Registered Number: 02476161

BANK OF IRELAND DIRECT MARKETING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS AND OTHER INFORMATION

Directors at date of signing

Sean Crowe
John-Anthony Greer

Company Secretary

Hill Wilson Secretarial Limited
Bank of Ireland
Head Office
40 Mespil Road
Dublin 4

Registered Office

One Temple Back East
Temple Quay
Bristol
United Kingdom
BS1 6DX

Registered Number

02476161

The Directors present their annual report and the audited financial statements of Bank of Ireland Direct Marketing Limited ('the Company') for the financial year ended 31 December 2019. The Company is a private company limited by shares. It is incorporated and domiciled in the UK.

Review of business and future developments

The Company did not trade during the year.

The financial position of the Company is shown in the attached financial statements. It is not intended that the Company will undertake any business in the foreseeable future. The Company is anticipated to continue on a going concern basis for the foreseeable future.

Results and dividends

The Company did not trade during the 2019 and 2018 financial years. The results for the year are set out on page 4. The Directors do not recommend the payment of a dividend (2018: £nil).

Risk management

The Company's risk management objectives and policies and the principal risk exposures facing the business are set out below. These risks are monitored and managed under the overall governance framework of the Bank of Ireland Group (the 'Group').

Credit Risk
Credit risk is defined as the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Company in respect of loans or other financial transactions.

Credit exposure arises from amounts owed by Bank of Ireland Group undertakings.

The senior unsecured credit ratings of Bank of Ireland are set out as follows:

	The Governor and Company of the Bank of Ireland	
Rating Agency	**2019**	**2018**
Moody's	A2	A3
Standard & Poor's	A-	BBB+

The Company does not have any exposure to credit risk outside of the Bank of Ireland Group.

Liquidity Risk
Liquidity risk is the risk that the Company will experience difficulty in meeting its contractual payment obligations as they fall due. Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven by the maturity structure of loans, while cash outflows are driven, inter alia, by the outflows from liabilities to creditors. At 31 December 2019, the Company's exposure is limited to amounts due to the Bank of Ireland Group of £10,439 (2018: £10,439).

Market Risk
Market risk is the risk of loss in the Company's income or net worth arising from adverse change in interest rates, exchange rates, or other market prices. Currency risk is the risk that the future cash flows will fluctuate because of changes in market exchange rates.

The Company recognises that the effective management of market risk is essential to the preservation of shareholder value. The Company's exposure to market risk is governed by policy approved by the Bank of Ireland Group Risk Policy Committee ('GRPC'). This policy sets out the nature of risk that may be taken, the types of financial instrument that may be used to manage risk and the way in which risk is controlled.

The functional currency of the Company is British pounds (£).

The Company does not have any significant exposure to interest rate risk or foreign currency risk.

Directors

The Directors who served during the year ended 31 December 2019 and up to the date of signing the financial statements are set out below. Except where otherwise indicated, they served as Directors for the entire period.

Sean Crowe
John-Anthony Greer

Qualifying third party indemnity provision

A qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) was and remains in force for the benefit of all Directors of the Company and former Directors who held office during the year and at the approval date of the financial statements. The indemnity is granted under article 13 (a) of the Company's Articles of Association.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with FRS 101 'Reduced Disclosure Framework'.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Post balance sheet events

There is no significant post balance sheet event identified requiring disclosure prior to the approval of these financial statements.

Small companies' exemption

The Company qualifies as a small company in accordance with sections 381 to 383 of the Companies Act 2006 (the 'Act') and the Directors' report has therefore been prepared taking into consideration the entitlement to small companies exemptions provided in sections 415A and 414B (as incorporated to the Act by the Strategic Report and Directors' Report Regulations 2013) of the Act.

This report was approved by the Board of Directors on 29 May 2020 and signed on its behalf by:

.... 29/5/20

Sean Crowe
Director

BANK OF IRELAND DIRECT MARKETING LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Net impairment gains on financial instruments	4	-	37
Profit before taxation	5	-	37
Taxation		-	-
Profit for the year		-	37
Total comprehensive income for the year		-	37

The notes on pages 7 to 12 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Current assets			
Debtors	6	472,362	472,362
Creditors: amounts falling due within one year	8	(10,439)	(10,439)
Net assets		**461,923**	**461,923**
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		461,921	461,921
Total shareholder's funds		**461,923**	**461,923**

For the year ended 31 December 2019, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 ('the Act') relating to dormant companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year ended 31 December 2019 in accordance with section 476 of the Act;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts; and
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 7 to 12 form part of these financial statements.

The financial statements on pages 4 to 12 were approved by the Board of Directors on 29 May 2020 and signed on its behalf by:

.... 29/5/20

Sean Crowe

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and loss account £	Total shareholder's funds £
At 1 January 2018	**2**	**461,884**	**461,886**
Profit for the year	-	37	37
At 31 December 2018	**2**	**461,921**	**461,923**
Result for the year	-	-	-
At 31 December 2019	**2**	**461,921**	**461,923**

The notes on pages 7 to 12 form part of these financial statements.

1 Summary of significant accounting policies

1.1 Basis of preparation

The financial statements comprise the statement of profit and loss and other comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements.

The financial statements of Bank of Ireland Direct Marketing Limited ('the Company') have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101'). The financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are presented in pounds sterling (£) which is the functional and presentational currency of the Company.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company has no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries of the Bank of Ireland Group;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of capital management;
- disclosures in respect of the compensation of key management personnel; and
- certain disclosures required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Adoption of new accounting standards

No new standards, amendments or interpretations, effective for the first time for the year beginning on 1 January 2019 have had a material impact on the Company.

1.3 Current income tax

Income tax payable on profits is recognised as an expense in the year in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

1.4 Financial Assets

A. Recognition, classification and measurement

The Company applies the following accounting policies to the classification, recognition and measurement policies relating to financial assets.

1 Summary of significant accounting policies (continued)

1.4 Financial Assets (continued)

A. Recognition, classification and measurement (continued)

A financial asset is recognised in the balance sheet when, the Company becomes a party to its contractual provisions. At initial recognition, a financial asset is measured at fair value (plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs) and is assigned one of the following classifications for the purposes of subsequent measurement:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; or
- financial assets at fair value through profit or loss.

The Company determines the appropriate classification based on the contractual cash flow characteristics of the financial asset and the objective of the business model within which the financial asset is held. In determining the business model for a group of financial assets, the Company considers factors such as how performance is evaluated and reported to key management personnel; the risks that affect performance and how they are managed; how managers are compensated; and the expected frequency, value and timing of sales of financial assets.

In considering the contractual cash flow characteristics of a financial asset, the Company determines whether the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In this context, 'principal' is the fair value of the financial asset on initial recognition and 'interest' is consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In making the determination, the Company assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers contingent events, leverage features, prepayment and term extensions, terms which limit the Company's recourse to specific assets and features that modify consideration of the time value of money.

(a) Financial assets at amortised cost

Debt instruments

A debt instrument is measured, subsequent to initial recognition, at amortised cost where it meets both of the following conditions and has not been designated as measured at fair value through profit or loss:

- the financial asset has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model whose objective is achieved by holding financial assets to collect contractual cash flows.

Loans measured at amortised cost are recognised when cash is advanced to the borrowers. Interest revenue using the effective interest method is recognised in the statement of profit and loss and other comprehensive income. An impairment loss allowance is recognised for expected credit losses with corresponding impairment gains or losses recognised in the statement of profit and loss and other comprehensive income.

The Company has no financial assets at fair value through other comprehensive income or fair value through profit or loss.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the Company has transferred substantially all the risks and rewards of ownership. Where a modification results in a substantial change to the contractual cash flows of a financial asset, it may be considered to represent expiry of the contractual cash flows, resulting in derecognition of the original financial asset and recognition of a new financial asset at fair value. The Company reduces the gross carrying amount of a financial asset and the associated impairment loss allowance when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

1 Summary of significant accounting policies (continued)

1.5 Impairment of financial instruments

Assets carried at amortised cost

Scope

The Company recognises impairment loss allowances for expected credit losses (ECL) on financial assets that are debt instruments unless measured at fair value through profit or loss.

Basis for measuring impairment

The Company allocates financial instruments into the following categories at each reporting date to determine the appropriate accounting treatment.

Stage 1: 12-month ECL (not credit-impaired)

These are financial instruments where there has not been a significant increase in credit risk since initial recognition. An impairment loss allowance equal to 12-month ECL is recognised. This is the portion of lifetime ECL resulting from default events that are possible within the next 12 months.

Stage 2: Lifetime ECL (not credit-impaired)

These are financial instruments where there has been a significant increase in credit risk since initial recognition but which are not credit-impaired. An impairment loss allowance equal to lifetime ECL is recognised. Lifetime ECL are the ECL resulting from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime ECL (credit-impaired)

These are financial instruments which are credit-impaired at the reporting date but were not credit-impaired at initial recognition. An impairment loss allowance equal to lifetime ECL is recognised.

A financial instrument may migrate between stages from one reporting date to the next.

Significant increase in credit risk

In determining if a financial instrument has experienced a significant increase in credit risk since initial recognition, the Bank assesses whether the risk of default over the remaining expected life of the financial instrument is significantly higher than had been anticipated at initial recognition. The Company assumes that no significant increase in credit risk has occurred if credit risk is 'low' at the reporting date.

Credit-impaired

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.

Measurement of ECL and presentation of impairment loss allowances

ECL are measured in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of the difference between all contractual cash flows due to the Company in accordance with the contract and all the cash flows the Company expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

For financial assets, the discount rate used in measuring ECL is the effective interest rate (or 'credit-adjusted effective interest rate' for a purchased or originated credit-impaired financial asset) or an approximation thereof.

1 Summary of significant accounting policies (continued)

1.5 Impairment of financial instruments (continued)

Impairment loss allowances for ECL are presented in the financial statements for financial assets at amortised cost as a deduction from the gross carrying amount in the balance sheet.

Utilisation of impairment loss allowances

The Company reduces the gross carrying amount of a financial asset and the associated impairment loss allowance when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Indicators that there is no reasonable expectation of recovery include the collection process having been exhausted or it becoming clear during the collection process that recovery will fall short of the amount due to the Company. The Company considers, on a case-by-case basis, whether enforcement action in respect of an amount that has been written off from an accounting perspective is or remains appropriate. Any subsequent recoveries are included in the income statement as an impairment gain.

1.6 Financial Liabilities

The Company has only one category of financial liability: those that are carried at amortised cost. Financial liabilities are initially recognised at fair value (normally the issue proceeds i.e. the fair value of the consideration received) less transaction costs. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

1.7 Valuation of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date.

The fair values of financial assets and liabilities traded in active markets are based on unadjusted bid and offer prices respectively. If an active market does not exist, the Company establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. To the extent where possible, these valuation techniques use observable market data. Where observable data does not exist, the Company 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, in an arm's length transaction, 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 uses only observable market inputs. When such evidence exists, the initial valuation of the instrument may result in the Company recognising a profit on initial recognition. In the absence of such evidence, the instrument is initially

valued at the transaction price. Any day one profit is deferred and recognised in the income statement to the extent that it arises from a change in a factor that market participants would consider in setting a price. Straight line amortisation is used where it approximates to that amount.

Subsequent changes in fair value are recognised immediately in the income statement without the reversal of deferred day one profits or losses. Where a transaction price in an arm's length transaction is not available, the fair value of the instrument at initial recognition is measured using a valuation technique.

2 Administrative expenses

The Company incurred no expenses during the financial year ended 31 December 2019 (2018: £nil).

3 Employees and Directors' emoluments

There were no employees during the year ended 31 December 2019 (2018: nil). The Directors received no remuneration for their services as Directors of the Company (2018: £nil).

4 Net impairment gains on financial instruments

	2019	2018
	£	£
Amounts due from Bank of Ireland Group undertakings	-	37
Net impairment gains on financial instruments	**-**	**37**

5 Profit on ordinary activities before taxation

Audit fees are borne by The Governor and Company of the Bank of Ireland.

6 Debtors

	Note	2019	2018
		£	£
Corporation tax		2,879	2,879
Amounts due from Bank of Ireland Group undertakings	7	469,483	469,483
Total debtors		**472,362**	**472,362**

Amounts due from Bank of Ireland Group undertakings are unsecured, interest free and repayable on demand.

7 Amounts due from Bank of Ireland Group undertakings

	2019	2018
	£	£
Amounts due from Bank of Ireland Group undertakings	469,518	469,518
Less: impairment loss allowance	(35)	(35)
Total amounts due from Bank of Ireland Group undertakings	**469,483**	**469,483**

Amounts owed by Bank of Ireland Group undertakings are unsecured, interest free and are repayable on demand. They are classified and measured at amortised cost. The impairment loss allowance on amounts due from Bank of Ireland Group undertakings calculated using a 12 month or lifetime expected credit loss approach. The amounts due are deemed to be Stage 1 for ECL measurement purposes.

8 Creditors: amounts falling due within one year

	2019	2018
	£	£
Amounts due to Bank of Ireland Group undertakings	10,439	10,439
	10,439	**10,439**

Amounts due to Bank of Ireland Group undertakings are unsecured, interest free and repayable on demand.

9 Called up share capital

	2019	2018
	£	£
Authorised		
1,000 (2018: 1,000) ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
2 (2018: 2) ordinary shares of £1 each	2	2

10 Related party transactions

The Company has availed of the FRS 101 exemption relating to the disclosure of transactions with other wholly owned subsidiaries of the Bank of Ireland Group. There are no other transactions with related parties.

11 Controlling parties

The Company's immediate parent undertaking is Bank of Ireland Britain Holdings Limited, a company registered in England.

The smallest group of which the Company is a member and for which group financial statements are prepared is The Governor and Company of the Bank of Ireland, a corporation established in the Republic of Ireland. Copies of the consolidated financial statements of The Governor and Company of the Bank of Ireland for the year ended 31 December 2019 may be obtained from the Group Secretary, Bank of Ireland, 40 Mespil Road, Dublin 4, Republic of Ireland.

The ultimate parent undertaking and controlling party of the Company is Bank of Ireland Group plc.

The largest group of which the Company is a member and for which group financial statements are prepared is Bank of Ireland Group plc, a public limited company incorporated and registered in the Republic of Ireland. Copies of the consolidated financial statements of Bank of Ireland Group plc for the year ended 31 December 2019 may be obtained from the Group Secretary, Bank of Ireland, 40 Mespil Road, Dublin 4, Republic of Ireland.

12 Post balance sheet events

There is no significant post balance sheet event identified requiring disclosure prior to the approval of these financial statements.

13 Approval of financial statements

The Board of Directors approved the financial statements on 29 May 2020.