

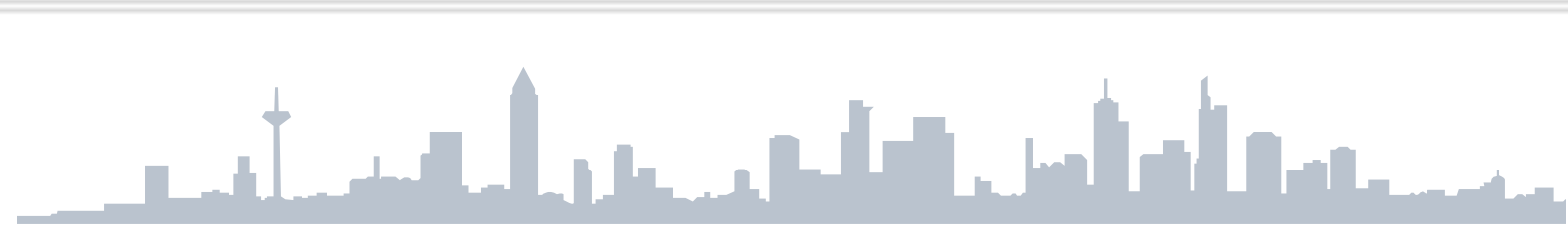


# Helaba *Dublin*

## Helaba Dublin Directors' Report and Financial Statements

---

● Year ended 31 December 2010



<i>Contents</i>	<i>Page</i>
Directors and other information	3
Directors' report	4 – 8
Statement of directors' responsibilities	9
Independent auditors' report	10 – 11
Statement of accounting policies	12 -17
Profit and loss account	18
Statement of total recognised gains and losses	19
Balance sheet	20
Notes forming part of the financial statements	21 – 54

**Directors and other information****Directors as of 23 February 2011**

Dr. U. Pähler (Chairman)  
D. Mewesen  
L. Steinborn-Reetz  
P. Murray  
P. Smyth  
E. Hanly (Independent Non-Executive Director)  
N. O'Byrne (Independent Non-Executive Director)

**Secretary**

Wilton Secretarial Limited

**Registered office**

P.O. Box 3137  
5 George's Dock  
IFSC  
Dublin 1

Registered Number: 166933

**Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 1

**Solicitors**

William Fry  
Fitzwilton House  
Wilton Place  
Dublin 2

**Directors' report**

The directors submit their annual report together with the audited financial statements of Helaba Dublin Landesbank Hessen-Thüringen International for the year ended 31 December 2010.

**Principal activities and review of the business****Background of the Bank**

Helaba Dublin was founded in November 1990 under the name "Helaba Asset Management". On 1 December 1993, the company received its banking licence from the Central Bank of Ireland and changed its name to Helaba Dublin Landesbank Hessen-Thüringen International ("Helaba Dublin", "The Bank"). It is wholly owned by Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt ("Helaba").

The legal form of Helaba Dublin is that of a private unlimited company. In addition, Helaba submitted a letter of comfort to the Central Bank of Ireland in favour of Helaba Dublin. This letter of comfort continues to be in place.

In view of its legal status and the assertion by the parent company that Helaba Dublin will always be in a position to meet its liabilities (see "ultimate holding company"), Helaba Dublin has been assigned a short term debt rating of "A-1" and a long-term senior unsecured debt rating of "A" by Standard & Poor's.

The guarantees of the owners of Landesbank Hessen-Thüringen Girozentrale (the Savings Banks and Giro Association of Hesse-Thuringia and the Federal States of Hesse and Thuringia) in the form of Anstaltslast (statutory liability) and Gewährträgerhaftung (guarantor obligation) have ensured a high credit quality of Helaba. The German authorities and the European Commission agreed, in July 2001 and February 2002, on a restructuring of the guarantee mechanisms of German public banks. Anstaltslast was maintained in its original form until 18 July 2005.

The provisions applying to the statutory guarantee state that liabilities in existence on 18 July 2001 are covered by the statutory guarantee until the end of their term. Liabilities created after this date are in principle covered by the statutory guarantee until 18 July 2005, at which time such coverage ceased unless the term of the liabilities concerned does not extend beyond 31 December 2015.

Helaba's senior unsecured unguaranteed obligations (obligations not covered by Gewährträgerhaftung) are rated "Aa2"/"A+"/"A" (long-term) by Moody's Investors Service, FitchRatings, and Standard & Poor's respectively.

Landesbank Hessen-Thüringen Girozentrale opened a branch – "Helaba Irish Branch" - in Dublin on 2 January, 2001.

**Ultimate holding company / controlling interest**

The ultimate holding company of Helaba Dublin is Landesbank Hessen-Thüringen Girozentrale ("Helaba"), Federal Republic of Germany which has stated that it will ensure that Helaba Dublin Landesbank Hessen-Thüringen International will always be in a position to meet its liabilities for so long as it remains a subsidiary of Helaba. The ultimate controlling interest (85%) of Landesbank Hessen - Thüringen Girozentrale is the Savings Banks and Giro Association of Hesse-Thuringia.

**Performance of the Bank**

In the year 2010, Helaba Dublin's total balance sheet increased marginally from EUR 3,563 million to EUR 3,564 million. Notwithstanding the continued turbulences in the financial markets, Helaba Dublin realised a profit on ordinary activities after tax in the amount of TEUR 9,247 (2009: TEUR 102).

**Directors' report (continued)****Performance of the Bank (continued)**

The valuations of Irish bank floating rate notes were negatively impacted in 2010 by the difficult market conditions and uncertainties surrounding the Irish economy. At 31 December 2009, the Bank carried out an analysis of the debt securities portfolios (comprising of the Floating Rate Notes and Asset Backed Securities) and it was determined from this review that an active market had returned for the majority of the floating rate notes (EUR 474 million) and therefore market prices have been used for fair value measurement. A further review in 2010 indicated that an active market had returned for the remaining Floating Rate Notes however, there continues to be no active market for the asset backed securities (EUR 57 million). For these Asset Backed Securities included in financial assets at fair value through profit and loss, the Bank calculated valuations based on data from Bloomberg or from Markit. The Asset Backed Securities continue to be classified in level 3 due to the illiquidity of this market. The sensitivities to the key assumptions in the models are set out in note 31.

**Lending activity**

In the year under review, total loans and advances to corporate customers and public law entities increased by EUR 144 million or 7%, from EUR 2,204 million to EUR 2,348 million, while loans and advances to Banks in excess of 1 year increased by EUR 531.1 million. EUR 530.8 million relates to Schuldscheins purchased which were issued by the Banks' parent, Helaba.

Total loans and advances to corporate customers, public law entities and banks (in excess of 1 year) represented approximately 71% of the total balance sheet. They were granted in all major currencies with fixed or variable interest rates.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk based on the following:

- 84% of loans and advances to customers are backed by a deposit held by the Bank where a legally enforceable right of offset exists.
- None of the loans and advances to customers and banks as at 31 December 2010 or 2009 were past due or impaired.
- 99% of the guarantees and irrevocable letters of credit relate to repayments under lease agreements in respect of which monies equal to the repayments due have been placed with the Bank.

**Money market, foreign exchange and derivatives business**

The money markets were used for funding the Bank and for inter group funding. Foreign exchange and derivative instruments were used as hedging tools by the Bank. Deposits by banks increased by EUR 45 million to EUR 426 million, none of which (2009: Nil) related to repo activity with the Central Bank of Ireland. Other customer accounts decreased by EUR 77 million to EUR 2,539 million, of which EUR 2,016 million have a maturity of more than 5 years.

**Profit and loss account, dividends and reserves**

	<b>2010</b>
	<b>TEUR</b>
Retained Profit beginning of year	<b>18,041</b>
Dividend Paid	(9,000)
Profit for the financial year after tax	9,247
Balance at end of year	<b>18,288</b>

**Directors' report (continued)**

Net interest income decreased from EUR 10.0 million to EUR 7.9 million due mainly to the restructuring of a significant loan resulting in a decrease in interest income and an increase in fee income and due to maturities in the floating rate note portfolios. Fees and commissions earned increased by EUR 1.0 million to EUR 3.9 million, due to the restructuring of the above mentioned loan transaction.

**Future developments**

During the year 2011 the Bank will continue to manage its existing assets on a going concern basis and continue to broaden its short and long term funding arrangements with banks and non-banks.

**Capital**

The Bank's share capital is presently EUR 125 million.

The regulatory capital requirement as calculated under the Capital Requirements Directive, results in Helaba Dublin having excess regulatory capital of EUR 39 million, which represents 33% of regulatory capital. This is prior to current year profit of TEUR 9,247 and the resolution passed on 23 February 2011 to declare an interim ordinary dividend of TEUR 4,000.

**Staff**

At year-end 25 employees were employed by the Bank. The directors would like to take this opportunity to thank the employees for their dedication and loyalty during the year.

**Directors**

The names of the persons who were directors during the year ended 31 December 2010 and subsequent to the year-end are set out below. They served as directors for the entire year, except where noted.

Dr. U. Pähler (Chairman) (German)  
 R. Krick (German) (Resigned 31 December 2010)  
 L. Steinborn-Reetz (German)  
 D. Mewesen (German) (Appointed 12 January 2011)  
 P. Murray  
 P. Smyth  
 E. Hanly (Independent Non-Executive Director)  
 N. O'Byrne (Independent Non-Executive Director)

The directors are not required to retire by rotation under the terms of the Bank's Articles of Association.

**Directors' and secretary's interests**

The directors and secretary who held office at 31 December 2010 had no interests other than those shown below in the shares in or debentures of the Company, its holding company or other group companies.

	Number of debentures issued by Helaba	Total nominal value TEUR
R. Krick	2	150
L. Steinborn-Reetz	3	140

**Transactions involving directors**

Details of transactions with directors are set out in note 32.

**Directors' report (continued)****Audit and risk management committee**

The role and responsibilities of the Audit and Risk Management Committee are set out in its terms of reference. The committee comprises of two non executive directors who formally meet on a quarterly basis to review risk management reports and reports from internal & external auditors.

The core areas of interest to this committee are:

- (i) Risk management monitoring, approval of risk policies for market risk, liquidity risk, counterparty risk, country risk, operational and other risks.
- (ii) Contact with external auditors in respect of:
  - Accounting policies
  - Annual Financial Statements
  - Management letters
  - Independence of the external auditors
  - Appointment and reappointment of the external auditors
  - Appointment of the external auditors to carry out non-audit work.
- (iii) Contact with internal auditors in respect of:
  - Internal audit reports.

Any issues arising in relation to the above areas of responsibility of the Audit and Risk Management Committee are brought to the attention of the Board of Directors.

**Risk management and control**

The Bank's risk management policies are set out in note 33 to these financial statements.

**Post balance sheet events**

On 23 February 2011 the Board of Directors passed a resolution to declare an interim ordinary dividend of TEUR 4,000 (EUR 0.032 per EUR 1 ordinary equity share). There have been no other significant events affecting the Bank since the balance sheet date.

**Books of account**

The measures taken by the directors to secure compliance with the Bank's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at P.O. Box 3137, 5 George's Dock, IFSC, Dublin 1.

**Auditors**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with section 160(2) of the Companies Act, 1963.

**Directors' report (continued)****Corporate Governance Code for Credit Institutions and Insurance Undertakings**

The Bank is subject to the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance Undertakings. However, the Bank is not required to comply with the additional requirements for major institutions.

On behalf of the Board

Dr. U. Pähler  
*Chairman of the Board of Directors*

P. Murray  
*Managing Director*

P. Smyth  
*Managing Director*

23 February 2011

**Statement of directors' responsibilities**

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 which give a true and fair view of the state of affairs of the Bank and of the profit of the Bank for that period. In preparing the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank 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 Bank and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish Statute comprising the Companies Acts, 1963 to 2009 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. The directors are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Bank's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Dr. U. Pähler  
*Chairman of the Board of Directors*

P. Murray  
*Managing Director*

P. Smyth  
*Managing Director*

23 February 2011

**Independent auditors' report**

To the Members of Helaba Dublin Landesbank Hessen-Thüringen International.

We have audited the financial statements on pages 12 to 54. 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 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Bank's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving 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 Bank 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 Bank to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the Bank, 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 other information contained in the Directors' Report and Financial Statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Bank'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.

**Independent auditors' report (continued)****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 Bank'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 and the European Communities (Credit Institutions : Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Bank. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 4 to 8 is consistent with the financial statements.

The net assets of the Bank, as stated in the balance sheet on page 20, 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 2010, 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 Bank.

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Dublin

23 February 2011

**Statement of accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Bank's financial statements.

**Basis of preparation**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities held at fair value through profit and loss and all derivative contracts, and in accordance with the accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2009 and 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 Accountants in Ireland and issued by the Accounting Standards Board.

Comparative figures have been adjusted to conform to changes in presentation in the current year, where necessary.

Significant estimation techniques are detailed in the accounting policy to which they relate. Estimation techniques in relation to the calculation of fair values for financial instruments are set out in note 31.

**Tangible assets**

Tangible assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible assets over their estimated useful lives by equal annual instalments.

The estimated useful lives of tangible assets by reference to which depreciation has been calculated are as follows:

Office furniture	10 years
Computer equipment	3 years
Fixtures and fittings	5 years
Motor vehicles	4 years

**Reporting currency**

The financial statements are prepared in thousand Euros, denoted by the symbol "TEUR".

**Income and expense recognition****Interest income and expense**

Interest income and expense are recognised in the profit and loss account using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instruments but doesn't consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Interest on financial instruments at fair value through profit and loss and derivative hedging instruments is included in either interest income or expense.

**Statement of accounting policies (continued)****Fee and commission income**

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred and recognised on an effective yield basis.

**Foreign currencies**

All monetary assets and liabilities, denominated in currencies other than Euro are translated into Euro at the exchange rate ruling at the balance sheet date or at the hedge rates where appropriate.

Tangible assets are translated at the historical rate. The monthly revenues and costs arising in currencies other than Euro are translated into Euro at the relevant exchange rate at each month end.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in currencies other than Euro are dealt with through the profit and loss account.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Euro, which is the Bank's functional and presentation currency.

**Taxation**

Current tax is calculated on the taxable profits based on expected tax rates applicable to the Bank's activities. Tax rates are based on laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non discounted basis.

**Valuation of financial instruments**

The Bank recognises certain financial instruments at fair value in the balance sheet. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair values of financial assets and liabilities traded in active markets are based on current bid and offer prices respectively. If an active market does not exist, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants. Where possible, the inputs to these models are based on observable market data. Where observable data does not exist, the Bank uses estimates based on the best information available. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique which primarily uses observable market inputs. When such evidence exists, the initial valuation of the instrument may result in the Bank recognising a profit on initial recognition. In the absence of such evidence, the instrument is initially valued at the transaction price.

**Statement of accounting policies (continued)****Financial assets**

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit and loss, loans and receivables and available for sale. Management determines the classification of its investments at initial recognition depending on the nature and purpose of the financial asset.

**Financial assets at fair value through profit and loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of selling in the short term or if so designated by management. All derivatives are included in the fair value through profit and loss category.

A financial asset may be designated as at fair value through profit and loss only when:

- 1) It eliminates or significantly reduces a measurement or recognition inconsistency, "an accounting mismatch", that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis; or
- 2) A group of financial assets is managed and its performance is evaluated on a fair value basis in accordance with documented risk management or investment strategy.

On initial recognition the asset is measured at fair value, with changes in fair value recognised in the profit and loss account.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than: (1) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading; (2) those that directors designate at fair value through profit and loss at inception. These assets are carried at amortised cost using the effective interest rate method less provision for impairment.

**Available for sale**

Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, or changes in interest rates or market prices. Gains and losses arising from changes in fair value of available for sale investments are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the profit and loss.

**Financial liabilities****Financial liabilities at fair value through profit and loss**

Financial liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Such financial liabilities are subsequently measured at fair value through profit and loss.

A liability may be designated as at fair value through profit and loss only when:

- 1) It eliminates or significantly reduces a measurement or recognition inconsistency, "an accounting mismatch", that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis; or
- 2) A group of financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with documented risk management or investment strategy.

**Statement of accounting policies (continued)****Financial liabilities (continued)****Financial liabilities at fair value through profit and loss (continued)**

While this treatment is in accordance with FRS 26 "Financial Instruments Recognition and Measurement" the Companies (Amendment) Act, 1986 does not permit liabilities to be valued at fair value. The directors consider that adoption of the FRS 26 option to fair value financial liabilities is required in order to give a true and fair view of the financial performance of the Bank.

**Other financial liabilities**

Other financial liabilities are carried at amortised cost using the effective interest rate method with interest expense recognised on an effective yield basis.

**Recognition and de-recognition**

Financial assets and liabilities are recognised when the Bank becomes party to the contractual provisions of the instrument. They are accounted for on a trade date basis.

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Net realised gains and losses on the sale, transfer, discharge, cancellation or expiry of positions are determined using the first-in-first-out method and are included in the profit and loss for the period in which they arise.

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**Capital instruments**

Issue expenses of capital instruments are deducted from the proceeds of issue and, where appropriate, are amortised to profit and loss account so that the finance costs are allocated to accounting periods at a constant rate based on the carrying amount of the instruments.

**Derivative financial instruments and hedge accounting**

The Bank uses derivative instruments, such as interest rate swaps to hedge interest rate exposures, and financial futures and forward rate agreements in trading activities.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Bank designates certain derivatives as hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge). Hedge accounting

**Statement of accounting policies (continued)****Derivative financial instruments and hedge accounting (continued)**

is used for derivatives designated in this way provided certain criteria are met.

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

**Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit and loss over the period to maturity.

**Derivatives that do not qualify for hedge accounting**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit and loss under the heading "Net trading income/(expense)" (note 29).

**Impairment of financial assets****(a) Assets carried at amortised cost**

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a loan is uncollectable, it is written off against the related provision 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 decrease the amount of the provision for loan impairment in 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 (such as an improvement in the debtor's credit rating), 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.

**Statement of accounting policies (continued)****Impairment of financial assets (continued)****(b) Assets classified as available for sale**

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the instrument below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the profit and loss. Impairment losses recognised in the profit and loss on equity instruments are not reversed through the profit and loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed through the profit and loss.

**Financial guarantee contracts**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, and other banking facilities. Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to the income statement under other operating expenses. In general, financial guarantees issued by Helaba Dublin are covered by on balance sheet liabilities to customers.

**Pensions**

The pension obligations of the Bank are met by payments to a defined contribution pension plan, the annual contributions to which are dealt with in the profit and loss account in the accounting year to which they relate.

**Repurchase agreements**

Securities sold subject to repurchase agreements ("repos") are retained on the Balance Sheet and the counterparty liability is included in "Deposits by banks". The difference between sale and repurchase price is treated as interest and accrued over the lives of the agreements using the effective interest method.

**Provisions**

Provisions are recognised when the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

**Dividends**

Interim dividends declared by the directors are recognised when paid. Final dividends on ordinary equity shares are recognised in the financial statements when they have been appropriately authorised by the shareholders and are no longer at the discretion of the Bank.

<b>Profit and Loss Account</b> for the year ended 31 December 2010	<b>Note</b>	<b>31 December 2010 TEUR</b>	<b>31 December 2009 TEUR</b>
<b>Interest receivable and similar income</b>			
Interest receivable and similar income arising from debt securities and fixed income securities	2	6,762	18,346
Other interest receivable and similar income	2	138,178	140,669
<b>Interest payable and similar charges</b>	2	(137,044)	(149,033)
<b>Net interest income</b>		<u>7,896</u>	<u>9,982</u>
<b>Other income</b>			
Income from participation in funds	16	1,214	243
Expense in respect of certificates issued	16	(1,241)	(328)
Fees and commissions receivable	3	3,908	2,924
Fees and commissions payable	3	(50)	(121)
(Losses) arising from financial assets and liabilities at fair value through profit and loss	4	(8,375)	(9,918)
Gains arising from financial instruments designated as available for sale	6	-	3,693
Net trading income/(expense)	29	10,042	(3,868)
Rental income	5	4,901	5,163
Rental expense	5	(4,901)	(5,163)
Other operating income		264	230
<b>Total other income</b>		<u>5,762</u>	<u>(7,145)</u>
<b>Other expenses</b>			
Administrative expenses	5	(2,969)	(2,612)
Depreciation	19	(111)	(91)
<b>Total other expenses</b>		<u>(3,080)</u>	<u>(2,703)</u>
<b>Profit on ordinary activities before tax</b>		10,578	134
Tax on profit on ordinary activities	7	(1,331)	(32)
<b>Profit on ordinary activities after tax</b>		<u>9,247</u>	<u>102</u>

On behalf of the Board

Dr. U. Pähler

*Chairman of the Board of Directors*

P. Murray

*Managing Director*

P. Smyth

*Managing Director*

Wilton Secretarial Limited

*Company Secretary*

23 February 2011

The accounting policies on pages 12 to 17 and the notes to the financial statements on pages 21 to 54 form an integral part of these accounts.

**Statement of Total Recognised Gains and Losses**  
for the year ended 31 December 2010

		<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>Notes</b>	<b>TEUR</b>	<b>TEUR</b>
<b>Profit on ordinary activities after tax</b>		9,247	102
Available for sale revaluation movement through equity (net of tax)	25	-	(3,216)
<b>Total recognised gains and (losses)</b>		<b>9,247</b>	<b>(3,114)</b>

The accounting policies on pages 12 to 17 and the notes to the financial statements on pages 21 to 54 form an integral part of these accounts.

<b>Balance Sheet</b> as at 31 December 2010		<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>Notes</b>	<b>TEUR</b>	<b>TEUR</b>
<b>Assets</b>			
Cash and balances with central banks		4,561	2,472
Loans and advances to banks	12	573,769	279,036
Loans and advances to customers	13	2,348,043	2,203,823
Financial assets at fair value through profit and loss	14	434,505	895,354
Derivative financial instruments	15	148,216	127,749
Participations	16	51,674	49,291
Deferred tax asset	17	9	-
Prepayments and accrued income	18	2,900	4,585
Tangible fixed assets	19	167	218
<b>Total assets</b>		<b>3,563,844</b>	<b>3,562,528</b>
<b>Liabilities</b>			
Deposits by banks	20	426,455	381,224
Financial liabilities at fair value through profit and loss	14	325,721	304,174
Derivative financial instruments	15	41,855	35,066
Customer accounts	21	2,539,258	2,616,672
Certificates issued in respect of participations	16	74,839	69,416
Accruals and deferred income	22	11,119	12,935
Provisions for liabilities and charges	23	1,309	-
		<b>3,420,556</b>	<b>3,419,487</b>
<b>Shareholders' funds</b>			
Called up equity share capital	24	125,000	125,000
Profit and loss account	9	18,288	18,041
	26	<b>143,288</b>	<b>143,041</b>
<b>Total liabilities and shareholders' funds</b>		<b>3,563,844</b>	<b>3,562,528</b>
<b>Memorandum items:</b>			
Guarantees and irrevocable letters of credit	30	<b>2,402,396</b>	<b>2,590,993</b>

On behalf of the Board

Dr. U. Pähler

*Chairman of the Board of Directors*

P. Murray

*Managing Director*

P Smyth

*Managing Director*

Wilton Secretarial Limited

*Company Secretary*

23 February 2011

The accounting policies on pages 12 to 17 and the notes to the financial statements on pages 21 to 54 form an integral part of these accounts.

## Notes to the Financial Statements

**1 Ultimate holding company / controlling interest**

The ultimate holding company of Helaba Dublin Landesbank Hessen-Thüringen International is Landesbank Hessen-Thüringen Girozentrale, Federal Republic of Germany which, in a letter of comfort to the Central Bank of Ireland, has stated that it will ensure that Helaba Dublin Landesbank Hessen -Thüringen International will always be in a position to meet its liabilities for so long as it remains a subsidiary of Landesbank Hessen-Thüringen Girozentrale.

Landesbank Hessen-Thüringen Girozentrale is the parent company of the only group for which group financial statements are drawn up and of which the bank is a member. Copies of the financial statements of Landesbank Hessen-Thüringen Girozentrale may be obtained from their registered offices at Neue Mainzer Straße 52 - 58, D-60311, Frankfurt am Main and Bonifaciusstraße 3, D-99084, Erfurt, Federal Republic of Germany.

The ultimate controlling interest (85%) of Landesbank Hessen - Thüringen Girozentrale is the Savings Banks and Giro Association of Hesse-Thuringia.

<b>2 Net interest income</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
<b>Interest receivable and similar income</b>		
Loans and advances:		
- To banks	56,429	55,814
- To customers	81,749	84,855
	138,178	140,669
Debt securities and fixed income securities	6,762	18,346
	<b>144,940</b>	<b>159,015</b>
<b>Interest payable and similar charges</b>		
Deposits from banks	12,022	25,384
Due to customers	125,022	122,343
	137,044	147,727
Interest payable for Repo Finance	-	1,306
	<b>137,044</b>	<b>149,033</b>
<b>Of which:</b>		
Less than five years	35,357	52,263
Greater than five years	101,687	96,770
	<b>137,044</b>	<b>149,033</b>
<b>3 Net fee and commission income</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
<b>Fees and commissions receivable</b>		
Credit related fees and commissions	3,908	2,924
	<b>3,908</b>	<b>2,924</b>
<b>Fees and commissions payable</b>		
Brokerage fees paid	13	6
Custody fees	32	90
Other fees paid	5	25
	<b>50</b>	<b>121</b>

## Notes to the financial statements (continued)

<b>4 (Losses) arising from financial assets and liabilities at fair value through profit and loss</b>	<b>2010 TEUR</b>	<b>2009 TEUR</b>
Mark to market (losses):		
- Financial assets and liabilities at fair value through profit and loss	(8,375)	(9,918)
	<b>(8,375)</b>	<b>(9,918)</b>
<b>5 Administrative expenses/operating lease rentals</b>	<b>2010 TEUR</b>	<b>2009 TEUR</b>
Staff costs :		
- Salaries	1,154	1,109
- Social security costs	119	112
- Other staff costs	172	181
	1,445	1,402
Other administrative expenses	994	744
Head office fees	530	466
	<b>2,969</b>	<b>2,612</b>
Included in administrative expenses		
Auditors' remuneration	93	93
Of which relating to:		
-Statutory audit	93	93
-Operating lease rentals : property	192	192
-Operating lease rentals : aircraft (Note A)	4,901	5,163
Note A:		
Helaba Dublin participates in a lease structure where it receives aircraft lease rentals which are equal to the above aircraft lease payments. The lease expires in 2014, the annual lease payments and lease income is US\$6.6million (2009: US\$7.1 million).		
<b>6 Gains arising from financial instruments designated as available for sale</b>	<b>2010 TEUR</b>	<b>2009 TEUR</b>
Gains on disposal of Schuldschein assets designated as available for sale	-	3,693

## Notes to the financial statements (continued)

7 Tax on profit on ordinary activities	2010 TEUR	2009 TEUR
<b>Current tax</b>		
Based on profit for the year at 12.5%	1,340	34
<b>Deferred tax</b>		
Deferred tax credit	(9)	(2)
Tax charge for the year	<u>1,331</u>	<u>32</u>

Provision has been made for deferred tax for timing differences between profits as computed for tax purposes and accounting purposes.

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 differences are explained below:

	2010 TEUR	2009 TEUR
Profit on ordinary activities before tax	<u>10,578</u>	<u>134</u>
Profit on ordinary activities multiplied by the Irish corporation tax rate of 12.5% (2009: 12.5%)	1,322	17
<b>Effects of:</b>		
Difference between capital allowances and depreciation	9	8
Tax relief at source	9	9
Current tax charge for the year	<u>1,340</u>	<u>34</u>
8 Dividends	2010 TEUR	2009 TEUR
Ordinary dividend of EUR 0.072 (2009: EUR 0.016) per EUR 1 ordinary equity share	<u>9,000</u>	<u>2,000</u>
	<u>9,000</u>	<u>2,000</u>

On 23 February 2011 the Board of Directors passed a resolution to declare an interim ordinary dividend of TEUR 4,000 (EUR 0.032 per EUR 1 ordinary equity share).

## Notes to the financial statements (continued)

<b>9 Statement of movement in profit and loss account</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Balance at beginning of year	18,041	19,939
Profit for the year	9,247	102
Dividend paid	(9,000)	(2,000)
	<b>18,288</b>	<b>18,041</b>
<b>10 Directors' remuneration</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Emoluments:		
- for services as directors	18	21
- for other services	322	339
	<b>340</b>	<b>360</b>
<b>11 Particulars of staff</b>	<b>2010</b>	<b>2009</b>
The average number of persons employed by the Bank during the year was	25	25
<b>12 Loans and advances to banks</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Repayable on demand	1,554	2,071
Repayable in less than three months	-	124,575
Repayable in more than three months but less than one year	-	111,306
Repayable in more than one year but less than five years	530,813	-
Repayable in more than five years	41,402	41,084
	<b>573,769</b>	<b>279,036</b>
Included in the above are :		
-Claims on Group undertakings	<b>543,659</b>	<b>247,523</b>
<b>13 Loans and advances to customers</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Repayable in less than three months	381,260	169,285
Repayable in more than three months but less than one year	2,006	257,980
Repayable in more than one year but less than five years	326,287	391,334
Repayable in more than five years	1,638,490	1,385,224
	<b>2,348,043</b>	<b>2,203,823</b>

## Notes to the financial statements (continued)

**14 Financial assets and liabilities at fair value through profit and loss**

		<b>2010</b>	<b>2009</b>
		<b>TEUR</b>	<b>TEUR</b>
<b>Financial assets at fair value through profit and loss</b>			
Commercial paper	Note B	-	223,611
Floating rate	Note B	377,348	616,536
Asset backed securities	Note B	57,157	55,207
<b>Total financial assets at fair value through profit and loss</b>		<b>434,505</b>	<b>895,354</b>
<b>Financial liabilities at fair value through profit and loss</b>			
Customer accounts	Note A	325,721	304,174
<b>Total financial liabilities at fair value through profit and loss</b>		<b>325,721</b>	<b>304,174</b>
Customer accounts nominal		<b>282,590</b>	<b>274,763</b>

**Note A:**

Designated at fair value through profit and loss account as to eliminate or significantly reduce a measurement or recognition inconsistency, "an accounting mismatch", which would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis.

**Note B:**

Designated at fair value through profit and loss account as the group of assets / liabilities are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Sensitivities to the key assumptions in the discounted cash flow models are set out in note 31.

## Notes to the financial statements (continued)

15 Derivative financial instruments	Contract/ notional amount 2010 TEUR	Assets carrying value 2010 TEUR	Liabilities carrying value 2010 TEUR
<b>Derivatives not in hedge relationships</b>			
Interest rate swaps	235,139	59,522	26,148
Forward foreign exchange contracts	83,333	-	902
<b>Total derivative assets/liabilities not in hedge relationships</b>	<b>318,472</b>	<b>59,522</b>	<b>27,050</b>
<b>Derivatives in hedge relationships</b>			
Interest rate swaps	644,440	88,694	677
Cross-currency interest rate swaps	5,974	-	14,128
<b>Total derivative assets/liabilities in hedge relationships</b>	<b>650,414</b>	<b>88,694</b>	<b>14,805</b>
<b>Total derivative assets/liabilities</b>	<b>968,886</b>	<b>148,216</b>	<b>41,855</b>
<b>2009</b>			
<b>Derivatives not in hedge relationships</b>			
Interest rate swaps	251,459	52,182	22,261
Cross-currency interest rate swaps	14,952	394	394
<b>Total derivative assets/liabilities not in hedge relationships</b>	<b>266,411</b>	<b>52,576</b>	<b>22,655</b>
<b>Derivatives in hedge relationships</b>			
Interest rate swaps	739,732	75,173	1,238
Cross-currency interest rate swaps	7,302	-	11,173
<b>Total derivative assets/liabilities in hedge relationships</b>	<b>747,034</b>	<b>75,173</b>	<b>12,411</b>
<b>Total derivative assets/liabilities</b>	<b>1,013,445</b>	<b>127,749</b>	<b>35,066</b>

The Bank's hedging practices and accounting treatment are set out in the accounting policies and estimates section of these financial statements. The Bank hedges its interest rate risk resulting from any potential decrease in the fair value of fixed rate assets or increase in the fair value of fixed rate deposits denominated in both local and foreign currencies using interest rate and cross currency interest rate swaps. The fair values of these swaps are set out in the table above.

## Notes to the financial statements (continued)

<b>16 Participations</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
<b>Profit and loss account</b>		
-Income from participations in funds	1,214	243
-Expenses in respect of certificates issued	(1,241)	(328)
	<u>(27)</u>	<u>(85)</u>
<b>Balance sheet</b>		
Participations	<u>51,674</u>	<u>49,291</u>
Certificates issued in respect of participations	<u>74,839</u>	<u>69,416</u>

The Bank has invested in private equity funds, in connection with a structured transaction whereby the Bank has issued certificates which bear an identical return to that achieved by the investment in the private equity funds. The terms of the transaction are such that there is no risk to the other assets of the Bank by the holders of the certificates. Under the terms of the transaction funds may be received in advance by the Bank. These funds received in advance are the differential between the certificates issued and the participation in the funds. Funds received in advance earn overnight interest which represents the differential in the profit and loss between income from the participation and expense in relation to the certificates issued. The asset and liability have cash flows that are virtually linked. The participation asset, the funds received in advance and the certificates issued have been designated at fair value through profit and loss as to do otherwise would result in a measurement inconsistency.

<b>17 Deferred tax</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
<b>Deferred taxation asset in the accounts amount to:</b>		
Capital allowances on assets	<u>9</u>	<u>-</u>
	<b>9</b>	<b>-</b>
<b>Analysis of movements on deferred taxation</b>		
At 1 January	-	(462)
Profit and loss account taxation credit	9	3
Deferred tax asset on Schuldschein designated as available for sale	<u>-</u>	<u>459</u>
At 31 December	<b>9</b>	<b>-</b>

<b>18 Prepayments and accrued income</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Other debtors	<u>2,900</u>	<u>4,585</u>
	<b>2,900</b>	<b>4,585</b>

## Notes to the financial statements (continued)

19	Tangible fixed assets	Fixtures and fittings TEUR	Computer equipment TEUR	Office furniture TEUR	Motor vehicles TEUR	Total TEUR
	<b>Cost</b>					
	At 1 January 2010	194	587	136	130	1,047
	Additions	8	52	-	-	60
	Disposals	(10)	(359)	-	-	(369)
	At 31 December 2010	192	280	136	130	738
	<b>Accumulated depreciation</b>					
	At 1 January 2010	142	515	120	52	829
	Charge for year	18	53	8	32	111
	Disposals	(10)	(359)	-	-	(369)
	At 31 December 2010	150	209	128	84	571
	<b>Net book amount</b>					
	At 31 December 2009	52	72	16	78	218
	At 31 December 2010	42	71	8	46	167
20	<b>Deposits by banks</b>			<b>2010 TEUR</b>		<b>2009 TEUR</b>
	Repayable on demand			80,509		74,262
	Repayable in less than three months			345,946		305,212
	Repayable in more than three months but less than one year			-		1,750
				<b>426,455</b>		<b>381,224</b>
	Included in the above are :					
	Liabilities to Group undertakings			<b>326,100</b>		<b>135,336</b>
21	<b>Customer accounts</b>			<b>2010 TEUR</b>		<b>2009 TEUR</b>
	Repayable on demand			6,073		12,029
	Repayable in less than three months			246,473		137,616
	Repayable in more than three months but less than one year			54,517		381,086
	Repayable in more than one year but less than five years			216,028		231,642
	Repayable in more than five years			2,016,167		1,854,299
				<b>2,539,258</b>		<b>2,616,672</b>
	Included in the above are :					
	Liabilities to Group undertakings			<b>4,708</b>		<b>5,263</b>

## Notes to the financial statements (continued)

<b>22 Accruals and deferred income</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Other accruals	11,119	12,935
	<b>11,119</b>	<b>12,935</b>
Other accruals include deferred fee income on loans of TEUR 8,177 (2009: TEUR 10,282).		
<b>23 Provisions for liabilities and charges</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Provision for corporation tax	1,309	-
	<b>1,309</b>	<b>-</b>
Corporation tax is net of TEUR 34 preliminary tax paid for 2010. The corporation tax liability for 2009 was discharged by preliminary tax payments.		
<b>24 Share capital</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
<b>Authorised:</b>		
125,000,000 ordinary shares of EUR 1 each	<b>125,000</b>	<b>125,000</b>
<b>Issued and fully paid:</b>		
125,000,000 ordinary shares of EUR 1 each	<b>125,000</b>	<b>125,000</b>
<b>25 Available for sale reserve</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Transfer on disposal to profit and loss account	-	(3,693)
Net gains from changes in fair value	-	18
Deferred income taxes	-	459
Net movement in available for sale reserve	-	(3,216)
Opening available for sale reserve	-	3,216
Closing available for sale reserve	-	-
<b>26 Reconciliation of movements in shareholders' funds</b>	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Opening shareholders' funds	143,041	148,155
Profit on ordinary activities after tax	9,247	102
Movement on available for sale reserves	-	(3,216)
Dividend paid	(9,000)	(2,000)
Closing shareholders' funds	<b>143,288</b>	<b>143,041</b>

**Notes to the financial statements (continued)****27 Pensions**

Pensions for employees arise from a defined contribution scheme. These pensions are funded through an external pension scheme for the sole benefit of qualifying employees or their dependants. The pension cost charge for the year was TEUR 140 (2009: TEUR 125) and outstanding contributions at the balance sheet date amounted to TEUR Nil (2009: TEUR Nil).

**28 Segmental reporting**

The Bank has one main class of business, which is that of the provision of financing facilities, which is carried out from its sole office in Ireland.

**29 Derivative transactions****General**

Transactions are undertaken in derivative financial instruments, which may include interest rate swaps, cross-currency swaps, futures and forward rate agreements, for trading and non-trading purposes. Non-trading transactions are undertaken in order to reduce exposure to movements in interest and foreign exchange rates and to generate income. These derivatives involve, to varying degrees, exposure to loss in the event of default by a counterparty and exposure to future changes in interest and exchange rates.

The Bank's objectives and policies in managing the risks that arise in connection with the use of financial instruments are set out in note 33.

**Trading derivatives**

Trading positions may be maintained in forward rate agreements and futures.

<b>Analysis of net trading income/(expense)</b>	<b>2010 TEUR</b>	<b>2009 TEUR</b>
Fair value change of financial instruments at fair value through profit and loss	10,042	(3,868)
	10,042	(3,868)
	10,042	(3,868)

**Non-trading derivatives**

As explained in note 33, the Bank's policy is to hedge through interest rate and foreign exchange rate contracts the re-pricing or maturity characteristics of assets and liabilities in order to achieve liquidity and risk management objectives. The following table provides examples of the main activities undertaken by the Bank, the related risks associated with such activities and the types of derivatives used in managing such risks.

## Notes to the financial statements (continued)

## 29 Derivative transactions (continued)

Activity	Risk	Type of hedge
Fixed Rate Lending	Sensitivity to increases in interest rates	Pay fixed interest rate swaps
Fixed Rate Funding	Sensitivity to decreases in interest rates	Receive fixed interest rate swaps
Investment in foreign currency assets	Sensitivity to changes in currency exchange rates	Cross currency swaps Forward foreign exchange contracts
Profits earned in foreign currencies	Sensitivity to changes in currency exchange rates	Forward foreign exchange contracts

## 30 Memorandum items

The information below gives the nominal principal contract amounts and risk weighted amounts of derivative transactions. The nominal principal contract amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the Central Bank of Ireland's guidelines implementing the European Union Own Funds and Solvency Directives.

Contingent liabilities	2010 TEUR	2009 TEUR
<b>Contract amount</b>		
Guarantees and irrevocable letters of credit	2,402,396	2,590,993
99% of the guarantees and letters of credit relate to repayments under lease agreements in respect of which monies or offsetting instruments equal to the total of the repayments due have been placed with the Bank.		
<b>Risk weighted amount</b>		
Guarantees and irrevocable letters of credit	5,301	7,371
	5,301	7,371

**Notes to the financial statements (continued)****31 Fair values of derivatives and other financial instruments**

Fair value is defined as the amount at which an asset could be exchanged or a liability could be settled between knowledgeable, willing and independent parties, other than in a forced sale.

Fair values are determined according to the following hierarchy:

*Level 1 – quoted market price*

The market price is the best indicator for the fair value of financial instruments. If an active market exists, the observable market prices are used for measuring the financial instruments recognised at fair value. These are normally prices quoted on a stock exchange or market prices quoted on the interbank market.

*Level 2 – valuation technique using observable inputs*

If an observable market price does not exist for a financial instrument, recognised and normal valuation methods are used for measurement purposes, whereby all input data (e. g. interest curves, volatilities, spreads) are based on observable market data and are taken from external sources. These measurement methods are normally used for OTC derivatives, relevant debt securities and customer accounts.

*Level 3 – valuation technique with significant unobservable inputs*

The Bank has analysed the floating rate notes and asset backed securities held, in order to determine their liquidity on the markets. As a result of the evidence of the widening of bid/offer spreads and the decline in trading volumes provided within the framework of this analysis, it was established that the asset backed securities continued to be illiquid throughout 2010. The Bank calculated valuations based on data from Bloomberg or from Market. The Asset Backed Securities continue to be classified in level 3 due to the illiquidity of this market. During 2010 the remaining level 3 floating rate notes were re-classified to level 1.

The following tables set out an analysis of the bank's assets and liabilities carried at fair value through profit and loss by fair value hierarchy level at 31 December 2010 and 2009.

## Notes to the financial statements (continued)

## 31 Fair values of derivatives and other financial instruments (continued)

	Quoted market price level 1 2010 TEUR	Using observable inputs level 2 2010 TEUR	With significant unobservable inputs level 3 2010 TEUR	Total 2010 TEUR
<b>Assets at fair value</b>				
Floating rate notes	377,348	-	-	377,348
Asset backed securities	-	-	57,157	57,157
Derivatives	-	148,216	-	148,216
Participations	-	-	51,674	51,674
<b>Total assets at fair value</b>	<b>377,348</b>	<b>148,216</b>	<b>108,831</b>	<b>634,395</b>
<b>Liabilities at fair value</b>				
Customer accounts	-	325,721	-	325,721
Derivatives	-	41,855	-	41,855
Certificates issued in respect of participations	-	-	74,839	74,839
<b>Total liabilities at fair value</b>	<b>-</b>	<b>367,576</b>	<b>74,839</b>	<b>442,415</b>

	Quoted market price level 1 2009 TEUR	Using observable inputs level 2 2009 TEUR	With significant unobservable inputs level 3 2009 TEUR	Total 2009 TEUR
<b>Assets at fair value</b>				
Commercial paper	223,611	-	-	223,611
Floating rate notes	455,923	18,346	142,267	616,536
Asset backed securities	-	-	55,207	55,207
Derivatives	-	127,749	-	127,749
Participations	-	-	49,291	49,291
<b>Total assets at fair value</b>	<b>679,534</b>	<b>146,095</b>	<b>246,765</b>	<b>1,072,394</b>
<b>Liabilities at fair value</b>				
Customer accounts	-	304,174	-	304,174
Derivatives	-	35,066	-	35,066
Certificates issued in respect of participations	-	-	69,416	69,416
<b>Total liabilities at fair value</b>	<b>-</b>	<b>339,240</b>	<b>69,416</b>	<b>408,656</b>

## Notes to the financial statements (continued)

## 31 Fair values of derivatives and other financial instruments (continued)

## Analysis of level 3

	Floating rate notes TEUR	Asset backed securities TEUR	Available for Sale securities TEUR	Participations TEUR	Total TEUR
<b>Balance at 31 December 2008</b>	<b>1,117,026</b>	<b>79,449</b>	<b>133,675</b>	<b>46,145</b>	<b>1,376,295</b>
Losses recognised in profit and loss account	(2,505)	(5,372)	-	-	(7,877)
Gains recognised in the available for sale reserve	-	-	-	-	-
Additions	-	-	-	4,922	4,922
Disposals	(494,105)	(17,830)	(133,675)	-	(645,610)
Transfer out of level 3	(479,713)	-	-	-	(479,713)
Change in accrued interest	(670)	(552)	-	-	(1,222)
FX movement	2,234	(488)	-	(1,776)	(30)
<b>Balance at 31 December 2009</b>	<b>142,267</b>	<b>55,207</b>	<b>-</b>	<b>49,291</b>	<b>246,765</b>
Gain recognised in profit and loss account	-	5,410	-	-	5,410
Additions	-	-	-	2,195	2,195
Disposals	(17,167)	(3,475)	-	(3,663)	(24,305)
Transfer out of level 3	(125,100)	-	-	-	(125,100)
Change in accrued interest	-	15	-	-	15
FX movement	-	-	-	3,851	3,851
<b>Balance at 31 December 2010</b>	<b>-</b>	<b>57,157</b>	<b>-</b>	<b>51,674</b>	<b>108,831</b>
<b>Cumulative losses at 31 December 2010 on level 3</b>	<b>-</b>	<b>(11,250)</b>	<b>-</b>	<b>-</b>	<b>(11,250)</b>
<b>Cumulative losses at 31 December 2009 on level 3</b>	<b>(5,110)</b>	<b>(29,389)</b>	<b>-</b>	<b>-</b>	<b>(34,499)</b>
<b>Analysis by credit rating of level 3</b>					
A	-	39,542	-	-	39,542
BBB and lower	-	17,615	-	-	17,615
Not publicly rated	-	-	-	51,674	51,674
<b>Total</b>	<b>-</b>	<b>57,157</b>	<b>-</b>	<b>51,674</b>	<b>108,831</b>

For the financial assets in level 3 valued using valuation techniques, an increase of 50 basis points in the liquidity/credit spreads used, would result in a decline in the fair value of the holdings, measured using valuation models, of approximately 1.41% at 31 December 2010 (1.05% at 31 December 2009).

## Notes to the financial statements (continued)

## 31 Fair values of derivatives and other financial instruments (continued)

## Fair value of financial instruments not carried at fair value

The table below compares the book and fair values of the Bank's financial instruments that are not already shown at fair value in the financial statements.

	Fair value 2010 TEUR	Book value 2010 TEUR	Fair value 2009 TEUR	Book value 2009 TEUR
<u>Assets</u>				
Loans and advances to banks	578,153	573,769	281,519	279,036
Loans and advances to customers	2,488,179	2,348,043	2,401,654	2,203,823
<u>Liabilities</u>				
Customer accounts	2,722,287	2,539,258	2,731,609	2,616,672

*Loans and advances to banks*

Due from other banks includes inter-bank placements and items in the course of collection. The estimated fair value of loans and advances to banks represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

*Loans and advances to customers*

Loans and advances are net of provisions for impairment (nil). The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

*Customer accounts*

The estimated fair value of customer accounts represents the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value. The estimated fair value of deposits at call is the amount repayable on demand.

## Notes to the financial statements (continued)

**32 Related party transactions**

The Bank has taken advantage of the exemption granted by FRS 8, "Related Party Disclosures", not to disclose transactions with group entities which are 100% subsidiaries of Helaba. Details of where the group accounts can be obtained from is outlined in Note 1.

Helaba Dublin received fee income for the year ended 31 December 2010 amounting to TEUR 729 (2009: TEUR 789) from Hannover Leasing GMBH & Co KG. As of 31 December 2010, Helaba held a 44.79% (2009: 79.79%) interest in Hannover Leasing GMBH & Co KG. The fee received by Helaba Dublin is for its role in providing services relating to structured finance transactions. At 31 December 2010 TEUR 322 (2009 TEUR 200) of this fee income remains outstanding from Hannover Leasing GMBH & Co KG.

Helaba Dublin has advanced a loan of TEUR 948 (2009: TEUR 976) to Delta Vermiet GMBH. As of 31 December 2010 Helaba held a 44.79% (2009: 79.79%) interest in Delta Vermiet GMBH.

**Transactions involving directors**

During the year ended 31 December 2010 legal fees amounting to TEUR 10 (2009: TEUR 6) were paid to William Fry Solicitors. E. Hanly, a director of the Bank, is a partner in William Fry Solicitors, and N. O'Byrne, a director of the Bank, is a consultant with William Fry Solicitors. In addition legal fees of TEUR 8 (2009 TEUR 3) were paid to William Fry by other companies in the Helaba group.

The directors and secretary who held office at 31 December 2010 had no interests other than those shown below in the shares in or debentures of the Company, its holding company or other group companies.

	<b>Number of debentures issued by Helaba</b>	<b>Total nominal value TEUR</b>
R. Krick	2	150
L. Steinborn-Reetz	3	140

There were no transactions involving the directors of the Bank during the year as defined by Section 41 of the Companies Act 1990.

There were no transactions during the year, as defined by Section 41 of the Companies Act 1990, involving the directors of Helaba, other than those shown below. All loans listed below were advanced as part of closed end investment funds which are cash secured for the Bank.

<b>Directors Name</b>	<b>Member of Helaba</b>	<b>Balance including accrued interest 31 December 2010 TEUR</b>	<b>Balance including accrued interest 31 December 2009 TEUR</b>
Dr N. Schraad	Board of Managing Directors	454	480
M. Fischer	Supervisory Board	5	8

The highest outstanding on these loans at any time during the year ended 31 December 2010 was TEUR488 (2009: TEUR 515). All loans are performing in accordance with the terms of issue and are not impaired or passed due.

**Notes to the financial statements (continued)****33 Risk management**

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Risk taking is core to any banking operation and the resulting operational risks are inevitable consequences of being in business. The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's performance.

The most significant risks for the Bank are credit risk, liquidity risk, and market risk. Market risk includes foreign exchange, interest rate risk and market price risk. For Helaba Dublin credit risk is considered the most important risk and is addressed below. Foreign currency exposures in Helaba Dublin are almost fully hedged.

The Bank's risk management policies, which are approved by the Board of Directors, are designed to identify and analyse the above risks, and set appropriate risk limits, controls and procedures for the monitoring of risks. The Bank regularly revises all risk management policies and systems and up-dates the risk management policies for changes in markets, products and emerging best practices. The risk policies include the product groups and markets in which business may be transacted, the type, scope, legal form of documentation of business transactions and the type of counterparties with whom transactions may be concluded.

Helaba Group internal audit are responsible for the independent review of risk management and the control environment.

The management of risks, which are significant to the Bank, are outlined below.

**(a) Credit risk**

The Bank takes exposure to credit risk, which is the risk of financial loss as a result of customers not meeting loan repayments, or counterparties to a financial instrument failing to discharge an obligation under a contract. Credit risk is the most significant risk for the Bank's business and consequently such risk is carefully managed and controlled with comprehensive policies and procedures.

In co-operation with Helaba Group, credit policies have been formulated together with credit approval discretionary framework procedures and limits. The loan book is regularly monitored for any evidence of deterioration in credit quality and at a minimum all loans are reviewed on an annual basis and more regularly where risk factors deem additional monitoring necessary. The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and to take corrective action where considered necessary.

**(a) (1) Credit risk measurement****(i) Loans and advances to customers and banks**

To help monitor the credit risk/quality of loans and advances to customers and banks a 24-point credit grading system has been established as follows:

## Notes to the financial statements (continued)

## 33 Risk management (continued)

## (a) (1) Credit risk measurement (continued)

Credit Grade	Description of credit grade
1	Borrower or transaction offers excellent and sustainable financial security. Category "1" represents the highest level of security.
2-4	Borrower or transaction offers an extraordinarily high level of financial security. Long-term risks are slightly higher than in default rating category "1".
5-7	Borrower or transaction offers excellent financial security. The dependency on fundamental economic/financial conditions is slightly higher than in default categories "2 – 4".
8	Borrower or transaction offers very good financial security. The very defensive financial risk profile leads to very low vulnerability to strong deteriorations of the fundamental economic/financial conditions.
9	Borrower or transaction offers very good financial security. The defensive financial risk profile leads to low vulnerability to strong deteriorations of the fundamental economic/financial conditions.
10	Borrower or transaction offers good financial security. The very conservative financial risk profile leads to very low vulnerability to deteriorations of the fundamental economic/financial conditions.
11	Borrower or transaction offers good financial security. The conservative financial risk profile leads to low vulnerability to deteriorations of the fundamental economic/financial conditions.
12	Borrower or transaction offers satisfactory financial security. The moderate financial risk profile leads to medium vulnerability to deteriorations of the fundamental economic/financial conditions.
13	Borrower or transaction offers satisfactory financial security. The moderate financial risk profile leads to medium to high vulnerability to deteriorations of the fundamental economic/financial conditions.
14	Borrower or transaction offers sufficient financial security. The speculative financial risk profile leads to high vulnerability to deteriorations of the fundamental economic/financial conditions.
15	Borrower or transaction offers sufficient financial security. The speculative financial risk profile leads to high vulnerability to slight deteriorations of the fundamental economic/financial conditions.
16	Borrower or transaction offers strongly limited financial security. The aggressive financial risk profile leads to an extreme vulnerability to only slight deteriorations of the fundamental economic/financial conditions.
17	Borrower or transaction offers strongly limited financial security. The highly aggressive financial risk profile leads to extreme vulnerability to only slight deteriorations of the fundamental economic/financial conditions.
18	Borrower or transaction whose financial security is at risk.
19	Borrower or transaction whose financial security is acutely at risk.
20	Borrower or transaction whose financial security is acutely at high risk.
21	Borrower or transaction with an extremely high probability of default. Their financial security strongly depends on a significant improvement of fundamental economic/financial conditions.
22	One of the default criteria of the Basel Committee on Banking Supervision is fulfilled. The transaction is deemed in default. There is a chance of recovery of the transaction after restructuring.
23	One of the default criteria of the Basel Committee on Banking Supervision is fulfilled. The transaction is deemed in default. The recovery of the transaction is considered improbable by the Bank.
24	One of the default criteria of the Basel Committee on Banking Supervision is fulfilled. The transaction is considered to be definitely in default.

**Notes to the financial statements (continued)****33 Risk management (continued)****(a) (1) Credit risk measurement (continued)**

In addition to the above 24–point credit grading system and in accordance with the Basel Committee on Banking Regulations and the supervisory practices at loan counterparty level the following is calculated for each loan/customer connection:

- Probability of default;
- Exposure at default; and
- Loss given default.

To arrive at the above the Bank has developed risk models including a number of industry specific models. The rating models are regularly reviewed and are up-dated when considered necessary to reflect industry and best practice developments. The credit risk measurement outputs from the credit risk models are embedded in the day-to-day credit assessment and monitoring process.

All loans are graded at the time of initial credit assessment and re-graded as part of the credit review process or when additional information as to quality is obtained.

**(ii) Financial assets and liabilities at fair value through profit and loss**

For debt securities, external ratings such as Standard & Poor's ratings or their equivalents are used to manage credit risk exposures.

**(a) (2) Risk limit control and mitigation policies**

The Bank manages limits and controls concentrations of credit risk wherever they are identified, in particular to individual counterparties to industries and countries. The credit concentration limits are approved by the Board of Directors and are within the limits set by the Financial Regulator in Ireland.

Some other specific control and mitigation measures are outlined below:

**(i) Collateral**

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced. The Bank implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. Loans and advances to customers are generally secured. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

**(ii) Derivatives**

The Bank maintains control limits on net open derivative positions (i.e. the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e. assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties. Settlement risk arises in any situation where a payment in cash or securities is made in the expectation of a corresponding receipt in cash or securities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank's market transactions on any single day.

## Notes to the financial statements (continued)

**33 Risk management (continued)****(a) (2) Risk limit control and mitigation policies (continued)****(iii) Credit-related commitments**

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

**(a) (3) Impairment and provisioning policies**

The internal and external rating systems described in (a) (1) above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes. At 31 December 2010 and 2009 no impairment provision was considered necessary for loans and advances to customers and banks, and available for sale securities.

**(a) (4) Maximum exposure to credit risk before collateral held and other credit enhancements****Credit exposure relating to on balance sheet assets are as follows**

	<b>Maximum exposure</b>	<b>Maximum exposure</b>
	<b>2010</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>
Cash and balances with central banks	4,561	2,472
Loans and advances to banks	573,769	279,036
Loans and advances to customers	2,348,043	2,203,823
Financial assets at fair value through profit and loss	434,505	895,354
Derivative financial instruments	148,216	127,749
Participations	51,674	49,291
<b>Credit exposure relating to off balance sheet items are as follows</b>		
Guarantees and irrevocable letters of credit	2,402,396	2,590,993
<b>As at 31 December</b>	<b>5,963,164</b>	<b>6,148,718</b>

The above table represents a worst case scenario of credit risk to the Bank at 31 December 2010 and 2009, without taking account of any collateral held or other credit enhancements attached. For on balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

## Notes to the financial statements (continued)

**33 Risk management (continued)****(a) (4) Maximum exposure to credit risk before collateral held and other credit enhancements (continued)**

Management are confident in its ability to continue to control and sustain minimal exposure of credit risk based on the following:

- 84% of loans and advances to customers are backed by a deposit held by the Bank where a legally enforceable right of offset exists see (a) (6) below.
- None of the loans and advances to customers and banks as at 31 December 2010 or 2009 were past due or impaired.
- 98.6% of the guarantees and letters of irrevocable credit relate to repayments under lease agreements in respect of which monies or offsetting instruments equal to the total of the repayments due have been placed with the Bank.
- 95% of the loans and advances to customers are credit graded 7 (excellent financial security) or better, with 77% graded 1.

**(a) (5) Loans and advances/available for sale/financial assets at fair value through profit and loss**

**(i) Loans and advances/available for sale/financial assets at fair value through profit and loss are summarised as follows:**

	Neither past due nor impaired 2010 TEUR	Impaired 2010 TEUR	Neither past due nor impaired 2009 TEUR	Impaired 2009 TEUR
Loans and advances to banks	573,769	-	279,036	-
Loans and advances to customers	2,348,043	-	2,203,823	-
Available for sale	-	-	-	-
Financial assets at fair value through profit and loss	434,505	-	889,694	5,660
Participations	51,674	-	49,291	-

**(ii) Loans and advances renegotiated**

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Two loans were restructured during the year ended 31 December 2010, none were restructured during 2009. The restructured loans, with a carrying value of TEUR627 had scheduled repayments deferred. The restructured loans are performing in line with the modified repayment schedules.

**(iii) Repossessed collateral**

During the financial years ended 2010 and 2009 no assets were obtained by taking possession of collateral held as security.

**(a) (6) Loans and advances to customers and to banks by credit grade and net total credit risk****Loans and advances to customers**

The credit quality of loans and advances to customers that were neither past due nor impaired at 31 December 2010 and 2009 are set out below together with details of the loans that are backed by a deposit where the Bank has a legally enforceable right of offset.

## Notes to the financial statements (continued)

## 33 Risk management (continued)

## (a) (6) Loans and advances to customers and to banks by credit grade and net total credit risk (continued)

Credit Grade	Loan amount	Amount which the Bank has a legally enforceable right of off set	Net total credit risk	Loan amount	Amount which the Bank has a legally enforceable right of off set	Net total credit risk
	2010 TEUR	2010 TEUR	2010 TEUR	2009 TEUR	2009 TEUR	2009 TEUR
1	1,809,946	1,722,452	87,494	1,778,232	1,771,663	6,569
2	-	-	-	15,724	-	15,724
3	43,023	23,056	19,967	23,057	23,057	-
4	-	-	-	128,580	128,580	-
5	164,507	147,105	17,402	-	-	-
6	205,018	-	205,018	15,678	-	15,678
7	-	-	-	32,113	-	32,113
8	123,549	82,754	40,795	-	-	-
11	-	-	-	1,358	-	1,358
12	2,000	-	2,000	207,374	-	207,374
13	-	-	-	1,707	-	1,707
<b>Total</b>	<b>2,348,043</b>	<b>1,975,367</b>	<b>372,676</b>	<b>2,203,823</b>	<b>1,923,300</b>	<b>280,523</b>

## Loans and advances to banks

Loans and advances to banks are all credit grade 1 at 31 December 2010 and 2009, and were neither past due nor impaired at 31 December 2010 and 2009.

## (a) (7) Credit rating of financial assets at fair value through profit and loss

The following table presents an analysis of the financial assets at fair value through profit and loss by rating agency designation at 31 December 2010 and 2009, based on Standard and Poor's ratings or their equivalent:

	2010 TEUR	2009 TEUR
AAA	8,754	-
AA- to AA+	33,994	92,986
A- to A+	205,037	698,649
BBB+ to BBB	166,900	91,132
BB+	19,820	9,112
CCC	-	3,475
Not rated (participations)	51,674	49,291
<b>Total</b>	<b>486,179</b>	<b>944,645</b>

## Notes to the financial statements (continued)

## 33 Risk management (continued)

## (a) (8) Geographical concentration of exposure

The below table analyses the Bank's main credit exposures at their carrying amounts, as categorised by geographical region as of 31 December 2010 and 2009. For this table, the Bank has allocated exposures to regions based on the country of domicile of the counterparties.

	<b>Germany</b>	<b>Ireland</b>	<b>Great Britain</b>	<b>Rest of Europe</b>	<b>United States</b>	<b>Other</b>	<b>Total</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>
Loans and advances to banks	562,438	11,329	2	-	-	-	573,769
Loans and advances to customers	2,203,731	74	-	126,836	17,402	-	2,348,043
Financial assets at fair value through profit and loss	21,705	126,638	102,884	136,204	-	47,074	434,505
Derivative financial instruments	-	37,971	64,094	34,811	4,751	6,589	148,216
Participations	-	-	-	-	51,674	-	51,674
	<b>2,787,874</b>	<b>176,012</b>	<b>166,980</b>	<b>297,851</b>	<b>73,827</b>	<b>53,663</b>	<b>3,556,207</b>

	<b>Germany</b>	<b>Ireland</b>	<b>Great Britain</b>	<b>Rest of Europe</b>	<b>United States</b>	<b>Other</b>	<b>Total</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>
	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>
Loans and advances to banks	143,661	*135,374	1	-	-	-	279,036
Loans and advances to customers	2,134,641	34	-	36,361	15,724	17,063	2,203,823
Financial assets at fair value through profit and loss	245,243	153,308	161,645	232,486	3,475	99,197	895,354
Derivative financial instruments	-	34,170	59,189	25,051	3,533	5,806	127,749
Participations	-	-	-	-	49,291	-	49,291
	<b>2,523,545</b>	<b>322,886</b>	<b>220,835</b>	<b>293,898</b>	<b>72,023</b>	<b>122,066</b>	<b>3,555,253</b>

\*Inter group balances with Helaba Irish Branch

## Notes to the financial statements (continued)

## 33 Risk management (continued)

## (a) (9) Industry sectors

The below table analyses the Bank's main credit exposures at their carrying amounts, as categorised by industry sector as of 31 December 2010 and 2009.

	<b>Financial intermediation/ financial institutions 2010 TEUR</b>	<b>Personal private household 2010 TEUR</b>	<b>Others 2010 TEUR</b>	<b>Total 2010 TEUR</b>
Loans and advances to banks	573,769			573,769
Loans and advances to customers	165,968	1,681,369	500,706	2,348,043
Financial assets at fair value through profit and loss	434,505			434,505
Derivative financial instruments	148,216			148,216
Participations	51,674			51,674
	<b>1,374,132</b>	<b>1,681,369</b>	<b>500,706</b>	<b>3,556,207</b>

	<b>Financial intermediation/ financial institutions 2009 TEUR</b>	<b>Personal private household 2009 TEUR</b>	<b>Others 2009 TEUR</b>	<b>Total 2009 TEUR</b>
Loans and advances to banks	279,036	-	-	279,036
Loans and advances to customers	1,707	1,726,796	475,320	2,203,823
Financial assets at fair value through profit and loss	895,354	-	-	895,354
Derivative financial instruments	127,749	-	-	127,749
Participations	49,291	-	-	49,291
	<b>1,353,137</b>	<b>1,726,796</b>	<b>475,320</b>	<b>3,555,253</b>

**Notes to the financial statements (continued)****33 Risk management (continued)****(b) Market risk**

The Bank is exposed to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk arises from open positions in interest rate and currencies all of which are exposed to general and specific market movements and changes in the level of volatility of market rates such as interest rates, credit spreads and foreign exchange rates. The Bank has no substantial open positions with respect to foreign exchange risk as these positions are mainly hedged. The Bank separates its exposure to market risk into three categories, trading, asset/liability management and the capital portfolio. The trading portfolio includes those positions arising from market-making transactions. The asset/liability management portfolio consists of loan transactions, long term deposits and interest rate swaps for hedging. The capital portfolio is represented by the investment of the share capital.

**(b) (1) Market risk measurement and control techniques**

The Bank applies a Value at Risk methodology called Money at Risk (MaR) to the portfolios outlined above to estimate the potential loss in value, which might arise due to movements in markets over a defined time horizon with a specified confidence level. Helaba Frankfurt's Board of Directors allocates the MaR limits for Helaba Dublin; these limits are subsequently approved by the Board of Directors of Helaba Dublin. MaR utilisation against these limits are monitored on a daily basis by the Bank's risk control team, management team and the Helaba Group's treasury department. In addition the limit utilisations are reported to the Board of Directors on a quarterly basis.

The Bank's MaR, calculated on a variance/covariance basis, uses a ten-day time horizon and a 99% confidence level. This means that there is a one in a 100 chance that the ten-day losses will exceed the MaR. The effectiveness of MaR is assessed by back testing, which compares the estimated MaR against the realised losses. This is done centrally by Helaba Frankfurt for Helaba Group (i.e. including Helaba Dublin) for a one-day horizon and a 99% confidence level. The results of the back testing are reviewed and any exceptions are investigated, i.e. when the 1-day-loss exceeds the 1-day-MaR.

The use of MaR does not prevent losses outside of these limits in the event of more significant market movements. Stress tests can be used for getting an indication of potential losses in extreme market situations. Stress testing is carried out centrally by Helaba Frankfurt using several techniques and this testing incorporates the Bank. In addition, specific stress tests are performed for the Bank.

The modelling of the interest rate risk characteristics of the Bank's positions involves a number of assumptions and estimates. The MaR calculation depends on the following parameters:

- daily business data after system end of day;
- daily FX rates;
- daily interest rates;
- volatilities monthly (calculated on a 250-day basis, and relative changes in interest rates are considered);
- correlations monthly (calculated on a 250-day basis, and relative changes in interest rates are considered).

All parameters, with the exception of the daily business data, are fed into the system centrally in Frankfurt for the whole Helaba Group. The MaR model is being continuously developed and the quality is monitored. Currently, five interest rate curves are used for each currency to model spread risks. The overall MaR for the Bank at 31 December 2010 was TEUR 771 (31 December 2009 TEUR 792).

## Notes to the financial statements (continued)

## 33 Risk management (continued)

## (b) (2) Interest Rate MaR Summary for 2010 and 2009

	12 Months to 31 December 2010			12 Months to 31 December 2009		
	Average	High	Low	Average	High	Low
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Trading portfolio	179	331	67	281	528	118
Asset liability management portfolio	560	904	347	1,142	1,950	710
Capital portfolio	105	163	25	1,467	2,621	30
Overall MaR	498	918	325	2,430	3,732	740

The explanations for the MaR variances between 2009 and 2010 are set out below:

The trading portfolio MaR has decreased due to a considerable number of trading bonds maturing during 2009 and 2010.

The reduction in the MaR for the asset liability management portfolio is due to maturity of fixed rate loans. The sale of fixed rate Schuldschein during 2009 explain the reductions in the Capital portfolio MaR from 2009 to 2010.

## (c) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of the fluctuations in prevailing levels of market interest rates on both its fair value and cash flow risks.

The tables below summarise the Bank's exposure to interest rate risks. Financial instruments are included at carrying amount and have been categorised to time bands by the earlier of the next contractual interest rate re-pricing date or maturity date, before taking account of the effect of the related derivatives. The effect of the latter is disclosed as a single line item in the table.

## Notes to the financial statements (continued)

33 Risk management (continued)  
(c) Interest rate risk (continued)

	0-3 mths	>3-6mths	> 6-12mths	>1-5 yrs	> 5 yrs	Non interest bearing	Total
	2010	2010	2010	2010	2010	2010	2010
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
<b>Assets</b>							
Cash and balances with central banks	4,561	-	-	-	-	-	4,561
Loans and advances to banks	1,553	560,903	-	-	11,313	-	573,769
Loans and advances to customers	383,936	4,941	55,161	398,577	1,505,428	-	2,348,043
Financial assets at fair value through profit and loss	369,418	65,087	-	-	-	-	434,505
Derivative financial instruments	-	-	-	-	-	148,216	148,216
Participations	-	-	-	-	-	51,674	51,674
Tangible fixed assets	-	-	-	-	-	167	167
Deferred tax asset	-	-	-	-	-	9	9
Prepayments and accrued income	-	-	-	-	-	2,900	2,900
<b>Total assets</b>	<b>759,468</b>	<b>630,931</b>	<b>55,161</b>	<b>398,577</b>	<b>1,516,741</b>	<b>202,966</b>	<b>3,563,844</b>
<b>Liabilities</b>							
Deposits by banks	426,455	-	-	-	-	-	426,455
Financial liabilities at fair value through profit and loss	-	-	-	21,310	304,411	-	325,721
Derivative financial instruments	-	-	-	-	-	41,855	41,855
Customer accounts	252,546	-	54,517	216,028	2,016,167	-	2,539,258
Certificates issued in respect of participations	-	-	-	-	-	74,839	74,839
Accruals and deferred income	-	-	-	-	-	11,119	11,119
Provisions for liabilities and charges	-	-	-	-	-	1,309	1,309
Shareholders' funds	-	-	-	-	-	143,288	143,288
<b>Total liabilities</b>	<b>679,001</b>	<b>-</b>	<b>54,517</b>	<b>237,338</b>	<b>2,320,578</b>	<b>272,410</b>	<b>3,563,844</b>
Derivatives	(36,638)	(496,516)	(247,154)	99,520	680,788	-	-
Assets/(liabilities) overhang	43,829	134,415	(246,510)	260,759	(123,049)	(69,444)	-
Cumulative gap	43,829	178,244	(68,266)	192,493	69,444	-	-

## Notes to the financial statements (continued)

**33 Risk management (continued)**  
**(c) Interest rate risk (continued)**

	0-3 mths	>3-6mths	> 6-12mths	>1-5 yrs	> 5 yrs	Non interest bearing	Total
	2009	2009	2009	2009	2009	2009	2009
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
<b>Assets</b>							
Cash and balances with central banks	2,472	-	-	-	-	-	2,472
Loans and advances to banks	126,646	141,600	-	-	10,790	-	279,036
Loans and advances to customers	187,617	55,385	200,289	388,682	1,371,850	-	2,203,823
Financial assets at fair value through profit and loss	895,354	-	-	-	-	-	895,354
Derivative financial instruments	-	-	-	-	-	127,749	127,749
Participations	-	-	-	-	-	49,291	49,291
Tangible fixed assets	-	-	-	-	-	218	218
Prepayments and accrued income	-	-	-	-	-	4,585	4,585
<b>Total assets</b>	<b>1,212,089</b>	<b>196,985</b>	<b>200,289</b>	<b>388,682</b>	<b>1,382,640</b>	<b>181,843</b>	<b>3,562,528</b>
<b>Liabilities</b>							
Deposits by banks	379,474	1,750	-	-	-	-	381,224
Financial assets at fair value through profit and loss	-	-	-	18,545	285,629	-	304,174
Derivative financial instruments	-	-	-	-	-	35,066	35,066
Customer accounts	149,645	79,426	301,660	231,642	1,854,299	-	2,616,672
Certificates issued in respect of participations	-	-	-	-	-	69,416	69,416
Accruals and deferred income	-	-	-	-	-	12,935	12,935
Shareholders' funds	-	-	-	-	-	143,041	143,041
<b>Total liabilities</b>	<b>529,119</b>	<b>81,176</b>	<b>301,660</b>	<b>250,187</b>	<b>2,139,928</b>	<b>260,458</b>	<b>3,562,528</b>
Derivatives	(66,140)	(532,944)	(91,247)	65,598	624,733	-	-
Assets/(liabilities) overhang	616,830	(417,135)	(192,618)	204,093	(132,555)	(78,615)	-
Cumulative gap	616,830	199,695	7,077	211,170	78,615	-	-

## Notes to the financial statements (continued)

## 33 Risk management (continued)

## (d) Foreign exchange risk

The Bank is exposed to the effects of fluctuations in foreign currency exchange rates on its financial positions and cash flows. After hedging, the Bank has no substantial exposure to foreign exchange rate fluctuations or changes in foreign currency interest rates. The Board sets limits on the level of exposure by currency and these limits are monitored daily by senior management and by the Board of Directors on a quarterly basis. The tables below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2010 and 2009. Included in the table are the Bank's financial instruments at carrying amounts and the fair value of derivative, categorised by currency. The Bank does not have any substantial open currency positions with respect to foreign exchange risk as these positions are almost fully hedged.

	EUR 2010 TEUR	USD 2010 TEUR	GBP 2010 TEUR	JPY 2010 TEUR	NOK 2010 TEUR	Other 2010 TEUR	Total 2010 TEUR
<b>Assets</b>							
Cash and balances with central banks	4,561	-	-	-	-	-	4,561
Loans and advances to banks	487,107	86,362	-	2	-	298	573,769
Loans and advances to customers	1,102,849	18,029	32,839	1,111,112	83,214	-	2,348,043
Financial assets at fair value through profit and loss	329,741	32,920	71,844	-	-	-	434,505
Derivative financial instruments	99,421	48,795	-	-	-	-	148,216
Other assets	2,412	52,306	32	-	-	-	54,750
<b>Total Financial Assets</b>	<b>2,026,091</b>	<b>238,412</b>	<b>104,715</b>	<b>1,111,114</b>	<b>83,214</b>	<b>298</b>	<b>3,563,844</b>
<b>Liabilities</b>							
Deposits by banks	364,712	-	61,743	-	-	-	426,455
Financial liabilities at fair value through profit and loss	274,231	51,490	-	-	-	-	325,721
Derivative financial instruments	14,643	27,212	-	-	-	-	41,855
Customer accounts	1,324,382	60,966	42,798	1,111,112	-	-	2,539,258
Other liabilities	11,439	75,828	-	-	-	-	87,267
Shareholders' funds	143,288	-	-	-	-	-	143,288
<b>Total financial liabilities</b>	<b>2,132,695</b>	<b>215,496</b>	<b>104,541</b>	<b>1,111,112</b>	<b>-</b>	<b>-</b>	<b>3,563,844</b>
<b>On-balance sheet financial position</b>	<b>(106,604)</b>	<b>22,916</b>	<b>174</b>	<b>2</b>	<b>83,214</b>	<b>298</b>	<b>-</b>
Forward foreign exchange contracts	82,490	-	-	-	(83,333)	-	-
Derivatives: cross currency swaps	5,974	(14,783)	-	-	-	-	-
<b>On-balance sheet financial position adjusted for cross currency swaps and forward contracts</b>	<b>(18,140)</b>	<b>8,133</b>	<b>174</b>	<b>2</b>	<b>(119)</b>	<b>298</b>	<b>-</b>

## Notes to the financial statements (continued)

33 Risk management (continued)  
(d) Foreign exchange risk (continued)

	EUR 2009 TEUR	USD 2009 TEUR	GBP 2009 TEUR	JPY 2009 TEUR	Other 2009 TEUR	Total 2009 TEUR
<b>Assets</b>						
Cash and balances with central banks	2,472	-	-	-	-	2,472
Loans and advances to banks	210,050	29,481	39,411	1	93	279,036
Loans and advances to customers	1,223,696	17,861	39,116	923,150	-	2,203,823
Financial assets at fair value through profit and loss	735,575	73,166	86,613	-	-	895,354
Derivative financial instruments	86,799	40,950	-	-	-	127,749
Other assets	2,878	51,213	3	-	-	54,094
<b>Total Financial Assets</b>	<b>2,261,470</b>	<b>212,671</b>	<b>165,143</b>	<b>923,151</b>	<b>93</b>	<b>3,562,528</b>
<b>Liabilities</b>						
Deposits by banks	245,888	-	135,336	-	-	381,224
Financial liabilities at fair value through profit and loss	260,491	43,683	-	-	-	304,174
Derivative financial instruments	11,824	23,242	-	-	-	35,066
Customer accounts	1,606,710	53,704	33,109	923,149	-	2,616,672
Other liabilities	10,628	71,723	-	-	-	82,351
Shareholders' funds	143,041	-	-	-	-	143,041
<b>Total financial liabilities</b>	<b>2,278,582</b>	<b>192,352</b>	<b>168,445</b>	<b>923,149</b>	<b>-</b>	<b>3,562,528</b>
<b>On-balance sheet financial position</b>	<b>(17,112)</b>	<b>20,319</b>	<b>(3,302)</b>	<b>2</b>	<b>93</b>	<b>-</b>
Derivatives: cross currency swaps	7,301	(13,867)	-	-	-	-
<b>On-balance sheet financial position adjusted for cross currency swaps</b>	<b>(9,811)</b>	<b>6,452</b>	<b>(3,302)</b>	<b>2</b>	<b>93</b>	<b>-</b>

There were no Norwegian Kroner positions as of 31 December 2009.

**Notes to the financial statements (continued)****33 Risk management (continued)****(e) Liquidity risk**

Liquidity risk is the risk that the Bank will have insufficient liquidity to perform day-to-day payment obligations, meet obligations to repay deposits and fulfil commitments to lend. A liquidity risk strategy has been developed to safeguard the ability of the Bank to meet its payment obligations.

**(e) (1) Liquidity risk management process**

Treasury is responsible to closely monitor the diversification of funding sources, in terms of instruments, geographical locations and funds provider. Ultimate objective is to avoid dependency on certain market participants by having diversified funding lines in place. The Bank obtains liquidity from the issue of share capital, inter-bank money market deals and Central Bank repo facilities.

The Bank maintains a portfolio of marketable floating rate notes, which can be liquidated in event of cash flow requirements, and can be used to obtain Central Bank repo finance.

The Liquidity Risk Strategy, which is approved by the Board of Directors, sets out the procedures for handling of liquidity risks in accordance with the business needs as well as with the legal, statutory and supervisory requirements.

The daily reporting of liquidity positions is carried out by the Risk Control department, which is independent of the Treasury department. The Risk Control department have set up detailed procedures for the monitoring of liquidity timeframe mismatches. The time bands for monitoring of liquidity are based on those laid down by the Financial Regulator in Ireland.

The Bank has adopted more conservative liquidity risk limits than those required by the Financial Regulator. These internal limits are monitored on a daily basis and any breaches are reported to the Banks Asset and Liability Committee and to Head Office Risk Control Department. In the event of any breaches of the limits set by the Financial Regulator such breaches are reported to the Board of Directors and to the Financial Regulator, to date no such breaches have occurred.

The Bank carries out stress testing on its liquidity position on a quarterly basis. This testing is a key tool used by the Bank to measure and manage its capacity to absorb liquidity shocks. There are four stress tests carried out by the Bank– (1) an industry wide test (2) a bank specific test, (3) a survival test and (4) a reverse stress test. In the case of the industry wide test all non-Helaba, non-eligible issues by monetary financial institutions and non monetary financial institutions are excluded from liquid assets and band 1 (i.e. sight to 8 days). In the case of the Bank specific test the highest relevant haircut per the European Central Bank is applied to all debt securities. For the survival stress test, the liquidity report is prepared on the basis of no cash inflows, to ascertain how long the bank could remain liquid in such a scenario. The reverse stress test is designed to determine the sequence of events that would lead to a breach of internal monitoring ratios.

The table below summarises the cash outflows of the Bank by remaining undiscounted contractual maturity as at 31 December 2010 and 2009. Call deposits are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay consequently, the table below shows the worst case scenario, not the expected cash flows based on past history.

## Notes to the financial statements (continued)

33 Risk management (continued)  
 (e) (1) Liquidity risk management process (continued)

	Sight to 8 days 2010 TEUR	Over 8 days to 1 month 2010 TEUR	Over 1 month to 3 months 2010 TEUR	Over 3 months to 6 months 2010 TEUR	Over 6 months to 1 year 2010 TEUR	1 to 2 Years 2010 TEUR	Over 2 years 2010 TEUR	Total 2010 TEUR
Deposits by banks	164,786	261,725	-	-	-	-	-	426,511
Customer accounts and financial liabilities at fair value through profit and loss	5,921	229,859	9,969	24,617	166,653	125,517	3,354,152	3,916,688
Net settled interest rate derivatives	502	1,466	-	65	1,640	3,126	10,418	17,217
Gross settled cross currency derivatives pay leg	-	591	-	-	1,403	2,236	24,258	28,488
Certificates issued in respect of participations	-	-	-	-	-	-	74,839	74,839
Accruals and deferred income	17	653	28	70	473	356	9,522	11,119
<b>Total cash outflows</b>	<b>171,226</b>	<b>494,294</b>	<b>9,997</b>	<b>24,752</b>	<b>170,169</b>	<b>131,235</b>	<b>3,473,189</b>	<b>4,474,862</b>
Gross Settled cross currency derivatives receive leg	-	(1,310)	-	-	(712)	(2,006)	(6,896)	(10,924)

## Notes to the financial statements (continued)

## 33 Risk management (continued)

## (e) (1) Liquidity risk management process (continued)

	Sight to 8 days 2009 TEUR	Over 8 days to 1 month 2009 TEUR	Over 1 month to 3 months 2009 TEUR	Over 3 months to 6 months 2009 TEUR	Over 6 months to 1 year 2009 TEUR	1 to 2 Years 2009 TEUR	Over 2 years 2009 TEUR	Total 2009 TEUR
Deposits by banks	244,280	135,201		1,750				381,231
Customer accounts and financial liabilities at fair value through profit and loss	14,641	281,506	9,646	121,970	419,696	202,775	3,299,028	4,349,262
Net settled interest rate derivatives	386	890	-	112	1,081	1,851	3,755	8,075
Gross settled cross currency derivatives pay leg	583	1,314	-	-	2,085	3,864	33,211	41,057
Certificates issued in respect of participations	-	-	-	-	-	-	69,416	69,416
Accruals and deferred income	44	837	29	363	1,248	603	9,811	12,935
<b>Total cash outflows</b>	<b>259,934</b>	<b>419,748</b>	<b>9,675</b>	<b>124,195</b>	<b>424,110</b>	<b>209,093</b>	<b>3,415,221</b>	<b>4,861,976</b>
Gross Settled cross currency derivatives receive leg	(54)	(1,366)	-	(23)	(765)	(2,216)	(9,238)	(13,662)

**Notes to the financial statements (continued)****33 Risk management (continued)****Capital management**

The Bank's objectives when managing capital are:

- To comply with the capital requirements set by the Central Bank of Ireland,
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support its business.

The Bank has developed risk-weighting models in accordance with the Capital Requirements Directive to calculate the capital requirements for all deals. Capital adequacy and the use of regulatory capital are monitored on an ongoing basis. The Central Bank of Ireland requires each bank to hold the minimum level of capital, which it monitors based on quarterly returns filed by the Bank.

Regulatory capital includes, inter alia share capital and retained earnings as set out on the balance sheet.

There have been no breaches of regulatory capital requirements in the years ended 31 December 2010 and 2009.

**34 Cash flow statement**

FRS 1 "Cash Flow Statements" allows subsidiaries to take an exemption from preparing a cash flow statement where 90% or more of the voting rights are controlled within the group, provided that a cash flow statement is included in a consolidated financial statement. The Bank has taken advantage of this exemption, details of where the group accounts can be obtained from is outlined in Note 1.

**35 Approval of the financial statements**

The financial statements were approved by the directors on 23 February 2011.