the wholesale interbank market to fund customer loans.

The Bank in conjunction with Barclays Assurance and Barclays Insurance in Dublin operate a shared defined benefit pension scheme. In summary at the end of 2010, the Bank had a net liability of €1.5m between the fair value of the scheme assets and the present value of the schemes liabilities versus a prior year surplus of €1.0m.

The Bank has a proactive approach to early and active management of 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 group experts to manage such situation. The Bank suffered total impairment charges of €6.3m in 2010 versus a total charge of €21.4m in the prior year. The total impairment provision of €26.7m at the end of 2010 is made up of specific provisions of €25.6m and model driven provisions of €1.1m.

The Bank has the ability to predict 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 €500m in readily realisable liquid assets in the form of Barclay's certificates of deposit. In addition the Bank has the ability to borrow from Barclays Group Treasury should the need arise.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010...continued

The Bank has a detailed liquidity funding plan in place and has access to the Barclays Group liquidity contingency funding policy and expert personnel, if a need were to arise.

In accordance with the business strategy, the Bank plans to continue to provide a wide range of banking services to corporate entities.

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 and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

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 company and of the profit or loss of the company for that year. 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 company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and which 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 2009, and the European Communities (Credit Institutions: Accounts) Regulations, 1992. The measures taken by the Directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of accounts are kept at the company's registered office. The Directors are also responsible for safeguarding the assets of the company 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 Company. 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 Company'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 €5,079 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 2010.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010...continued

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 30 to the Financial Statements.

Fair value of financial instruments

Disclosure in relation to fair values is included in note 35 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)

PRICEWATERHOUSECOOPERS

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

We have audited the financial statements on pages 10 to 49. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (Ireland). This report, including the opinion, has been prepared for and only for the company'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 this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Chartered Accountants

PRICEWATERHOUSECOOPERS

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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 company's affairs as at 31 December 2010 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 2009, the European Communities (Credit Institutions: Accounts) Regulations, 1992.

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 company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 3 to 7 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 11 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 2009 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

31 March 2011

PROFIT AND LOSS ACCOUNT

Year to 31 December 2010

	Notes	31st December 2010 EUR'000	31st December 2009 EUR'000
Interest receivable		39,228	47,269
Interest payable		(12,179)	(23,432)
Net interest income		27,049	23,837
Fee and commission income		12,449	9,888
Foreign exchange income	3	1,871	1,634
Other finance income		161	90
Total operating income		41,530	35,449
Administrative expenses	4	(12,327)	(11,120)
Depreciation and amortisation	14	(64)	(72)
Operating expenses		(12,391)	(11,192)
Impairment charges and other credit provisions	6	(6,237)	(21,389)
Profit on ordinary activities before taxation		22,902	2,868
Taxation on profit on ordinary activities	7	(2,841)	-
Profit for the financial year		20,061	2,868

Profit on ordinary activities arose solely from continuing operations.

The notes on page 13 to 49 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 49 were approved by the Board of Directors on 31 March 2011.

On behalf of the board

Director **Director**

Director **Company Secretary**

BALANCE SHEET
As at 31 December 2010

	Notes	31st December 2010 EUR'000	31st December 2009 EUR'000
Assets			
Cash and balance at central banks	10	35,525	27,972
Loans and advances to banks	11	936,342	406,012
Loans and advances to customers	12	586,113	662,214
Available for sale financial instruments	13	500,021	400,971
Tangible fixed assets	14	158	216
Other assets, prepayments and accrued income	15	7,079	7,859
Derivative financial instruments	16	5,432	10,886
Total Assets		2,070,670	1,516,130
Liabilities			
Deposits by banks	17	537,903	415,896
Customer deposits	18	1,292,584	870,010
Accruals and deferred income	19	12,336	14,635
Other liabilities	20	1,479	121
Derivative financial instruments	16	5,341	10,843
Total Liabilities		1,849,643	1,311,505
Shareholders' Funds			
Called up share capital	22	12,446	12,446
Capital contribution	24	121,000	121,000
Available for sale reserve	24	18	849
Profit and loss account	24	87,563	70,330
Total Shareholders Funds		221,027	204,625
Total liabilities and shareholders' funds		2,070,670	1,516,130
Memorandum Items			
Guarantees and irrevocable letters of credit	25	168,773	180,531
Commitments	25	369,652	382,719

The notes on pages 13 to 49 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 49 were approved by the Board of Directors on 31 March 2011.

On behalf of the board

Director | **Director** James Kelly

Director | **Company Secretary**

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year to 31 December 2010

	Notes	31st December 2010 EUR'000	31st December 2009 EUR'000
Profit for the financial year		20,061	2,868
Actuarial (losses) / gains on the pension scheme	29	(3,189)	2,015
Fair value (losses) on available for sale financial instruments	13	(950)	(5,970)
Movement on tax relating to pension deficit / (gain)		361	(308)
Deferred tax relating to available for sale financial instruments	13	119	746
Total recognised gains and (losses) relating to the year		16,402	(649)

The notes on pages 13 to 49 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 49 were approved by the Board of Directors on 31 March 2011.

On behalf of the board

Director

Director

Director

Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 2009, the European Communities (Credit Institutions: Accounts) Regulations, 1992. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accounts in Ireland and issued by the Accounting Standards Board.

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.

Loans and advances

Loans and advances are stated in the balance sheet at cost after deduction of impairment charges.

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 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 their 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 investments 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 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 FOR THE YEAR ENDED 31 DECEMBER 2010...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.

Equity securities acquired in exchange for loans in order to achieve an orderly realisation are accounted for as a disposal of the loan and an acquisition of equity securities. Where control is obtained over an entity as a result of the transaction, the entity is consolidated. Any further impairment of the assets or business acquired is treated as an impairment of the relevant asset or business and not as an impairment of the original instrument.

Deferred 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 is measured using rates of tax that have been enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

Revenue Recognition

Interest income and expense is recognised in the profit and loss account as it accrues unless there is significant doubt that it can be collected (as described in the accounting policy on loans and advances).

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 company is a contributor to the Barclays Bank Irish Retirement and Life Assurance Plan, which is a funded, defined benefit scheme.

Defined benefit pension scheme assets are measured at fair value (bid price). 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. 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. Contributions are charged to the profit and loss account in the period in which they become payable.

Accounting Convention

The financial statements are prepared under the historical cost convention, with the exception of available for sale instruments and derivative financial instruments, as set out in Notes 13 and 16 respectively. The company does not maintain historical cost information on items held at fair value as this is not relevant to the business.

Changes in accounting policy

The financial statements have been prepared using the same accounting policies as set out in the financial statements for the year ended 31st December 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

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 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 income statement 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 Operating profit

	Year ended 31st December 2010 EUR'000	Year ended 31st December 2009 EUR'000
Operating profit for the year is stated after charging:		
Depreciation	64	72
Auditors' remuneration (stated exclusive of VAT)		
Statutory Audit	91	88
Tax Advisory Services	5	5
Other Non- Audit Services	20	-
	116	93
Redundancy charges	84	330

3 Foreign Exchange Income

Foreign exchange income represents the net margin earned on spot and forward foreign exchange transactions.

4 Administrative expenses

	Year ended 31st December 2010 EUR'000	Year ended 31st December 2009 EUR'000
Administrative expenses comprise:		
Staff costs	10,231	8,471
Other administrative expenses	2,096	2,649
	12,327	11,120
Staff costs comprise		
Wage and salaries	8,330	6,770
Social welfare costs	774	598
Redundancy costs	84	330
Pensions costs	836	663
Recruitment costs	207	110
	10,231	8,471

	2010 Number	2009 Number
The average number of persons employed by the Bank during the year was as follows:	82	72

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

5 Emoluments of Directors

	Year ended 31st December 2010 EUR'000	Year ended 31st December 2009 EUR'000
Emoluments for executive Directors		
For services as directors	-	-
For other services	612	664
Pension contributions	75	78
Fees to non executive Directors	85	85
Loss of office (inclusive of fair value of share options)	486	-
Number of Directors to whom retirement benefits are accruing under defined benefit schemes	2	2

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.

Details of Barclays Bank PLC share options held and exercised by Directors are separately disclosed in note 30 to the Financial Statements.

6 Impairment charges and other credit provisions

	Year ended 31st December 2010 EUR'000	Year ended 31st December 2009 EUR'000
At 1st January	27,845	6,456
Impairment Provision Charge	6,237	21,389
Impairment provision write offs	(7,399)	-
At 31st December	26,683	27,845

An analysis of the impairment charges by class of financial instrument is included in Note 33 'Credit risk'.

7 Taxation on profit on ordinary activities

	Year ended 31st December 2010 EUR'000	Year ended 31st December 2009 EUR'000
Current Corporation tax charge for the year at 12.5%	2,841	-
The current tax charge for the year is higher than the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities. The reasons for differences are set out below:		
Profit on ordinary activities before tax	22,902	2,868
Profit on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5%	2,863	359
Over accrual for tax in prior year	-	(319)
Other timing differences	(22)	(40)
The actual amount of current tax	2,841	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

8 Dividends

The directors have not recommended any dividends to be paid in respect of the year to 31st December 2010 (2009: Nil).

9 Assets and liabilities

	31st December 2010 EUR'000	31st December 2009 EUR'000
Assets denominated by currency:		
Denominated in EUR	1,473,537	1,144,585
Denominated in currencies other than EUR	597,133	371,545
Total assets	2,070,670	1,516,130
Liabilities denominated by currency:		
Denominated in EUR	1,473,543	1,144,721
Denominated in currencies other than EUR	597,127	371,409
Total liabilities and shareholders' funds	2,070,670	1,516,130

10 Cash Balances at central banks

	31st December 2010 EUR'000	31stDecember 2009 EUR'000
Balances at Central Banks include the minimum reserve requirement and Deposit protection account		
Minimum reserve requirement	33,569	26,080
Deposit Protection Account	1,956	1,892
	35,525	27,972

11 Loans and advances to banks

	31st December 2010 EUR'000	31st December 2009 EUR'000
Repayable on demand or at short notice	936,342	406,012
Amounts include: Due from Barclays undertakings	907,090	399,882

12 Loans and advances to customers

	31st December 2010 EUR'000	31stDecember 2009 EUR'000
Repayable on demand or short notice	53,929	44,951
Remaining maturity:		
3 months or less	7,198	32,118
1 year or less but over 3 months	16,185	-
5 years or less but over 1 year	333,798	421,896
Over 5 years	201,686	191,094
	612,796	690,059
Less allowance for impairment losses on loans & advances to customers	(26,683)	(27,845)
	586,113	662,214

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

13 Available for Sale Financial Instruments	31st December 2010 EUR'000	31st December 2009 EUR'000
At 31st December 2009	400,971	490,367
Purchased	500,000	400,000
Matured	(400,000)	(483,426)
(Losses) from movement in fair value	(950)	(5,970)
At 31 December 2010	**500,021**	**400,971**

Movement in Available for Sale Reserves	31st December 2010 EUR'000	31st December 2009 EUR'000
Fair value loss	(950)	(5,970)
Deferred Tax	119	746
	(831)	**(5,224)**

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.

14 Tangible fixed assets	Fixtures, plant and equipment EUR'000	Motor Vehicles EUR'000	Total EUR '000
Net book value			
At 31st December 2009	122	94	216
Additions	6	-	6
Disposals	-	-	-
Depreciation charge for the year	(40)	(24)	(64)
At 31 December 2010	**88**	**70**	**158**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

15 Other assets, prepayments and accrued income	31st December 2010 EUR '000	31st December 2009 EUR'000
Interest receivable	4,885	4,703
Pension surplus/(deficit) (see note 29)	-	1,049
Corporation tax	720	668
Other debtors	1,474	1,439
	7,079	7,859

16 Derivative Financial Instruments

Financial instruments - Forward Foreign Exchange

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 32, Note 33 and Note 34 under the headings "Market Risk", "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 following table:

		2010 Fair value			2009 Fair value	
As at 31st December Derivatives held for trading	Notional contract amount EUR'000	Assets EUR'000	Liabilities EUR'000	Notional contract amount EUR'000	Assets EUR'000	Liabilities EUR'000
Foreign exchange derivatives	420,795	5,432	(5,341)	629,174	10,886	(10,843)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

17 Deposits by banks

	31st December 2010 EUR'000	31st December 2009 EUR'000
Repayable on demand	164	171
Other deposits by banks, remaining maturity:		
3 months or less	37,739	15,725
1 year or less but over 3 months	500,000	400,000
	537,903	**415,896**
Amounts include: Due to Barclays undertakings	500,000	400,000

18 Customer deposits

	31st December 2010 EUR'000	31st December 2009 EUR'000
Repayable on demand	387,847	338,672
3 months or less but not repayable on demand	843,005	475,074
1 year or less but over 3 months	61,732	56,264
	1,292,584	**870,010**
Amounts include: Due to Barclays undertakings	67,365	116,780

19 Accruals and deferred income

	31st December 2010 EUR'000	31st December 2009 EUR'000
Accruals	4,016	4,771
Interest Payable	2,829	3,495
Deferred income	5,491	6,369
	12,336	**14,635**

20 Other liabilities

	31st December 2010 EUR'000	31st December 2009 EUR'000
Pension Deficit (see note 29)	1,477	-
Deferred tax on available for sale financial instruments	2	121
	1,479	**121**

21 Called up share capital

	31st December 2010 EUR'000	31st December 2009 EUR'000
Authorised		
5,000,000,000 ordinary shares of EUR 1 each	5,000,000	5,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

22 Allotted, called up and fully paid

	31st December 2010 EUR'000	Ordinary shares of EUR1 each
	12,446	12,446,218
Issued share capital at beginning of year		
Issued during the year	-	
Balance at end of year	**12,446**	**12,446,218**

23 Reconciliation of movement in shareholders' funds

	31st December 2010 EUR'000	31st December 2009 EUR'000
Shareholders' funds at beginning of year	204,625	205,274
Profit for financial year	20,061	2,868
Available for sale reserve	(831)	(5,224)
Actuarial (losses)/gains on the pension scheme	(3,189)	2,015
Movement on tax relating to pension deficit/(gain)	361	(308)
Shareholders' funds at end of the year	**221,027**	**204,625**

24 Reserves

	Profit & Loss EUR'000	Capital Contribution EUR'000	Available For sale reserve EUR'000	Total EUR'000
Opening reserves 1st January 2010	70,330	121,000	849	192,179
Profit for the year	20,061	-	-	20,061
Actuarial (loss) on pension scheme	(2,828)	-	-	(2,828)
Available for sale (loss)	-	-	(831)	(831)
	87,563	**121,000**	**18**	**208,581**

On 24th June 2005 the Bank received a capital contribution amounting to EUR121m from Barclays Bank PLC for ongoing use in its operations. The Bank has no repayment obligation in respect of this contribution.

25 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

25 Memorandum items (continued)

	2010	2009
	Contract Amount EUR '000	Contract Amount EUR '000
Contingent liabilities		
Guarantees and irrevocable letters of credit	168,773	180,531
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend ; - irrevocable with original maturity over 1 year	369,652	382,719

26 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 EUR20,000 whichever is the lesser.

The Bank contributed to the fund EUR 3,873 for the fund year ended 31st July 2010 and EUR 3,979 for the fund year ended 31st July 2011.

27 Cashflow statement

A cash flow statement has not been prepared 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 in accordance with Financial Reporting Standard No.1. (Revised 1996) Cash Flow Statements.

28 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 Banks pension scheme is held by Barclays Bank Ireland Plc under the control of the independent trustee's. 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 5 and 30. There are no transactions to disclose in relation to key management personnel.

It is Barclays Group policy for subsidiary companies to join a hedge programme to protect the income earned on credit balances on current accounts during a period of low interest rates by replacing floating rate interest receivable with a fixed rate interest receivable. This hedge is managed on a global basis by Barclays Group Treasury, but is not the subject of formal swap documentation between Barclays Bank Ireland Plc and Barclays Bank Plc. As at 31 December 2010 the total notional principal of the hedge in place was €110m (2009: €110m), with net interest income received of €2.6m (2009: €2.6m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

29 Retirement benefits

The company, in conjunction with Barclays Insurance Dublin, operates a defined benefit pension scheme, the Barclays Bank Irish Retirement and Life Assurance Plan. The assets of the scheme are held in a separate trustee administered fund. The scheme provides retirement benefits on the basis of the members' final salary. The contributions are determined by a qualified actuary on the basis of triennial valuations.

A full actuarial valuation was carried out as at 31 December 2010, on which the amounts recognised in the financial statements are based.

The amounts recognised in the balance sheet are as follows:

	2010 EUR '000	2009 EUR '000
Fair value of scheme assets	20,327	17,329
Present value of scheme liabilities	(22,015)	(16,130)
Pension (deficit)/surplus	(1,688)	1,199
Related deferred tax asset/(liability)	211	(150)
Net pension (deficit)/surplus	(1,477)	1,049

The amounts recognised in the profit and loss account are as follows:	2010 Eur'000	2009 Eur'000
Interest cost	910	835
Expected return on scheme assets	(1,071)	(925)
Other finance income	(161)	(90)
Current service cost – included in operating expenses	836	663
Net total recognised in the profit and loss account	675	573
Actual return on plan assets	2,519	2,961

	2010 EUR '000	2009 EUR '000
Actual less expected return on scheme assets	1,448	2,036
Experience (losses)/gains on liabilities	(1,169)	993
Change in the assumptions underlying the present value of the scheme liabilities	(3,468)	(1,014)
Actuarial (losses)/gains recognised in the statement of recognised gains and losses	(3,189)	2,015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

29 Retirement benefits (continued)

The amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL) are as follows:

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2010 is €2,449,000. The cumulative net pension deficit as at 31 December 2010 is €1,477,000 (2009: Pension surplus €1,049,000).

Movement in scheme assets and liabilities

	Scheme Assets EUR '000	Scheme Liabilities EUR '000
At 1 January 2009	**13,833**	**(15,108)**
Current service cost	-	(663)
Interest on scheme liabilities	-	(835)
Expected return on scheme assets	925	-
Actual less expected return on scheme assets	2,036	-
Experience gains on liabilities	-	993
Change in assumptions	-	(1,014)
Benefits paid	(497)	497
Employer contributions paid	1,032	-
At 31 December 2009	**17,329**	**(16,130)**
Current service cost	-	(836)
Interest on scheme liabilities	-	(910)
Expected return on scheme assets	1,071	-
Actual less expected return on scheme assets	1,448	-
Experience gains on liabilities	-	(1,169)
Change in assumptions	-	(3,468)
Benefits paid	(498)	498
Employer contributions paid	977	-
At 31 December 2010	**20,327**	**(22,015)**

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

Risk and rewards arising from the assets

At 31 December 2010 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:

	2010	2009
Equity	71.3%	68.6%
Fixed-interest	16.9%	19.9%
Property	2.4%	-
Other	9.4%	11.5%

Scheme assets do not include any of Barclays Bank Ireland own financial instruments, or any property occupied by Barclays Bank Ireland.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

29 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.

For equities the long term rate of return is expected to exceed fixed interest investment by a margin, the "risk premium". In assessing the equity risk premium, past returns have been analysed giving a risk premium of 2.35% above long dated fixed interest returns, giving an assumed return of 6.75%. The rate of return on fixed interest investments was assumed to be 4.4% and returns on other assets to be 3.0%. Thus, the overall expected return on scheme assets as at 31 December 2010 is 6.0% (2009: 6.1%).

	Long-term rate of return expected at 31/12/10	Value at 31/12/10 €'000	Long-term rate of return expected at 31/12/09	Value at 31/12/09 €'000
Equity	6.75%	14,493	7.00% p.a.	11,888
Fixed Interest	4.40%	3,435	4.30% p.a	3,448
Property	5.00%	488	-	-
Other	3.00%	1,911	3.65% p.a.	1,993

The principal actuarial assumptions at the balance sheet date:

	2010	2009
Discount rate at 31 December	5.8%	5.5%
Future salary increases	3.5%	3.5%
Future pension increases		
Entrants after 31 July 1997	2.0%	2.0%
Entrants before 31 July 1997	5.0%	2.0%

Assumptions regarding future mortality are set based on advice from published statistics and represent the Bank's best estimate of future experience. In 2010 the assumed future pension scheme increases for entrants before 31 July 1997 was increased from 2% to 5% in line with the rules of the scheme.

The mortality assumptions are based on standard mortality tables.

Longevity at 60 for current pensioners:	2010	2009
Male	26.1	26.0
Female	28.0	27.9

Longevity at 60 for members retiring in 20 years time	2010	2009
Male	28.1	28.8
Female	30.1	30.0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

29 Retirement benefits (continued)

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

	2010	2009	2008	2007	2006
Present value of the scheme liabilities (€'000)	(22,015)	(16,130)	(15,108)	(14,904)	(13,198)
Present value of scheme assets (€'000)	20,327	17,329	13,833	20,385	20,483
Pension (deficit) /surplus (€'000)	**(1,688)**	**1,199**	**(1,275)**	**5,481**	**7,285**
Experience adjustments on scheme liabilities as a percentage of scheme liabilities at the balance sheet date	5.3%	(6.2%)	3.0%	5.5%	(4.2%)
Experience adjustments on scheme assets as a percentage of scheme assets at the balance sheet date	7.1%	11.8%	(57.7%)	(6.8%)	(6.8%)

30 Directors' and Secretary's interests

The Directors and Secretary of the company at 31st December 2010 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 2010	Ordinary shares in Barclays Bank PLC 31st December 2009
Chris Cullen	1,650	1,650
Helen Calder	7,577	7,577
James Kelly	2,422	1,288

Options to subscribe for shares in Barclays Bank PLC 31st December 2010

	James Kelly	Helen Calder	John David Stuart
At 31st December 2009	26,765	2,801	82,567
Options released during the year	(2,523)	-	-
Options granted during the year	164	-	17,805
Adjustments to options	-	-	-
Options lapsed during the year	(2,523)	-	-
At 31st December 2010	**21,833**	**2,801**	**100,372**

James Kelly holds a beneficial interest in 8,215 shares held in trust under the Ireland Profit Sharing scheme as at 31 December 2010 (2009: 7,948). 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 (2009: Nil).

31 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

31 Share based payments (continued)

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.

Executive share award scheme (ESAS)

For certain employees of the Group an element of their annual bonus is in the form of a deferred award of a provisional allocation of Barclays PLC shares under ESAS. The total value of the bonus made to the employee of which ESAS is an element is dependent upon the business unit, Group and individual employee performance. The ESAS element of the annual bonus must normally be held for at least three years. Additional bonus shares are subsequently awarded to recipients of the provisional allocation and vest upon achieving continued service for three and five years from the date of award. ESAS awards are also made to eligible employees for recruitment purposes. All awards are subject to potential forfeit if the individual resigns and commences work with a competitor business.

Performance share plan (PSP)

The Performance Share Plan (PSP) was approved by shareholders at the 2005 AGM to replace the ISOP scheme. Performance shares are 'free' Barclays shares for which no exercise price is payable and which qualify for dividends. Performance share awards are communicated to participants as an initial allocation. Barclay's performance over a three-year period determines the final number of shares that may be released to participants.

Incentive share option plan (ISOP)

The ISOP was open by invitation to the employees and Directors of Barclays PLC. Options were granted at the market price at the date of grant calculated in accordance with the rules of the plan, and are normally exercisable between three and ten years from that date. The final number of shares over which the option may be exercised is determined by reference to set performance criteria. The number of shares under option represents the maximum possible number that may be exercised. No awards were made under the ISOP during 2010.

Share value plan (SVP)

The Share Value Plan (SVP) was introduced in March 2010. SVP Awards are granted to participants in the form of a provisional allocation of Barclays shares which vest 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. Awards under the SVP qualify for dividends.

The weighted average fair value per option granted in the year is as follows;

	2010 STG£	2009 STG£
Sharesave	1.29	1.43
ESAS	2.88	1.08
PSP	3.55	2.81
ISOP/ISP	3.55	2.58
SVP	3.54	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

31 Share based payments (continued)

Fair values for Sharesave, and PSP are calculated at the date of grant using either a Black-Scholes model or Monte Carlo simulation. ESAS, ISP and SVP are nil cost awards on which the performance conditions are substantially completed at the date of grant. Consequently the fair value of these awards is based on the market value at that date.

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.

The significant weighted average assumptions used to estimate the fair value of the options granted in 2010 are as follows:

	Sharesave	PSP
Weighted average share price	3.21	3.55
Weighted average exercise price	2.67	3.46
Expected volatility	45%	45%
Expected option life	4 years	2 years

The significant weighted average assumptions used to estimate the fair value of the options granted in 2009 are as follows:

	Sharesave	PSP
Weighted average share price	3.51	2.34
Weighted average exercise price	2.70	1.77
Expected volatility	45%	45%
Expected option life	4 years	2 years

Expected volatility and dividend yield on the date of grant have been used as inputs into the respective valuation models for Sharesave and PSP.
The yield on UK government bonds with a commensurate life has been used to determine the risk-free discount rate of 2% for all schemes (2009: 3%).
For the purposes of determining the expected life and number of options to vest, historical exercise patterns have been used, together with an assumption that a certain percentage of options will lapse due to leavers.

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£)
	2010	2010
Outstanding at beginning of year	284,336	1.59
Transferred within the Year	(134,487)	-
Released in year	-	-
Granted in year	40,147	2.22
Less: forfeited/expired in year	-	-
Outstanding at end of year	189,996	1.79

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

31 Share based payments (continued)

ESAS

	Number	Weighted average Exercise Price (Stg£)
	2010	**2010**
Outstanding at beginning of year	4,569	6.00
Transferred Within the year	25,008	-
Exercised in year	(2,718)	6.00
Released in year	(13,817)	5.26
Less: forfeited/expired in year	(578)	6.00
Outstanding at end of year	**12,464**	**3.11**

PSP

	Number	Weighted average Exercise Price (Stg£)
	2010	**2010**
Outstanding at beginning of year	-	-
Granted in year	-	-
Transferred within the Year	5,046	-
Exercised in year	-	-
Released in year	(2,523)	7.16
Less: forfeited/expired in year	(2,523)	9.13
Outstanding at end of year	-	-

ISOP

	Number	Weighted average Exercise Price (Stg£)
	2010	**2010**
Outstanding at beginning of year	-	-
Granted in year	14,734	-
Transferred within the Year	-	-
Released in year	-	-
Less: forfeited/expired in year	-	-
Outstanding at end of year	**14,734**	**2.49**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

31 Share based payments (continued)

ISP

	Number	Weighted average Exercise Price (Stg£)
	2010	2010
Outstanding at beginning of year	-	-
Granted in year	19,366	-
Transferred within the Year	-	-
Exercised in year	-	-
Released in year	-	-
Less: forfeited/expired in year	-	-
Outstanding at end of year	19,366	2.69

SVP

	Number 2010	Weighted average Exercise Price (Stg£) 2010
Outstanding at beginning of year	-	-
Granted in year	5,250	3.55
Transferred within the Year	-	-
Exercised in year	-	-
Released in year	-	-
Less: forfeited/expired in year	-	-
Outstanding at end of year	5,250	3.55

The cost of all the share based payments in 2010 was €46,475 (2009: €127,493).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

32 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 and business risk.

Credit risk management is performed in line with parent bank guidelines. This includes the ongoing 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.

Capital Risk

The Bank has tier one capital and reserves of €221m as at 31 December 2010. All regulatory capital requirements were complied with over the course of 2010.

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 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 below summarise these repricing mismatches on the Bank's book as at 31st December 2010 and for the prior year as at 31st December 2009. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

32 Risk Management continued:

31 December 2010

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
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Assets:							
Cash and balances at central bank	35,525	-	-	-	-	-	35,525
Loans and advances to banks	936,342	-	-	-	-	-	936,342
Loans and advances to customers	521,718	55,843	2,521	5,831	200	-	586,113
Available for sale financial instruments	-	200,021	300,000	-	-	-	500,021
Derivative financial instruments	-	-	-	-	-	5,432	5,432
Other assets	-	-	-	-	-	7,237	7,237
Total assets	**1,493,585**	**255,864**	**302,521**	**5,831**	**200**	**12,669**	**2,070,670**
Liabilities:							
Deposits by banks	(37,878)	(200,000)	(300,000)	-	-	(25)	537,903
Customer accounts	(883,463)	(25,035)	(36,697)	-	-	(347,389)	1,292,584
Accruals and deferred income	-	-	-	-	-	(12,336)	12,336
Other liabilities	-	-	-	-	-	(1,479)	1,479
Derivative financial instruments	-	-	-	-	-	(5,341)	5,341
Shareholders' funds	-	-	-	-	-	(221,027)	221,027
Total liabilities	**(921,341)**	**(225,035)**	**(336,697)**	-	-	**(587,597)**	**(2,070,670)**
Interest rate re-pricing gap	572,244	30,829	(34,176)	5,831	200	(574,928)	-
Cumulative gap	572,244	603,073	568,897	574,728	574,928	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010…continued

32 Risk Management continued:

31 December 2009

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
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Assets:							
Cash and balances at central bank	27,972	-	-	-	-	-	27,972
Loans and advances to banks	389,848	-	13,006	-	1,781	1,377	406,012
Loans and advances to customers	590,456	40,384	766	8,643	21,965	-	662,214
Available for sale financial instruments	-	200,927	200,044	-	-	-	400,971
Derivative financial instruments						10,886	10,886
Other assets						8,075	8,075
Total assets	**1,008,276**	**241,311**	**213,816**	**8,643**	**23,746**	**20,338**	**1,516,130**
Liabilities:							
Deposits by banks	(15,872)	(200,000)	(200,000)	-	-	(24)	(415,896)
Customer accounts	(630,070)	(51,088)	(5,176)	-	-	(183,676)	(870,010)
Accruals and deferred income	-	-	-	-	-	(14,635)	(14,635)
Other liabilities	-	-	-	-	-	(121)	(121)
Derivative financial instruments	-	-	-	-	-	(10,843)	(10,843)
Shareholders' funds	-	-	-	-	-	(204,625)	(204,625)
Total liabilities	**(645,942)**	**(251,088)**	**(205,176)**	-	-	**(413,924)**	**(1,516,130)**
Interest rate re-pricing gap	362,334	(9,777)	8,640	8,643	23,746	(393,586)	-
Cumulative gap	362,334	352,557	361,197	369,840	393,586	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

33 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 arises mainly from commercial loans, advances and loan commitments arising from such lending activities, but can also arise from credit enhancement 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 therefore one of its most significant risks. The Bank dedicates considerable resources to controlling it effectively.

The credit risk function encompasses the sanctioning of individual exposures (via the Bank's Chief Credit Officer, Head of Credit and the Bank's Credit Committee) and the subsequent control of exposures (via the Bank's Risk Control Unit). The Head of Credit and the Head of Risk Control Unit report to the Bank's Chief Credit Officer who reports to the Risk Director who is a member of the Bank's board.

The Banks' sanctioning Committee is the Ireland Credit Committee which is the highest level credit sanctioning forum in Barclays Bank Ireland PLC. The permanent members are the Chief Credit Officer, Head of Credit and the Finance Director. Responsibility for oversight of this Committee lies with the Credit Risk Management Committee which is chaired by the Risk Director.

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 sectoral and individual exposures against the Bank's overall Risk appetite. The Risk Director, who is a member of Bank's Credit Risk Management Committee and of the main Board, reports the views of Credit Committee to the Board as a standard agenda item.

Corporate and commercial lending

Corporate accounts which are deemed to contain heightened levels of risk are recorded on graded problem loan lists known as early-warning or watch lists should they show sign of stress and giving rise for concern. These are updated monthly and circulated to the relevant Management Committees. Once listing has taken place, exposures are closely monitored and, where appropriate, reduced.

These lists are graded in line with the perceived severity of the risk attached to the lending, and its probability of default. In line with Barclays Group policy, the Bank works to three categories of increasing 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 an obligor's financial health gives grounds for concern, it is immediately placed into the appropriate category. All obligors, 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 other side. The risk is that the counterparty may not meet its obligation.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

33 Credit Risk (continued)

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 FOR THE YEAR ENDED 31 DECEMBER 2010...continued

33 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, loans with a high loan to value ratio, and unsecured loans operating outside normal product guidelines.

Higher Risk – there is concern over the obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. There may also be doubts over the value of collateral or security provided. 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. As a result no tangible security is held for any of the banks corporate customers.

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.

Reflecting the Bank's focus on repayment capacity tangible security is not held from any of the Bank's corporate customers.

However, the Bank routinely obtains non tangible collateral and security typically by way of intergroup and /or third party guarantees, 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 FOR THE YEAR ENDED 31 DECEMBER 2010...continued

33 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.

The Bank also has a €200m Guarantee in place from Barclays Bank Plc. This allows the Bank to lend to individual counterparties amounts over the large exposure limits imposed by the Central Bank of Ireland.

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 31 December 2010 and 2009 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.

	2010 €'000	2009 €'000
On balance sheet:		
Cash and balances at central banks	35,525	27,972
Loans and advances to banks	936,342	406,012
Loans and advances to customers	586,113	662,214
AFS financial instruments	500,021	400,971
Derivative financial instruments	5,432	10,886
Other assets	7,237	8,075
Off balance sheet:		
Guarantees and letters of credit pledged as collateral security	168,773	180,531
Commitments	369,652	382,719
Total maximum exposure at 31st December	2,609,095	2,079,380

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 FOR THE YEAR ENDED 31 DECEMBER 2010...continued

33 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, otherwise, the product type in accordance with the manner in which Barclays Bank Ireland Plc manages credit risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

33 Credit Risk (continued)

Analyses of the Group's credit exposure are set out below:

Credit risk concentrations by industrial sector

	2010						
	Government & Central Banks €'000	Financial Services €'000	Transport, Postal & comms 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	35,525	-	-	-	-	-	35,525
Loans & advances to banks	-	936,342	-	-	-	-	936,342
Loans & advances to customers	-	15,962	94,705	218,656	78,878	177,912	586,113
AFS financial instruments	-	500,021	-	-	-	-	500,021
Derivative financial instruments	-	5,432	-	-	-	-	5,432
Off balance sheet:							
Guarantees and letters of credit pledged as collateral security	-	79,088	21,512	64,842	-	3,331	168,773
Commitments	-	-	93,926	174,450	1,078	100,198	369,652
Total	**35,525**	**1,536,845**	**210,143**	**457,948**	**79,956**	**281,441**	**2,601,858**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

Credit risk concentration by industrial sector

	2009						
	Government & Central Banks €000	Financial Services €000	Transport, Postal & comms 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	27,972	-	-	-	-	-	27,972
Loans & advances to banks	-	406,012	-	-	-	-	406,012
Loans & advances to customers	-	18,899	82,080	333,799	58,098	169,338	662,214
AFS financial instruments	-	400,971	-	-	-	-	400,971
Derivative financial instruments	-	10,886	-	-	-	-	10,886
Off balance sheet:							
Guarantees and letters of credit pledged as collateral security	-	89,012	3,837	77,822	-	9,868	180,539
Commitments	-	2,507	70,797	217,247	1,078	91,089	382,718
Total	**27,972**	**928,287**	**156,714**	**628,868**	**59,176**	**270,295**	**2,071,312**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

33 Credit Risk (continued)

Financial assets subject to credit risk:

	As at December 31st 2010					
	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	35,525	-	-	35,525	-	35,525
Loans and advances to banks	936,342	-	-	936,342	-	936,342
Loans and advances to customers	339,186	241,118	32,492	612,796	(26,683)	586,113
AFS financial instruments	500,021	-	-	500,021	-	500,021
Derivative financial instruments	5,432	-	-	5,432	-	5,432
Other assets	7,237	-	-	7,237	-	7,237
Total	**1,823,743**	**241,118**	**32,492**	**2,097,353**	**(26,683)**	**2,070,670**

	As at December 31st 2009					
	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	27,972			27,972		27,972
Loans and advances to banks	406,012			406,012		406,012
Loans and advances to customers	472,241	178,610	39,208	690,059	(27,845)	662,214
AFS financial instruments	400,971			400,971		400,971
Derivative financial instruments	10,886			10,886		10,886
Other assets	8,075			8,075		8,075
Total	**1,326,157**	**178,610**	**39,208**	**1,543,975**	**(27,845)**	**1,516,130**

Financial assets designated at fair value, derivatives, and available for sale instruments are not subject to impairment allowances as credit losses are fully reflected in their fair values.

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. There was no impairment identified on the available for sale portfolio.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...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 33, was as follows:

	2010			
	Strong €'000	**Satisfactory €'000**	**Higher Risk €'000**	**Total €'000**
Cash & balances at central banks	35,525	-	-	35,525
Loans & advances to banks	936,342	-	-	936,342
Loans & advances to customers	254,649	84,537	-	339,186
AFS financial instruments	500,021	-	-	500,021
Derivative financial instruments	5,432	-	-	5,432
Other assets	7,237	-	-	7,237
Total financial assets neither past due nor individually impaired	**1,739,206**	**84,537**	-	**1,823,743**

	2009			
	Strong €'000	**Satisfactory €'000**	**Higher Risk €'000**	**Total €'000**
Cash & balances at central banks	27,972			27,972
Loans & advances to banks	406,012			406,012
Loans & advances to customers	227,540	203,469	41,232	472,241
AFS financial instruments	400,971			400,971
Derivative Financial Instruments	10,886			10,886
Other assets	8,075			8,075
Total financial assets neither past due nor individually impaired	**1,081,456**	**203,469**	**41,232**	**1,326,157**

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

An age 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. Where assets are considered to be uncollectable they are subject to individual impairment.

Available for sale instruments and derivative assets are measured on a fair value basis such that their carrying amount reflects expected defaults. Amounts that are past due as a result of counterparty credit issues are not significant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

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

	2010					
	Past due up to 1 month €'000	Past due 1-2 months €'000	Past due 2-3 months €'000	Past due 3-6 months €'000	Past due 6 months and over €'000	Total €'000
Loans and advances to customers	135,528	64,882	-	40,708	-	241,118
Total financial assets past due but not individually impaired	**135,528**	**64,882**	**-**	**40,708**	**-**	**241,118**

In 2010 the total income outstanding at the year-end relating to the €241m facilities marked as past due but not impaired was €0.4m, €0.2m relating to lending fees and €0.2m to capital and interest payments.

In addition there are €218m of undrawn facilities connected to these past due facilities which can be drawn by customers.

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.

	2009					
	Past due up to 1 month €000	Past due 1-2 months €000	Past due 2-3 months €000	Past due 3-6 months €000	Past due 6 months and over €000	Total €000
Loans and advances to customers	99,247	79,362	-	1	-	178,610
Total financial assets past due but not individually impaired	**99,247**	**79,362**	**-**	**1**	**-**	**178,610**

(c) Impaired financial assets

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

	2010			2009		
	Original carrying amount €'000	Impairment allowance €'000	Revised carrying amount €'000	Original carrying amount €'000	Impairment allowance €'000	Revised carrying amount €'000
Loans & advances to customers	32,492	(25,620)	6,872	39,208	(22,320)	16,888
Total loans and advances to customers individually impaired	**32,492**	**(25,620)**	**6,872**	**39,208**	**(22,320)**	**16,888**
Collective impairment allowance	-	**(1,063)**	-	-	**(5,525)**	-
Total impairment allowance	-	**(26,683)**	-	-	**(27,845)**	-

It is operationally impractical to disclose the fair value of collateral held against impaired loans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

34 Liquidity Risk

Liquidity risk arises from fluctuations in the contractual and behavioural cash flows associated with the Banks 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 fulfill 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 FOR THE YEAR ENDED 31 DECEMBER 2010…continued

34 Liquidity Risk As at December 31st 2010

The tables below summarise the maturity profile of the Bank's Financial Instrument liabilities at 31 December 2010 and 31 December 2009 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 2010					
	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*	(174)	(37,756)	(505,850)	-	-	(543,779)
Customer accounts	(387,933)	(843,207)	(62,212)	-	-	(1,293,353)
Gross Settled Derivatives						
Pay Leg	-	910,202	323,091	-	-	1,233,293
Received Leg	-	(911,759)	(321,786)	-	-	(1,233,545)
Net Cashflows	-	**(1,557)**	**1,305**	-	-	**(252)**
Total financial liabilities	**(388,107)**	**(882,520)**	**(566,758)**	-	-	**(1,837,385)**
Off balance sheet items						
Loan commitments	(369,652)	-	-	-	-	(369,652)
Guarantees and irrevocable letters of credit	(168,775)	-	-	-	-	(168,775)
Total off balance sheet items	**(538,427)**	-	-	-	-	**(538,427)**
Total financial liabilities and off balance sheet items	**(926,534)**	**(882,520)**	**(566,758)**	-	-	**(2,375,812)**

* Includes €508m of funds received and invested in Certificates of Deposits at identical maturities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

34 Liquidity Risk continued

	As at December 31st 2009					
	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*	(171)	(15,725)	(405,356)	-	-	**(421,252)**
Customer accounts	(349,227)	(466,227)	(56,264)	-	-	**(871,718)**
Gross Settled Derivatives						
Pay Leg	-	(348,627)	(341,918)	(11,087)	-	**(701,632)**
Received Leg	-	349,012	341,983	11,089	-	**702,084**
Net Cashflows	-	**385**	**65**	**2**	-	**452**
Total financial liabilities	**(349,398)**	**(481,566)**	**(461,555)**	**2**	-	**(1,292,517)**
Off balance sheet items						
Loan commitments	(382,719)	-	-	-	-	(382,719)
Guarantees and irrevocable letters of credit	(180,531)	-	-	-	-	(180,531)
Total off balance sheet items	**(563,250)**	-	-	-	-	**(563,250)**
Total financial liabilities and off balance sheet items	**(912,648)**	**(481,566)**	**(461,555)**	**2**	-	**(1,855,767)**

* Includes €406m of funds received and invested in Certificates of Deposits at identical maturities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

35 Fair Value

	2010		2009	
Financial assets:	**Carrying amount €'000**	**Fair value €'000**	**Carrying amount €'000**	**Fair value €'000**
Cash and balances at central banks (a)	35,525	35,525	27,972	27,972
Derivative financial instruments (b)	5,432	5,432	10,886	10,886
Loans and advances to banks (a)	936,342	936,342	406,012	406,012
Loans and advances to customers (c)	586,113	575,540	662,214	648,187
Available for sale financial instruments;				
- Debt securities (b)	500,021	500,021	400,971	400,971
Financial liabilities:				
Deposits from banks (a)	537,903	537,903	415,896	415,896
Customer accounts:				
- Current and demand accounts (a)	266,849	266,849	227,959	227,959
- Other time deposits (a)	1,025,735	1,025,735	642,051	642,051
Derivative financial instruments (b)	5,341	5,341	10,843	10,843

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

(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, as the instruments are liquid but not traded in an active market. 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.

36 Large Exposure Guarantee

The Bank has a small number of large exposures which are in excess of 25% of its capital base. On 20/12/07 Barclays Bank PLC provided an irrevocable and unconditional guarantee to a maximum amount of €200m to the Bank for any loss occurring with that large loan exposure in excess of 25% of the Banks capital base.

37 Segmental analysis

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010...continued

38 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.

39 Approval of financial statements

The financial statements were approved by the Board of Directors on 31st March 2011.