



National Treasury Management Agency

# Annual Report & Financial Statements 2019



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta  
National Treasury Management Agency

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**THE NTMA IS A STATE BODY WHICH PROVIDES ASSET AND LIABILITY MANAGEMENT SERVICES TO GOVERNMENT. ITS PURPOSE IS TO MANAGE PUBLIC ASSETS AND LIABILITIES COMMERCIALY AND PRUDENTLY.**



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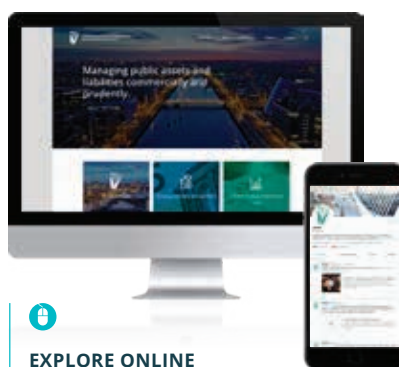
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# NTMA AT A GLANCE 2019

## FUNDING AND DEBT MANAGEMENT

The NTMA is responsible for borrowing on behalf of the Government and managing the National Debt in order to ensure liquidity for the Exchequer and to optimise debt service costs over the medium term.

### Long-Term Issuance

# €15BN

€14.4bn of benchmark bond issuance at a weighted average yield of 0.9% and a weighted average maturity of 16.4 years. The balance was in private placements - two 100-year notes and a new inflation linked bond maturing in 2045.

### Syndicated Tap of Ireland's First Sovereign Green Bond

# €2BN

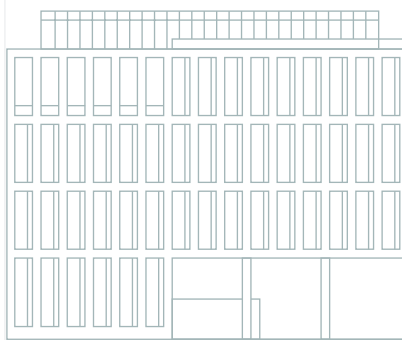
raised at a yield of 0.229%. The transaction saw demand from more than 130 individual accounts.

### Falling Debt Service Costs

# €5.0BN

was the cash interest cost of the National Debt in 2019, a decline of almost 13% compared to 2018 and more than 30% below the 2014 peak.

 Read more **page 8**



## IRELAND STRATEGIC INVESTMENT FUND

The NTMA controls and manages the Ireland Strategic Investment Fund (ISIF) which has a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State.

### Investment Performance

# €1BN

accumulated returns since inception by end-2019, investment returns of +5.1% in 2019.

### Investing in Ireland

# €13BN

the total commitment to Ireland including co-investment by private sector partners. ISIF committed €442m in 2019 across 21 investments bringing the total ISIF commitment to €4.6bn.

### Economic Impact Responding to the housing crisis

# 3,000 NEW HOMES

sold by end-2019, 6,500 new homes under construction and funding advanced for a further 5,500.

 Read more **page 20**





# NATIONAL DEVELOPMENT FINANCE AGENCY

Acting as the National Development Finance Agency (NDFA), the NTMA provides financial advisory, procurement and project delivery services to State authorities on public infrastructure projects.

## Delivering Projects

### €1.3BN

the estimated total capital value of a range of education and housing projects being delivered by the NDFA.

## Providing Financial Advice

### €5.7BN

providing financial advice on PPP (procurement, construction and operations) and other infrastructure projects in different sectors including housing, climate action, transport and education with an estimated capital value of €5.7bn.

## Social Housing PPP

### 1,500

new social homes will be delivered by the State through the Social Housing PPP Programme. The delivery is divided into three distinct project bundles with construction of homes nationwide.

 Read more [page 30](#)

# NewERA

Through NewERA, the NTMA provides a dedicated centre of corporate finance expertise to Government, providing financial advice to Ministers regarding their shareholdings in major commercial State bodies.

## Growth in Activity

### 138

the number of Portfolio company assignments on which NewERA provided financial analysis and, where appropriate, recommendations to Government Ministers.

## Dividends

### €261M

in combined dividends were received by the Exchequer from bodies within NewERA's remit in 2018/19.

## Advice – Capital Expenditure

### €2.2BN

of capital investment spend in 2018/19, more than three quarters of which related to the energy and water sector companies.

 Read more [page 38](#)

# STATE CLAIMS AGENCY

Acting as the State Claims Agency (SCA), the NTMA manages personal injury and property damage claims against the State and State authorities and provides related risk management services. It also manages claims for legal costs against the State and State authorities, however so incurred.

## Estimated Outstanding Liability

### €3.6BN

the State Claims Agency was managing 11,580 active claims with an estimated outstanding liability of €3.6bn at end-2019.

## Settling Claims

### 54%

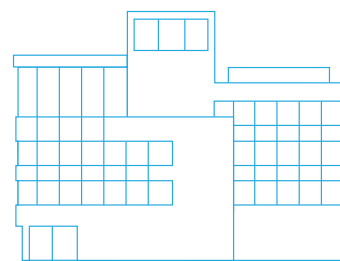
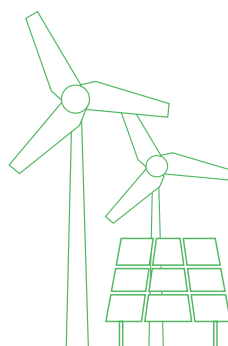
over half of cases resolved by the State Claims Agency in 2019 were resolved without court proceedings being served.

## Reducing Legal Costs

### 39%

the State Claims Agency settled 830 bills of costs received from third parties for €68m – a reduction of 39% on the amount claimed.

 Read more [page 48](#)



# CHAIRPERSON'S STATEMENT



Our Annual Report this year is published at a time of unprecedented challenge. COVID-19 has taken lives, placed an enormous burden on our health system and wider society, and triggered an economic shock with far-reaching consequences for jobs, livelihoods, employers and the State.

The people who are charged with managing this public health emergency deserve great credit. I want to express the NTMA's appreciation for the work being done throughout the country by healthcare workers, the emergency services, community groups, volunteers and everyone who has played a part in addressing the challenge we share.

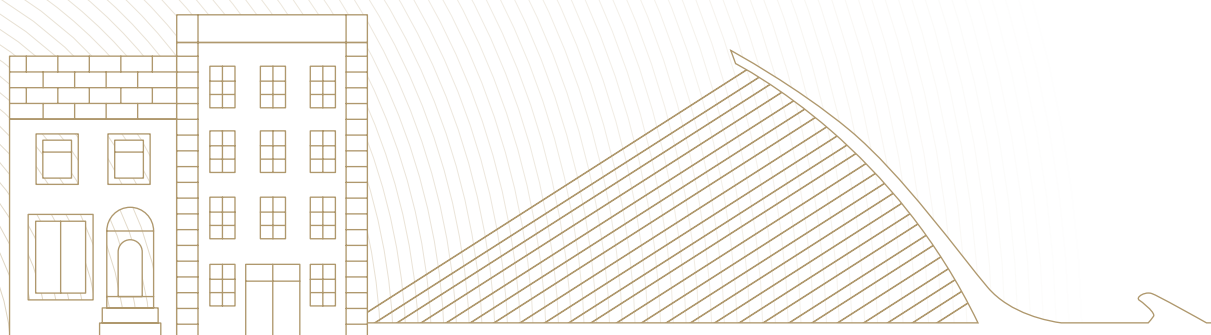
I also want to acknowledge the efforts being made throughout the NTMA – by the Board, the Management Team and by our colleagues at every level in the Agency – to ensure all aspects of the Agency's critical work on behalf of the State and citizens continue uninterrupted in what I know are exceptionally difficult circumstances.

The NTMA has always recognised the importance of contingency planning; of investment in robust technology and operational platforms; and of investing in our people and their continuous learning. The value and importance of these priorities is clearer than ever today as the Agency, along with every individual and every organisation in the State deals with the challenges posed by the COVID-19 crisis.

The Agency has a strong track record in creating value for the State, during both good times and bad. The challenge which the organisation faces today is to continue to do so, in the most extraordinary environment the Agency has yet faced.

The investment in technology has proved invaluable in the current crisis as the Agency's remote working infrastructure is tested in an unprecedented manner.

All of the Board members and I have huge admiration for the manner in which everyone across the organisation has responded to the crisis and continued to be so productive despite the challenging environment.



Our systems and processes have been stress tested in real time and the fact that the Agency has continued to deliver across all its mandates is a testament to the investment in people and processes.

Our 2019 Annual Report sets out the progress the Agency made during the year in delivering on its wide variety of mandates: Funding and Debt Management, Ireland Strategic Investment Fund (ISIF), NewERA, the National Development Finance Agency (NDFA) and the State Claims Agency (SCA). The Board and I will do all we can to provide leadership, guidance, challenge and support to the Chief Executive and Management Team in their efforts to continue the progress outlined in this Report.

My assurance to all our stakeholders is that the NTMA will continue to tackle every challenge that comes our way with commitment, innovation and a strong desire to provide long-term value for Irish citizens. We recognise that the NTMA, thanks to its range of mandates and expertise, is in a unique position to support Ireland's recovery efforts and all our energy and efforts will be deployed with this goal at the heart of everything we do.

Of course, we also remain mindful of the many significant challenges that existed before the emergence of COVID-19 and which will continue to require effective management. These include the challenges posed by climate change, the transition to a low-carbon economy, Brexit, housing and infrastructure deficits.

Given the particular long-term importance of climate change, I am pleased to say that the NTMA has continued to make significant progress in supporting measures to address climate change across a range of our business units.

Funding and Debt Management continued to build its green credentials with fresh issuance of Irish Sovereign Green Bonds during 2019, building on the success of the inaugural issuance in 2018.

ISIF increased its green investment commitments, taking the total amount committed to €349m by the end of 2019.

NewERA continued to play a leading role in driving climate action and facilitating the sharing of best practice in climate measures throughout its portfolio companies and semi-State bodies, while the NDFA successfully implemented major climate-friendly initiatives in projects in which it had a procurement or advisory role.

I will conclude by drawing attention to the NTMA's formal reporting on the Agency's gender pay gap for the second year. While the data we report this year highlight the extent of the challenge we face in closing the gender pay gap, they also serve to demonstrate our commitment to improvement.

The Board and Management Team are excited about the Agency's Inclusion and Diversity programme, and are committed to greater equality throughout the organisation and, while we recognise that the steps we take to achieve this will take some time to deliver results, we will not use time as an excuse. The task is urgent and we want our improvements to be meaningful, tangible and implemented quickly.

On behalf of the Board, I thank Mary Walsh, who retired from the Board in December 2019, for her significant contribution and wise counsel to the Board over the past five years. 2019 also saw the appointment of two new Board members, Brian O'Kelly and Rachael Ingle and I wish to take the opportunity to formally welcome them both to the Board.

Finally, I would like to express my appreciation to my fellow Board members, the Chief Executive and the Management Team, and everyone throughout the NTMA for their hard work and for the diligence, skill and innovation that they bring to the Agency every day.

**MAEVE CARTON**  
Chairperson | May 2020

# CHIEF EXECUTIVE'S REVIEW



In recent months, Ireland has experienced a major economic shock but it is in a strong position to manage it and recover from it.

While our stock of debt remains high and is set to grow further, the risk this presents to our economy has diminished in recent years.

This is down to a range of supportive factors, which include an unprecedented low interest rate environment that is underpinned by an accommodative ECB monetary policy; economic policies that have resulted in a marked improvement in our national finances and material upgrades to our sovereign credit ratings; and a series of measures to enhance our debt sustainability.

The extent of the challenge is significant but our room to manoeuvre has been greatly enhanced by these factors.

Our average cost of debt is less than 2% – down from almost 4% as recently as five years ago. Our annual debt interest bill is heading close to €4bn in 2020 – down from more than €7.5bn five years ago. And we have the benefit of a smooth maturity profile in the years ahead and one of the longest average maturities in Europe.

And while our focus in this time of great uncertainty is to look ahead and plan for the future, the publication of our Annual Report is also a time to reflect on the progress that we have made.

One of the most important milestones from a funding and debt management perspective has been the virtual elimination of the refinancing “chimneys” – unusually large debt redemptions – which were an unwanted legacy of the 2008 financial crisis.

For the four year period 2017 to 2020, debt redemptions amounting to €70bn had to be financed, including €19bn in 2020 alone. The strategy to pre-fund the financing of this debt has proved prescient and allows the Agency to enter the current crisis with these significant obligations behind it. The next four years see a much lower level of





redemptions totalling €27bn, with no bonds falling due for repayment in 2021. This technical position combined with our improved credit standing and the accommodative monetary policy environment mean we approach this unprecedented COVID-19 crisis from a position of strength.

With the elimination of the chimneys, our maturity profile will be smoother than any time in our history.

Standard & Poor's upgrade of Ireland's long-term rating to AA- in November returned our rating to the AA category for the first time since the crisis.

The Funding and Debt Management unit also built on the success of our first-ever issuance of Irish Sovereign Green Bonds in 2018 with a fresh syndication in October 2019. This cemented our commitment to this innovative form of issuance and positioned us well in a sector where investor demand is growing strongly.

The Ireland Strategic Investment Fund (ISIF) delivered another strong investment performance with a gain of 5.1% during 2019, bringing total investment gains since inception above €1bn for the first time. However, the market declines and volatility in 2020 year to date seem certain to eradicate some of this gain despite a conservative and low risk portfolio.

The Fund had committed over €4.6bn to investments in Ireland by the end of 2019, continuing its phased transition from a Global Portfolio to an Irish Portfolio. To deal with the economic impact of COVID-19 and to immediately assist in the economic recovery the Fund has revised its strategy. A new €2bn Pandemic Stabilisation and Recovery Fund has been established: this Fund will be used specifically to invest in medium and large companies affected by the pandemic.

2019 also saw the National Development Finance Agency (NDFA) build on its role as a centre of excellence for advising on and procuring major capital investment and infrastructure projects. This role will become even more important in facilitating economic recovery and ensuring both value for money and additional benefits for the State in the form of significant risk transfer in the delivery of these projects.

NewERA saw further extensions to its mandate during 2019, adding to the range of Government departments, commercial semi-States and other State bodies within its remit.

The unit continued to enhance its reputation for providing financial advice, with a particular contribution in climate action, renewable energy and the transition to a low-carbon and climate resilient society. Many of these commercial semi-States will need additional support as a result of COVID-19 and the NewERA team are actively involved in advising departments across Government to establish a suitable and speedy path to recovery.

2019 was also a year in which the value of the risk and liability management work carried out by the State Claims Agency (SCA) was clear. The complexity of the SCA's work requires it to strike an appropriate balance between managing claims in accordance with its statutory mandate while ensuring that claims are handled sensitively and to the highest professional standards.

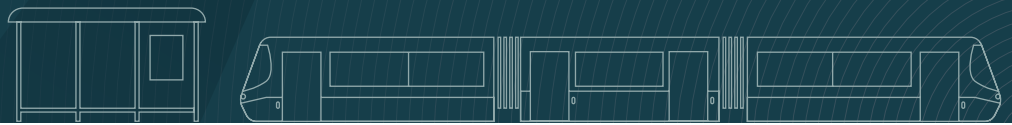
To conclude, I thank the Chairperson, the Board and committee members for the invaluable guidance, support and challenge that they bring to the Agency's activities.

I also thank my colleagues throughout the organisation for the professionalism, commitment and skills that they bring to their roles and for their collective efforts every day to deliver long-term value for the State and its citizens.

**CONOR O'KELLY**

Chief Executive | May 2020

# FUNDING AND DEBT MANAGEMENT



## ISSUING LONGER-DATED DEBT



### **€15bn** Total Long-Term Issuance in 2019

€14.4bn of benchmark bond issuance at a weighted average yield of 0.9% and a weighted average maturity of 16.4 years. The balance was in private placements - two 100-year notes and a new inflation linked bond maturing in 2045.



### **€4bn** New 30-year Bond - Matures 2050

In May 2019, the NTMA sold €4bn of a new 30-year benchmark bond at a yield of 1.53%. This bond matures in 2050 and is the second 30-year bond issued by the NTMA in recent years, following on from the first sold in 2015. This issuance contributed further to the NTMA's strategy of locking in longer maturities at low interest rates.



### **10.7 Years** Average Maturity

The weighted average maturity of Ireland's medium and long-term debt portfolio is estimated at 10.7 years at end-2019. This is one of the longest in Europe.

## DEBT SERVICE COSTS LOWER



# €5.0bn

### National Debt Interest

Interest on the National Debt fell to €5.0bn in 2019, a decline of almost 13% compared to 2018 and more than 30% below the 2014 peak.

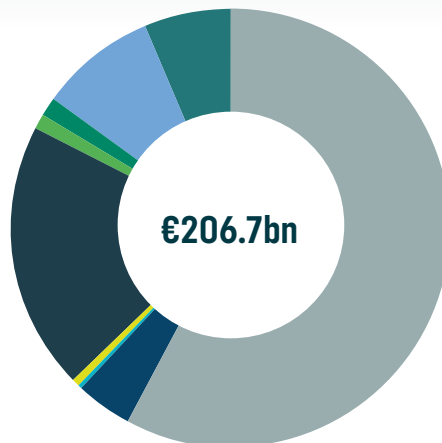


# 8.5%

### Exchequer Tax Revenue

Interest cost accounted for 8.5% of Exchequer tax revenue in 2019, compared with 10% in 2018, and close to 20% in 2013.

## GROSS NATIONAL DEBT AT END-2019



- **€120.0bn** Fixed Rate Treasury Bonds
- **€8.5bn** Floating Rate Bonds
- **€0.6bn** Amortising Bonds
- **€0.9bn** Inflation-Linked Bonds
- **€40.9bn** EU Loans
- **€2.4bn** UK Bilateral Loan
- **€2.6bn** Other Medium & Long-Term Debt
- **€17.8bn** State Savings
- **€13.0bn** Short-Term Debt

Figures may not total due to rounding.

## Business Review

# FUNDING AND DEBT MANAGEMENT (CONTINUED)

### 2019 MARKET REVIEW

The low-yield environment of recent years continued during 2019.

Bond yields in the euro area were driven lower in the first three quarters of the year. This was influenced by slowing global growth, a deteriorating outlook as the US/China trade tensions escalated and Brexit uncertainty.

By mid-August, the euro area benchmark German 10-year yield had declined from an end-2018 level of 0.24% to a record low of -0.71%.

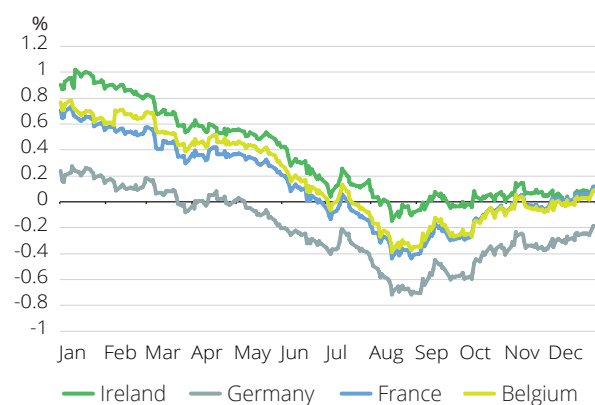
The scale of the global economic slowdown – centred largely on manufacturing and trade – weighed on inflation. This prompted the ECB to cut its deposit rate by 10bp in September, to -0.50%. It also announced a resumption of quantitative easing (QE) at the rate of €20bn per month, for an indefinite period, commencing in November 2019.

Bond markets had, to an extent, over-anticipated the scale of measures adopted by the ECB and yields retraced some of their declines in the final quarter of the year. This back up in yields was also influenced by the easing in US/China trade tensions, and the removal of the threat of a “hard Brexit” following the Conservative party election victory. The German 10-year yield moved higher from August's low point to finish the year at -0.19%.

The Irish 10-year yield tracked the trend in German yields throughout the year. It fell from a high of 1.02% in early January, to a low of -0.14% in August, before rising to finish the year at 0.12%. Ireland's 10-year yield spread over Germany contracted markedly over the course of the year, narrowing from 78bp to 30bp. This was a post-crisis low. The major portion of this spread contraction occurred in the last quarter of the year. Factors that influenced this included the removal of the threat of a no-deal Brexit, along with Ireland's progress on economic growth and strong corporate tax receipts. The end-November ratings upgrade from Standard and Poor's, to AA-, was also an influence.

A general contraction in Eurosovereign spreads, following resolution of budget tensions between Italy and the EU Commission, also contributed to Ireland's spread narrowing.

#### 10-YEAR BOND YIELDS



Source: Bloomberg

### ECB RESUMES QUANTITATIVE EASING MEASURES

In September 2019, the ECB announced a recommencement of its Asset Purchase Programme (APP), otherwise known as quantitative easing (QE). The programme restarted from November 2019, with purchases at a rate of €20bn per month.

At end-2019 the cumulative net purchases of Irish bonds under the Public Sector Purchase Programme (PSPP) totalled almost €33bn (of a PSPP total of over €2 trillion).

The ECB's QE programme originally commenced in March 2015. This continued until December 2018, when net asset purchases ceased, although maturing bonds' proceeds continued to be reinvested for an indefinite period. It resumed again in November 2019.

The programme purchases Covered Bonds, Asset-backed Securities, Corporate Bonds, and Public Sector Bonds. The latter comprises mainly Government Bonds of euro member countries. It is by far the largest component, at over 80% of total purchases to date. The scale of purchase of each country's bonds is mainly determined by reference to each country's capital key (a measure based on a combination of GDP and population).

### FUNDING ACTIVITY

#### Long-Term Funding

The NTMA completed €15bn of long-term issuance during 2019. The majority of this – €14.4bn – was in benchmark bonds. This funding was completed at a weighted average yield of 0.9% and a weighted average maturity of 16.4 years. The balance was in private placements; €300m in a new inflation linked bond maturing in 2045 and €235m in the form of two 100-year notes.

This issuance was part of the NTMA's strategy in recent years of taking advantage of the low yield environment since the introduction of QE to lock in low rates and to lengthen maturities. Over the five year period 2015-2019, the NTMA issued over €71bn of long-term debt with a weighted average maturity of over 14 years.

The NTMA undertook three bond syndications in 2019. There were two new bonds issued, a new 10-year and new 30-year. The third syndication was a tap (additional issuance) of the existing Green Bond.

The first syndication of the year was a new 10-year bond issued in January, with €4bn sold at a yield of 1.123%. There was strong and broad-based demand, with an order book of over €18bn, including more than 180 individual accounts. It was distributed among a range of countries including Germany, UK, Ireland, Nordics, France, other European countries, the US and Asia.



The second syndication of the year took place in May. This was a new 30-year bond issued at a yield of 1.528%. Again, there was strong interest from a broad range of investors with a total of €4bn being sold. Over 98% of the bond was taken up by overseas investors.

In October, the NTMA undertook a €2bn syndicated tap of Ireland's sovereign Green Bond, at a yield of 0.229%. This bond was first issued in October 2018. This brought the total nominal amount outstanding to €5bn.

This tap reflects the NTMA's continuing commitment to this market segment, providing liquidity to the existing Green Bond, and building on the NTMA's strategy of diversification.

### IRISH SOVEREIGN GREEN BOND GROWS TO €5BN, FIRST ALLOCATION REPORT PUBLISHED

In October, the NTMA undertook a syndicated tap of Ireland's sovereign Green Bond. The syndicated tap increased the amount outstanding by €2bn. The transaction saw demand from more than 130 individual accounts and was distributed among Asset Managers, Banks, Hedge Funds, Pension and Insurance Funds and Central Banks. This brought the total nominal amount outstanding to €5bn.

Irish Sovereign Green Bonds (ISGBs) are designed to provide investors with the financial features of a standard Irish Government Bond combined with sovereign green bond market practices. ISGB proceeds are paid into the Central Fund as with standard Government bonds. Amounts raised on foot of ISGBs are allocated against Eligible Green Projects that generate a positive environmental benefit. In Ireland's case, these include sustainable water and wastewater management, clean transportation and climate change adaptation.

The first annual allocation report, for the year ended 2018, was published in June 2019. This outlined the funding amounts allocated to Eligible Green Projects. It set out allocations to six eligible green categories which were comprised of 19 projects, schemes and programmes as per the table below:

Eligible Green Category	Amount €m
Built Environment/Energy Efficiency	209
Clean Transportation	871
Climate Adaptation	74
Environmentally Sustainable Management of Living Natural Resources and Land Use	165
Renewable Energy	10
Sustainable Water and Wastewater Management	620
<b>Total</b>	<b>1,949</b>

Overall, €1,949m or 65.3% was allocated to Eligible Green Projects from the total proceeds of €2,983.4m outstanding at end-2018. This left an unallocated amount of €1,034.4m at the start of 2019 for allocation thereafter. Subsequently, a syndicated tap of a further €2bn nominal (€2.25bn cash) of the benchmark ISGB in October 2019 brought the total available for further allocation to €3,284m. Allocations are based on cash proceeds rather than nominal amounts.

These reports will continue to be published until full allocation of an amount equal to the net proceeds of the relevant ISGB has been completed. A separate report on the environmental impact of these projects will also be produced on at least a biennial basis, subject to the availability of the relevant data.

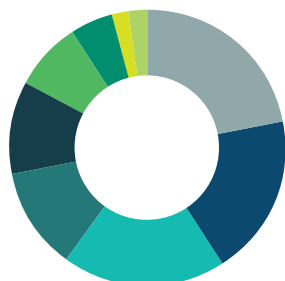
## Business Review

# FUNDING AND DEBT MANAGEMENT (CONTINUED)

### SYNDICATION ALLOCATIONS BY INVESTOR COUNTRY

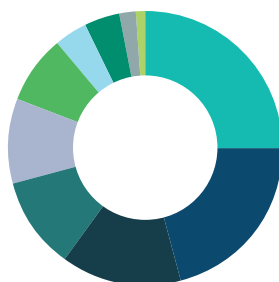
#### 10-YEAR BOND (2029)

- 22% Ireland
- 19% Germany
- 19% UK
- 12% Nordic
- 11% Other Europe
- 8% France
- 5% US/Canada
- 2% Asia
- 2% Rest of World



#### 30-YEAR BOND (2050)

- 25% UK
- 21% Germany
- 14% Other Europe
- 11% Nordic
- 10% Italy
- 8% France
- 4% Switzerland
- 4% US/Canada
- 2% Ireland
- 1% Rest of World



#### GREEN BOND (2031)

- 24% Nordic
- 19% UK
- 16% Other Europe
- 16% US/Canada
- 14% Germany/Austria
- 11% France



The NTMA also held four bond auctions during the year raising €4.4bn. Two of these were dual bond auctions, with a choice of two bonds on offer.

### NTMA BOND AUCTIONS 2019

Bond Name	Auction Size €m*	Yield %	Bid-Cover Ratio
<b>14 February</b>			
1.1% Treasury Bond 2029	1,025	0.846	2.2
1.7% Treasury Bond 2037	345	1.414	2.8
<b>13 June</b>			
1.1% Treasury Bond 2029	1,062	0.297	2.7
<b>11 July</b>			
1.1% Treasury Bond 2029	600	0.136	2.5
1.3% Treasury Bond 2033	400	0.497	2.4
<b>12 September</b>			
1.1% Treasury Bond 2029	1,000	-0.051	2.0

\*includes proceeds of non-competitive auctions.

### Floating Rate Bond buybacks

A total of €3bn nominal of Floating Rate Bonds held by the Central Bank were bought back and cancelled during 2019. These were replaced with medium to long-term fixed rate market funding. The total outstanding balance of the Floating Rate Bonds stood at €8.5bn at end-2019, compared with €25bn originally issued in 2013. This is ahead of the minimum disposal schedule, a strategy driven by the low interest rate environment of recent times. When replacing Floating Rate Bonds with fixed rate bonds the NTMA is protecting the State against future interest rate rises.

### SHORT-TERM FUNDING

The NTMA continued to be active in short-term markets throughout the year. Given the ECB's continued expansionary monetary policies and the ongoing low interest rate environment, the NTMA issued all Treasury Bills and European Commercial Paper at negative euro-equivalent interest rates in 2019.

Four Treasury Bill auctions (€0.5bn each) were held during 2019, with €2bn outstanding at year end. This was unchanged from end-2018. The table overleaf highlights the bid to cover, size and award yield from each auction held.

## NTMA TREASURY BILL AUCTIONS RESULTS 2019

Auction Date	Maturity Date	ISIN	Auction Size €m	Yield %	Bid-Cover Ratio
14 March 2019	16 March 2020	IE00BH3SQ903	500	-0.41	3.46
20 June 2019	22 June 2020	IE00BH3SQC39	500	-0.47	3.67
18 July 2019	22 June 2020	IE00BH3SQC39	500	-0.54	3.05
19 September 2019	21 September 2020	IE00BH3SSB61	500	-0.55	3.97

The NTMA also maintained Ireland's Multi-Currency Euro Commercial Paper (ECP) programme in 2019. Total turnover in ECP during the year was €6.7bn, at a weighted average euro equivalent yield of -0.6% and weighted average tenor of 2.6 months. The balance of ECP outstanding at year end was €0.3bn.

Short-term debt was also issued in the form of Exchequer Notes and Central Treasury Notes, mainly to domestic Public Sector entities. The total outstanding at the end of 2019 was €7.6bn.

### STATE SAVINGS

State Savings is the brand name applied by the NTMA to the range of Irish Government savings products offered to personal savers. During 2019, there were net inflows of €0.6bn into the State Savings products. At end-2019, the total amount outstanding in fixed rate products and Prize Bonds was €17.8bn. When variable rate deposit accounts are included, this brings the year-end total to €21.2bn.

### STATE SAVINGS - TRANSFORMATION PROGRAMME

State Savings is continuing its digital transformation to enhance the customer experience. In the lead up to 2019 the NTMA launched the new State Savings website, offering existing customers the ability to purchase online. Call centre opening hours were also extended.

During 2019, a new State Savings Customer Number (SSCN) was launched. Customers, once registered, may quote their SSCN or use a new QR code to purchase Fixed Term Products and Prize Bonds both online ([www.StateSavings.ie](http://www.StateSavings.ie)) and at Post Office Counters, without having to complete an application form.

Also in 2019, it was announced that prizes awarded to Prize Bonds would no longer be paid by cheque. From February 2020, customers whose Prize Bonds are selected for prizes in the draw can choose to have prizes paid directly to their bank account or automatically reinvested into new Prize Bonds.

Future developments in State Savings will focus on the expansion of State Savings services online, discontinuing paper certificates and bonds and the expansion of customer payments by electronic funds transfer (EFT).

### STATE SAVINGS PRODUCTS

	Total Outstanding at End-2019 €m	Net Inflow/ (Outflow) in 2019 €m
Savings Bonds	2,466	(389)
4 Year Solidarity Bonds	1,257	(113)
10 Year Solidarity Bonds	3,946	441
Savings Certificates	5,961	276
Instalment Savings	517	7
Prize Bonds	3,653	239
Deposit Accounts	3,420	112
<b>Total</b>	<b>21,220</b>	<b>573</b>

Figures may not total due to rounding.

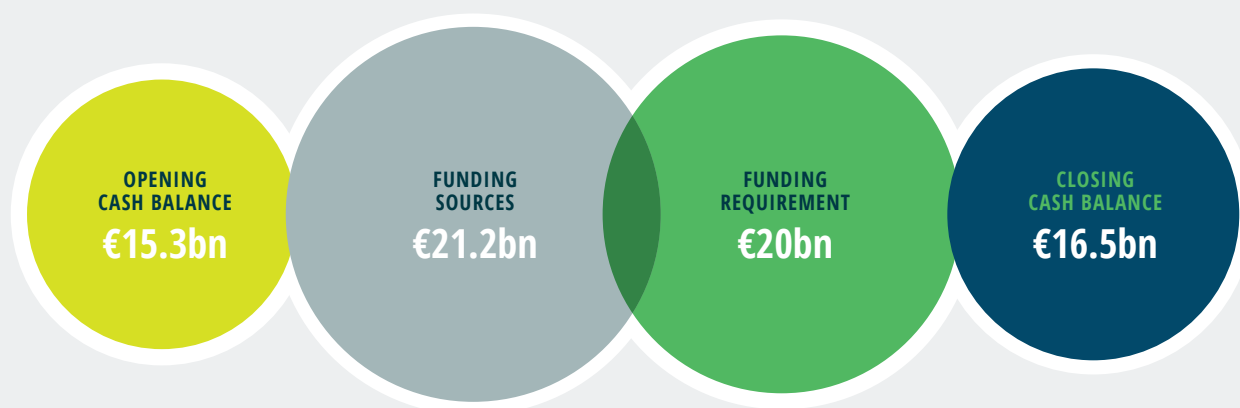
## Business Review

# FUNDING AND DEBT MANAGEMENT (CONTINUED)

### EXCHEQUER FUNDING SOURCES AND REQUIREMENTS 2019

The Exchequer had cash balances of €16.5bn at end-2019, an increase of €1.2bn on the previous year-end. Long-term issuance during 2019 raised €15.5bn in cash proceeds, while other funding sources totalled almost €5.7bn. This included an Exchequer surplus as well as intra Government funding.

This funding was applied to meet bond maturities of just over €13bn, six separate purchases of Floating Rate Bonds from the Central Bank of Ireland, as well as the redemption of the first three tranches of the UK bilateral loan.



### DEBT PROFILE

National Debt is the net debt incurred by the Exchequer after taking account of cash balances and other financial assets. Gross National Debt – that is the National Debt before netting off cash and financial assets – is the primary component of General Government Debt, which is the more widely recognised measure of sovereign debt across the EU. The NTMA's debt management responsibilities relate to the National Debt only.

### COMPOSITION OF NATIONAL DEBT AND GENERAL GOVERNMENT DEBT<sup>1</sup> AT END-2019

	€bn
Government Bonds	
<i>Fixed Rate Treasury</i>	120.0
<i>Floating Rate</i>	8.5
<i>Amortising</i>	0.6
<i>Inflation-Linked</i>	0.9
Total	130.1
EU Loans	40.9
UK Bilateral Loan	2.4
Other Medium and Long-term Debt	2.6
State Savings Schemes*	17.8
Short-Term Debt	13.0
<b>Gross National Debt</b>	<b>206.7</b>
Less Exchequer Cash and other Financial Assets	18.5
<b>National Debt</b>	<b>188.2</b>
<b>Gross National Debt</b>	<b>206.7</b>
General Government Debt Adjustments	-2.7
<b>General Government Debt</b>	<b>204.0</b>

\*State Savings Schemes also include Post Office Savings Bank (POSB) deposits. While not an explicit component of the National Debt, these funds are mainly lent to the Exchequer as a way and means of funding short-term Exchequer requirements. Taking into account the POSB Deposits, total State Savings outstanding were €21.2bn at end-2019.

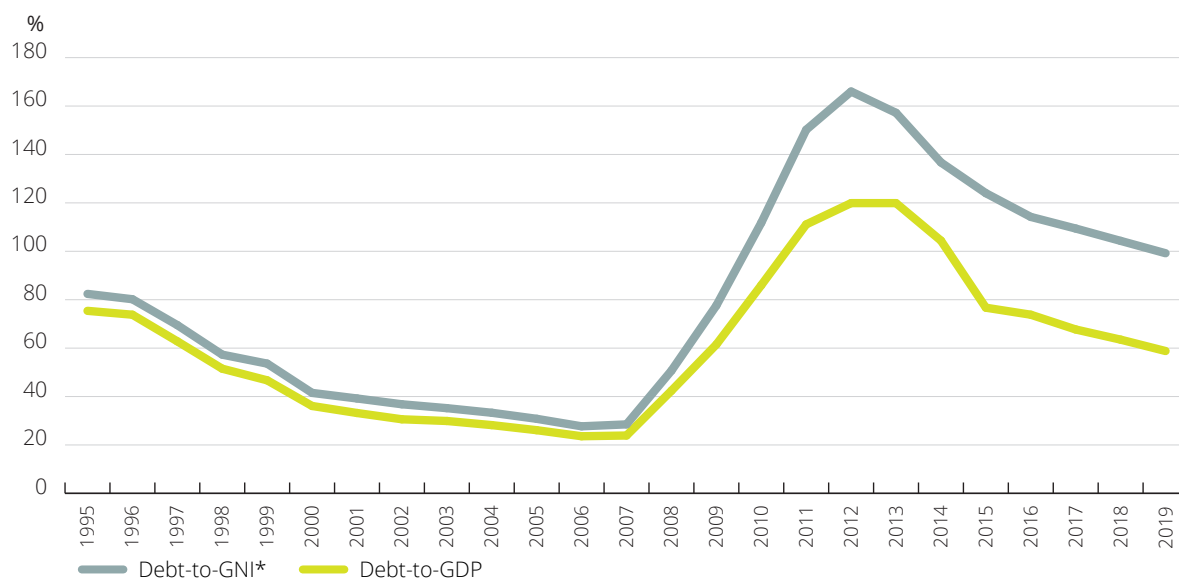
Figures may not total due to rounding.

Source: NTMA and Central Statistics Office (CSO)

<sup>1</sup> General Government Debt (GGD) is a measure of the total gross consolidated debt of the State. It is the standard measure used for comparative purposes across the European Union.



## GGD/GDP RATIO 1995-2019



Source: CSO

At 59%, Ireland's ratio of GGD/GDP at end-2019 had fallen significantly since its peak of 120% in 2012. However, the absolute level of debt remains high. Ireland's GGD at end-2019 was €204bn.

The recent decline in the GGD/GDP ratio is primarily as a result of the activities of multinational companies, dramatically increasing Ireland's GDP. From 2015 onwards, Ireland's GDP figures were highly affected by this.

Nonetheless, in 2019 there was strong underlying economic activity as evidenced by employment and consumption figures. This is a positive development which improves Ireland's debt sustainability long-term.

Ireland's tax revenue grew strongly in 2019 with unexpectedly large Corporate Tax receipts the main driver. Ireland recorded its second consecutive budget surplus in 2019.

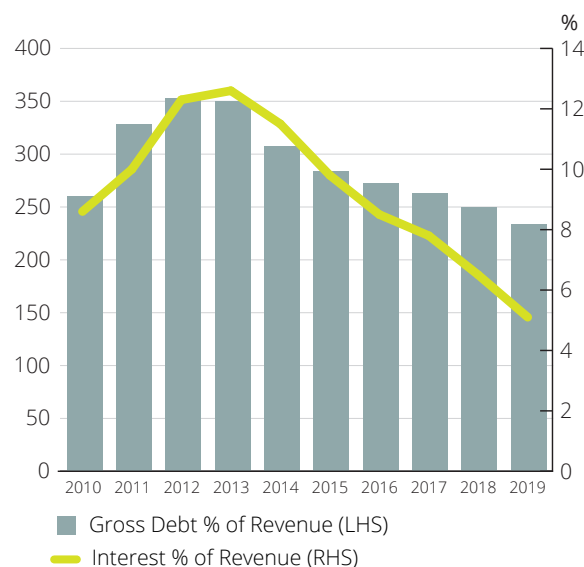
The significant impact on Ireland's GDP figures from the activities of multinational companies make the ratio of debt to GDP less reliable as an indicator of sustainability. In that context, it is necessary to focus on additional metrics to obtain a clearer picture of Ireland's debt burden.

One alternative metric is General Government Debt as a percentage of Modified Gross National Income. Modified Gross National Income - also known as GNI\* - strips out the impact of certain multinationals' activities from GDP. The GGD/GNI\* ratio fell from a peak of 166% in 2012 to 99% in 2019. GNI\* is considered the best, although still an imperfect, guide to the size of Ireland's economy.

Other metrics measure debt and interest as a percentage of General Government Revenue. GGD as a percentage of revenue stood at 233% at end-2019, down from a peak of 353% in 2012. General government interest as a percentage of revenue was 5.1% in 2019. This has fallen from a recent peak of 12.6% in 2013.

Whichever metric is used, the fact remains that Ireland's debt dynamics continued to improve in 2019 capping a decade dominated by balance sheet repair.

## GENERAL GOVERNMENT DEBT METRICS 2010-2019



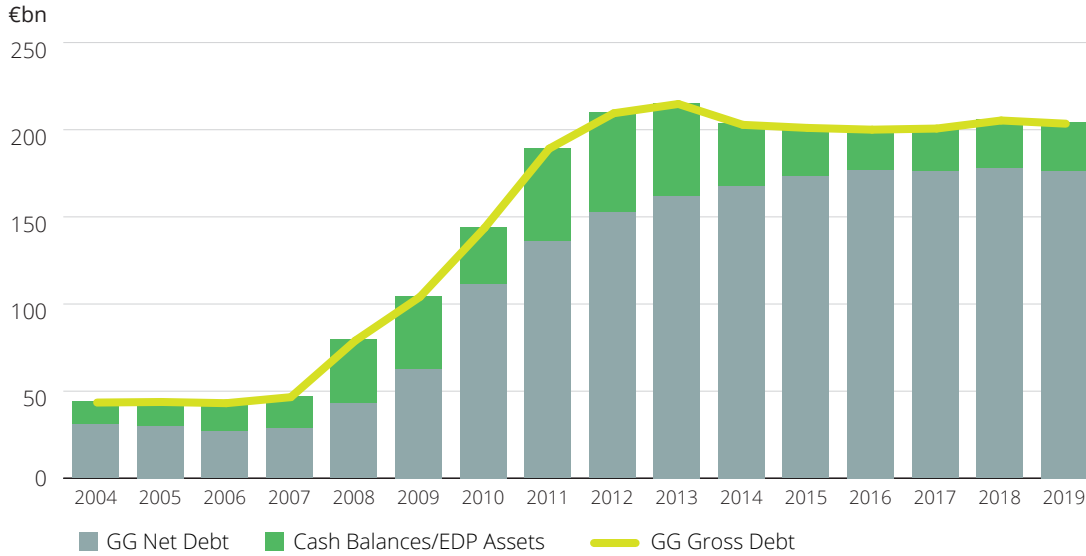
Source: NTMA and CSO

GGD is a gross measure which does not allow for the netting off of cash balances and other financial assets. However, the CSO produces an estimate of General Government Net Debt which, at end-2019, stood at €176bn or 50.8% of GDP. The financial assets of €27.6bn netted off for the purpose of calculating Net Debt include ISIF cash and non-equity investments as well as Exchequer cash balances. They exclude the Government's equity stakes in the Irish banking sector, most notably AIB.

## Business Review

# FUNDING AND DEBT MANAGEMENT (CONTINUED)

GROSS AND NET GENERAL GOVERNMENT DEBT 2004-2019



Source: CSO

MATURITY PROFILE OF IRELAND'S MEDIUM & LONG-TERM DEBT AT END-2019



### Notes:

\*Includes the effect of currency hedging transactions.

\*\*EFSF loans reflect the maturity extensions agreed in June 2013.

\*\*\*EFSM loans are also subject to extension, such that their original aggregated weighted average maturity will be a maximum of 19.5 years. It is not expected that Ireland will have to refinance any of its EFSM loans before 2027. However the revised maturity dates of individual EFSM loans will only be determined as they approach their original maturity dates. The chart above reflects both original and revised maturity dates of individual EFSM loans.

## DEBT SERVICE COSTS

The NTMA's primary debt management objectives are to ensure adequate liquidity for the Exchequer and to optimise debt service costs over the medium term.

The cash interest cost of the National Debt in 2019 was €5.0bn, close to 13% below the corresponding figure for 2018 and more than 30% below the 2014 peak. The main reason behind the sharp reduction over this period is the early repayment of the IMF loan facility and its replacement with cheaper, marketable funding. The compression of sovereign bond yields brought on by QE is also a factor.

The 2019 interest bill was 5% lower than estimated in Budget 2019 reflecting the favourable interest rate and funding environment evident throughout much of the year.

Interest on the National Debt accounted for 8.5% of Exchequer tax revenue in 2019 compared with 10% in 2018, 12% in 2017 and close to 20% in 2013.

## DEBT REDEMPTIONS

2019 was also notable for the size of bond maturities. There were two benchmark bond maturities, the first in June (€7.1bn) and the second in October (€6bn). Both bonds were issued in the midst of the financial crisis at end of the 2000s. The June 2019 bond was first issued in April 2008 at a yield of 4.51% while the October 2019 bond was first issued in June 2009 at a yield of 5.93%. These were the second and third of five bonds due to mature over the two-year period from October 2018 to October 2020. These bonds collectively came to be known as the "chimney stacks" because of the scale of the outstanding balances. Through bilateral bond switching in recent years the balance outstanding on the remaining two bonds, maturing in 2020, has been reduced by close to €4bn.

## IRISH GOVERNMENT BOND MARKET

At end-2019, Ireland's benchmark bond curve had a range of maturities, extending to 2050.

### IRISH GOVERNMENT FIXED RATE TREASURY BONDS

Bond	Maturity Date	Outstanding End-2019 €m*
4.5% Treasury Bond 2020	18 April 2020	10,600
5.0% Treasury Bond 2020	18 October 2020	6,480
0.8% Treasury Bond 2022	15 March 2022	6,828
0.0% Treasury Bond 2022	18 October 2022	5,100
3.9% Treasury Bond 2023	20 March 2023	7,006
3.4% Treasury Bond 2024	18 March 2024	8,031
5.4% Treasury Bond 2025	13 March 2025	11,490
1.0% Treasury Bond 2026	15 May 2026	11,319
0.9% Treasury Bond 2028	15 May 2028	8,097
1.1% Treasury Bond 2029	15 May 2029	7,688
2.4% Treasury Bond 2030	15 May 2030	9,402
1.35% Treasury Bond 2031	18 March 2031	5,000
1.3% Treasury Bond 2033	15 May 2033	4,625
1.7% Treasury Bond 2037	15 May 2037	5,715
2.0% Treasury Bond 2045	18 February 2045	8,596
1.5% Treasury Bond 2050	15 May 2050	4,000

\*excluding repos.

The Irish Government bond market has a strong primary dealer group, mainly international investment banks with a global reach. The 15 primary dealers have exclusive access to the Irish Government bond auctions, and are required to quote continuous buy and sell prices in Irish benchmark bonds.

### Credit Ratings

Standard & Poor's upgraded Ireland's rating to AA- in November 2019. Some of the factors they highlighted in their publication included Ireland's strong growth, improved budgetary position, and the flexible and competitive economy.

The ratings of the other main agencies remained stable during 2019.

## Business Review

# FUNDING AND DEBT MANAGEMENT (CONTINUED)

### IRELAND'S SOVEREIGN CREDIT RATINGS AT END-2019

Rating Agency	Long-Term rating	Short-Term rating	Outlook
Standard & Poor's	AA-	A-1+	Stable
Moody's	A2	P-1	Stable
Fitch Ratings	A+	F1+	Stable

### Investor Relations

The NTMA continued its annual programme of investor relations in 2019. The goal of this programme is to develop and maintain long-term relationships with investors. It provides transparency to the market about Ireland's macroeconomic situation and the NTMA's funding plans.

The NTMA held investor relations roadshows across Europe and Asia. Outside of the largest financial centres, the NTMA grew its investor base by visiting less high profile hubs such as Austria, Italy, and Malaysia.

The NTMA participated in numerous conferences and events over the course of the year. It also produces and regularly updates the NTMA investor presentation pack. This covers topics from economic data to updates on Government funding and the property sector.





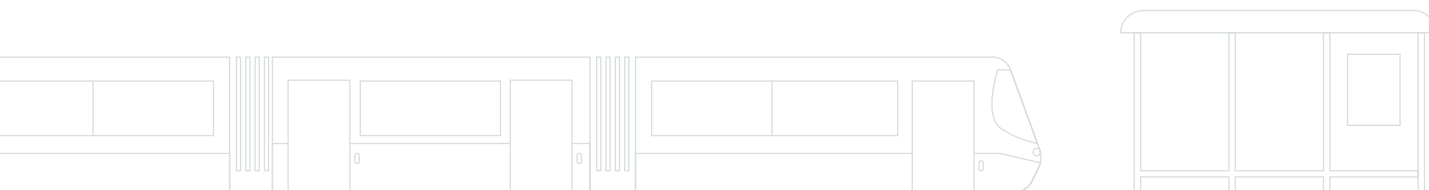
## IRELAND APPLE ESCROW FUND

In August 2016, the European Commission announced its decision that certain opinions of the Irish Revenue Commissioners provided to two Irish subsidiaries of Apple Inc., Apple Sales International and Apple Operations Europe (collectively “**Apple**”), constituted State aid contrary to European Union law (the “**Commission Decision**”), and Ireland was required to recover an amount equal to the alleged State aid together with EU interest (the “**Recovery Amount**”) from Apple. An escrow framework deed (the “**Escrow Deed**”) was agreed between the Minister for Finance and Apple in April 2018 providing for recovery of the alleged State aid and the framework for oversight, safekeeping and management of the escrow fund comprising the Recovery Amount (the “**Fund**”). The transfer of the Recovery Amount totalling €14.285bn was completed in Q3 2018.

The decision by the European Commission in relation to the State aid noted that profits subjected to tax in Ireland (for the period covered by the decision) could be reduced if Apple was required to pay taxes in another jurisdiction in respect of the same profits for this period. These adjustments are referred to as “**third country adjustments**” of which one took place during 2019 for an amount of approximately €209m which was transferred from the Escrow Fund. These third country adjustments are not dependent on the outcome of the legal proceedings in the European courts.

The Fund is managed by three investment firms; Amundi Asset Management, BlackRock Investment Management (UK) Limited and Goldman Sachs Asset Management with The Bank of New York Mellon, London Branch providing escrow agency and custodian services. The Fund is invested in accordance with an agreed investment policy and investment manager mandates in low risk, highly rated euro dominated fixed income securities (predominately short to medium-term sovereign and quasi-sovereign bonds). The investment objective is to preserve capital to the greatest extent possible in light of prevailing market conditions.

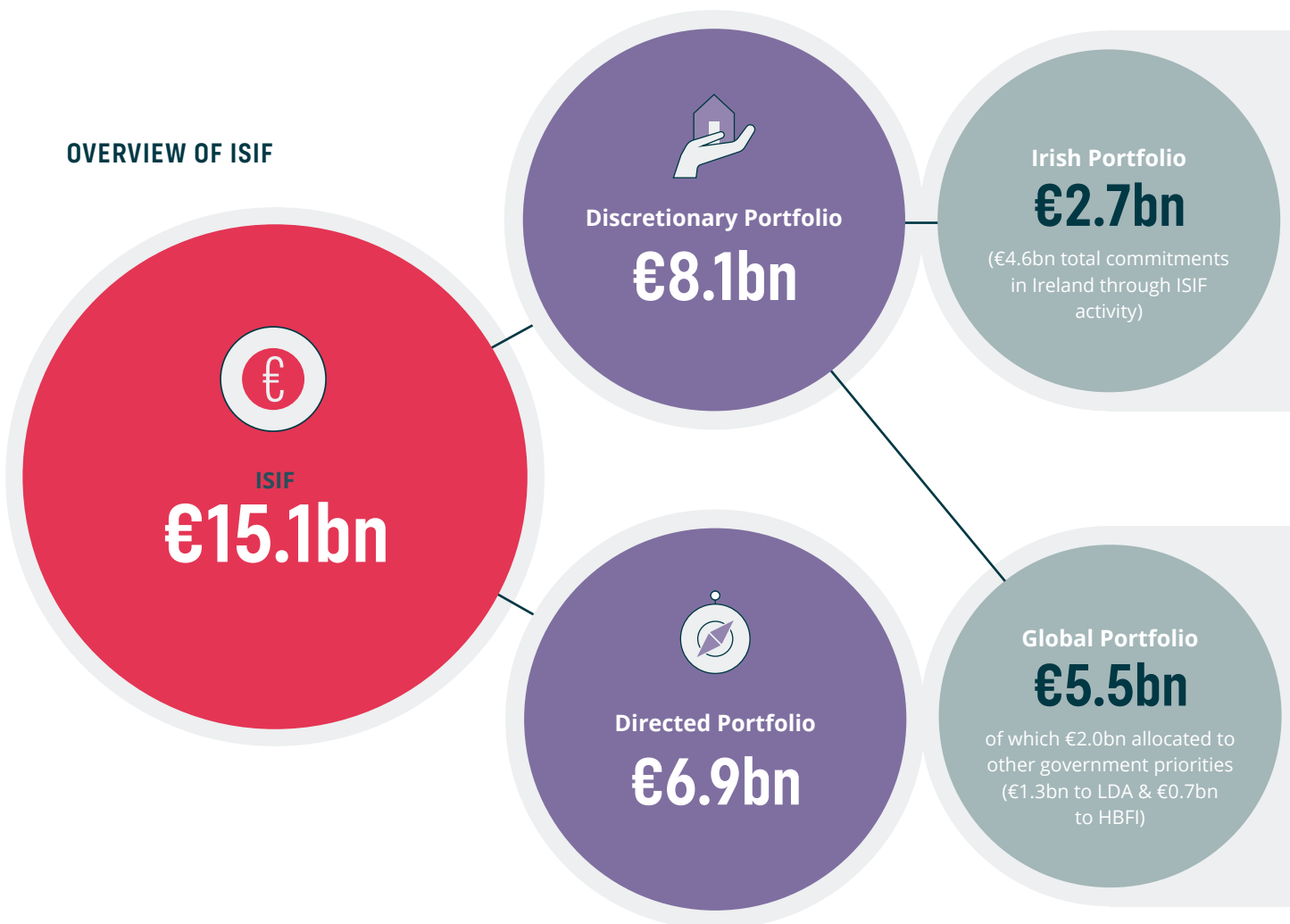
2019 was the first full financial year of operation for the Fund. In accordance with Section 28 of the NTMA (Amendment) Act 2000 and at the direction of the Minister for Finance the NTMA is required to prepare and keep accounts for the Fund, which are subject to audit by the Comptroller and Auditor General. These accounts submitted annually to the Minister for Finance reflect the overall value, income and expenditure of the Fund using IFRS accounting standards. All income, expenses, gains and losses accrue to the Fund. The accounts are published separately to the NTMA accounts.



# IRELAND STRATEGIC INVESTMENT FUND



## OVERVIEW OF ISIF





### Economic Impact

**32,673**

Jobs supported to end-June 2019.



### Housing

**3,000**  
**new homes**

€937m investment programme targeting the delivery of 15,000 new homes, of which 3,000 homes already sold, 6,500 new homes under construction and funding advanced for a further 5,500.



### Investments

**121**

Commitments across multiple sectors.



### Financial Returns

**+5.1%**

ISIF investment returns of +5.1% in 2019 with accumulated returns at end-2019 exceeding over €1.0bn since inception.



€m	2019	since Dec 2014
Global	308	531
Irish	141	515

## Business Review

# IRELAND STRATEGIC INVESTMENT FUND

### OVERVIEW

The Ireland Strategic Investment Fund (ISIF), controlled and managed by the National Treasury Management Agency (NTMA), is a €15.1bn fund. The ISIF is comprised of the Discretionary Portfolio (€8.1bn) and the Directed Portfolio (€6.9bn). The Discretionary Portfolio has a “double bottom line” mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. In December 2014, the assets of the National Pensions Reserve Fund (NPRF) transferred to ISIF to enable it to make investments that meet this mandate. In July 2018, the Minister for Finance announced that the ISIF would focus on priorities that will support Project Ireland 2040; Regional Development, Housing, Indigenous Businesses, Climate Change and sectors adversely affected by Brexit (ISIFs 2019 Investment Strategy).<sup>2</sup>

The Directed Portfolio (primarily public policy investments in AIB and Bank of Ireland) continues to be held within the ISIF under direction from the Minister for Finance.

### DISCRETIONARY PORTFOLIO

The Discretionary Portfolio is comprised of the Irish Portfolio (€2.7bn) and the Global Portfolio (€5.5bn). The Discretionary Portfolio value has grown since inception from €7.1bn to €8.1bn, comprised of investment gains of over €1.0bn, cash injections of €1.5bn (AIB dividends €1.1bn, Bank of Ireland dividends €41m and the sale of the State’s shareholding in Aer Lingus €335m) less transfers to other Government initiatives of €1.5bn.

In 2019, the ISIF investment return was +5.1%, made up of +5.0% on the Irish Portfolio and +5.5% on the Global Portfolio. The Irish Portfolio benefited from broad based gains across asset classes and the Global Portfolio benefited from strong equity and credit markets in 2019. Since inception, the ISIF to end-2019 has generated an annualised return of +2.5% per annum, comprising +6.7% per annum from the Irish Portfolio and +1.7% per annum from the Global Portfolio. ISIFs investment target is to exceed the five-year rolling cost of Government debt (3.1% at end-2019) over the long term. As a long-term patient capital investor, the return on ISIFs investments will be recognised over an extended period. Nonetheless, ISIFs portfolio of investments is performing in line with expected financial targets at end-2019 and is expected to exceed the investment target over the long term.

The Irish Portfolio return comprising +6.7% per annum since inception is encouraging and reflects investment in instruments right across the capital structure and risk spectrum, some valuation gains and some valuation reductions in the higher risk categories as would be expected.

On balance economic impact has been broadly on track with 88% of investments delivering the expected impact at end-2019, more detailed economic impact data are set out on page 24.

In general achievement of the expected economic impact is broadly correlated with financial performance.

The Global Portfolio return of +1.7% per annum since inception reflects the portfolio’s low risk appetite and its requirement for ongoing liquidity to finance both Irish Portfolio requirements and other Government initiatives throughout a period of low/negative interest rates.

### IRISH PORTFOLIO

#### Irish Portfolio Mandate

The ISIFs “double bottom line” mandate makes it one of the few sovereign funds globally with a mandate to support economic activity and employment, in addition to delivering commercial returns. The ISIF is required to seek to generate a return over the long term in excess of the cost of Irish Government debt.

ISIFs 2019 Investment Strategy, guided by the objectives of Project Ireland 2040, targets a €3bn five-year investment programme focusing on five Priority Themes of key importance to the Irish economy: Regional Development, Housing, Indigenous Businesses, Climate Change and sectors adversely affected by Brexit. In addition to the Priority Themes, the Connectivity Fund sub-portfolio in the ISIF includes projects that enhance Ireland’s global data, energy and physical connectivity. Some flexibility is also maintained to selectively take advantage of compelling opportunities of national significance which are consistent with the ISIF mandate and do not fit under the Priority Themes. In 2019, the ISIF developed detailed strategies for Regional Development, Housing, Indigenous businesses and Climate. The Brexit strategy depends on the Brexit outcome.

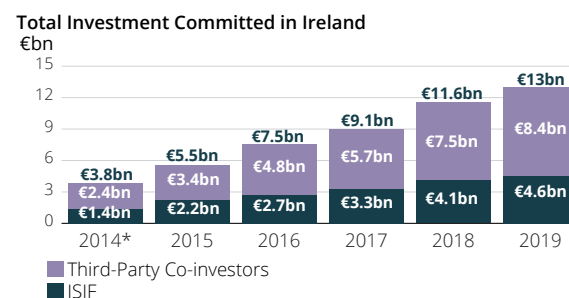
### IRISH PORTFOLIO COMMITMENTS

Including investments made by the NPRF, the ISIF committed €4.6bn at end-2019 to investments consistent with its “double bottom line” investment mandate. Including third-party co-investor commitments, a total of €13bn had been committed to investment in Ireland arising from ISIF investments.

The ISIF portfolio is diversified across the regions and many sectors of the economy and includes investments in infrastructure, energy, housing, commercial real estate, SMEs, food and agriculture, forestry, technology, life sciences, education and international financial services.

ISIF set a co-investment target at inception to attract €1m in third-party capital alongside every €1m ISIF invests. As at 31 December 2019, ISIF exceeded this target with a co-investment rate of €1.8m alongside every €1m committed by ISIF.

#### ISIF COMMITMENTS TO IRELAND 2014-2019



\*Irish assets transferred in December 2014 from NPRF that were broadly consistent with ISIF mandate.

Figures may not total due to rounding.

## IRISH PORTFOLIO: CAPITAL COMMITTED AT END-2019

Of the €4.6bn committed to Ireland, €3.3bn had been drawn down at end-2019.

€442m was committed by the ISIF to 21 separate investments during 2019 (average investment size of €20m).

### ISIF Irish Investments 2019

Investment	Description of Investment	Amount €m
<b>Quadrant Real Estate Fund II</b>	Financing the development of large prime office blocks in Cork city supporting regional development.	35
<b>Irish Life Residential Property Fund</b>	Fund's objective is to assemble a portfolio of high quality residential assets to rent primarily through forward purchase and funding.	140
<b>Green Isle Foods</b>	Funding for the acquisition of Green Isle Foods and Donegal Catch to grow revenues and revitalise the brands.	11
<b>Frontline EMEA Expansion Fund</b>	Follow-on commitment to expansion stage VC fund that will invest in highly rated North American software companies that are at the point of entering EMEA.	4
<b>Beechbrook Capital</b>	SME lending fund providing growth capital to regional Irish businesses with investments typically ranging from €2m to €6m.	20
<b>ATA</b>	Backing ATA, a precision engineering group, to scale and expand domestic and international operations through the acquisition of Karnasch.	15
<b>Fountain Healthcare Partners III</b>	Venture fund providing risk capital and expertise to entrepreneurs developing life sciences companies.	20
<b>Atlantic Bridge Fund IV</b>	Venture fund focused on investing primarily at the expansion capital and growth equity stages in companies that have started to scale.	20
<b>Vectra</b>	Follow-on investment in a successful artificial intelligence cybersecurity company expanding their presence in Ireland.	5
<b>Gore Street Energy Storage</b>	Financing the build out of energy storage infrastructure in Ireland to support the growth in renewables.	34
<b>Kilkenny Abbey Quarter</b>	Development finance enabling 50,000 sq. ft. Grade A office development on the Abbey Quarter site in Kilkenny.	12
<b>Shannon Hangar</b>	Long term, limited recourse funding for the development of an aircraft hangar at Shannon Airport.	12
<b>HISCo</b>	Commercial joint venture company with Cork County Council to provide an infrastructure "design-build-finance" service on housing sites of scale.	2
<b>Swrve</b>	Follow-on investment supporting a software company founded in Dublin.	6
<b>West Cork Distillers</b>	Equity investment into West Cork Distillers to finance the expansion of its distillery and to support growth of its products in international markets.	15
<b>MilkFlex II</b>	Fund that will offer flexible, competitively priced loans to milk farmers across Ireland with loan repayments linked to milk price.	24
<b>Pearl Residential Fund</b>	Residential equity fund providing capital to small and mid-scale developers to facilitate the build out of residential units in Ireland.	10
<b>Niche Living</b>	Equity funding to Bartra to develop shared-living site in Dublin.	8
<b>MML Growth Capital Partners Ireland Fund II</b>	Growth capital private equity fund that will support indigenous SMEs to grow domestically and internationally.	20
<b>Strategic Investors Fund X</b>	Commitment to a new venture capital fund-of-funds building on the longstanding relationship between ISIF and Silicon Valley Bank.	23
<b>Guinness Enterprise Centre</b>	Loan to finance the upgrade and expansion of the Guinness Enterprise Centre in Dublin.	7
<b>Total</b>		<b>442</b>

Figures may not total due to rounding.

## Business Review

# IRELAND STRATEGIC INVESTMENT FUND (CONTINUED)

### IRISH PORTFOLIO ECONOMIC IMPACT

The ISIF seeks to maximise the economic impact from investments while also ensuring that all investments satisfy its commercial return objectives.

The economic impact and employment supported by ISIF investment differs from traditional Government expenditure. With commercial investment, public resources are expected to be returned with a gain at the end of the investment period; whereas, with Government expenditure public financial resources are depleted as a result of the spending. Returned investment capital can then be recycled into additional beneficial projects.

In line with the ISIF's "double bottom line" mandate, a key part of the ISIF's due diligence in advance of investment is a comprehensive assessment of the additionality, displacement and deadweight potential of each transaction.

**Additionality** refers to the additional economic benefits to Gross Value Added (GVA) which are likely to arise as a result of the investment under consideration, over and above what would have taken place anyway.

**Displacement** refers to instances whereby the additionality created from an investment is reduced or made smaller at the overall economy level due a reduction in such benefits elsewhere in the economy.

**Deadweight** refers to instances whereby the economic benefits created from an investment would have been achieved in any event in the absence of intervention.

Post-investment, the ISIF completes a semi-annual survey of all investees to collect economic impact and employment data to enable it to monitor the economic impact progress of all investments. The results of the H1 2019 survey are outlined here.

### ISIF ECONOMIC IMPACT JUNE 2019



**2,670**

**IRISH BASED COMPANIES/PROJECTS**

generated combined revenues of €1.4bn, 26% through exports.



**€538m**

**WAGES & SALARIES**

earned in the 6 months to June 2019.



**32,673**

**JOBS**

are supported, directly and indirectly, by ISIF investments.



**€743m**

**GROSS VALUE ADDED (GVA)**

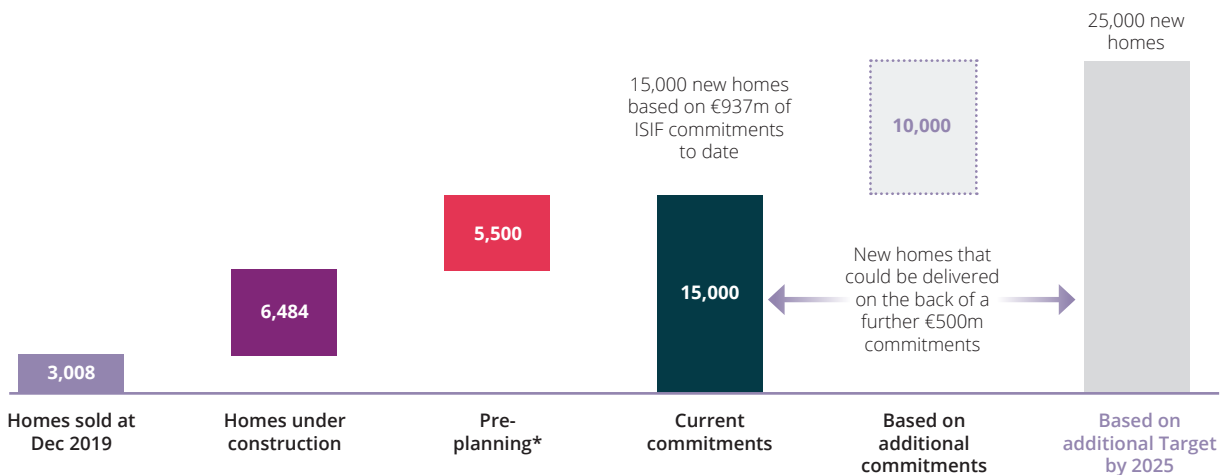
to the Irish economy for the 6 months to June 2019.

Reflects detailed survey data for H1 2019. Given the quantum of surveys of investees and underlying investees of indirect investments and the comprehensive analysis completed, finalisation and publication of this economic impact data always lags 6 months behind.

### HOUSING

ISIF committed €937m to residential housing, this investment programme is targeting the delivery of 15,000 new homes.

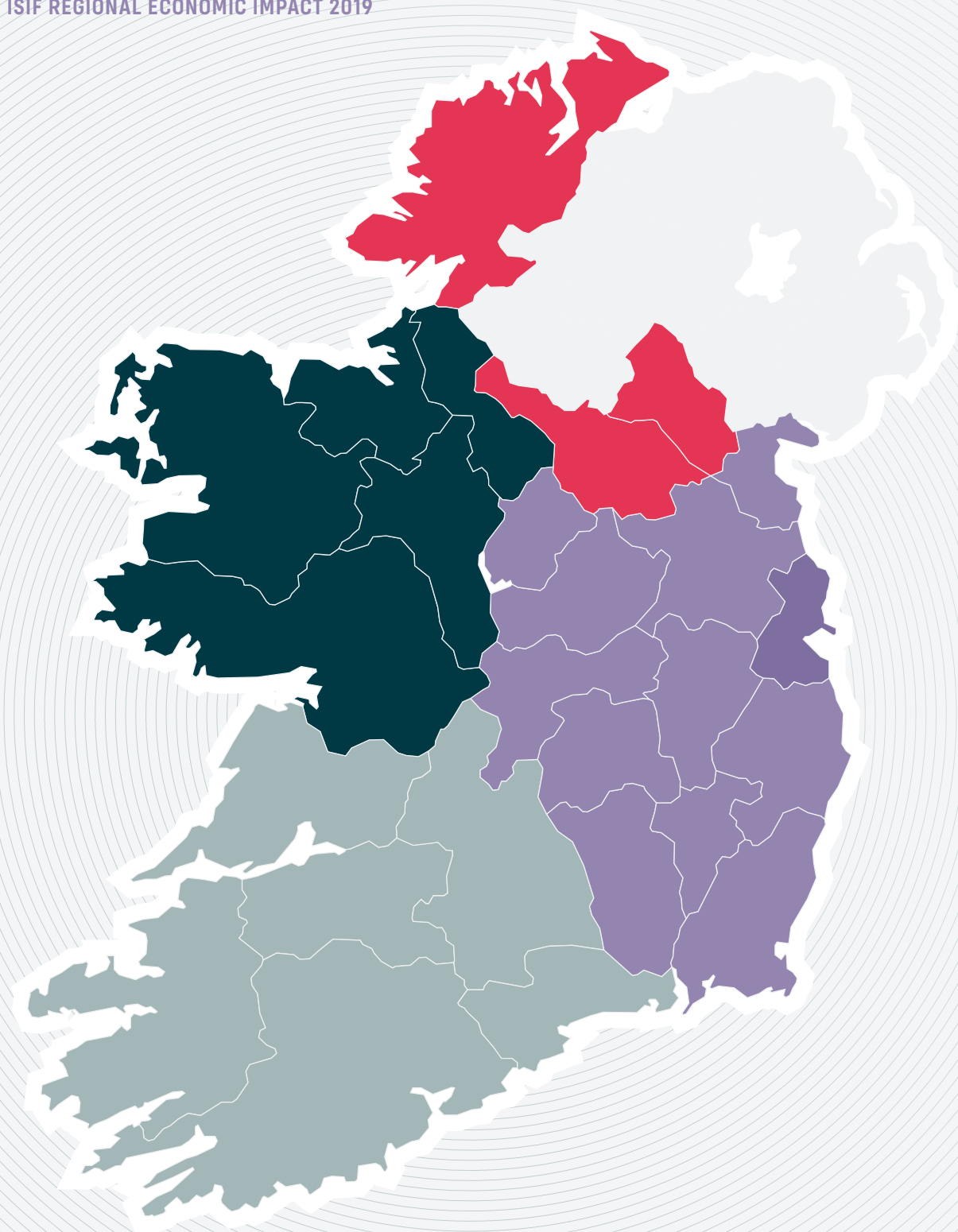
By end-2019 3,000 homes sold with an additional 6,500 under construction.



\*Estimate based on 1) sites that have planning permission but construction has not commenced and 2) sites without planning permission.



## ISIF REGIONAL ECONOMIC IMPACT 2019



	ULSTER	MUNSTER	CONNACHT	LEINSTER (EX DUBLIN)	DUBLIN
Jobs	4%	22%	6%	23%	45%
ISIF Capital	3%	21%	7%	16%	53%
GVA	4%	20%	5%	22%	49%
<b>*CSO Regional Split of GVA (2016)</b>	<b>5%</b>	<b>24%</b>	<b>7%</b>	<b>19%</b>	<b>45%</b>

Gross Value Added (GVA) is the enterprise or sector level measure of goods or services produced which, when aggregated across all enterprises and adjusted for taxes and subsidies, equals Gross Domestic Product (GDP)

## Business Review

# IRELAND STRATEGIC INVESTMENT FUND (CONTINUED)

### GLOBAL PORTFOLIO

Total value €5.5bn, of which €2.0bn allocated to other Government Priorities (€1.3bn to LDA & €0.7bn to HBFi).

The main objective of the Global Portfolio is to ensure that cash is available to fund Irish investment commitments as they materialise as well as other directed or expected withdrawals including Home Building Finance Ireland (HBFi) and Land Development Agency (LDA) and to earn an appropriate risk adjusted return that will assist ISIF's performance with a low risk appetite in the intervening period. The Global Portfolio, with total assets at end-2019 of €5.5bn, accounted for 67% of invested assets of the Discretionary Portfolio at December 2019.

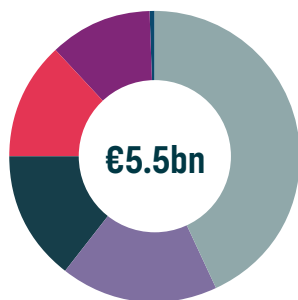
In July 2016, the NTMA completed implementation of its Global Portfolio Transition Strategy (GPTS), which is designed to position the ISIF to transition from a largely global portfolio into an Irish Portfolio as investment opportunities in Ireland are executed and drawn down over a period of years. The primary objective of the GPTS is to ensure that cash is available as required for Irish investments over an indicative period of five to seven years, while making a contribution towards the ISIF's overall investment return objective.

By design, the Global Portfolio is a relatively low-risk multi-asset class and multi-strategy investment approach, investing across cash, fixed income, credit, equities, multi-strategy solutions and absolute return mandates through top quality external global asset managers. The Global Portfolio has, by design a low sensitivity to equity and credit markets. The alternative to the Global Portfolio Transition Strategy would be to convert the portfolio into cash and earn a negative return.

Pursuant to directions issued by the Minister for Finance, during 2019 €1.5bn was transferred from the Global Portfolio to fund the newly established National Surplus (Exceptional Contingencies) Reserve Fund (the 'Rainy Day Fund'). Assets had been liquidated to cash from the Global Portfolio to fund this transfer earlier in the year.

### GLOBAL PORTFOLIO ASSETS AT END-2019

- €2,352m Multi-Asset
- €956m Credit
- €793m Cash and Financial assets
- €701m Absolute Return
- €630m Equity
- €18m Legacy Global Real Estate and Private Equity



Figures may not total due to rounding.

### GLOBAL PORTFOLIO MANAGERS AT END-2019

Manager	Mandate	Market Value €m	Global Portfolio %
Goldman Sachs Asset Management	Multi-Asset	1,695	31
Irish Life Investment Managers	Multi-Asset	657	12
J.P. Morgan Asset Management	Credit	282	5
Amundi Asset Management	Credit	205	4
BlackRock Investment Management	Credit	368	7
Mackay Shields Europe Investment	Credit	101	2
Acadian Asset Management	Equity	368	7
Generation Investment Management	Equity	262	5
Blackstone Alternative Asset Management	Absolute Return	258	5
AQR Capital Management	Absolute Return	229	4
Bridgewater Associates	Absolute Return	214	4
Global Real Estate Managers*	Real Estate	18	0
NTMA	Cash and Financial Assets	793	14
<b>Total</b>		<b>5,451</b>	<b>100</b>

\*Legacy NPRF investments  
Figures may not total due to rounding.

The ISIF's custodian, BNY Mellon, provides custody, accounting, pricing and transaction services to the NTMA. BNY Mellon is responsible for transaction settlement and the custody of the segregated holdings of the ISIF's directly-owned public markets assets.

## Sustainability and Responsible Investment Strategy 2020

- The Sustainability and Responsible Investment Strategy (S&RIS) 2020 seeks to protect and enhance both the long-term value and reputation of the ISIF. Among other areas of focus, the S&RIS is focussed on ensuring that the whole portfolio, Global and Irish, third-party managers, and investee companies consider potential climate risks and opportunities as appropriate and that such risks are appropriately considered as a part of ISIF's decision making and portfolio management.

### SOME OF ISIF's S&RI Beliefs and Principles

- The NTMA has a responsibility to actively contribute to sustainability of the Irish economy for future generations and to encourage others to do the same.
- Responsibly managed companies, those that actively manage Environmental, Social and Governance (ESG) factors, are best-placed to achieve a sustainable competitive advantage and provide strong, long-term investment returns.
- ISIF is a founding signatory of the UN sponsored Principles for Responsible Investment (PRI) and endorses the Santiago Principles, which sets out best practice standards for accountability and conduct for sovereign wealth funds.

### Whole of Fund approach to Sustainability and Responsible Investment

The different characteristics of the Irish and Global Portfolios require varied ESG tools and approaches that take portfolio characteristics, time horizons, asset classes and liquidity profiles together with the size, scale and maturity of investees into consideration.

Key ESG tools include integrated analysis and active ownership.

- Integration: ESG Framework tool to assist in the identification, monitoring and mitigation of material ESG risks across the Irish Portfolio. Throughout its investment decision making processes, the Fund aims to mitigate and manage ESG issues.
- The ISIF has a long history of active ownership and EOS at Federated Hermes provides Active Ownership services for the Global Portfolio. EOS, on ISIF's behalf, engaged with 493 companies on a range of ESG issues and objectives over 2019. EOS made voting recommendations for 11,559 resolutions.
- ISIF uses the services of ISS-ESG to conduct detailed portfolio analytics including carbon footprinting and impact analysis aligned with the UN Sustainable Development Goals (SDGs). Climate Risk assessment is conducted on both an aggregated basis across the Global Portfolio and as part of the monitoring of each of our individual Investment Managers.

### Fossil Fuel Divestment

The Fossil Fuel Divestment Act 2018 provides for the divestment by ISIF from fossil fuel undertakings (effectively, companies that derive more than 20% of their revenues from the exploration, extraction and/or refinement of fossil fuels) within a practicable timeframe.

By year end-2019, ISIF had developed a list of 211 fossil fuel companies in which it will not invest. ISIF continues to monitor any potential exposure within its portfolio. Exiting fossil fuel investments builds on ISIF's existing investment exclusionary strategy in respect of cluster munitions and anti-personnel mines (which are prohibited investments under the Cluster Munitions and Anti-Personnel Mines Act 2008), coal production and processing, and tobacco manufacturing.

### Climate Change Investment

Climate change is one of ISIF's five priority investment themes in ISIF's 2019 Investment Strategy. ISIF's Climate Strategy is to make investments that help position Ireland for the net zero carbon economy ("Net Zero") envisaged under the national Climate Action Plan. The Climate Strategy encompasses investments ranging from sustainable infrastructure to new technologies and business models that will underpin the transition to Net Zero across each segment of the economy that is heavily reliant on energy and carbon: electricity, transport, buildings, agriculture, and wider enterprise. ISIF has, to date, committed €349m to projects in Ireland in the renewable energy and forestry space.

This includes (i) a £30m investment in Gore Street Energy Storage Fund plc, resulting in the world's first listed energy storage company investing in Ireland; (ii) a €76m cornerstone investment in Greencoat Renewables plc, underpinning the establishment of Ireland's first renewable infrastructure company; (iii) a €50m cornerstone investment in Temporis Aurora LP, Ireland's first dedicated renewable energy development fund aiming to create more than 1000MW of new renewable energy assets by 2030; (iv) a €35m commitment to NTR Wind 1 LP to target construction ready onshore wind assets and (v) a €35m co-investment with Encavis that will target Irish solar energy projects.

## Business Review

# IRELAND STRATEGIC INVESTMENT FUND (CONTINUED)

### Directions from the Minister for Finance

The Government informed ISIF in relation to €3.5bn for other Government initiatives; the Land Development Agency (LDA) (€1.25bn), Home Building Finance Ireland (HBFI) (€730m) and the Rainy Day Fund (€1.5bn). In 2019, €1.5bn cash was transferred to the Rainy Day Fund and loan facility was drawn by HBFI (€7m).

- **Land Development Agency:** On 22 October 2018, the Minister for Finance informed the NTMA in writing of a proposal to allocate a reserve of up to €1.25bn to support the Land Development Agency. No direction has yet been issued to the NTMA in respect of this transfer.
- **Home Building Finance Ireland:** On 8 April 2019, the Minister for Finance directed the NTMA to execute a loan facility agreement with Home Building Finance Ireland (Lending) DAC (HBFIL) and to make available a loan facility of up to €730m from the ISIF to HBFIL.
- **Rainy Day Fund:** On 15 November 2019, €1.5bn was transferred from the ISIF to the National Surplus (Exceptional Contingencies) Reserve Fund (the 'Rainy Day Fund') under direction from the Minister for Finance.

### Directed Portfolio

The Directed Portfolio – primarily public policy investments in AIB, Bank of Ireland, Strategic Banking Corporation of Ireland (SBCI) and HBFI – continues to be held within the ISIF under direction from the Minister for Finance. During the financial crisis, a total of €20.7bn was invested by the NPRF in AIB and Bank of Ireland at the direction of the Minister for Finance for public policy reasons. These assets transferred to the ISIF on the establishment of the ISIF.

The figures in this section relate to investments held by the ISIF only and do not include public policy investments in Irish financial institutions made by the Minister for Finance through the Exchequer. At end-2019, the Directed Portfolio comprised:

- Ordinary shares in AIB valued at the market price of €3.10 per share;
- Ordinary shares in Bank of Ireland valued at the market price of €4.88 per share; and
- €215m in cash, committed to lending to the Strategic Banking Corporation of Ireland (SBCI).
- €7m loan facility, drawn by and committed to lending to HBFI.

The Directed Portfolio had a valuation of €6.9bn at end-2019. Its return in 2019 was -8.8%. Arising from the €20.7bn invested in AIB and Bank of Ireland, cash returns on investments to date have amounted to €10.3bn while investment valuations in AIB and Bank of Ireland at end-2019 were €6.7bn, bringing the total amount (income and value) to €17.0bn.

### DIRECTED PORTFOLIO AT END-2019

	Cash Invested €bn	Cash Received €bn	End-2018 Value €bn	End-2019 Value €bn	Total (Income & Value) €bn	Shareholding at End-2019 %
Preference Shares	1.8	3.2	-	-	3.2	
Ordinary Shares	2.9	1.0	0.7	0.7	1.7	
<b>Bank of Ireland</b>	<b>4.7</b>	<b>4.2</b>	<b>0.7</b>	<b>0.7</b>	<b>4.9</b>	<b>14</b>
Preference Shares	3.5	2.2	-	-	2.2	
Ordinary Shares	8.7	3.9	7.1	6.0	9.9	
Capital Contribution	3.8	-	-	-	-	
<b>AIB</b>	<b>16.0</b>	<b>6.1</b>	<b>7.1</b>	<b>6.0</b>	<b>12.1</b>	<b>71</b>
<b>Total Bank Investments</b>	<b>20.7</b>	<b>10.3</b>	<b>7.8</b>	<b>6.7</b>	<b>17.0</b>	
HBFI			n/a	0.0		
Cash committed to SBCI			0.2	0.2		
<b>Total Directed Portfolio</b>			<b>8.0</b>	<b>6.9</b>		

Figures may not total due to rounding.

## NATIONAL SURPLUS (EXCEPTIONAL CONTINGENCIES) RESERVE FUND

### Overview

The National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019 (the “**Act**”) was commenced by Order of the Minister for Finance on 31 October 2019. The National Surplus (Exceptional Contingencies) Reserve Fund (the “**Rainy Day Fund**”) was established on that date. The Minister for Finance has delegated to the NTMA certain functions of the Minister in relation to the investment of the Rainy Day Fund. On 7 November 2019, the Minister directed the NTMA to transfer assets of a value of €1.5bn from the ISIF to the Rainy Day Fund. This transfer was made on 15 November 2019, having been funded by the liquidation of various Global Portfolio assets which had been held in cash like instruments within the ISIF’s Global Portfolio.

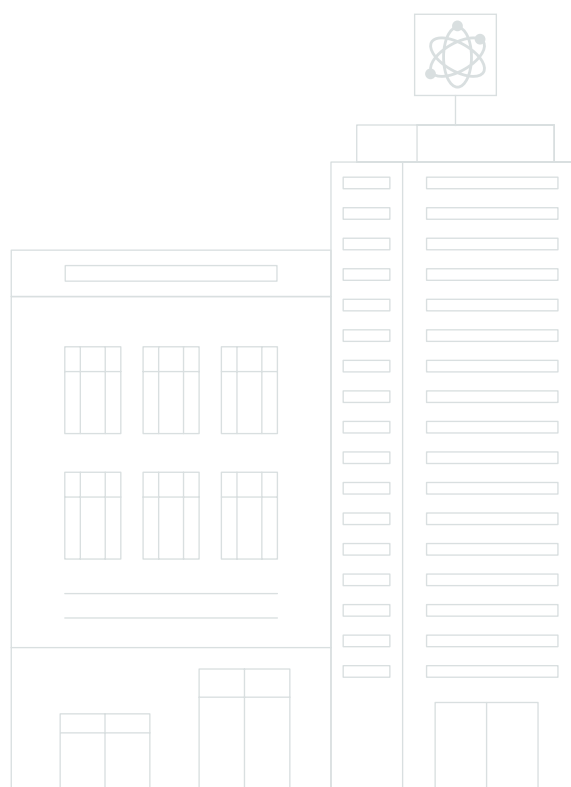
### Investment Strategy and Governance

On 7 November 2019, the Minister for Finance directed the NTMA to invest the Rainy Day Fund subject to and in accordance with Section 8 of the Act and in a manner consistent with the investment guidelines annexed to the Minister’s directions (the “**Investment Guidelines**”). The Investment Guidelines state that the investment objective of the Rainy Day Fund is to preserve capital to the greatest extent possible subject to prevailing market conditions while ensuring the Rainy Day Fund has adequate liquidity at all times. The NTMA is required to prepare an appropriate investment plan for the Rainy Day Fund each year (an “**annual investment plan**”).

In line with the Minister’s directions, the Investment Guidelines and the first annual investment plan prepared by the NTMA, the Rainy Day Fund was invested in Irish Exchequer Notes in 2019 (maturities are less than 1 year).

	Cash Invested €bn	End-2019 value €bn
Initial transfer (Nov 2019)	1.5	1.5

A National Surplus (Exceptional Contingencies) Reserve Fund Oversight Committee within the NTMA oversees the management and investment of the Fund. This Committee, which is made up of representatives from various NTMA business units and corporate functions, reports to the Chief Executive who in turn reports to the Agency. The Committee meets quarterly and held its first meeting in November 2019.



# NATIONAL DEVELOPMENT FINANCE AGENCY



## DELIVERING PPPs AND OTHER INFRASTRUCTURE



**€1.3bn** Capital Value

Delivery of primarily education and housing PPP and other infrastructure projects with an estimated capital value of €1.3bn.



### Education

Ongoing delivery of two educational PPP projects – two large quad buildings on the Technological University (TU) Dublin campus in Grangegorman and 11 Higher Education facilities across nine counties. Completion of two school buildings and one Institute of Further Education across two counties.



### Social Housing

Ongoing delivery of two social housing PPP projects - Social Housing PPP Bundle 1 (534 homes) reached Financial Close in March 2019 and first homes are due for completion in 2020. Social Housing PPP Bundle 2 (465 homes) reached Financial Close in November 2019 with first homes due for delivery in 2021.\*

\* Forecast completion dates may be subject to change due to COVID-19 impacts.





## PROVIDING FINANCIAL ADVICE



**€5.7bn** Capital Value

Providing financial advice on PPP (procurement, construction and operations) and other infrastructure projects in different sectors including housing, climate action, transport and education with an estimated capital value of €5.7bn.



### Housing

Providing advice across a range of housing initiatives, including mixed tenure local authority developments, social housing leasing and mortgage-to-rent schemes.



### Climate Action

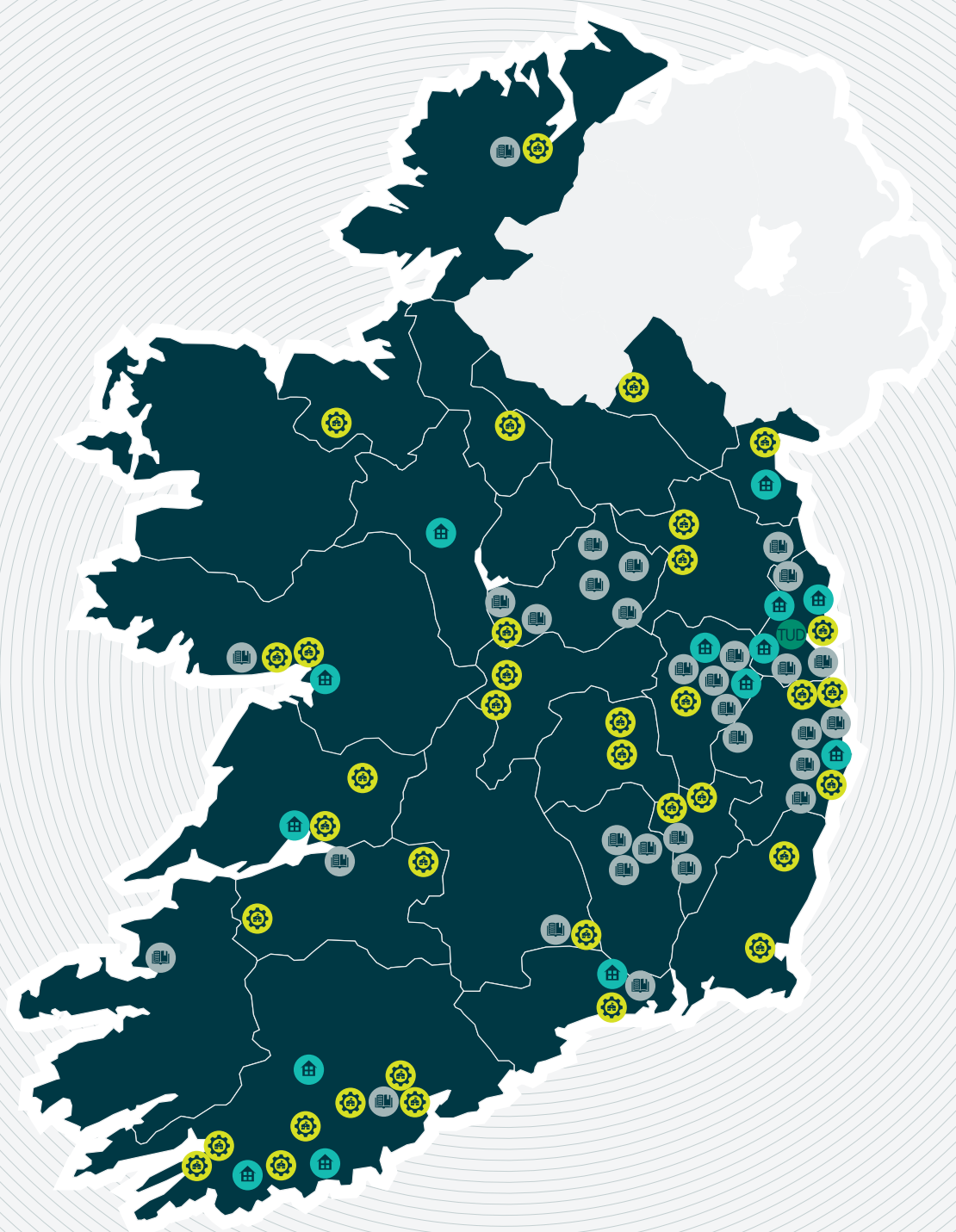
Providing financial advice across a range of climate action initiatives, including climate action grant funding, district heating and public lighting.



### PPP Refinancings

Refinancing of existing PPP projects: three projects were refinanced in 2019 which cumulatively achieved savings of c. €24m for the State.

NATIONAL DEVELOPMENT FINANCE AGENCY (CONTINUED)



**NDFA PROJECT LOCATIONS**

**Projects in procurement/ construction by the NDFA in 2019**

**Operational PPPs under contract management by NDFA or where support services provided in 2019**

-  Schools & Higher Education facilities
-  TU Dublin at Grangegorman
-  Social Housing






-  Operational Facilities comprising 33 educational facilities across all four provinces, the National Maritime College of Ireland, the Cork School of Music and the Convention Centre Dublin

The NTMA is known as the National Development Finance Agency (NDFA) when providing financial advice to State authorities in respect of public investment projects which are referred to it, with a capital value over €75m. The NDFA also provides financial advice to State Authorities on some projects below this threshold. It also procures and delivers Public Private Partnership (PPP) projects when engaged by State authorities and directly procures Exchequer-funded (non-PPP) projects on behalf of the Department of Education and Skills.

## DELIVERY OF PPP PROJECTS

The procurement and delivery of approved PPP projects was a key focus of the NDFA's activities in 2019.

### PROGRESS ON PPP PROJECTS BEING PROCURED BY THE NDFA AT END-2019

Project	Description	Status
 <p><b>TU Dublin at Grangegorman PPP</b></p>	The development of two quad buildings at the new TU Dublin Campus in Grangegorman, providing 10,000 student places in applied arts, sciences and engineering.	Construction continued during 2019 and the buildings were due to be delivered for the new academic term 2020/2021 but this timing may be impacted by COVID-19.
 <p><b>Higher Education PPP Bundles 1 and 2</b></p>	Development of 11 higher education facilities primarily focused on STEM across nine counties.	Bundle 1 launched to the market in November 2019. It is expected to reach Financial Close in 2021. Bundle 2 is expected to come to the market in 2020.
 <p><b>Social Housing PPP Bundle 1*</b></p>	Development of 534 social homes in Dublin, Louth, Wicklow and Kildare.	The project reached Financial Close in March 2019. Construction is continuing with first homes due for completion during 2020.
 <p><b>Social Housing PPP Bundle 2*</b></p>	Development of 465 social homes in Roscommon, Cork, Waterford, Galway, Clare and Kildare.	The project reached Financial Close in November 2019. Construction is continuing with first homes due for completion during 2021.
 <p><b>Schools PPP Bundle 5</b></p>	Five schools and one Institute of Further Education providing 4,870 student places in Carlow, Meath, Wicklow and Wexford.	All schools are now operational. The final two schools and one Institute of Further Education were completed in 2019. The completion of the overall project was impacted by the liquidation of a member of the PPP Company (Carillion plc) in January 2018 which necessitated restructuring of the project by the remaining shareholder.

\* Forecast completion dates may be subject to change due to COVID-19 impacts.

## Business Review

# NATIONAL DEVELOPMENT FINANCE AGENCY (CONTINUED)

### SOCIAL HOUSING PPP PROGRAMME

It is expected that 1,500 homes will be delivered by the State through the Social Housing PPP Programme. The delivery is divided into three distinct project bundles with construction of homes nationwide.

Constructing and providing social housing using the PPP model is a first for the State, and the first two projects are well underway, with completed homes expected on a phased basis throughout 2020 and 2021.<sup>3</sup>

These projects are unique for a number of reasons:

**First social housing PPP projects in Ireland:** first time local authorities are collaborating to deliver social housing projects; first time EIB financing is being used in a Social Housing PPP; first time the Irish charity sector is involved in a PPP consortium.

**Tenancy Management** is a new feature in this PPP delivery model. Like traditional social housing the local authority is the landlord for these schemes and nominates the tenants to each unit; however under this model the PPP company then acts as landlord's agent to provide a comprehensive tenancy management service. The tenant's rights and obligations are no different to other local authority tenants and the PPP company provides the service through its specialist tenancy management provider, typically an approved housing body.

The design and construction quality of the homes delivered by this programme is of a high standard. All homes will achieve the **"nearly zero" building energy standard** featuring air-tight construction and demand led control ventilation for a comfortable living environment. **Lifetime Homes** considerations have also been incorporated where practicable to ensure that homes can be readily adapted to meet changing tenant needs over time.

The types of units being delivered by the programme include apartments, houses, senior citizen and assisted living homes. Another important feature of this model is that whilst the properties are privately funded, they remain in State ownership throughout.

The NDFA has worked in close collaboration with the Department of Housing, Planning & Local Government and multiple local authorities to bring the first two bundles to the market, with both contracts signed in 2019.

Social Housing PPP Bundle 1 (534 homes across four counties – houses are being built in Dublin, Wicklow, Kildare & Louth) reached Financial Close in March 2019.

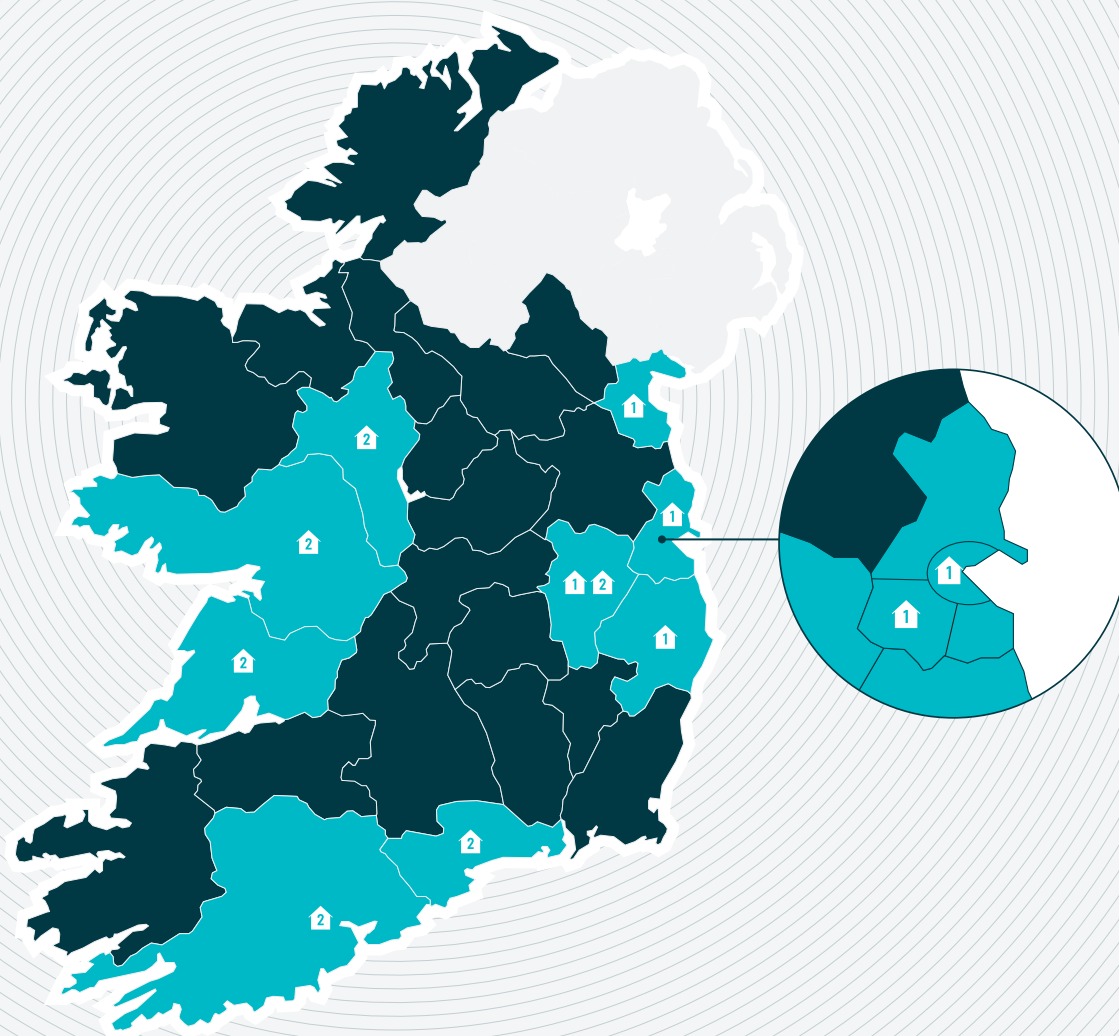
Construction commenced thereafter and progressed during 2019. The first homes are due for completion in 2020 with all homes due to be completed by 2021.

Social Housing PPP Bundle 2 (465 homes located on eight sites in Cork, Galway, Waterford, Clare, Kildare and Roscommon) subsequently reached financial close in November 2019 and commenced construction on site thereafter. Construction is progressing well and it is expected that the sites will be delivered during 2021. Sites have now been selected by the Department of Housing, Planning & Local Government for Social Housing PPP Bundle 3 (c. 440 homes across six sites in Wicklow, Sligo, Kildare and Dublin) and the NDFA has commenced pre-procurement activities on the project.



<sup>3</sup> Forecast completion dates may be subject to change due to COVID-19 impacts.





### Social Housing PPP Bundle 1

<b>Contract signed</b>	March 2019
<b>Expected delivery of Homes</b>	2020 and 2021*
<b>Number of homes in bundle</b>	534
<b>Local authorities</b>	Dublin City Council South Dublin Co. Council Louth Co. Council Wicklow Co. Council Kildare Co. Council



### Social Housing PPP Bundle 2

<b>Contract signed</b>	November 2019
<b>Expected delivery of Homes</b>	2021*
<b>Number of homes in bundle</b>	465
<b>Local authorities</b>	Roscommon Co. Council Cork Co. Council Galway Co. Council Clare Co. Council Kildare Co. Council Waterford City and Co. Council

#### PPP Co.

<b>Building Contractor</b>	Sisk	JJ Rhatigan/OHL
<b>Operating Service Provider</b>	Choice Housing	Derwent FM
<b>Tenancy Management Co.</b>	Oaklee	Tuath Housing Association
<b>Equity Provider</b>	Macquarie and Sisk	Equitix Ltd., Kajima Partnerships Ltd. OHL S.A., Tuath Housing Assoc.
<b>Debt providers</b>	EIB, BOI, Korean Development Bank	Nord LB

\* Forecast completion dates may be subject to change due to COVID-19 impacts.

## Business Review

# NATIONAL DEVELOPMENT FINANCE AGENCY (CONTINUED)

### TU DUBLIN CAMPUS AT GRANGEGORMAN

The development of two large academic buildings at the Technological University (TU) Dublin Campus at Grangegorman is the largest project under construction in the education sector in Ireland at present. A Public Private Partnership, the project delivers a number of key strategic objectives for the State. The project involves the upgrading of academic facilities for staff and students and the consolidation of over 15 academic schools onto the one campus for TU Dublin, along with social and urban regeneration in the north of inner city Dublin, creating an integrated city quarter.

TU Dublin was established on 1 January 2019 when DIT, IT Blanchardstown and IT Tallaght came together as Ireland's first technological university. The new quad buildings and wider development of the Grangegorman campus, which is served by the new Luas Cross city tram line, will bring activity to an area that was previously not easily accessible for the general public and those living in the surrounding area.

2019 saw construction progressing on both of the buildings, known as East Quad and Central Quad, to accommodate 10,000 students and 700 staff at the Grangegorman campus. The project was due to be delivered for the new academic term 2020/2021 but this timing may be impacted by COVID-19.

The Grangegorman campus site measures 28 hectares and was most recently the location of St. Brendan's Hospital, now closed, with patients moved to the new Phoenix Care Centre located nearby. The Central Quad is the bigger of the two new buildings at 36,000m<sup>2</sup>, accommodating 7,000 students while the East Quad is 16,000m<sup>2</sup> accommodating 3,000 students. Both buildings were designed to provide modern and sustainable academic facilities and staff accommodation spaces using the latest construction methods. These new buildings have been designed to fit in with the overall master plan for the Grangegorman campus.

The East Quad Building will be the location of the College of Music and will feature a 400 seat performance hall where public recitals and performances will take place.

The NDFA continues to work in close collaboration with multiple stakeholders including the Department of Education and Skills, TU Dublin, the Grangegorman Development Agency and the PPP company to deliver this project.

### DELIVERY OF NON-PPP PROCURED PROJECTS

The Department of Education and Skills has referred a second programme of 'design and build' schools projects (non-PPP) for procurement by the NDFA. Initially the second Devolved Schools Building Programme will comprise of approximately 20 individual school building projects in 3 bundles ranging from new builds to extensions/ refurbishment projects for works at both primary and post primary level. This follows the successful delivery of the first Devolved Schools Programme which provided 8,600 school places and was delivered on programme. NDFA is in the process of appointing design teams and project managers for the programme.

Separately, the NDFA continued to provide strategic project management advice to the Department of Education and Skills on other non-PPP procured schools projects.

### PROVISION OF FINANCIAL ADVICE

The NDFA provides financial advice to State authorities in respect of public investment projects which are referred to it with a capital value over €75m. In December 2019, the Department of Public Expenditure and Reform published a revised Public Spending Code which took effect from 1 January 2020. It advises that the NDFA should be involved in significant capital projects (over €75m). The intent of these changes is to more closely align NDFA involvement in key infrastructure projects with the requirement for Government approval of such projects.

### KEY PROJECT FACTS

#### TU Dublin Central & East Quads at Grangegorman

Contract Signed	March 2018
Expected delivery of Buildings	2020*
Number of students	10,000
Key Stakeholders	TU Dublin, Dept. Education and Skills, Grangegorman Development Agency

#### PPP Co.

Building Contractor	John Sisk & Sons (Holdings) Ltd. & FCC Construction (Ireland) DAC
Operating Service Provider	Sodexo Ireland Ltd.
Equity Provider	Macquarie Corporate Holdings Pty Limited
Debt Providers	EIB, MUFG, Sun Life Investment Managers and Talanx Asset Management

\* Forecast completion dates may be subject to change due to COVID-19 impacts.



During 2019, the NDFA provided advice to stakeholders across a range of sectors including housing, climate action, transport and education. Notable examples include:

**Housing:** the NDFA advised a number of local authorities seeking to deliver mixed tenure developments on their lands. Altogether these projects will potentially account for c. 7,000 homes, subject to procurement and planning.

**Climate Action:** the NDFA advised the Department of Communications, Climate Action & Environment on the selection of suitable projects for its €500m Climate Action Fund. The NDFA also advised Dublin City Council in relation to its district heating and public lighting schemes.

**Transport:** the NDFA advised Transport Infrastructure Ireland in relation to its public transport schemes, such as Metrolink, which is at an early stage of development.

**PPP refinancings:** PPP contracts specify how refinancing gains are to be shared between the State/Authority and the private partner (PPP Co). The NDFA advised stakeholders (the Department of Education and Skills, Transport Infrastructure Ireland and the Office of Public Works) on the refinancing of the Schools PPP Bundle 3, the M11 Gorey to Enniscorthy PPP and the Convention Centre Dublin PPP schemes, which cumulatively achieved savings of c. €24m for the State.

## PROGRESS ON PROJECTS WHERE THE NDFA ACTED AS FINANCIAL ADVISOR AT END-2019

Project	Description	Status
<b>Housing</b>	The NDFA is advising a number of local authorities seeking to develop mixed tenure housing on their lands. Altogether these projects will potentially account for c. 7,000 homes, subject to procurement and planning.	One of the largest and most advanced schemes (Kilcarbery Grange) is expected to reach contract close in 2020 (this timing may be impacted by COVID-19).
<b>Climate Action Fund</b>	The NDFA is advising the Department of Communications, Climate Action & Environment on the selection of suitable projects for its €500m Climate Action Fund.	NDFA assisted with validating the first round of grant funding proposals under the Fund.
<b>Refinancings:</b>		
<b>Schools PPP Bundle 3</b>	Design, construction and maintenance of eight schools at various locations in the country.	Three PPP refinancings took place in 2019 realising savings of c. €24m for the State.
<b>M11 Gorey to Enniscorthy</b>	Design, construction and maintenance of three new sections of road, including the M11, N30 and an N80 link.	
<b>Convention Centre Dublin</b>	Design, construction and maintenance of convention facilities in Dublin.	

## CONTRACT MANAGEMENT SERVICES

The NDFA, at the request of the Department of Education and Skills, undertakes contract management of all operational PPP schools. At end-2019, the NDFA was managing the contracts for six schools projects covering 33 educational facilities (capital value c. €500m).

Working under a Service Level Agreement, this involves monitoring the relevant PPP companies in the performance of their obligations under the PPP contract, ensuring that the long-term value of these contracts is captured. Under a PPP contract if the facilities are not available to users and/or services are not provided to the required standard then deductions are made to the payments to the PPP Co (known as unitary or availability payments). All facilities generally had

satisfactory performance and availability during 2019 with deductions applied to the private sector as necessary under the terms of the PPP contract.

The NDFA also provides contract management support services for the Convention Centre, Dublin on behalf of the Office of Public Works and the Cork School of Music and the National Maritime College of Ireland on behalf of the Department of Education and Skills.

# NewERA

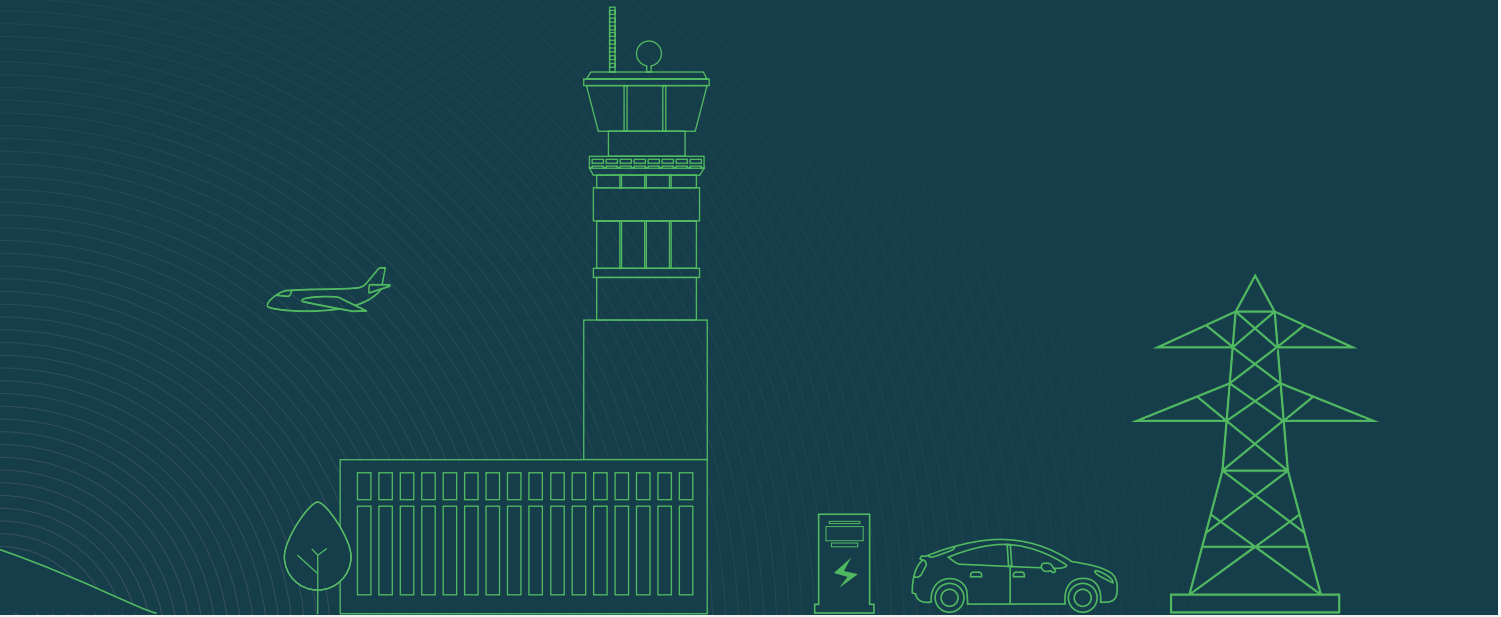


## OVERVIEW

NewERA's core role is to provide financial and commercial advice to Government Ministers and Departments in relation to their shareholdings in State-owned companies\* across the energy, water, postal, forestry, transport, health and broadcasting sectors. A number of these companies are designated to NewERA under its legislation whilst NewERA provides advice to the relevant Government Ministers and Departments on the other companies by agreement - these companies are collectively referred to as the Portfolio or the Portfolio Companies.



\* Reference to companies includes statutory bodies and shareholdings includes any ownership interest.



### Other Companies 13



### 7 Designated Companies



## Business Review

### NewERA (CONTINUED)

#### PROTECTING AND SEEKING TO ENHANCE THE VALUE OF THE PORTFOLIO COMPANIES IN A SUSTAINABLE MANNER

During 2019, NewERA provided detailed financial analysis and, where appropriate, recommendations to Government Ministers/Departments on a total of 138 submissions for Ministerial consideration and consent made by the Portfolio Companies (2018: 132).



**138**

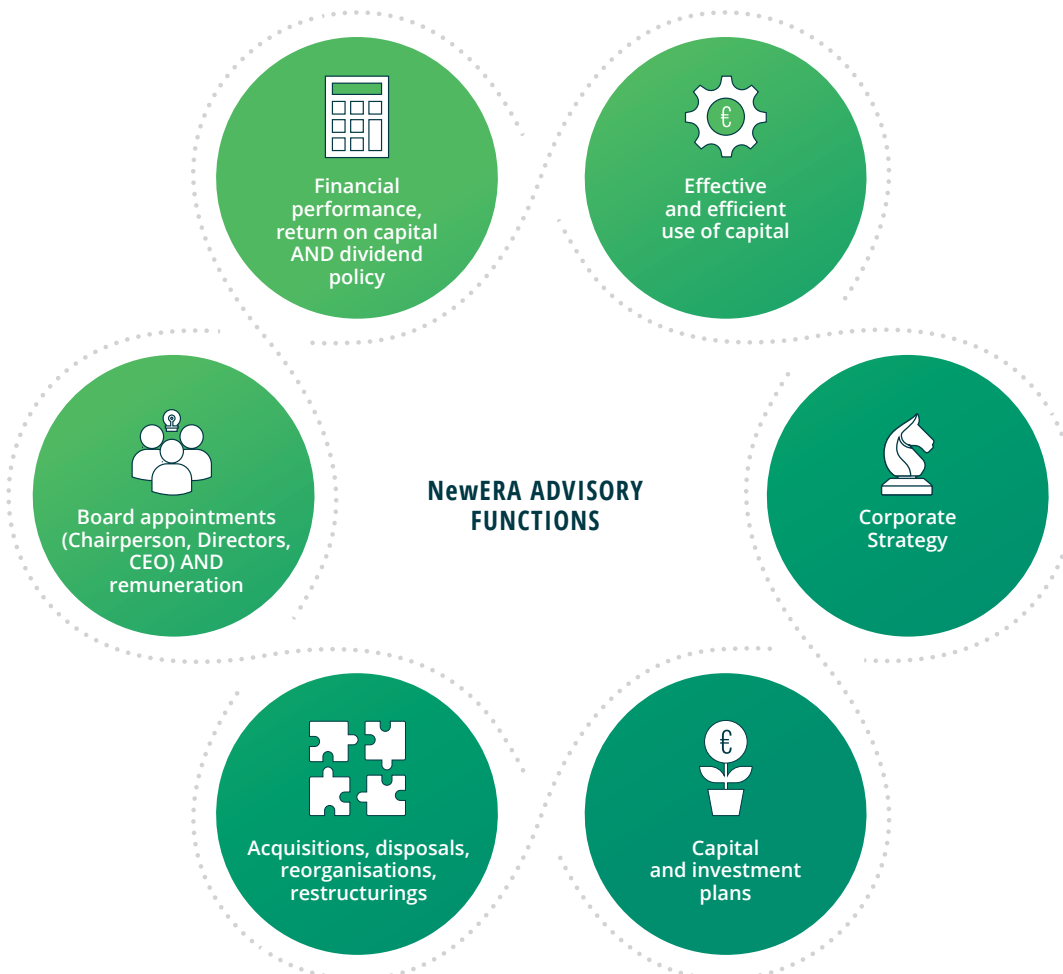
#### PORTFOLIO COMPANY ASSIGNMENTS

on which NewERA provided financial analysis and, where appropriate, recommendations to Government Ministers in 2019 (2018: 132).

NewERA's financial advice covered a broad range of areas across all Portfolio Companies, as illustrated below.

#### ACTIVE OWNERSHIP

NewERA's approach is to facilitate an enhanced level of active ownership by the State as shareholder in the Portfolio Companies. The Shareholder Expectations Framework (the Framework) which communicates the Government's expectations, as shareholder, to the Chairperson and Board of each company by way of annual/biennial letters (Framework Letters) from the relevant Government Ministers assists with the implementation of this more active approach. This approach is now applied more widely across the commercial State sector with the Framework and use of Framework Letters having been included in the 2016 Code of Practice for the Governance of State Bodies which states that: "Clear accountability underpins effective relations between Government Departments and State Bodies under their aegis" and sets out that "For commercial State bodies the oversight agreement is the Shareholder Letter of Expectation". The link between the Framework and the strategic, business and financial planning processes of the Portfolio Companies is illustrated below:



 OIREACHTAS	 RELEVANT GOVERNMENT MINISTERS, SUPPORTED BY NewERA AND RELEVANT DEPARTMENTS	 BOARD OF DIRECTORS	 RELEVANT GOVERNMENT MINISTERS AND DEPARTMENTS, NewERA, BOARD OF DIRECTORS, COMPANY MANAGEMENT
<b>CORE MANDATE</b>	<b>SHAREHOLDER EXPECTATIONS FRAMEWORK:</b> <ul style="list-style-type: none"> <li>Strategic priorities*</li> <li>Sectoral policy objectives</li> <li>Financial performance requirements*</li> <li>Reporting requirements*</li> </ul> <i>* NewERA input</i>	<b>STRATEGIC PLAN</b> <ul style="list-style-type: none"> <li>Rolling five-year business and financial plan</li> </ul>	<b>ONGOING DIALOGUE*</b>  <i>* NewERA input</i>
<p>The functions and powers of the individual entities as generally set out in their governing legislation or constitution, as applicable.</p>	<p>The purpose of the Framework is to provide formal clarity and guidance to the Chairperson and Board of the commercial State body in relation to the Government's expectations, as shareholder, in respect of strategic priorities, policy objectives, financial performance and reporting requirements.</p>	<p>The Code sets out that the preparation and adoption of a strategic plan and rolling five-year business and financial plan is the primary responsibility of the Board of a State Body. Plans should reflect shareholders' objectives, as appropriate, and the strategic and legal mandate of the State body.</p>	<p>Through ongoing dialogue, the State monitors compliance by entities with their core mandate and Shareholder expectations as provided for in the Framework Letters.</p>

## ADVISING MINISTERS ON CRITICAL INFRASTRUCTURAL INVESTMENT BY THE PORTFOLIO COMPANIES

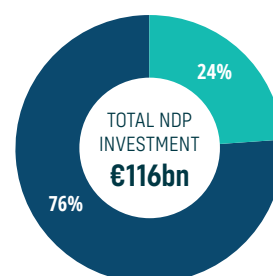
NewERA's Portfolio Companies have a critical role to play in the delivery of enabling national infrastructure. Reflecting this, the Portfolio Companies are estimated to account for approximately 24% (€28bn) of the total investment planned in the National Development Plan 2018-27.

During 2019, NewERA provided financial advice to Government Ministers/Departments in relation to a range of critical infrastructure investment plans presented by the Portfolio Companies. This included €4.1bn in debt financing-related requests (including bond issuance and commercial debt facilities) to fund the Portfolio Companies' investment plans, €2.7bn in relation to capital budgets and commitments and €0.8bn in relation to specific capital projects and acquisition spend.

## TOTAL NDP INVESTMENT

### ● Portfolio Companies

	€bn
Energy	13.7
Irish Water	8.5
Airports	3.8
Ports	1.0
Other (e.g. Coillte and BnM)	0.8
<b>Total</b>	<b>27.8</b>



### ● Other Exchequer and non-Exchequer funding

Source: NewERA Analysis NDP








Note: The total investment in Irish Water included in the NDP is €8.5bn comprising €6.8bn of Exchequer funding and €1.7bn of non-Exchequer funding.



NewERA (CONTINUED)



€4.1bn Debt Financing

	<p><b>ESB</b></p> <p><b>€500m</b> green bond – In June 2019, ESB issued Ireland’s first corporate green bond which will finance eligible green projects, including renewable energy generation, network connections for onshore wind farms and electric vehicle charging infrastructure.</p>
	<p><b>Gas Networks Ireland</b></p> <p><b>€300m</b> bond issue to support continuing investment in gas network infrastructure, which is expected to play a key role in the transition to a low carbon energy system. Gas Networks Ireland also raised funding for its ‘Green Connect’ project which aims to rollout a network of compressed natural gas refuelling stations in Ireland.</p>
	<p><b>An Post</b></p> <p><b>€40m</b> facility from the European Investment Bank to support An Post’s transformation plan and digitalisation strategy.</p>
	<p><b>Dublin Port</b></p> <p><b>€300m</b> private placement facility to support Dublin Port’s capital investment programme.</p>
	<p><b>daa</b></p> <p><b>€350m</b> facility from the European Investment Bank to support capital investment programme at Dublin Airport.</p>
	<p><b>Shannon Group</b></p> <p>Loan facility to support development of new aircraft painting hangar at Shannon Airport.</p>
	<p><b>Irish Water</b></p> <p>During 2019, NewERA continued to advise Ministers on the short-term extension of Irish Water’s €1.25bn of commercial borrowing facilities pending refinancing with State funding, which is to be implemented over three phases. The first phase of the refinancing of Irish Water’s commercial borrowings with State funding, through a capital contribution of €758m from the Minister for Finance, completed in December 2019. Work is currently ongoing to complete the second phase of the replacement, which involves a proposed loan facility from the Minister for Finance to refinance a further portion of Irish Water’s existing commercial borrowings and also provide Irish Water with future borrowings to part-fund its capital expenditure related to the non-domestic sector. The third phase relates to a planned provision of a working capital loan facility from the NTMA’s Central Treasury Service to Irish Water, which will require amending legislation.</p>



## €2.7bn Capital Budgets and Commitments

The Portfolio Companies continued to implement their capital investment plans in line with the National Development Plan, with a significant proportion of the €2.7bn relating to regulated electricity, gas and water network assets.



## €0.8bn Capital Investment



### Irish Water

Water and wastewater infrastructure projects in line with Irish Water's ongoing investment plan to address the deficits in Ireland's public water infrastructure.



### ESB

Acquisition of a 50% stake in a pre-construction 450MW offshore wind farm off the coast of Scotland as ESB looks to continue to develop its experience in offshore wind with a view to developing projects off the Irish coast in the future.



## Joint Ventures/Other



### Coillte/ESB

Agreement to establish a joint venture development company to deliver 1,000MW of renewable energy by 2030, which would represent a significant contribution to Ireland's renewable energy targets subject to regulatory and Ministerial approval.



## Strategic Advice



### RTÉ

During 2019, NewERA was requested to undertake a financial and commercial review of RTÉ's revised strategy to assist the Government in its consideration of this revised strategy. Following the additional public funding provided to RTÉ in December 2019, and the establishment of the Commission on the Future of Public Service Broadcasting, NewERA has been requested to provide financial advisory services to the Departments in relation to RTÉ on an ongoing basis.

## Business Review

### ASSISTING THE STATE IN MEETING ITS CLIMATE OBJECTIVES

NewERA, through the financial advisory services it provides to Government Ministers and Departments including in relation to the Portfolio Companies, has a role to play in assisting the State in meeting its climate objectives.

#### Climate Action Plan

During 2019, NewERA provided financial assistance to the relevant Government Departments in the preparation of the Climate Action Plan. The Climate Action Plan was published by Government in June 2019 and seeks to underpin the ambition to deliver a step-change in Ireland’s emissions performance over the decade to 2030 and to position the State to meet its 2050 decarbonisation ambitions. The Climate Action Plan 2019 maps out 183 individual actions with a particular focus on the sectors that contribute most to Ireland’s greenhouse gas (“GHG”) emissions, namely agriculture, transport, electricity, built environment and industry.




#### Role of Portfolio Companies in Climate Action

The role of the Portfolio Companies in helping to meet the State’s climate objectives is a key area of focus for the State and, by extension is a key area of focus for NewERA’s advisory work for Government.

The Climate Action Plan is Government-led and governed but Portfolio Companies are directly referenced across 28 of the 183 individual actions and will have a role in enabling the successful completion of many others.








### ELECTRICITY

	<ul style="list-style-type: none"> <li>● Grid planning, development and operation</li> <li>● Renewable energy grid connections</li> <li>● Facilitating large demand connections to minimise grid reinforcements</li> <li>● Renewable Electricity Support Schemes (RESS) implementation</li> </ul>
	<ul style="list-style-type: none"> <li>● Examining feasibility of utilisation of Carbon Capture and Storage</li> </ul>
	<ul style="list-style-type: none"> <li>● Facilitation of private networks/direct lines</li> <li>● Facilitate development of offshore wind</li> <li>● Micro-generation</li> </ul>




## TRANSPORT



	<ul style="list-style-type: none"> <li>● Commence ESB HV High Power Charging Infrastructure Development Project</li> </ul>
 	<ul style="list-style-type: none"> <li>● Commence Green Renewable Agricultural Zero Emissions (GRAZE) gas project</li> <li>● Complete rollout of 14 public compressed natural gas (GNG) fuelling stations as part of Causeway Project</li> </ul>
	<ul style="list-style-type: none"> <li>● Electrification of delivery fleet of An Post</li> <li>● Plan to install a commercial network of electric vehicle (EV) charging points at post offices</li> </ul>
	<ul style="list-style-type: none"> <li>● Support completion of rail fleet technology assessment, adoption of rail fleet strategy and initiation of tender process for bi-mode/electric fleet</li> </ul>





## BUILT ENVIRONMENT



	<ul style="list-style-type: none"> <li>● Roll-out of smart metering services</li> </ul>
 	<ul style="list-style-type: none"> <li>● Research into Anaerobic Digestion technologies suited for biogas</li> <li>● Development of system of certification of renewable gas use in the national grid</li> </ul>

## AGRICULTURE, FORESTRY AND LAND USE



	<ul style="list-style-type: none"> <li>● Under 6 regional development plans 2016-20, Coillte is committed to replanting or restocking a total of 34,770ha</li> <li>● Explore opportunities to encourage increased public access in woodlands</li> </ul>
	<ul style="list-style-type: none"> <li>● Assess and implement mitigation options on rewetted organic soils</li> <li>● Assess and implement mitigation options on post-production, peat extraction sites</li> </ul>
 	<ul style="list-style-type: none"> <li>● Collaborate with stakeholders to set a target for level of energy to be supplied by biomethane injection by 2030</li> <li>● Development of a system of certification for renewable gas use in the national grid</li> </ul>

## Business Review

### NewERA (CONTINUED)

NewERA has been allocated a number of actions for delivery in the Climate Action Plan, including a lead role in the following three actions:



#### Non-Exchequer sources of financing climate action and green investments:

In Q3 2019, NewERA finalised a report for the Department of Communications, Climate Action & Environment on options for non-Exchequer sources of financing climate action and green investments. As part of this exercise, NewERA conducted a market soundings exercise with funders and market participants to assess the feasibility of the climate measures being funded on commercial terms. The exercise examined investment appetite, financial structuring, current policy and market conditions.



#### Climate Action Framework:

NewERA has been tasked with developing (in conjunction with Department of Communications, Climate Action & Environment and Department of Public Expenditure and Reform) a framework for the commercial semi-State sector to address climate action objectives. During Q4 2019, NewERA commenced the development of an outline framework consisting of a series of undertakings, relating to embedding climate action objectives in corporate plans, measuring progress towards achieving them, reporting progress as part of quarterly shareholder engagement and climate-related disclosures in interim and annual financial reporting. Engagement is ongoing with the Portfolio Companies on this outline framework with a view to arriving at a common set of undertakings that would see all Portfolio Companies committing to a best practice approach to their climate action objectives.



#### Mobilisation of Private Investment:

NewERA has been tasked with working with the Portfolio Companies, the Ireland Strategic Investment Fund, the Strategic Banking Corporation of Ireland and other public bodies, to identify priority opportunities in key sectors to mobilise private investment towards assisting in meeting its climate objectives.

At Portfolio level, it is recognised that the transition to a low carbon energy future affects some of the companies more than others, with the impact being considerable for those operating in the energy sector given the relative nature and scale of the climate-related risks and opportunities they face. Some aspects of the Climate Action Plan are of particular relevance given the opportunities and challenges they present. These include:

- the complete phase-out, over time, of coal and peat-fired power generation;
- reducing long-term demand for gas;
- increasing carbon taxes;
- greater use of renewables and complementary technologies;
- the incentivisation of electricity storage and interconnection;
- funding for climate related initiatives;
- enhancing sustainable forms of transport, both public and private; and
- greater efficiency in land usage.



## ANNUAL FINANCIAL REVIEW OF PORTFOLIO COMPANIES<sup>4</sup>

During 2019, NewERA published its annual financial review of the Portfolio Companies. The Review highlights the financial contribution made by the Portfolio Companies during 2018/19. It also sets out common themes of relevance from a shareholder perspective, including in relation to the climate and sustainability agenda.

### FINANCIAL HIGHLIGHTS



#### €1.4bn Operating Profit

€1.4bn of operating profit was generated by the Portfolio in 2018/19 with an operating profit margin of 12.3%.



#### €22.5bn Invested Capital

€22.5bn in debt and equity capital invested in the Portfolio with a return on invested capital of 5.6% in 2018/19.



#### €2.2bn Gross Capital Expenditure

€2.2bn of capital investment spend in 2018/19, more than three quarters of which related to the energy and water sector companies, reflecting the scale of their individual regulated asset capital investment programmes.



#### €261m Dividends

€261m in combined dividends were received by the Exchequer from bodies within NewERA's remit in 2018/19 with €1.77bn of dividends to the Exchequer over the past five years.

FINANCIALS BY ACTIVITY	Turnover	Operating Profit (EBIT adjusted)	Gross Capital Expenditure (cash basis)
Airports	10%	17%	8%
Energy	42%	52%	48%
Health	13%	6%	1%
Natural Resources	5%	7%	4%
Ports	1%	4%	5%
Postal & Retail	8%	3%	1%
Rail & Buses	12%	-1%	5%
Water	9%	12%	28%

Source: NewERA Analysis

NewERA's 2018/2019 Annual Review outlined that NewERA considered the financial performance of the Portfolio covered by the Review and its level of return on invested capital, to be satisfactory overall given the sectors they operate in and the challenges faced by some of the underlying businesses in 2018/19.

<sup>4</sup> The Annual Financial Review excludes RTÉ.

# STATE CLAIMS AGENCY



## SCA MANDATE AND OBJECTIVES

The NTMA is known as the State Claims Agency (SCA) when managing personal injury and property damage claims against the State and State authorities, as delegated to it, and in providing related risk management services. As the SCA, the NTMA also manages claims for legal costs against the State and State authorities, as delegated to it, however so incurred.



### Claims Management

While acting fairly and ethically in dealing with people who have suffered injuries and/or damage, and their families, manage claims taken against the State so that the liability of the State is contained at the lowest achievable level.



### Risk Management

Advise and assist State authorities on the management of litigation risks to a best practice standard, in order to enhance the safety of employees, service users/patients and other third parties and minimise the incidence of claims and the liabilities of the State.



### Legal Costs Management

Manage third-party claims for costs arising from all categories of claims taken against the State so that such claims for costs are contained at the lowest achievable level.



The SCA provides claims and risk management services through two State indemnity schemes:



### Clinical Indemnity Scheme

Under the Clinical Indemnity Scheme, the SCA manages clinical negligence claims taken against healthcare enterprises, hospitals and clinical, nursing and allied healthcare practitioners covered by the scheme.



### General Indemnity Scheme

Under the General Indemnity Scheme, the SCA manages personal injury and third-party property damage claims taken against State bodies covered by the scheme.

The “risk universe” indemnified by the State through these schemes is extensive. It includes over 200,000 State employees and all public healthcare service users. It includes public services that, by their nature, constitute higher risk activities such as the provision of clinical care in hospitals, Defence Forces personnel on operations overseas, members of An Garda Síochána on operational duty, customs inspections, emergency response services and custody of prisoners.

The remit of the General Indemnity Scheme was extended during 2019 with the inclusion of claims against foster parents and former foster carers carrying out functions under the Child Care Act 1991.

## Business Review

### STATE CLAIMS AGENCY (CONTINUED)

#### CLAIMS RECEIVED

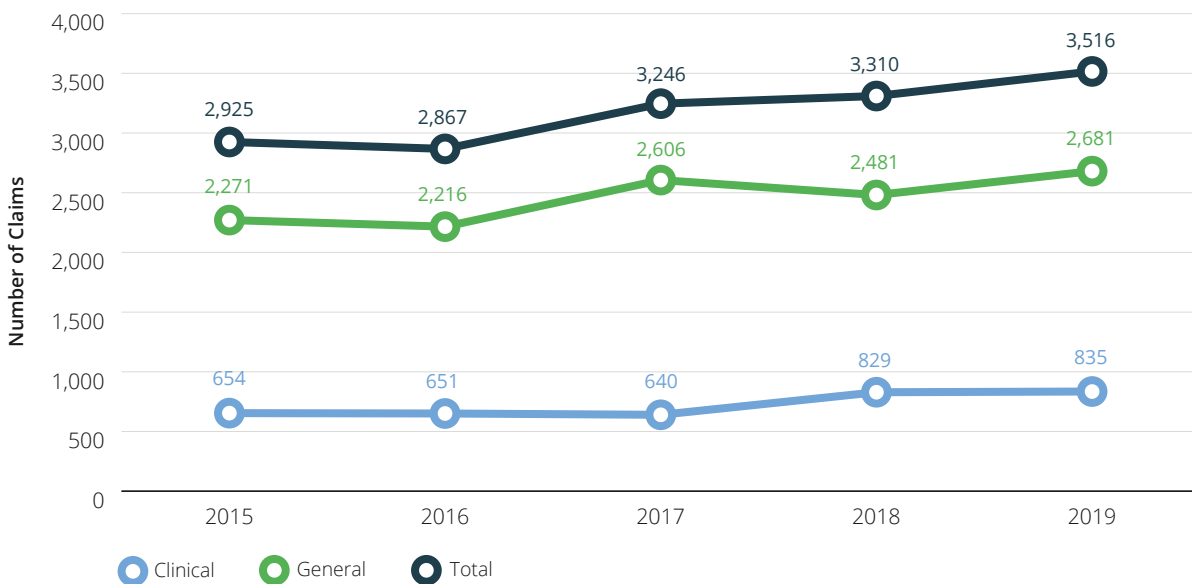
The SCA received 3,516 new claims and resolved 2,704 cases in 2019. The ratio of claims resolved to claims received (excluding mass action claims) in 2019 was 0.81, the 2018 equivalent was 0.77. The SCA was managing 11,580 active claims at end-2019.

The number of clinical claims received annually remained broadly stable from 2015 to 2017, but has increased in 2018 and 2019. While mass action claims in respect of the CervicalCheck screening service and transvaginal implants are a factor here, the underlying trend still shows an increase with the number of claims (excluding mass actions) increasing from some 630 each year in the period 2015 to 2017 to

740 in 2018 and 765 in 2019. This is primarily driven by an increase in the number of claims in the €100,000 to €500,000 estimated liability range.

The pattern of general claims received is more volatile, and is strongly influenced by the number of mass action claims received each year. Factoring out mass action claims, the number of claims received annually has increased by 30% from 1,834 in 2015 to 2,391 in 2019. It should be noted that there were a number of extensions to the remit of the General Indemnity Scheme between 2014 and 2017 including higher-risk bodies such as the voluntary hospital sector and a number of voluntary organisations in the disability sector.

#### CLAIMS RECEIVED 2015-2019



## RESOLUTION OF CLAIMS

The SCA seeks to act fairly and ethically in dealing with people who have suffered injuries and/or damage, and their families, in the resolution of claims. In cases where the SCA investigation concludes that the relevant State authority bears some or all liability, it seeks to settle claims expeditiously and on fair and reasonable terms. If it considers, in individual claims or classes of claim, that the State is not liable or that the amount sought in compensation is excessive, the SCA's policy is to contest the claim or level of claim.

Just over half of cases resolved by the SCA in 2019 were resolved without court proceedings being served, as was the position in 2018. The SCA paid damages in 58% of all cases resolved in 2019, again similar to the 2018 figure of 57%.

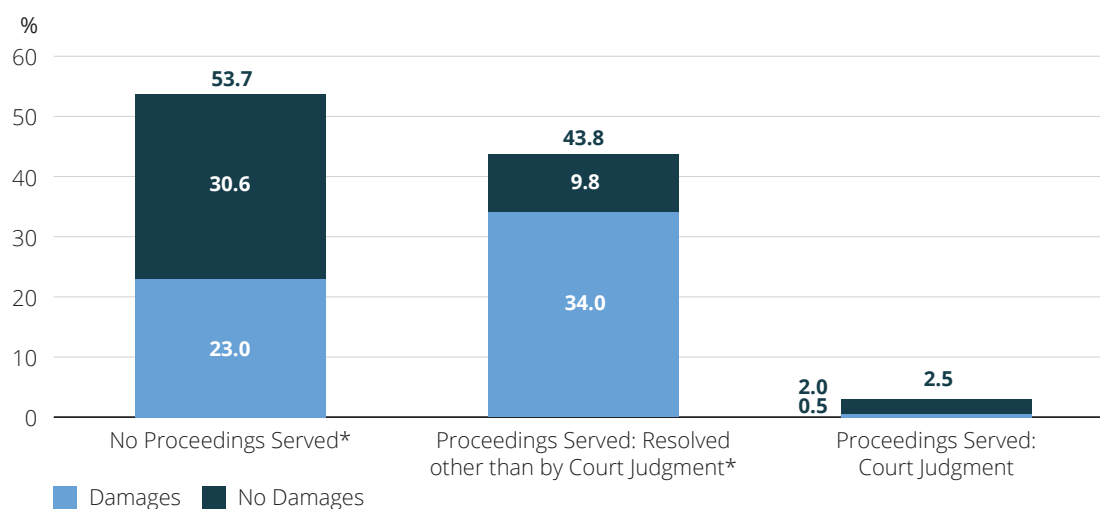
Six catastrophic injury<sup>5</sup> cases resolved in 2019 were resolved by means of Periodic Payment Orders (PPOs). PPOs transfer mortality and investment risk from the plaintiff to the State and are provided for under Part 2 of the *Civil Liability (Amendment) Act 2017*, which commenced in October 2018. This empowers the courts, as an alternative to lump-sum awards of damages, to make consensual and non-consensual PPOs to compensate injured victims in cases of catastrophic injury where long-term permanent care is required. The introduction of PPOs guarantees that catastrophically injured victims will receive annual fixed payments in respect of treatment, care, and aids and appliances, thereby removing their families' worries associated with the investment of a lump-sum that might run out prior to the plaintiff's estimated life.

The Harmonised Index of Consumer Prices (HICP) is the index used for the purpose of calculating increases in annual PPO payments. The adequacy of this indexation provision was considered during a directions hearing in a catastrophic injury case during 2019. The High Court found that the index used in the legislation would not meet the cost of future care needs of catastrophically injured people. In light of this, barring a change to the index, it is expected that most claims will be settled on a lump-sum or interim payment order basis. The Department of Justice and Equality is proposing to reconvene the Working Group, which it established to examine the technical aspects of PPOs prior to the passage of the enabling legislation, with a view to exploring available legislative and administrative options and to make recommendations to the Minister for Justice and Equality on resolving the matter. The SCA will be represented on the Working Group.

### Interim Payment Orders

In 2010, the SCA, assisted by the High Court, pioneered interim payment orders as a means of compensating plaintiffs in catastrophic injury cases. Interim payment orders were introduced in the absence of statutory PPOs to address the investment risk to the plaintiff associated with a lump-sum settlement. Under these orders, certain heads of damages are resolved on a full and final basis (e.g. general damages, loss of earnings, past care). Ongoing care requirements are dealt with by means of interim High Court orders which allow for part-payment of future care requirements for a specified time period. When this time period has elapsed, the plaintiff may revert to the High Court for another interim order or seek full and final settlement of the claim.

## HOW CLAIMS RESOLVED 2019



\* includes cases settled, cases discontinued or claim statute barred, and indemnity received. Figures may not total due to rounding.

<sup>5</sup> Catastrophic injuries are personal injuries of such severity that they result in a permanent disability to the person requiring the person to receive life-long care and assistance in all activities of daily living or a substantial part thereof. Catastrophic injury claims include cerebral palsy cases.

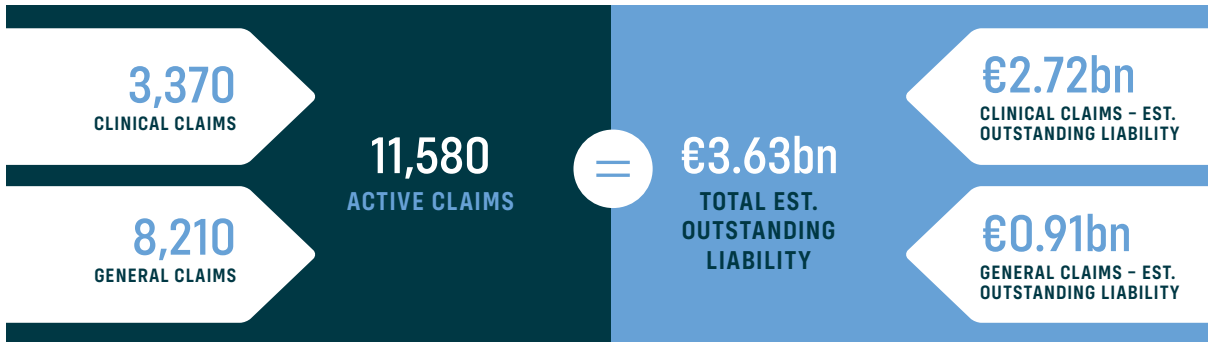
## Business Review

# STATE CLAIMS AGENCY (CONTINUED)

### ESTIMATED OUTSTANDING LIABILITY

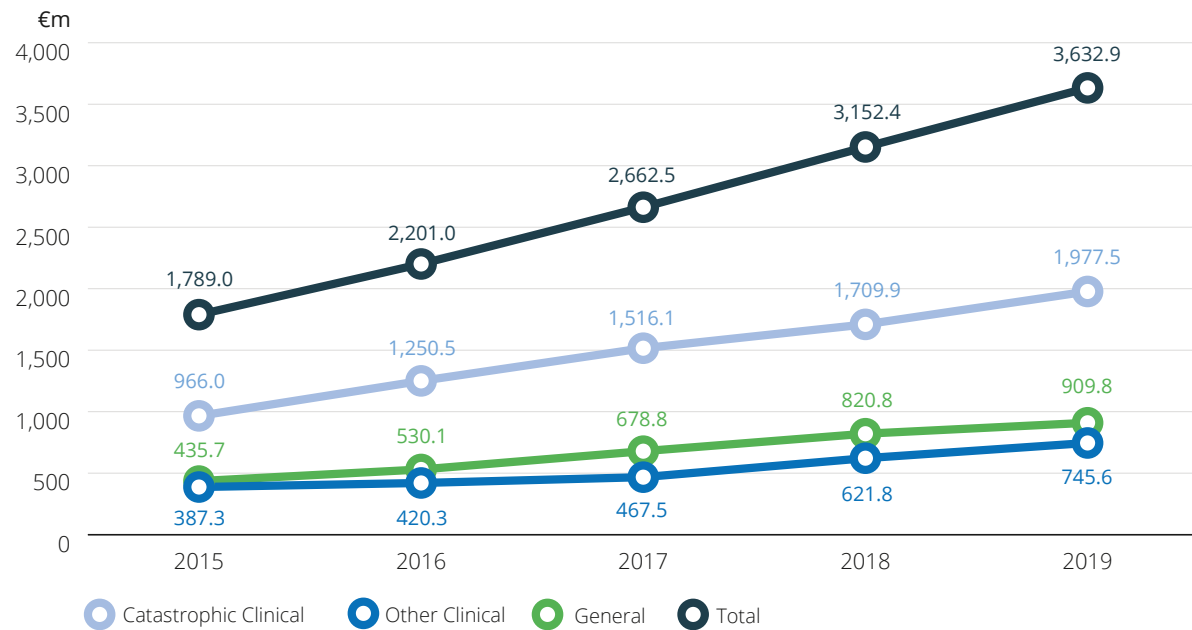
The total estimated outstanding liability associated with the SCA's claims portfolio at end-2019 was €3.63bn. Although clinical claims comprise only 29% of the overall number of active claims at end-2019, at €2.72bn they comprise 75% of the overall estimated outstanding liability.

#### CLAIMS PORTFOLIO AT END-2019



The estimated outstanding liability has risen sharply over the period since 2015. In addition to an increased number of claims, this growth is also due to the allocation of higher estimated liabilities reflecting anticipated levels of damages and costs and the effect of the reduction of the Real Rate of Return (RRR) by the Court of Appeal Decision in Gill Russell v HSE<sup>6</sup> on case reserves in catastrophic injury cases and cases involving a significant loss of earnings. With regard to catastrophic injuries, increased life expectancy due to improved medical care is also a factor in the increasing cost of claims.

#### ESTIMATED OUTSTANDING LIABILITY 2015-2019



Figures may not total due to rounding.

<sup>6</sup> The Court of Appeal held that the RRR in respect of the calculation of future care-related special damages should be 1%. It also held that the RRR in respect of all pecuniary losses should be 1.5%. The RRR used previously to calculate the estimated outstanding liability was 3%.



The estimated outstanding liability associated with active catastrophic injury claims has increased by 105% over the period 2015 to 2019. As noted previously, due to the high value of catastrophic injury claims, this is the principal driver of the overall estimated outstanding liability. The number of active catastrophic injury claims has increased by 42% over the period 2015 to 2019 (214 to 304). However, it should be noted that the increase in both the estimated outstanding liability and the number of active claims includes claims which have been settled on an interim payment order or PPO basis, and in respect of which the State's liability will be discharged over time. When these claims are excluded the increase in active catastrophic injury claims over the period is 33% (180 to 240). Catastrophic injury claims can take some time to resolve because of their complexity, in particular the number of independent expert reports required to be commissioned in respect of liability, causation and quantum.

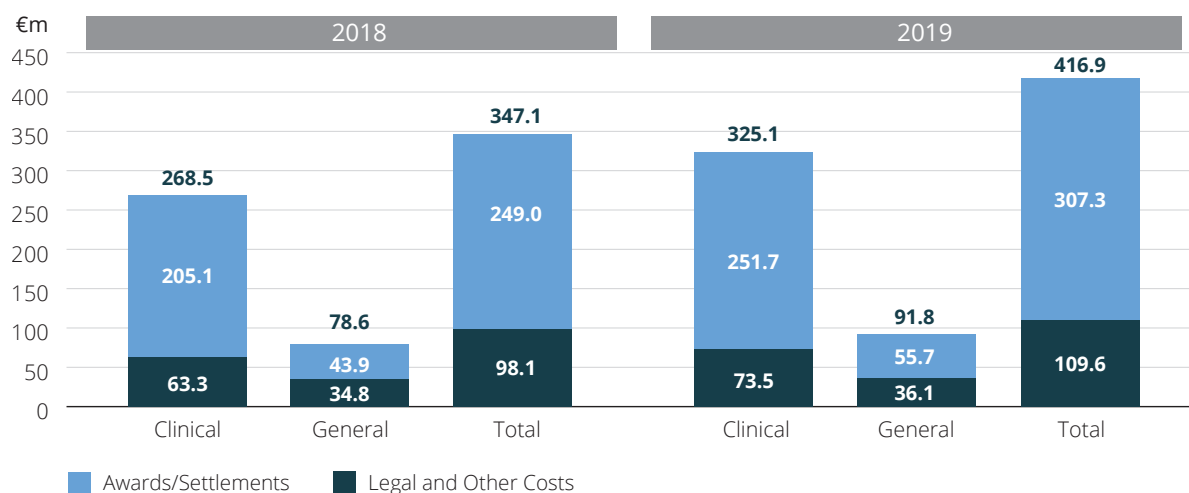
The estimated outstanding liability associated with other clinical claims has increased by 93% over the period 2015 to 2019, despite a much smaller rise in the number of active claims of 10% (from 2,786 to 3,066). This increase is primarily driven by claims in the €100,000 to €500,000 estimated liability range.

The estimated outstanding liability associated with general claims has increased by 109% over the period, while the number of active claims has increased by 56% (from 5,275 to 8,210). As previously noted, there were a number of extensions to the remit of the General Indemnity Scheme between 2014 and 2017 including higher risk areas such as the voluntary hospital sector and a number of voluntary organisations in the disability sector. The health sector (including the voluntary hospitals and other organisations more recently included in the GIS) constituted 69% of the increase in the estimated outstanding liability over the period and 54% of the increase in active claims. At end-2019, the health sector (€521.1m) comprised 57% of the total estimated outstanding liability associated with general claims.

## COST OF CLAIMS

The costs incurred in 2019 in resolving and managing ongoing active claims was €416.9m, an increase of 20% on the 2018 out-turn of €347.1m.

### COSTS OF RESOLVING AND MANAGING ONGOING ACTIVE CLAIMS



Figures may not total due to rounding.

The increase of €58.3m in awards/settlements between 2018 and 2019 is primarily due to increased lump-sum payments and conversion of interim payment orders, at the plaintiffs' request, into lump-sum settlements in catastrophic clinical claims. An increase in payments in health sector general claims is also a contributory factor.

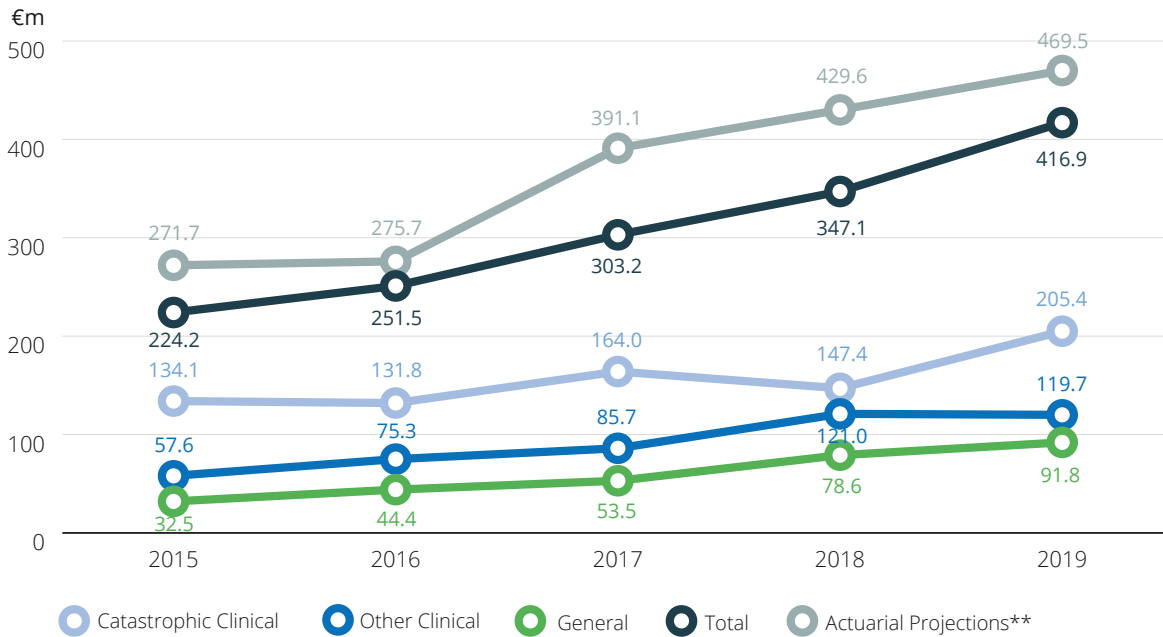
The increase of €11.5m in legal and other costs between 2018 and 2019 (including both the SCA's own costs and plaintiffs' costs) is primarily due to increased legal costs associated with clinical claims. These arise from the increase in awards/settlements in these cases, given the inter-relationship between the two, and also an increase in the number of claims concerned, combined with higher levels of professional fees.

## Business Review

### STATE CLAIMS AGENCY (CONTINUED)

More generally, similar to the estimated outstanding liability, there has been a very significant increase in the costs of resolving and managing claims over the period since 2015.

#### COSTS OF RESOLVING AND MANAGING ONGOING ACTIVE CLAIMS 2015-2019\*



\*Includes damages and legal and expert witness costs.

\*\*Each year the SCA's independent actuarial advisors make a projection of the cash amount likely to be required to settle and manage ongoing claims.

Figures may not total due to rounding.

In monetary terms, the increase in annual costs between 2015 and 2019 of €192.7m is distributed across catastrophic clinical claims (€71.3m), other clinical claims (€62.1m) and general claims (€59.3m). In percentage terms, the largest increase is general claims (182%), followed by other clinical claims (108%) and catastrophic injury claims (53%).

Payments in catastrophic injury claims do not simply comprise lump-sum payments, but also payments under interim payment orders and, since 2019, periodic payment orders. The amount paid out each year in relation to catastrophic injury payments is subject to considerable volatility depending on the number of settlements, given the very large size of individual awards/settlements, and whether awards/settlements are on a lump-sum, interim payment order or PPO basis. Conversion at the plaintiff's request, of interim payment orders to lump-sum payments has been a significant driver of costs over the five year period ranging from a low of €28.9m in 2018 to a high of €70.0m in 2019.

The independent actuarial projection for payments in respect of all general and clinical claims in 2020 is €523.3m. However, this is based on certain assumptions as to the number of catastrophic injury claims settled during the year and whether these claims are settled on a lump-sum, interim payment order or PPO basis. Should all catastrophic injury claims be settled on a lump-sum basis, the costs of claims in 2020 are likely to greatly exceed the actuarial projection. It should be stressed that the point at issue here is the cash flow of payments, rather than the overall liability in respect of catastrophic injuries, which should be broadly similar, regardless of whether they are resolved on a lump-sum, interim payment order or PPO basis.

## MASS ACTION CLAIMS

The SCA is managing a number of different mass actions against the State. Of the total 11,580 active claims at end-2019, 2,472 (21%) were in relation to mass actions. The majority of these claims (1,562) are lack of in-cell sanitation claims taken by current and former prisoners against the Irish Prison Service. The estimated outstanding liability associated with mass action claims at end-2019 was €332.7m, 9% of the total estimated outstanding liability of €3,632.9m.

A summary of developments in 2019 in relation to particular mass action claims, other than the CervicalCheck claims which are discussed separately, is set out below:

Mass Action	Active End-2019	Received 2019	Resolved 2019	Total Resolved
<b>GENERAL INDEMNITY SCHEME</b>				
<p><b>Historical Day School and Residential Institution Abuse</b> These are cases taken by persons who allege they were physically and/or sexually abused by persons whilst at school.</p>	117	15	24	712
<p><b>Lack of In-Cell Sanitation</b> These are cases taken by prisoners (current and former) against the Irish Prison Service alleging, <i>inter alia</i>, breach of their constitutional rights due to lack of in-cell sanitation.</p> <p>The Supreme Court judgment in the lead case, Gary Simpson v the Governor of Mountjoy Prison &amp; Others, was delivered on 14 November 2019. The case was originally heard in the High Court, which held that the State breached the plaintiff's constitutional right to privacy/dignity. No award of damages was made to the plaintiff, notwithstanding the Court finding in his favour on the privacy issue. The Supreme Court found that the plaintiff should be paid compensatory damages of €7,500. Arising from this judgment, the SCA has devised a scheme of settlement under which offers of damages and measured legal costs are being made to qualifying plaintiffs.</p>	1,562	66	84	627
<p><b>Lariam</b> These are cases taken by current and former members of the Defence Forces, alleging various physical and psychological symptoms, following their ingestion of Lariam, an anti-malarial prophylactic drug prescribed for their use whilst on duty in sub-Saharan Africa.</p> <p>Of the 216 active claims at end-2019, legal proceedings had been served in 88 cases.</p>	216	61	8	22
<p><b>Mother and Baby Homes</b> These claims arise from ex-residents of various mother and baby homes who are suing the Department of Education, Tusla, the HSE, the Department of Foreign Affairs and other non-State defendants as a result of their time spent in institutional care settings over various periods from the 1940s to the 1980s. They allege physical, verbal and emotional abuse and breaches of their constitutional rights for adoption or fostering and, also, that natural rights were affected due to allegedly false birth certificates being issued. Claims also arise from mothers allegedly being given the wrong child at birth, this having been established by DNA testing with the now adult child.</p>	45	13	0	0

## Business Review

### STATE CLAIMS AGENCY (CONTINUED)

Mass Action	Active End-2019	Received 2019	Resolved 2019	Total Resolved
<p><b>Pandemrix/Narcolepsy</b></p> <p>These are cases taken by mostly children plaintiffs alleging the development of narcolepsy and cataplexy following vaccination against the H1N1 flu virus.</p> <p>The lead case, Aoife Bennett v the Minister for Health, the HSE, GSK and the Health Products Regulatory Authority commenced in the High Court in October 2019 and was settled through mediation in November.</p>	122	38	1	2
<p><b>Prison-Based TB</b></p> <p>These are cases taken by current and former prisoners and prison officers alleging testing positive for and/or contracting TB. The SCA has reached an apportionment agreement with a medical defence organisation under which that organisation has agreed to contribute 60% of the plaintiffs' settlements and costs in the majority of cases.</p>	23	0	22	76
<p><b>Thalidomide</b></p> <p>These are cases taken by persons born with physical disabilities whose mothers had ingested the Thalidomide preparation during pregnancy. The cases, which are at discovery stage, are being case-managed by a judge of the High Court.</p>	36	0	0	0
<b>CLINICAL INDEMNITY SCHEME</b>				
<p><b>Symphysiotomy</b></p> <p>These are cases taken by women who had a surgical, obstetrical procedure to widen their pelvis.</p> <p>A number of plaintiffs have opted not to avail of the <i>ex-gratia</i> scheme established by the Government in 2014 to compensate women who were found to have undergone the procedure and three applications have been received by the European Court of Human Rights for consideration.</p>	35	0	0	115
<p><b>Transvaginal Implants</b></p> <p>These cases arise in circumstances where women have had a mesh implant inserted to address urinary stress incontinence and allege personal injury as a result.</p>	41	27	0	0

#### NATIONAL SCREENING SERVICES: CERVICAL CANCER LITIGATION

Resolution of the very tragic cases that have arisen in relation to the HSE's CervicalCheck screening service remained a focus of the SCA during 2019. These claims primarily relate to the reading of smear tests by the independent laboratories providing such laboratory services to the HSE and to non-disclosure by the HSE of the results of a clinical audit of smear tests. The cases are complicated by the fact that there are two defendants: the laboratories themselves regarding the reading of the smear tests, and which are contractually obliged to provide an indemnity to the State in relation to the reading of the tests, and the HSE (represented by the SCA) regarding the non-disclosure of the audit results. In a small number of cases, the HSE is the defendant in relation to the reading of the smear test (where the test was read in a hospital laboratory).

Of the 221 CervicalCheck cases identified by the HSE as cases where a screening test could have provided a different result, or a warning of increased risk or evidence of developing cancer, the SCA had received notification of 134 claims at end-2019. This includes 18 psychological injury claims from members of the families of the women concerned. Seven cases were settled during the year. The total number of cases settled as at end-2019 was 10.

The CervicalCheck Tribunal Act 2019 provides for the establishment of a statutory Tribunal as an alternative system to the courts for CervicalCheck claims. The formal establishment of the Tribunal has been delayed due to the COVID-19 situation. Given the uncertainty as to how long social distancing and other restrictions may last, the Tribunal has sought observations from interested parties as to how, once established, the Tribunal will be in a position to operate in an efficient manner whilst complying fully with such medical advice and safety precautions as may be in place at any given time.

The Government's *ex-gratia* compensatory scheme to deal with any non-disclosure to the original cohort of 221 women and their families was established in June 2019. An independent panel established to determine the amount to be paid by the scheme in respect of the non-disclosure of the audit results found that a sum of €20,000 should be paid in such cases.

## RISK MANAGEMENT

The SCA's risk management objective is to advise and assist State authorities on the management of litigation risks to a best practice standard, in order to enhance the safety of employees, service users/patients and other third parties and minimise the incidence of claims and the liabilities of the State. Responsibility for managing risk and setting risk management priorities remains in all cases a matter for the State authority concerned and the SCA's risk management role is an advisory one.

The SCA implements its risk mandate through two specialist risk units: the Clinical Risk Unit and the Enterprise Risk Unit. Both risk units develop their work programmes by drawing on data analysis and evidence to identify emerging trends and issues in order to categorise and prioritise risk initiatives. This information is primarily obtained from data reported on the National Incident Management System (NIMS) - the end-to-end risk management tool developed by the SCA that allows the SCA and State authorities to manage incidents throughout the incident lifecycle - and from claims analysis.



Córas Náisiúnta um Bainistíocht Teagmhais  
National Incident Management System

### NATIONAL INCIDENT MANAGEMENT SYSTEM

NIMS is a confidential, highly secure web-based end-to-end risk management tool developed by the SCA that allows the SCA and State authorities to manage incidents throughout the incident lifecycle.

State authorities are required to use NIMS to fulfil their statutory requirement to report incidents to the SCA, and may also use the system for their own risk management purposes.

NIMS provides State authorities' risk managers and the SCA's own risk teams with complex adverse incident data analysis and reporting capabilities. This enables risk management and mitigation responses that will help to improve the safety of State employees, patients, and service users, and minimise the cost of claims against the State in the future.

The accurate reporting of incidents on NIMS is critical to the SCA's risk management function and the SCA works actively with State authorities on an ongoing basis to improve the level and quality of reporting. In this regard, the SCA held the inaugural NIMS Summit in September 2019 to showcase and promote the use of NIMS. Some 300 delegates across the range of the SCA's State authorities attended the Summit including senior management, risk management/health and safety/estates and maintenance specialists, quality improvement and patient safety specialists, and claims/insurance specialists. The Summit consisted of a series of presentations, workshops, exhibition stands, helpdesks and technology hubs.

## Business Review

### STATE CLAIMS AGENCY (CONTINUED)

The SCA's clinical risk management programme focuses on working with risk managers and other personnel in health and social enterprises at a local level, as well as with national stakeholders, to mitigate risks and support patient safety. The programme places an emphasis on identification of trends and risks at national level and relevant risk mitigation; on health and social care enterprises and issues with the highest risk profile; and on measures which seek to bring about system-wide change. In addition to claims analysis, provision of specific risk management advice and collaboration with the HSE on clinical risk issues, the development and delivery of a suite of education and training activities in relation to patient safety and clinical risk management forms a key part of the programme.

The SCA works closely with the Department of Health and the HSE in the delivery of its clinical risk management programme. It is represented on a number of committees including the HSE Board's Safety and Quality Committee, the Independent Patient Safety Council and the National Clinical Effectiveness Committee.

#### National Neonatal Encephalopathy Action Group

Cerebral palsy claims, while low in number in absolute terms, represent a significant portion of the State's overall claims liability given the very high costs of settling such claims due to the ongoing care needs through their lives of persons who suffer brain injuries at birth. Some cases of cerebral palsy arise as a consequence of preventable birth injuries suffered during labour, although in other cases different factors may contribute to the outcome.

The SCA is seeking to reduce the risk of the occurrence of cerebral palsy through support and sponsorship of the National Neonatal Encephalopathy Action Group. Neonatal encephalopathy is the brain injury which precedes the development of cerebral palsy, and can occur as a consequence of a birth injury. The Group was established in 2019 by the SCA in partnership with the National Women and Infant's Health Programme (NWIHP) and the Department of Health. The Group is a formal partnership arrangement between key stakeholders to deal with issues related to the occurrence of neonatal encephalopathy in Irish maternity units and hospitals. Its purpose is to identify, learn from, and implement strategies to mitigate risk relating to avoidable incidents of neonatal encephalopathy.

The SCA's enterprise management programme focuses on prioritising those State authorities and hazards most likely to lead to significant claims against the State. It is developed through assessment of historical and emerging claims, potential mass actions, and risks that impact across a number of State authorities, among other factors. The programme is concentrated on audit and review of risk governance, provision of risk guidance, and client-specific initiatives. Close interaction with State authorities through education, training and client networks and events is an integral part of the programme.

Risk audits are an invaluable tool in developing relationships with senior managers and risk professionals, testing their governance, structures, processes and procedures and, in some cases, reviewing specific risks. They provide valuable intelligence as to those risk elements that are not captured on NIMS or in claims received. Client specific projects are designed to assist State authorities better manage risk governance and organisation or to address a specific risk issue. Through analysis of claims received and incidents reported, the SCA follows up with State authorities where opportunities are identified to mitigate risk exposures and provides formal guidance to State authorities in respect of key indemnity and risk issues.

#### Risk Research Report 01: Slips, Trips and Falls

The provision of valuable benchmarks, trend analysis and lessons learned from incidents and claims to State authorities has always been a core part of the SCA's risk management strategy.

During 2019, the SCA conducted a deep dive into Slips, Trips and Falls (STF) incidents and claims and published *Risk Research Report 01: Slips, Trips and Falls - A 5-year review of incidents and claims across the State sector (2014-2018)*.

The Report provides State authorities with up to date information on STF incidents and claims trends happening across the State sector. The analysis provides learning to assist State authorities with the prevention of their own STF incidents and associated claims.

This is the first report of its kind to be published resulting from the richer data set and more powerful reporting tools now available on NIMS. It is intended that this Research Report will form part of a series of Risk Research Reports to be published by the SCA.

The Report is available at [www.stateclaims.ie](http://www.stateclaims.ie).



## LEGAL COSTS MANAGEMENT

The SCA's Legal Costs Unit (LCU) deals with third-party legal costs of the State and State authorities as delegated to it, however so incurred. This means that the LCU deals with third-party legal costs in relation to these State authorities, whether they arise in the course of the SCA's own claims management work or in respect of other legal costs incurred by the State authority concerned.

The level of legal costs paid to plaintiffs' legal representatives is carefully examined and, wherever possible and by means of negotiations, the SCA seeks to achieve the maximum possible reduction in legal costs to be paid by the State. If the SCA cannot successfully agree the level of legal costs to be paid to plaintiffs' legal representatives, the matter is determined by the Office of the Legal Costs Adjudicator, subject to a right of appeal to the High Court.

In 2019, the SCA settled 830 bills of costs. The total amount claimed was €112.0m. These bills were settled for €68.2m - a reduction of 39% on the amount claimed.

### LEGAL COST CLAIMS SETTLED 2019

	Number of Cost Claims Negotiated	Amount Claimed €m	Cost of Claims Agreed €m	Legal Cost Saving %
SCA Clinical	208	55.4	35.1	37
SCA General	123	7.1	5.0	30
Tribunals of Inquiry	19	7.7	2.8	63
Other*	480	41.7	25.4	39
<b>Total</b>	<b>830</b>	<b>112.0</b>	<b>68.2</b>	<b>39</b>

\*Primarily third-party legal costs in non-personal injury cases referred to the SCA by the Office of the Chief State Solicitor or the HSE's Office of Legal Services.

Figures may not total due to rounding.

## INSURANCE COMPENSATION FUND (ICF)

Under the Insurance (Amendment) Act 2018, in the event of the liquidation of an insurance company requiring a draw on the ICF, the SCA makes applications to the High Court, on behalf of the liquidator<sup>7</sup> to approve payments from the ICF, on completion of a due diligence examination of the relevant claims.

In respect of insurance companies authorised in an EU Member State other than Ireland, the SCA also distributes sums released from the ICF to claimants.

Applications to the High Court for disbursements from the Insurance Compensation Fund were successfully made during 2019 in respect of Setanta Insurance Company Ltd (in liquidation) authorised in Malta (€15.2m) and Enterprise Insurance Company plc (in liquidation) authorised in Gibraltar (€4.8m) and dispatched to some 780 applicants. This follows the release of €20.6m to some 1,300 applicants in respect of Setanta during 2018.

<sup>7</sup> In the case of an insolvent insurer authorised in another EU Member State, the person who performs the equivalent functions to a liquidator in the Member State concerned.

# AGENCY MEMBERS



## AGENCY COMMITTEE KEY



Audit and Risk Committee



Investment Committee



Remuneration Committee



State Claims Agency Strategy Committee

## 1. Maeve Carton



### CHAIRPERSON

(reappointed as a member for a 5 year term from 22 December 2017 and appointed as Chairperson from 1 January 2019)

- Member of the Remuneration Committee

Maeve Carton is a former Director of CRH where she held a number of senior roles, including Group Transformation Director and Finance Director. Prior to joining CRH, she worked for a number of years as a chartered accountant in an international accountancy practice.

## 2. Gerardine Jones



### AGENCY MEMBER

Agency member (appointed for a 5 year term from 8 March 2017)

- Chairperson of the Audit and Risk Committee

Gerardine Jones is a chartered accountant by profession. She is currently a Director of Sharpsburg Consultants Limited and also has a number of non-executive director roles, including with BNY Mellon Fund Services (Ireland) DAC, and ITG Limited. She was previously Deputy Chief Executive and Head of Risk at Cantor Fitzgerald Ireland, and Director of Listing at the Irish Stock Exchange.

## 3. Derek Moran



### AGENCY MEMBER

(ex officio)

- Member of the State Claims Agency Strategy Committee

Derek Moran is Secretary General of the Department of Finance and is responsible for economic, budgetary and fiscal, banking and financial services policy matters and oversight of Ireland's investments in and support for covered banks. He is a member of the Central Bank Commission and the Civil Service Management Board and is a council member of the Foundation for Fiscal Studies.

## 4. Martin Murphy



### AGENCY MEMBER

Agency member (reappointed for a 5 year term from 22 December 2018)

- Chairperson of the Remuneration Committee
- Chairperson of the State Claims Agency Strategy Committee
- Member of the Investment Committee

Martin is a former Managing Director and Chairman of Hewlett Packard Enterprise Ireland. He serves as a board member of Ulster Bank and the UCD Smurfit Business School. He is also chair of the Labour Market Council, an expert group that advises the Government on labour market policy and provides input on wider employment issues. He is a past President of the Dublin Chamber of Commerce.

## 5. Conor O'Kelly

### AGENCY MEMBER

(ex officio)

Conor O'Kelly was appointed Chief Executive of the NTMA in January 2015. He is the former Deputy Chairman of Investec Holdings (Ireland) Ltd. Prior to that he was Chief Executive of NCB Group and in 2003 successfully negotiated and led a management buyout of the firm, which was subsequently acquired by Investec Plc. Before joining NCB as Head of Fixed Income he had spent 11 years with Barclays Capital where he held senior management positions and worked in London, Tokyo and New York. He is a former director of the Irish Stock Exchange and a former member of the Trinity College Foundation Board. He is a graduate of Trinity College Dublin and holds a master's degree from Senshu University in Japan.

## 6. Brian O'Kelly



### AGENCY MEMBER

Agency member (appointed for a 5 year term from 17 June 2019)

- Member of the Audit and Risk Committee

Professor O'Kelly is Adjunct Professor of Finance at Dublin City University and Academic Director of the M.Sc. in Investment, Treasury and Banking. Brian has over 20 years' experience in the financial markets with ESB, AIB Capital Markets and QED Equity. He has also provided consulting services to a number of banks.

## 7. Robert Watt



### AGENCY MEMBER

(ex officio)

- Member of the Remuneration Committee

Robert Watt is Secretary General of the Department of Public Expenditure and Reform with responsibility for public expenditure policy, capital spending and Public Private Partnerships and overall management and reform of the Irish public service. He is an economist and has experience in both the public and private sector.

## 8. Susan Webb



### AGENCY MEMBER

Agency member (reappointed for a 5 year term from 22 December 2018)

- Chairperson of the Investment Committee
- Member of the Audit and Risk Committee

Susan Webb is a former Managing Director of Pfizer's international treasury centre based in Dublin. She is an independent non-executive director of Wells Fargo Bank International Unlimited Company and of Depfa Bank plc.

## 9. Rachael Ingle



### AGENCY MEMBER

Agency member (appointed for a 5 year term from 22 December 2019)

- Member of the Audit and Risk Committee
- Member of the Remuneration Committee

Rachael Ingle is an actuary by profession and Managing Director of the Retirement & Investment business of Aon in Ireland. She was elected Chairperson of the Irish Association of Pension Funds in 2013.

### GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

The Agency (Board) has over-arching responsibility for all of the NTMA's functions (excluding the National Asset Management Agency (NAMA), the Strategic Banking Corporation of Ireland (SBCI) and Home Building Finance Ireland (HBFI) which have their own separate boards) under the *National Treasury Management Agency (Amendment) Act, 2014*. The Agency is accountable to the Minister for Finance. In the performance of its duties, the Agency focuses on providing strategic direction and oversight to the organisation and ensuring there are appropriate controls in place, while delegating operational matters to management. It seeks to support and challenge management in the achievement of the NTMA's goals and in fostering a corporate culture that will contribute to the delivery of these goals. The regular day-to-day management, control and direction of the NTMA are the responsibility of the Chief Executive and the senior management team. The Chief Executive and the senior management team must follow the broad strategic direction set by the Agency, and must ensure that all Agency members have a clear understanding of the key activities and decisions related to the NTMA and of any significant risks likely to arise. The Chief Executive acts as a direct liaison between the Agency and management of the NTMA.

#### AGENCY RESPONSIBILITIES

The NTMA's functions are vested in the Agency, which may delegate functions to the Chief Executive. There is a formal schedule of matters reserved for decision by the Agency. This schedule includes approval of the following:

- Annual Report and Financial Statements;
- Risk Management Policy and Framework;
- Corporate Strategy and business unit and Corporate Function Goals (including annual targets);
- Operating budget;
- Remuneration of Chief Executive (after consultation with the Minister);
- Overall remuneration policy;
- Exchequer Funding Plan;
- ISIF Investment Strategy;
- ISIF Irish Portfolio investments above €150m (investment decisions of up to €150m are delegated to the Investment Committee);
- Key terms of contracts for professional and operating services and NTMA capital expenditure over €5m, with a limited number of exceptions; and
- National Surplus (Exceptional Contingencies) Reserve Fund Annual Investment Plan and any amendments.<sup>8</sup>

The Agency is required by the *National Treasury Management Agency Acts 1990 to 2014* and the *Dormant Accounts Act 2001* (as amended) to prepare financial statements in respect of its operations for each financial year. In preparing these financial statements, the Agency:

- selects suitable accounting policies and applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- prepares the financial statements on the going concern basis unless it is inappropriate to do so; and
- discloses and explains any material departure from applicable accounting standards.

The Agency is responsible for keeping in such form as may be approved by the Minister for Finance all proper and usual accounts of all moneys received or expended by it and for maintaining accounting records which disclose, with reasonable accuracy at any time, the financial position of the Agency, its funds and the National Debt.

The Agency is responsible for approving the NTMA expenditure budget and corporate strategy, including Business Unit and Corporate Function Goals. Emerging out-turns against budget and goals are reviewed by the Agency during the year and at year-end.

The Agency is also responsible for safeguarding assets under its control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Agency considers that the financial statements of the NTMA properly present the financial performance and the financial position of the NTMA at 31 December 2019.

<sup>8</sup> *The National Surplus (Exceptional Contingencies) Reserve Fund (Rainy Day Fund) Annual Investment Plan in 2019 was approved by the Chief Executive prior to the Agency's decision at its 26 November 2019 meeting to include the approval of and amendments to the Rainy Day Fund Annual Investment Plan as a reserved matter.*



## AGENCY STRUCTURE

The Agency consists of nine members. Six members, including the Chairperson, are appointed by the Minister for Finance. The Chief Executive of the NTMA and the Secretary Generals of the Departments of Finance and Public Expenditure and Reform are ex officio members of the Agency. The term of office of an appointed member is five years. Details of the current members and their appointment periods are set out on pages 60 to 61.

The Agency has established four committees to assist it in discharging its responsibilities, each with formal Terms of Reference:

- Audit and Risk Committee;
- Investment Committee;
- Remuneration Committee; and
- State Claims Agency Strategy Committee.

For further information on the Agency's Committees, see Committee Reports, pages 68 to 70.

Following the Agency's 2018 externally conducted performance evaluation, which concluded in early 2019, the Agency members contributed to an internal self-assessment evaluation of the Agency's performance in respect of 2019. Arising from the evaluation process, a small number of actions to be undertaken during the year have been identified. A skills matrix reviewing Agency member skills by reference to Section 3(A)(2) of the National Treasury Management Agency Act, 1990 (as amended) was also prepared.

The Agency is supported in its functions by the Agency Secretary who also co-ordinates the operation of the various Agency Committees: each of the Committees is supported by the Agency Secretary or the Assistant Agency Secretary.

## KEY PERSONNEL CHANGES

Brian O'Kelly, Agency Member, was appointed to the Agency for a five-year term on 17 June 2019, to fill the vacancy arising from the resignation of Willie Walsh with effect from 1 January 2019.

Rachael Ingle, Agency Member, was appointed to the Agency for a five-year term on 22 December 2019, following the expiration of Mary Walsh's term of appointment on 21 December 2019.

Following her departure Eileen Fitzpatrick, Director NewERA ceased employment with the Agency on 10 May 2019.

Cathy Bryce, Director NDFA (also for a period Director of NewERA) ceased employment with the Agency on 5 July 2019.

Andrew O'Flanagan (former Chief Legal Officer) was appointed as Director of NewERA and NDFA with effect from 2 July 2019 and Susan O'Halloran (formerly Head of Legal) was appointed as Chief Legal Officer on the same date.

## Governance and Corporate Information

# GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT (CONTINUED)

### SCHEDULE OF ATTENDANCE, FEES AND EXPENSES

A schedule of attendance at Agency and Committee meetings is set out below including the fees and expenses received by each member in their capacity as an Agency or Committee member.

	Agency	Investment Committee	Audit and Risk Committee	Remuneration Committee	SCA Strategy Committee	Fees 2019 €	Expenses 2019 €
<b>Number of Meetings</b>	<b>8</b>	<b>10</b>	<b>7</b>	<b>2</b>	<b>6</b>		
<b>Agency Members</b>							
Maeve Carton	8			2		45,000	-
Rachael Ingle <sup>9</sup>	0 (p)					795	-
Gerardine Jones	8	10				30,000	-
Derek Moran	6				4	-	-
Martin Murphy	8		7	2		30,000	-
Brian O'Kelly <sup>10</sup>	3 (p)					16,250	-
Conor O'Kelly <sup>11</sup>	7 (p)					-	-
Mary Walsh	8		7		6	29,205	-
Robert Watt	6			2		-	-
Susan Webb	8	10	7			30,000	-
<b>Total</b>						<b>181,250</b>	<b>-</b>
<b>Other Members</b>							
Richard Leonard		10				20,000	9,076
Mark Ryan		10				20,000	-
Julie Sinnamon		7				-	-
Sabaratham Arulkumaran					6	12,500	2,092
Tom Beegan					5	12,500	823
Ciarán Breen					6	-	-
Donogh Crowley					6	12,500	-
David Moloney					6	-	-
<b>Total</b>						<b>77,500</b>	<b>11,991</b>

(p) refers to the number of meetings it was possible to attend.

The Minister for Finance determines the level of remuneration of appointed members of the Agency. The remuneration attached to the position of Chairperson is €45,000 per annum and the remuneration of other appointed members is €30,000 per annum. The ex officio members (Conor O'Kelly, Derek Moran and Robert Watt) do not receive any remuneration in respect of their membership of the Agency.

Remuneration of external members of the Investment Committee and State Claims Agency Strategy Committee is determined by the Agency with the consent of the Minister for Finance. External members of the Investment Committee receive remuneration of €20,000 per annum and external members of the State Claims Agency Strategy Committee receive remuneration of €12,500 per annum. Julie Sinnamon and David Moloney, appointed to the Investment Committee

and State Claims Agency Strategy Committee respectively, in their capacity as public servants do not receive any remuneration in respect of their membership. Agency members and employees of the NTMA do not receive any additional remuneration in respect of membership of these committees.

### EMPLOYEES AND REMUNERATION

The NTMA executes its mandates through five business units: the Funding and Debt Management Unit, the Ireland Strategic Investment Fund Unit, the National Development Finance Agency, NewERA and the State Claims Agency. The NTMA's business units are supported by its corporate functions which provide services across Finance, Operations, Information Technology, Risk, HR, Legal, Compliance, Communications and Internal Audit.

<sup>9</sup> Rachael Ingle was appointed on 22 December 2019.

<sup>10</sup> Brian O'Kelly attended 3/3 meetings as his appointment as an Agency member commenced on 17th June 2019.

<sup>11</sup> Conor O'Kelly attended 7/7 meetings. He did not attend a non-executive meeting in June 2019.



A number of NTMA employees are on secondment to the Department of Finance following the revocation of the delegation of banking system functions of the Minister for Finance to the NTMA from August 2011.

The NTMA assigns employees and provides business and support services and systems to NAMA, SBCI and HBFI. NAMA, SBCI and HBFI are independent entities with separate boards. NAMA, SBCI, and HBFI reimburse the NTMA on a cost recovery basis for these services (including employee costs).

Other than employees assigned to NAMA, SBCI and HBFI, the NTMA had 525<sup>12</sup> employees at end-2019. 210<sup>12</sup> employees were assigned to NAMA, 23 employees were assigned to the SBCI and 21 employees were assigned to HBFI.

The NTMA's remuneration model is based on confidential, individually-negotiated employment contracts, with competitive, market-aligned remuneration. The typical remuneration package comprises a fixed base salary, pension entitlement and provision for discretionary performance-related pay. In a limited number of cases other allowances or benefits are paid.

The NTMA's objective is to ensure that its remuneration arrangements facilitate it in attracting, developing and retaining high performing and motivated employees, with appropriate skills and experience, so as to ensure that the NTMA can discharge fully its statutory functions in an effective and efficient manner, while complying with applicable law. It aims to operate a remuneration system which:

- allows the NTMA to compete effectively in the labour market and to recruit and retain high calibre employees;
- reflects the NTMA's objectives for good corporate governance;
- manages remuneration in an appropriate manner and encourages a high level of performance; and
- is consistent with and promotes sound and effective risk management.

Discretionary performance-related payments are intended to reward exceptional performance having regard to the employee's own performance, the performance of the employee's area of responsibility, and the overall performance of the NTMA. Performance-related payments are made in accordance with parameters approved by the Agency's non-executive Remuneration Committee. The overall amount of performance related payments made in respect of any year is also subject to the approval of the Remuneration Committee.

The NTMA made performance-related payments to 200 employees in 2020 in respect of 2019. These payments, in aggregate, totalled €2,054,000. The highest individual payment was €50,000; the lowest individual payment was €1,000.

### Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €50,000 in relation to services rendered during 2019 are categorised into the following bands:

Range	No of Employees
€50,001 to €75,000	116
€75,001 to €100,000	108
€100,001 to €125,000	51
€125,001 to €150,000	34
€150,001 to €175,000	19
€175,001 to €200,000	16
€200,001 to €225,000	7
€225,001 to €250,000	7
€250,001 to €275,000	1
€275,001 to €300,000	0
€300,001 to €325,000	1
€325,001 to €350,000	0
€350,001 to €375,000	3
€375,001 to €400,000	1
€400,001 to €425,000	0
€425,001 to €450,000	0
€450,001 to €475,000	0
€475,001 to €500,000	1

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during 2019 include salary, other taxable benefits paid to employees (including performance-related payments) and other payments made on behalf of employees, but exclude employer's PRSI.

### DISCLOSURES REQUIRED BY CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES (2016)

The Agency is responsible for ensuring that the NTMA has complied with the requirements (as adapted) of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

#### Employee Short-Term Benefits Breakdown

See Employees and Remuneration section on previous page.

#### Consultancy Costs

Consultancy costs incurred by the NTMA in the performance of its mandates are set out in the Financial Statements: NTMA Administration Account, SCA Financial Statements and ISIF Financial Statements.

<sup>12</sup> On a whole time equivalent basis (rounded to nearest whole number).

## Governance and Corporate Information

# GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT (CONTINUED)

### Legal Costs and Settlements

For the purposes of the Code disclosure requirement, there was no relevant expenditure incurred in 2019.

### Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2019 €000	2018 €000
Domestic		
Board/Committee	12	6
Employees	343	443
International		
Board/Committee		
Employees	344	491
	<b>699</b>	<b>940</b>

### Hospitality Expenditure

The Statement of Income and Expenditure and Other Comprehensive Income includes €119,391 (2018: €77,098) in respect of employee hospitality expenditure of which €30,439 relates to an employee event marking the move to new premises.

## STATEMENT OF COMPLIANCE

The NTMA has complied in all material respects with the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform with a number of specific adaptations/ variations/ non-applications which have been agreed with the Minister for Finance as summarised below. These adaptations primarily reflect the fact that the NTMA, the expenses of which are a charge on the Central Fund<sup>13</sup>, performs a range of market facing functions and was deliberately structured to have the operational flexibility to act commercially in performing these functions.

### Approval of Contracts

The Code recommends that the Schedule of Matters Reserved for Decision by the Agency should specify clear quantitative thresholds for contracts above which Agency approval is required. It also recommends that "approval of terms of major contracts" be a reserved matter.

Given the range of the NTMA's business mandates and the fact that entry into financial contracts of significant value constitutes a core part of the NTMA's business activities, the NTMA has established separate criteria for approval of investments and entry into contracts depending on the business area as follows:

- The acquisition or disposal of ISIF investments in Ireland is reserved to the Agency/Investment Committee. Investment decisions up to €150m are made by the statutory non-executive Investment Committee. Where a proposed investment is in excess of €150m, the decision is made by the Agency on the recommendation of the Investment Committee. Investments within the terms of the Global Portfolio Transition Strategy are delegated to management. Actions involving the acquisition or disposal of ISIF assets that are subject to Ministerial direction are delegated to management.
- Debt contracts are delegated to management – within the parameters of the Annual Exchequer Funding Plan which is a Reserved Matter.
- Approval to enter into new Public Private Partnership (PPP) contracts and any new contract to procure as agent for the Minister for Education and Skills any public investment project in relation to an educational facility is delegated to management. A Management Infrastructure Committee has been formed for the purposes of approving infrastructure projects. Projects reviewed by the Management Infrastructure Committee, and the outcome, are included as matters for noting by the Agency.
- Contracts for professional and operating services and NTMA capital expenditure which are not reserved to the Agency are delegated to management. Approval of the key terms of contracts for professional and/or operating services and NTMA capital expenditure entered into by the NTMA with an estimated value of €5m or greater, to be charged to the NTMA or ISIF expenditure budgets are reserved for the Agency, other than:
  - framework contracts<sup>14</sup>;
  - contracts relating to the implementation of the ISIF Global Portfolio Transition Strategy, as delegated to management; and
  - contracts in connection with the fund established for the recovery by the State from Apple of alleged State aid.<sup>15</sup>

### Delegated Authority Levels

The Code recommends that "Delegated Authority Levels" be a reserved matter. In view of the wide range of mandates carried out by the NTMA and the need to preserve flexibility with regard to the various delegated authorities in respect of these mandates, the setting of Delegated Authority Levels has been delegated to the Chief Executive. To ensure Agency oversight of delegated authorities, the NTMA's Consolidated Delegated Authorities are reviewed by the Audit and Risk Committee on an annual basis.

<sup>13</sup> Other than expenses which are incurred in respect of the ISIF and the Rainy Day Fund which are funded from the respective Funds.

<sup>14</sup> The provision applies in respect of the estimated value of individual contracts awarded from framework panels.

<sup>15</sup> This change reflects the change in the Reserved Matters approved by the Agency on 26 November 2019.

## Strategy

The Code sets out different requirements with regard to the preparation and adoption of a strategic plan for commercial and non-commercial State bodies. Commercial bodies should approve annual rolling five-year business plans while non-commercial bodies should adopt statements of strategy for a period of three to five years ahead.

The NTMA Corporate Strategy<sup>16</sup> covers a five-year horizon and comprises two parts:

*Part 1: The NTMA Corporate Strategy; and*

*Part 2: Business Unit and Corporate Function Goals.*

The NTMA Corporate Strategy is reviewed annually and updated on a rolling five-year basis. Part 1 is submitted to the Minister for Finance if there are any changes to the overarching goal and three enabling pillars set out therein. Part 2 is updated annually and submitted to the Minister for Finance for his/her views prior to finalisation.

The procedure for Ministerial consultation in determining and reviewing the ISIF Investment Strategy is set out in Section 40(3) of the *National Treasury Management Agency (Amendment) Act 2014*.

## Non-Compliance with Statutory Obligations

In view of the wide range of relevant statutory obligations to which the NTMA is subject, it is proposed to address the requirement that the Chairperson bring incidences of non-compliance with any statutory obligations to the attention of the Minister for Finance by applying it to material instances of non-compliance only.

## Acquisition or Disposal of Assets etc.

The ISIF investment activities are managed in the context of the statutory framework for the making of ISIF investments as set out in the *National Treasury Management Agency (Amendment) Act 2014*, the ISIF Investment Strategy and the ISIF investment process. Those provisions of Section 8 of the Code dealing with the acquisition or disposal of assets, capital investment appraisal, establishment or acquisition of subsidiaries, participation in joint ventures and the acquisition of shares do not apply to the investment activities of the ISIF. Trading of Government bonds or other assets in the normal course of NTMA business operations is not regarded as falling within Section 8 of the Code.

## ICT Circular

As provided for under Section 3 of Department of Public Expenditure and Reform's Circular 02/16 on Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service, it has been agreed by the Department of Finance that the NTMA has been exempted from the approval framework for digital and ICT-related expenditure.

## Public Spending Code

The Public Spending Code is not applicable to the NTMA as the NTMA is not engaged in capital projects (other than in respect of its ISIF and NDFA roles) or new current expenditure programmes. The NTMA's functions are set out in statute – either in primary legislation or are delegated to the NTMA by Ministerial Order. The NTMA's operational budget relates to the staffing, systems, facilities and other costs associated with the performance of these functions. With regard to significant new expenditure items within its operational budget, the NTMA utilises the standard appraisal process set out in section 2.1 of the Public Spending Code in its project appraisal process.

## Remuneration

In complying with the Code's provisions in respect of remuneration, the NTMA has adopted the provisions applying to commercial State bodies, adapted in light of its particular governance and reporting structures and remuneration model. Consistent with this approach, the NTMA publishes details of employee short-term benefits in bands of €25,000.

## Travel Circulars

The NTMA's travel policy is based on the Framework for a Travel Policy for State Bodies contained in the Code. Revenue approved civil service mileage rates (reflecting Circular 07/2017) are applied. The NTMA does not pay subsistence rates in respect of travel, but operates a vouched expense process for the re-imbursment of travel expenses and Department of Public Expenditure and Reform circulars and office notices regarding subsistence are, therefore, not applied.

## Customer Charter

The NTMA does not generally provide services directly to the public. State Savings products are offered to personal savers by the NTMA through its agents. An Post has a customer charter which covers the services it provides to the public, including those services it provides on behalf of the NTMA. A separate customer charter has not been put in place for the NTMA.

<sup>16</sup> The NTMA Corporate Strategy is subject to review by the Agency and the Minister.

## Governance and Corporate Information

### COMMITTEE REPORTS

#### AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee assists the Agency in:

- the oversight of the quality and integrity of the financial statements, the review and monitoring of the effectiveness of the systems of internal control, the internal audit process and the compliance function, and the review and consideration of the outputs from the statutory auditor; and
- the oversight of the Agency's risk management framework including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition, the Committee oversees the internal audit and risk management functions, which are managed on a day to day basis by the Head of Internal Audit and the Head of Risk (Financial, Investment and Enterprise) respectively.

Under its Terms of Reference the Committee is to comprise four members appointed by the Agency from among its members (excluding the Agency Chairperson).

The current members of the Committee are:

- Gerardine Jones (Chairperson)
- Susan Webb
- Rachael Ingle
- Brian O'Kelly

The membership of the Committee in 2019 was:

- Martin Murphy (Chairperson)
- Mary Walsh<sup>17</sup>
- Susan Webb

The Committee met formally on seven occasions in 2019. It also held an additional working session to review the financial statements.

#### Financial Reporting

The Committee reviewed the draft 2019 financial statements and recommended them to the Agency for approval. The review focused on the consistency of approaches across the financial statements, appropriate estimates and judgements, the clarity and completeness of disclosures in line with applicable accounting standards, and relevant provisions of the Code of Practice for the Governance of State Bodies (2016). The Committee also reviewed the Governance Statement and Agency Members' Report, and statements on risk management for inclusion in the Annual Report. As part of its review of the financial statements, the Committee met with representatives of the Office of the Comptroller and Auditor General (the statutory auditor) to discuss its Audit Findings Report.

#### Internal Control

The Committee reviewed the effectiveness of the system of internal control. It also reviewed the Statement on Internal Control to be included in the 2019 financial statements and recommended it to the Agency. The review was informed by a report from management in relation to the assertions contained in the Statement and also the Committee's detailed work programme, including regular reports from Internal Audit, Risk, Compliance and the Data Protection Officer (DPO).

#### Internal Audit

The Committee received regular reports from the Head of Internal Audit (the Head of Internal Audit is supported by an external firm, currently KPMG). It reviewed the key findings from the individual internal audit reviews completed under the 2019 risk-based internal audit plan and monitored the implementation of audit recommendations. It approved the 2020 risk-based internal audit plan and updates to the Internal Audit Charter. It also reviewed the effectiveness of the Internal Audit function.

The Committee reviewed and recommended the re-appointment of KPMG as internal audit service provider, arising from the relevant public procurement process for these services. The Agency approved the re-appointment of KPMG at its 9 July meeting.

The Committee met with the Head of Internal Audit without management at least annually.

#### Statutory Audit

The NTMA's statutory auditor is the Comptroller and Auditor General. The Committee reviewed the external audit plan, the key areas of focus and the audit terms of engagement. It also monitored management's responses to the external auditor's findings arising from the audit of the 2019 financial statements. The Committee meets with the external auditor without management at least annually.

#### Risk

The Committee reviewed and recommended to the Agency updates to the Risk Management Policy and Framework and to the Risk Appetite Framework. It also approved updates to a number of specific risk policies as provided for under the Risk Management Policy and Framework. It monitored the NTMA's position against its defined risk appetite and approved updates to the suite of key risk indicators. It also approved the annual Risk Management Plan and Terms of Reference of the Enterprise Risk Management Committee.

The Committee reviewed the principal risks faced by the NTMA based on a strategic risk assessment performed twice yearly prior to the review by the Agency. It also reviewed the principal risks of the underlying risk registers and a report under the NTMA's stress testing framework.

<sup>17</sup> Mary Walsh's term expired on 21 December 2019.

The Committee reviewed regular reports from the NTMA's Risk function in relation to financial, investment and enterprise risks. It also reviewed the effectiveness of the Risk function.

The Committee monitored the ongoing implementation of recommendations arising from the 2017/2018 review of the NTMA Risk function which was conducted by an independent third-party. A 2020 independent review of these recommendations was undertaken in Q1 2020.

The Committee carried out a number of other activities including consideration of a number of specific business issues from a risk perspective.

The Committee met with the (Interim) Head of Risk without management at least annually.

### Compliance and Protected Disclosures

The Committee reviewed and approved updates to the Reporting of "Relevant Wrongdoing" and Protected Disclosures Policy and other compliance policies as provided for in the Compliance and DPO Framework. It monitored progress against the 2019 Compliance Plan. It also approved a combined 2020 Compliance and DPO Plan and the Compliance and DPO Framework, and received regular reports from the Head of Compliance. The Committee reviewed the effectiveness of the Compliance function.

### Other

The Committee reviewed its Terms of Reference and was satisfied that no amendments were required. It conducted an annual self-assessment review and a skills matrix questionnaire in respect of 2019. The Committee members were satisfied that the Committee was working well and identified a small number of minor actions to be undertaken.

The Committee's priorities in respect of 2020 were approved as part of its Work Programme 2020.

## INVESTMENT COMMITTEE REPORT

The Investment Committee is a statutory committee provided for by the *National Treasury Management Agency Act, 1990* (as amended).

The Committee assists the Agency in the control and management of the Ireland Strategic Investment Fund by making decisions about the acquisition and disposal of assets within such parameters as may be set by the Agency, advising the Agency on the investment strategy for the Fund and overseeing the implementation of the investment strategy.

The Committee is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members). The Agency has decided that the Committee should have three external members.

The current members of the Committee are:

- Susan Webb, Chairperson (Agency member)

- Martin Murphy (Agency member)
- Richard Leonard (external member) *Company Director and former Partner, Grant Thornton Ireland*
- Mark Ryan (external member) *Company Director and former Managing Director, Accenture Ireland*
- Julie Sinnamon (external member) *CEO, Enterprise Ireland*

Gerardine Jones stepped down as a Committee member on 27 February 2020 having served on the Committee since 29 March 2017. Martin Murphy was appointed to the Committee with effect from 28 January 2020.

The Committee met on 10 occasions in 2019. Its main activities consisted of reviewing and approving investment sub-strategies, considering detailed investment proposals from ISIF management and oversight and monitoring of the ISIF Portfolio. Decisions on investment proposals for Irish Portfolio investments of up to €150m have been delegated to the Committee by the Agency. Where the Committee supports an investment proposal in excess of €150m, it makes a recommendation on the matter to the Agency. Matters considered at Committee meetings in 2019 include:

- Review and approval of a number of Priority Theme sub-strategies in accordance with the Committee's monitoring role of the implementation of the ISIF Investment Strategy 2.0 including (i) Housing; (ii) Indigenous Business; (iii) Regional Development; and (iv) Climate Change.
- The Committee approved 15 investments across the regional, indigenous business, housing and climate change Priority Themes.
- The Committee also actively monitored the near-term investment pipeline in order to provide timely feedback to management on potential investment opportunities.
- On a quarterly basis the Committee formally reviewed and monitored the ISIF's Irish Portfolio; the Portfolio Diversification Framework; the ISIF Global Portfolio Strategy; and the Sustainability and Responsible Investment Strategy.
- Overall ISIF performance, deployment and activity were reviewed at each scheduled Committee meeting.

Information on the ISIF Priority Theme sub strategies and the Fund's investments, performance and economic impact in 2019 is set out in the ISIF Section of this Report.

The Committee reviewed its Terms of Reference and was satisfied that no amendments were required. It also conducted its annual self-assessment evaluation in respect of 2019. The Committee members were satisfied that the Committee was working well and agreed a number of minor enhancements to the process.

The Committee's priorities in respect of 2020 were approved as part of its Work Programme 2020.

## Governance and Corporate Information

### COMMITTEE REPORTS (CONTINUED)

#### REMUNERATION COMMITTEE REPORT

The Remuneration Committee assists the Agency through review and approval of the NTMA's overall remuneration policy, review and approval of any performance-related pay schemes operated by the NTMA and approval of the total annual payments to be made under any such schemes. It also makes recommendations to the Agency on the remuneration of the Chief Executive.

Under its Terms of Reference the Committee is to comprise four members appointed by the Agency from among its members including the Agency Chairperson.

The current members of the Committee are:

- Martin Murphy (Chairperson)
- Maeve Carton
- Robert Watt
- Rachael Ingle

Martin Murphy, a member of the Committee was appointed as Chairperson with effect from 28 January 2020. In addition Rachael Ingle was appointed as a Committee member with effect from 28 January 2020.

The Committee met on two occasions in 2019. It reviewed and approved the total amount in performance related payments to be made in respect of 2018.

The Committee reviewed its Terms of Reference and recommended minor amendments to the Agency.

#### SCA STRATEGY COMMITTEE REPORT

The State Claims Agency Strategy Committee assists the Agency in the performance of its State Claims Agency ("SCA") functions by providing advice and guidance on strategic, policy and certain operational issues. The Committee comprises seven members: two members of the Agency, the Director, SCA and four persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members).

The current members of the Committee are:

- Martin Murphy, Chairperson (Agency member)<sup>18</sup>
- Derek Moran (Agency member)
- Ciarán Breen (Director, SCA)
- Professor Sir Sabaratnam Arulkumaran (external member) *Professor Emeritus of Obstetrics and Gynaecology at St. George's University of London*
- Tom Beegan (external member) *Risk Consultant and former CEO of the Health and Safety Authority*
- Donogh Crowley (external member) *Former Partner, Arthur Cox Solicitors*
- David Moloney (external member) *Assistant Secretary, Department of Public Expenditure and Reform*

Mary Walsh, who served as the Committee Chairperson since the Committee's establishment in 2017 to end-2019, was replaced by Martin Murphy with effect from 28 January 2020.

During 2019, the Committee's Terms of Reference were reviewed and updated to provide for an enhanced level of oversight by the Committee. These enhanced duties include advice and guidance on certain operational matters such as the SCA component of the NTMA operating budget.

The Committee met six times in 2019. It also held an additional working session to review the SCA operating budget and business unit goals.

At each meeting, the Committee reviewed detailed reports from management on active claims, mass actions, sensitive claims, significant cases or judgments and other current issues. Other matters considered at Committee meetings included:

- The Committee reviewed the cash flow projections for the SCA's indemnity schemes for 2019 and 2020 and an updated projection for 2019, prepared by the SCA's actuaries, LCP.
- The Committee reviewed the strategic approach being taken by the SCA in respect of a number of significant mass actions against the State.
- The Committee discussed the *Patient Safety Bill*, which provides for the use of the NIMS system for mandatory reporting of certain incidents by both the public and private healthcare sectors.
- The Committee received a number of external expert briefings to keep itself in abreast of recent developments and best practice in a number of areas.
- The Committee discussed the SCA's support and sponsorship of the Neonatal Encephalopathy Action Group (NEAG) which was set up to drive an integrated system-wide effort to reduce the risk of the occurrence of cerebral palsy.

It conducted a self-assessment review and a skills matrix questionnaire in respect of 2019. The Committee members were satisfied that the Committee was working well and identified a small number of minor actions to be undertaken.

The Committee's priorities in respect of 2020 were approved as part of its Work Programme 2020.

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<sup>18</sup> Appointed as Committee Chairperson with effect from 28 January 2020.



# RISK MANAGEMENT

## OVERVIEW

The NTMA considers that risk management is a fundamental element of corporate governance and is essential to achieving its strategic and operational goals. The NTMA is subject to the Code of Practice for the Governance of State Bodies (2016) ("the Code") which provides guidance for the application of good practice in corporate governance for both commercial and non-commercial State bodies. The NTMA maintains a formal risk management framework, underpinned by a strong risk culture and overseen by the Agency and risk committees.

## POLICY, APPETITE AND FRAMEWORK

The Agency sets the Risk Management Policy and Framework and the Risk Appetite Framework. The Risk Management Policy and Framework defines the standards for risk management across the organisation. It includes the objectives, structures, governance, frameworks, policies, responsibilities and processes that support the effective and integrated management of risk, consistent with the Agency's risk appetite.

The NTMA has defined its risk appetite for its key risk categories within the Risk Appetite Framework. Risk exposures are monitored through the use of key risk indicators and limits as appropriate. The Risk Management Policy and Framework and Risk Appetite Framework are reviewed at least annually to ensure that they remain relevant and up to date.

## GOVERNANCE

The Audit and Risk Committee ("the ARC") assists the Agency in the oversight of the risk management framework including monitoring adherence to risk governance and risk appetite. An executive-level Enterprise Risk Management Committee ("ERMC") oversees the implementation of the framework and provides assurance that senior management maintains appropriate systems to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported.

The NTMA's approach to risk management is based on the "three-lines-of-defence" model, set out below, and is designed to support the delivery of its mandates by proactively managing the risks that arise in the course of the NTMA pursuing its objectives.

### THREE LINES OF DEFENCE MODEL



## Governance and Corporate Information

### RISK MANAGEMENT (CONTINUED)

#### RISK ASSESSMENT

Risk assessment processes are designed to ensure that material risks are identified, that the NTMA manages its risk within its agreed risk appetite, and that the management of risk is monitored within clearly defined and delineated roles and responsibilities.

Individual business units and corporate functions maintain risk registers in which their key risks and controls are recorded and responsibility for the operation of controls is assigned. These registers are reviewed twice yearly by the respective businesses units and corporate functions and the controls therein are attested by the control owners. The review:

- Identifies or re-confirms and classifies the risks to the business;
- Assesses the inherent and residual risk impact and likelihood;




- Identifies existing controls and assesses their effectiveness;
- Identifies proposed treatments and controls; allocates owners for any agreed action plans; and
- Reports on the implementing of measures and controls to address the residual risks;

Business units present principal risks from their risk registers to the ERMC and/or the ARC at least annually.




#### PRINCIPAL RISKS

The Agency performs a formal, top down assessment of its Principal Risks twice annually, the purpose of which is to identify and mitigate the key risks to the execution of NTMA mandates from an organisation-wide perspective and, in particular, to address any emerging risks as early as possible.

Risk	Risk Description and Possible Impact	Risk Mitigation Measures
 <p><b>Economic, Geopolitical, Regulatory and Market Risk</b></p>	<p>Extraneous risks such as extreme economic conditions, unforeseen or unpredictable geopolitical, environmental, social or regulatory events and market volatility could adversely impact the NTMA.</p> <p>Possible consequences include a deterioration of the fiscal position leading to increased funding requirements, difficulties in accessing funding or investment opportunities, deterioration of debt sustainability, increased debt service costs, increased cost and/or delay of infrastructure delivery, reduced economic impact or investment returns.</p>	<p>A diversified funding strategy and funding plan approved by the Agency. Key Performance Indicators (KPIs) are in place and reviewed by the Agency semi-annually;</p> <p>Active liquidity, market and credit risk management, governed by policies that are reviewed and approved annually;</p> <p>Ongoing monitoring and reporting of market and macro-economic trends, implications, and key market risk indicators including horizon scanning;</p> <p>Pre-emptive, preventative or corrective actions taken as required;</p> <p>Where specific risks are identified (e.g. Brexit, COVID-19) tailored action plans are put in place and monitored; and</p> <p>Diversified ISIF Global and Irish portfolios.</p>
 <p><b>Climate Risk</b></p>	<p>As a public body, the NTMA must play its role in supporting Ireland's transition to a low carbon, climate resilient, and environmentally sustainable economy. Failure by the NTMA to act appropriately in performing its functions could result in financial losses and reputational damage.</p> <p>Possible consequences include disruption to the funding model, financial losses or impairments, missed investment opportunities, litigation, or failure to comply with environmental, social and governance standards.</p>	<p>Existing policy and practices provide the NTMA with an ability to respond to sudden increased funding needs, through use of cash balances and an ability to increase short term issuance;</p> <p>Issuance of Sovereign Green Bonds, where proceeds are allocated to eligible Green Projects (as outlined in the National Development Plan 2018 – 2027), are expected to contribute to carbon emission reductions;</p> <p>Active divestment and ongoing exclusion of fossil fuel assets from Irish and Global portfolios;</p> <p>ISIF Climate Strategy in place, which seeks opportunities to allocate to low carbon strategies in the Irish Portfolio and assess and engage on investee transition risks (including emissions) across both the Irish and Global portfolios;</p> <p>NewERA actively working with the relevant Departments in relation to actions assigned to NewERA and relevant commercial State Bodies in the Government's Climate Action Plan; and</p> <p>NTMA corporate initiatives including Green Team and Sustainability Group.</p>

Risk	Risk Description and Possible Impact	Risk Mitigation Measures
 <p><b>Investment Risk</b></p>	<p>The risk that actual investment performances deviate from the expected outcomes of relevant investment strategies.</p> <p>Possible consequences include:</p> <ul style="list-style-type: none"> <li>(i) Financial losses or sub-optimal returns; and/or</li> <li>(ii) Unsatisfactory Economic Impact; and/or</li> <li>(iii) Reputational damage.</li> </ul>	<p>All investments are made and managed within the approved risk appetite, governed by the relevant investment, liquidity, market and credit risk policies. This includes exchequer/ISIF investments, the Ireland-Apple Escrow Fund and all entities to whom treasury services are provided;</p> <p>All relevant risk policies are subject to annual review and approval through the appropriate governance committee;</p> <p>Agency approved ISIF Ireland Investment Strategy 2.0 in place;</p> <p>Agency approved ISIF global portfolio strategy in place;</p> <p>All new ISIF Irish Portfolio investment proposals are subject to First and Second Line reviews prior to Investment Committee/Agency submission; and</p> <p>Ongoing First and Second Line monitoring and reporting on the ISIF Irish and Global portfolios (including KRIs and RAG status reporting) to relevant Agency Committees.</p>
 <p><b>Liquidity Risk</b></p>	<p>The possibility that over a specific time horizon, the NTMA will have insufficient cash to meet its obligations as they fall due.</p> <p>Failure to access funding or to strategically manage and plan liquidity requirements could result in the inability to fund the State and the inability to fund investments.</p>	<p>Liquidity Risk Policy, aligned to the approved risk appetite is in place and reviewed annually by the Audit and Risk Committee;</p> <p>A diversified funding strategy and funding plan is approved by the Agency;</p> <p>Active management of the debt maturity profile;</p> <p>Monitoring (including horizon scanning) and reporting of liquidity risk exposures is performed with appropriate escalation to Risk Committees;</p> <p>Stress Testing (generic and multi-factor) is performed; and</p> <p>Agency approved ISIF global portfolio strategy is in place and regularly monitored to ensure adequate liquidity.</p>
 <p><b>Information Technology (IT), Cyber and Information Security</b></p>	<p>The NTMA is reliant on a number of key IT systems to support ongoing operations. A loss or failure of any of these systems caused by a malicious cyber-attack, software or hardware issues or poor operational performance could lead to business disruption, potential financial loss and/or reputational damage.</p>	<p>ICT Steering Committee in place to oversee and monitor IT architecture. ICT Security Committee in place to provide guidance and assurance in relation to ICT security matters;</p> <p>Security requirements are incorporated and assessed as part of system procurement and selection;</p> <p>Cyber Security Framework in place based on the US National Institute of Standards and Technology (NIST) Framework;</p> <p>ICT end user policies in place with mandatory employee training;</p> <p>Ongoing IT upgrades and patching of systems;</p> <p>Monitoring, testing and reporting of IT traffic, IT security, cyber threat landscape and expert external advice on emerging trends and cyber threats;</p> <p>Annual simulated spear-phishing campaign and annual 3rd party cyber security posture assessment tracking maturity and benchmarking the NTMA against the industry; and</p> <p>ICT Design Authority in place as a collaborative ICT/ Business group to respond with secure, integrated IT solutions to meet business requirements.</p>

RISK MANAGEMENT (CONTINUED)

Risk	Risk Description and Possible Impact	Risk Mitigation Measures
 <p><b>Operational Risk</b></p>	<p>The risk of loss or damage resulting from inadequate or failed internal processes or from external events which would affect the NTMA's ability to execute its business strategy. This includes: legal and compliance risk (including data protection), fraud risk; business disruption risk, change and project risk, and process risk.</p> <p>Possible consequences include the potential risk of direct financial impact and loss for the NTMA and/or the State, business disruption, regulatory fine/ sanction and/or reputational damage.</p>	<p>Appropriate operational risk, compliance and data protection policies in place, supported by guidance documents and employee training;</p> <p>Risk and control assessment process ensure control measures are adequate to address operational risks;</p> <p>Key Risk Indicators in place and reported to the relevant risk governance committee;</p> <p>Appropriate use of internal and external professional advice;</p> <p>Dedicated oversight committees for monitoring and reporting of operational risks;</p> <p>An active business continuity management programme, with regular testing of plans and scenarios; and</p> <p>Project boards established for all key strategic projects, with regular reporting produced, resources appropriately allocated and best practice project management methodologies utilised.</p>
 <p><b>People and Behavioural Risk</b></p>	<p>Risk of failure to recruit, retain and develop a sufficiently skilled and experienced workforce, and/or maintain positive workplace behaviours.</p> <p>If the NTMA does not have people with the right skills or cannot retain, attract and develop talent and leadership (including succession planning), it may adversely impact NTMA's ability to execute its mandates. In addition, failure of NTMA's employees to behave in a manner consistent with expectations could result in financial loss, business disruption and/or reputational damage.</p>	<p>There is a three year (2019 – 2021) HR strategy in place;</p> <p>The NTMA operates a structured recruitment and selection process;</p> <p>Extensive learning and development programme in place and succession planning undertaken;</p> <p>Promulgation of the Code of Practice for the Governance of State Bodies;</p> <p>A range of HR and Compliance policies and procedures help to ensure best practice in people management and ethical standards;</p> <p>Key internal controls and anti-fraud measures in place; and</p> <p>Regular risk-based internal and external audits.</p>
 <p><b>Third-party Risk</b></p>	<p>The NTMA relies on a number of critical third parties in order to deliver its mandates. Failure by the NTMA to oversee and manage critical third parties, or failure by the third-party to deliver on its contractual obligations or act in a manner consistent with NTMA's expectations could lead to business disruption, financial and/or reputational damage.</p>	<p>Third-Party Risk Management Policy in place, with supporting guidance;</p> <p>Due diligence, risk assessment, ongoing monitoring, oversight and reporting of critical third-party arrangements and performance;</p> <p>Third-party contracts formally reviewed and approved by internal management and external legal advisers as appropriate;</p> <p>Technical ICT advisory provided as part of the tendering process for new technology services; and</p> <p>Assessment and approval process of third-party cloud services.</p>

## MANAGEMENT TEAM



**Conor O'Kelly**  
CHIEF EXECUTIVE



**Ian Black**  
CHIEF FINANCIAL AND OPERATING  
OFFICER



**Ciarán Breen**  
DIRECTOR, STATE CLAIMS AGENCY



**Sinéad Brennan**  
CHIEF PEOPLE OFFICER



**Des Carville**  
HEAD OF BANKING  
(on secondment to Department  
of Finance)



**Eugene O'Callaghan**  
DIRECTOR, IRELAND STRATEGIC  
INVESTMENT FUND



**Frank O'Connor**  
DIRECTOR, FUNDING AND DEBT  
MANAGEMENT



**Andrew O'Flanagan**  
DIRECTOR, NATIONAL DEVELOPMENT  
FINANCE AGENCY AND NewERA



**Susan O'Halloran**  
CHIEF LEGAL OFFICER



**CONTINUING TO FOSTER AN INCLUSIVE AND DIVERSE WORKFORCE**

During 2019, the NTMA continued with its commitment to develop and grow a culture of inclusion and opportunity. There is overwhelming empirical evidence and research which demonstrates diversity improves decision making and investment outcomes. The NTMA believes that delivering long-term value to the State requires a culture where inclusion and diversity are embedded in its processes, behaviours and values. As an employer, the NTMA aims to ensure its workforce is representative of the community it serves and capable of attracting and retaining talented employees from a wide range of backgrounds with diverse skills and experience. While measuring the level of workplace inclusion can be challenging, statements from the NTMA's Employee Engagement Survey conducted in Q4 2019 indicate that approximately 84% of employees feel that they experience positive aspects of inclusion and diversity at the NTMA.



**Gender**

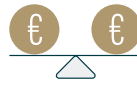
The NTMA's current gender profile is 51% female/49% male. Female representation at different levels in the NTMA remains similar to that in financial services industry as a whole, where women are over-represented in administration and support roles and under-represented in the more senior roles. The strategy agreed with the Agency to address this shortfall was implemented during 2019 and will continue to be refined and adapted into the future.

**Gender Pay Gap Figures**

The gender pay analysis and profile is based on annual base pay effective 31 December 2019.

The table illustrates that overall at median base pay there is a 19% pay gap in favour of male employees and at mean base pay there is a 24% pay gap in favour of male employees. While the figures show a positive trend in comparison to the 2018 figures, the pay gap identified above is largely due to differences in gender profiles across levels of seniority. The NTMA has a 70% male / 30% female split at senior leadership team level and a 70% female / 30% male split across administration and support roles. The NTMA is committed to closing this gap which will require more gender balance in senior roles levels within the Agency.

	2018	2019
Median	22%	19%
Mean	24%	24%

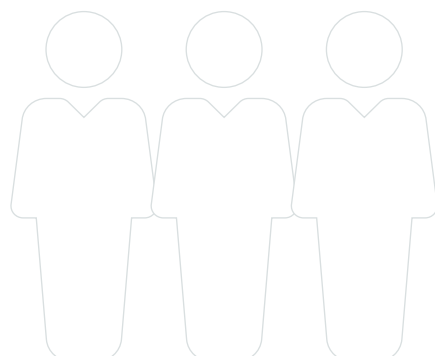


**Gender Pay Gap Initiatives**

The NTMA is committed to closing the gender pay gap and ensuring gender balance at all levels in the NTMA and actively partnering with other organisations that can assist in expanding and advancing its objectives. The NTMA is a member of the 30% Club and 24 employees participated in the IMI/30% Club mentoring programme during 2019.

In addition, the NTMA has a Gender Matters network that focuses on the inclusion and development of women in the NTMA through programmes like the My Story series, delivery of unconscious bias training for all employees and attendance at relevant conferences. The Gender Matters network helps members build community and connection, access career and professional development tools, learn from internal and external leaders, role models and experts, and participate in initiatives focused on enhancing the day-to-day lived experience of women in the NTMA.

The NTMA has gone beyond its specific organisation to identify the systemic change required within its communities and society to encourage young girls to enter careers such as those available at the NTMA. To this end, the NTMA partnered with Mount Carmel Girls School in Dublin 1 to increase the visibility of female role models to the students and their families.







## Disability

The Mission Statement of the NTMA's Disability Awareness Team (DAT) is to be "an inclusive and supportive workplace that sees the ability in disability". The DAT has supported this mission through the following key pillars:

- Building Awareness;
- Increasing Participation; and
- Fostering Sustainability.

Approximately 4% of the NTMA's workforce has a disability.

During 2019, the DAT engaged in the following activities:

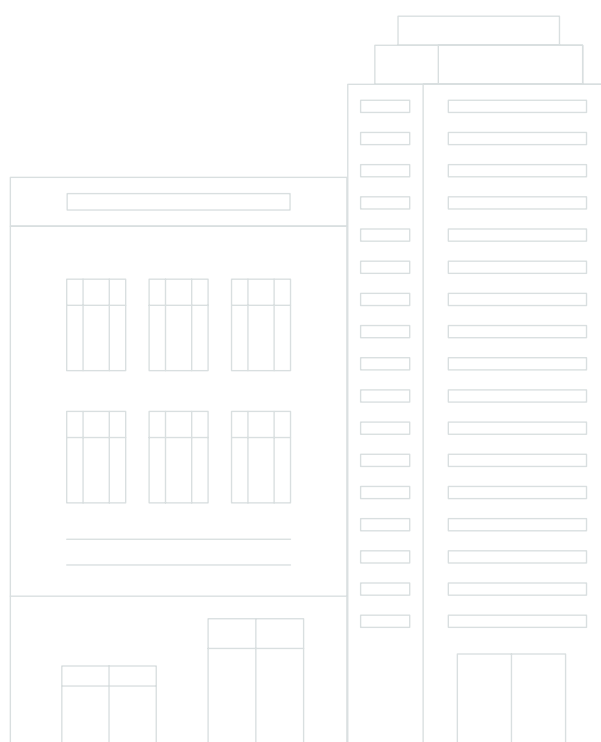
- Continued its partnership with Trinity Centre for People with Intellectual Disabilities and continued to build upon relationships with other external bodies which assist the NTMA be an inclusive workplace.
- Received WAM Leaders Award in 2019 to recognise NTMA's contribution in promoting the employment of graduates with disabilities.
- Participated in training events with AHEAD/Specialisterne.
- Ensured its new building was suitable, friendly and accessible to those with a disability.



## LGBT+

The NTMA LGBT+ Network acts as a visible and accessible LGBT+ presence in the NTMA. Its objectives are:

- To provide an environment that encourages conversations at all levels in the organisation on LGBT+ topics.
- To foster a supportive environment for current and future generations (Millennials, Gen Z etc.) of employees who may need help/guidance or support on LGBT+ topics.
- To implement the LGBT+ Strategy to support the NTMA's overall Inclusion and Diversity goals.



## Governance and Corporate Information

# ENERGY EFFICIENCY REPORT

The NTMA relocated from Treasury Building on Grand Canal Street, Dublin 2 to Treasury Dock, North Wall Quay, Dublin 1 during July and August 2019.

Treasury Dock has achieved LEED 2009 Platinum rating and BER A3 energy rating standards.

### Electricity Consumption kWh

	2019	2018	Diff %	Notes
kWh	1,990,143	1,873,448	↑6.2	1
kWh/m <sup>2</sup>	94	237	↓60	2

### Gas Consumption kWh

	2019	2018	Diff %	Notes
kWh	2,419,229	847,506	↑185	1
kWh/m <sup>2</sup>	114	107	↑6.5	2

#### Notes

1. The increase in electricity and gas consumption was primarily due to operating both Treasury Building and Treasury Dock for the duration of the moves to Treasury Dock and the decommissioning of Treasury Building.
2. Treasury Building 7,920 m<sup>2</sup>, Treasury Dock 13,357m<sup>2</sup>, Total 21,277m<sup>2</sup>.

# FINANCIAL STATEMENTS

Prepared by the National Treasury Management Agency in accordance with section 12 of the National Treasury Management Agency Act, 1990

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## Financial Statements

# STATEMENT ON INTERNAL CONTROL

### Scope of Responsibility

On behalf of the National Treasury Management Agency (“the Agency”) we acknowledge the Agency’s responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

### Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Agency for the year ended 31 December 2019 and up to the date of approval of the financial statements.

### Capacity to Handle Risk

The Agency has a formal risk management and governance framework in place, designed to support the proactive management of risk. The Agency’s Risk Management Policy and Framework and Risk Appetite Framework, together set out its risk appetite, its risk management processes and details the roles and responsibilities of staff in relation to risk. The Agency has ultimate oversight and accountability in relation to risk management and provides direction by approving the Risk Management Policy and Framework and the Risk Appetite Framework. Thereafter the Agency assures itself on an on-going basis that executive management is responding appropriately to risks and it is assisted in this regard by the Audit and Risk Committee (ARC), which monitors adherence to risk governance and risk appetite and ensure risks are properly identified, assessed, managed and reported.

In 2019, the ARC comprised three Agency members, with financial and audit expertise, one of whom is the Chair. The Committee met seven times in 2019.

An executive-level Enterprise Risk Management Committee (ERMC) oversees the implementation of the Agency’s overall risk appetite and senior management’s establishment of appropriate systems to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported.

The Risk Management Policy and Framework and Risk Appetite Framework which were updated in 2019 were published and communicated to all staff who are expected to comply with the requirements therein. The embedding of risk management was supported by a programme of risk training and awareness in the reporting period.

### Risk and Control Framework

The Agency’s Risk Management Policy and Framework, supported by the Risk Appetite Framework, provides the methodology and processes, by which key risks are identified, assessed, managed, monitored and reported and are supported by a suite of risk management policies.

Individual business units and corporate functions maintain risk registers in which their key risks and controls are recorded and responsibility for operation of the controls assigned. These registers are reviewed twice yearly by the respective businesses units and corporate functions and the controls therein are attested by the control owners. Risk registers were reviewed by the appropriate risk committees during the reporting period.

The ARC also conducted two reviews of the Agency’s principal risks in the reporting period, based on a top-down risk assessments exercise conducted by the ERMC.

The Agency has an established control environment, as part of which:

- Authority and financial responsibilities are delegated by the Agency Chief Executive to Agency management and staff through the use of delegated authorities which define their authority and financial responsibilities to act on behalf of the Agency.
- It has developed policies and procedures in respect of the management of the key aspects of its activities. These policies and procedures are reviewed by their business owners and updated to align with business processes.
- It has an appropriate financial and budget management system, incorporating accounts payable controls as well as regular reporting of the Agency’s costs and monitoring of costs against budget to the Executive Management Team.
- It has an established financial reporting framework to support its external and statutory reporting obligations in respect of its businesses.

- It has established systems, procedures and controls in place to manage and safeguard its business assets including property, equipment and vehicle assets.
- It takes all reasonable measures considered necessary to protect information and systems including the confidentiality, integrity and authenticity of the information stored on Agency systems and to minimise so far as practicable the risk of unauthorised access to information from both internal and external sources. This protection is achieved through the application of recognised standards, policies and controls.
- It has an established Cyber Security Framework to facilitate identification, assessment and management of the cyber risks that the Agency may be exposed to. Regular Staff Awareness Training on cyber risks is also in place for all Agency staff.
- It has a business continuity framework with a view to ensuring the Agency is able to manage disruptive scenarios, provide contingency premises, recover key systems and maintain as far as possible the continuity of critical operations, and resume normal business operations in a timely manner.

Some of the Agency's business processes in particular for the State Claims Agency payments are manual. Management are seeking to automate the relevant business processes and have implemented enhanced controls and procedures to reduce and mitigate this business risk.

### On-going Monitoring and Review

The Agency has established processes for the on-going monitoring and review of the effectiveness of controls which are carried out through its three lines of-defence model which includes:

- The first line, comprising the Agency's business units and corporate functions, own the risks associated with business activities and are primarily responsible for managing those risks on a day-to-day basis. This includes implementing and monitoring adherence to the Agency's risk management policies and risk appetite, conducting risk and control self-assessments, managing operational events and implementing appropriate responses. They provide reports for the Agency's Risk Governance Committees on their risks and controls and operational events.
- The second line comprises the Agency's Risk and Compliance functions and is independent of the first line management and operations. The Risk function oversees compliance with risk management policies across the Agency, provides independent review and challenge to the first line, and provides risk reports and information to the various risk governance committees. The Compliance Function and Data Protection Officer promote compliance and personal data protection awareness through training, codes of conduct and relevant policies. They provide compliance and personal data protection support, advice and independent challenge to first line management and submit regular reports to the ERM and ARC.
- Internal Audit is a third line of defence, providing independent risk-based assurance to key stakeholders on the robustness of the Agency's governance, risk management system and the design and operating effectiveness of the internal control environment under a planned programme of work approved by the ARC. The internal auditor provides regular reporting to the ARC on the status of the internal control environment in the context of reviews undertaken and the status of internal audit issues raised previously.

### Procurement

The Agency has an established Procurement Policy (published on its website) and a Procurement Procedure. The Agency's procurement practices are in accordance with the aforementioned documents. A corporate procurement plan, based on the template published in the Office of Government Procurement Policy framework document, is in place and is being implemented. The corporate procurement plan is updated annually.

The Agency's Procurement Procedure is consistent with the current Office of Government Procurement (OGP) guidelines. In certain instances it is deemed appropriate to obtain duly authorised exceptions from the Policy and Procedure (i.e. not run a competitive tender process) in respect of services, supplies or works valued above €5,000 (ex VAT) and below the EU thresholds e.g. for reasons of confidentiality, conflicts of interest, urgency, protection of intellectual property rights, sole source of supply etc.

The Agency is subject to EU Directive 2014/24/EU as implemented in Ireland by the European Union (Award of Public Authority Contracts) Regulations 2016 (the 'Regulations'), in respect of the procurement of services, supplies and works above certain value thresholds set by the EU. Where the Regulations do not apply – either because the value of the procurement is below the EU thresholds or falls outside of the Regulations – the Agency adopts a process (in accordance with its Procurement Policy and Procedure as outlined above) that is designed to achieve the best value for money. Exceptions to the Agency's Procurement Policy and Procedure are approved by senior management.

## Financial Statements

### STATEMENT ON INTERNAL CONTROL (CONTINUED)

The use of exceptions under the Agency's Procurement Policy and Procurement Procedure does not amount to non-compliant procurement. For contracts that are valued above the EU thresholds, EU legislation applies, and the Regulations permit exceptions from a competitive EU tender process in very restricted circumstances.

During 2019, payments with a total value of €4.98m (ex VAT) (2018: €5.88m ex VAT) were made in respect of goods/services that were the subject of procurement exceptions approved in accordance with the Agency's Procurement Policy and Procurement Procedure. A breakdown of these exceptions is provided in the table below.

Category	Total (ex VAT) 2019 €m	Notes
Expert Witnesses	3.50	Note 1
e-Discovery	0.58	Note 2
Information Technology & Communications	0.47	Note 3
Facilities Management/Maintenance	0.30	
Professional Services	0.07	
Marketing Print & Stationery	0.06	

**Note 1:** Expert witnesses are witnesses engaged by the State Claims Agency ("SCA") to provide reports and give evidence in personal injury and property damage cases being managed by the SCA. Although they are engaged by the SCA, such witnesses are witnesses of the Court and their overriding duty is to provide truthful, independent and impartial expert evidence, within their field of expertise, to the Court. Expert witnesses can be divided into two broad categories: witnesses as to liability and causation (e.g. medical and engineer witnesses) and witnesses as to quantum and fact (e.g. actuarial witnesses). The SCA does not competitively procure witnesses as to causation and liability on the basis that such a procurement process would be likely to give rise to an added level of litigation risk in relation to the acknowledged independence of such witnesses. However, it does plan to put in place competitive procurement processes for certain categories of witness as to quantum and fact based on the volume of activity and total expenditure incurred for such categories of witness. It should be noted that payments to expert witnesses are in respect of a large number of separate engagements, where the amount payable in the majority of individual cases is less than €5,000 (ex VAT).

**Note 2:** This relates to payments made to a service provider that was appointed by the SCA where, for reasons of extreme urgency, following an order for discovery, the time limits specified for a competitive procedure could not have been complied with in circumstances where the Court could have struck out the State's defence, for non-compliance with the Discovery Order.

**Note 3:** This includes payments of €0.20m (42.6%) to sole providers of a service and a payment of €0.06m (12.8%) to a service provider where the services are required in order to comply with Ministerial Guidelines issued pursuant to Section 4(4) of the National Treasury Management Act 1990.

The Agency's Procurement Policy and Procurement Procedure remain under review on an on-going basis.

#### Annual Review of Effectiveness

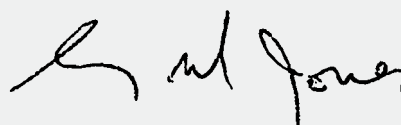
We confirm that the National Treasury Management Agency has procedures to monitor the effectiveness of its risk management and control procedures. The National Treasury Management Agency's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within the National Treasury Management Agency responsible for the development and maintenance of the internal financial control framework.

We confirm that the Agency conducted an annual review of the effectiveness of the internal controls for 2019.

No weaknesses in internal control were identified in relation to 2019 that require disclosure in the financial statements.



**Maeve Carton**  
Chairperson  
National Treasury Management Agency



**Gerardine Jones**  
Chairperson, Audit & Risk Committee  
National Treasury Management Agency

5 May 2020



# FINANCIAL STATEMENTS OF THE NATIONAL DEBT OF IRELAND

For the year ended 31 December 2019

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## Financial Statements



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### National Debt of Ireland

#### Opinion on the financial statements

I have audited the financial statements of the National Debt of Ireland prepared by the National Treasury Management Agency (the Agency) for the year ended 31 December 2019 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the service of national debt, the national debt statement, the national debt cash flow statement, the statement of movement in national debt and the related notes.

In my opinion, the financial statements properly present

- the balance outstanding on the national debt at 31 December 2019, and
- the debt service cost for 2019.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the national debt. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

13 May 2020

## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

As detailed in the governance statement and Agency members' report the members' are responsible for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the balance outstanding on the national debt at 31 December 2019 and the debt service cost for the year
- ensuring the regularity of transactions, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the National Debt of Ireland and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

## Financial Statements

# SERVICE OF NATIONAL DEBT

## For the year ended 31 December 2019

	Note	2019 €m	2018 €m
Net Interest Paid on Gross National Debt	3	4,972	5,733
Net Interest Paid on Cash and Other Financial Assets	4	76	65
Fees and Operating Expenses	5	172	169
<b>Total Debt Service Cost</b>		<b>5,220</b>	<b>5,967</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency



**Maeve Carton, Chairperson**  
National Treasury Management Agency

5 May 2020

# NATIONAL DEBT STATEMENT

As at 31 December 2019

	Note	2019 €m	2018 €m
<b>Medium/Long Term Debt</b>			
Irish Government Bonds	6	130,067	131,828
EU/IMF Programme Funding	7	43,269	44,877
Other Medium/Long Term Loans	8	2,578	2,243
		175,914	178,948
<b>Short Term Debt</b>			
Short Term Paper	9	9,998	6,393
Borrowings from Ministerial Funds	10	3,018	2,595
		13,016	8,988
<b>State Savings Schemes</b>			
State Savings Products	11	17,800	17,339
<b>Gross National Debt</b>			
Cash and Other Financial Assets	12	(18,536)	(17,593)
<b>National Debt</b>			
	<b>13</b>	<b>188,194</b>	<b>187,682</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

# NATIONAL DEBT CASH FLOW STATEMENT

For the year ended 31 December 2019

	Note	2019 €m	2018 €m
<b>Movement in Exchequer Balances:</b>			
Balance at 1 January	12	15,338	10,533
Decrease in Other Financial Assets	12	220	430
Net Borrowing of Debt (see below)		297	4,276
		15,855	15,239
Exchequer Surplus		647	99
<b>Balance at 31 December</b>	<b>12</b>	<b>16,502</b>	<b>15,338</b>
		<b>2019 Net<sup>(1)</sup> €m</b>	<b>2018 Net<sup>(1)</sup> €m</b>
<b>Net Borrowing/(Repayment) of Debt:</b>			
<b>Medium/Long Term Debt</b>			
Irish Government Bonds		(2,942)	1,895
EU/IMF Programme Funding		(1,608)	(5)
Other Medium/Long Term Loans	8	335	345
<b>Short Term Debt</b>			
Short Term Paper		3,628	1,680
Borrowings from Ministerial Funds	10	423	314
<b>State Savings Schemes</b>			
State Savings Products	11	461	47
<b>Net Borrowing of Debt</b>		<b>297</b>	<b>4,276</b>

1 The amounts represent the net borrowing or repayment of debt (inclusive of premiums and discounts paid at issue/repayment) together with the rollover of debt and related hedging transactions.

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency



**Maeve Carton, Chairperson**  
National Treasury Management Agency

5 May 2020



## STATEMENT OF MOVEMENT IN NATIONAL DEBT

### For the year ended 31 December 2019

	Note	2019 €m	2018 €m
National Debt at 1 January	13	187,682	185,483
Increase in National Debt (nominal)		512	2,199
<b>National Debt at 31 December</b>	<b>13</b>	<b>188,194</b>	<b>187,682</b>
<b>Increase in National Debt (nominal) represented by:</b>			
Exchequer Surplus		(647)	(99)
Effect of Foreign Exchange Rate Movements		(23)	(53)
Adjustment for inflation linked liabilities		8	7
Net Premium on Medium/Long Term Loans		-	(1)
Net Premium on Bond Issuances and Cancellations		1,174	2,345
		<b>512</b>	<b>2,199</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS

### 1. BACKGROUND

Under the National Treasury Management Agency Act, 1990, The National Treasury Management Agency (“the Agency”) performs borrowing and National Debt Management functions on behalf of the Minister for Finance.

The form of the statements has been approved by the Minister for Finance under section 12 of the National Treasury Management Agency Act, 1990.

The financial statements of the National Debt also include disclosure notes in relation to the National Loans Advance Interest Account, the National Loans (Winding Up) Account, the National Treasury Management Agency (Unclaimed Dividends) Account, the Deposit Monies Investment Account, the Surplus Public Expenditure Monies Account and the Account of Stock Accepted in Payment of Inheritance Tax and Death Duties. As these are operational accounts set up for specific purposes, the related cash balances are not included with the Exchequer account balance reported under Cash and Other Financial Assets in the National Debt Statement.

### 2. BASIS OF PREPARATION

The financial statements have been prepared for the year ended 31 December 2019, on a cash basis under the historical cost convention except where otherwise stated.

The National Debt Statement is a statement of the total amount of principal borrowed by Ireland not repaid at the end of the year, less cash and other financial assets available for redemption of those liabilities at the same date. The Minister for Finance under various statutes also guarantees borrowings by the State and other agencies. These guarantees are not included in these financial statements.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest million unless otherwise indicated. Figures may not total due to rounding. Where used, ‘000’ or ‘k’ denotes thousand, and ‘m’ denotes million.

#### 2.1 Receipts and Payments

Receipts and payments relating to the National Debt through the Exchequer Account, Foreign Currency Clearing Accounts and the Capital Services Redemption Account (“CSRA”) are recorded at the time the money is received or payment made.

#### 2.2 Liability Valuation

Debt balances are recorded in the National Debt Statement at their redeemable par value. Where medium or long term debt is issued or cancelled at a premium or discount to its redeemable par value any such premium or discount is accounted for through the Statement of Movement in National Debt. For liabilities where the redeemable par value is linked to inflation, the increase or reduction to the liability due to movements in inflation is accounted for through the Statement of Movement in National Debt.

#### 2.3 Derivatives

Swap agreements and other financial instruments are entered into for hedging purposes as part of the process of managing the National Debt. The results of those hedging activities that are linked with specific borrowing transactions are recognised in accordance with the underlying transactions. The net funds flows arising on hedging activities that are not linked with specific borrowing transactions are included in debt service costs at the time the funds are received or payment made. Where swaps are terminated or converted into other swap instruments the net funds flows affect debt service in accordance with the terms of the revised instrument.

#### 2.4 Foreign Currencies

Receipts and payments in foreign currencies are translated into euro at the rates of exchange prevailing at the date of the transaction. Liabilities and assets in foreign currencies are translated into euro at the rates of exchange ruling at the year end date.

### 3. NET INTEREST PAID ON GROSS NATIONAL DEBT

	2019 €m	2018 €m
<b>Interest Paid on Medium/Long Term Debt</b>		
Irish Government Bonds	3,717	4,048
EU/IMF Programme Funding	869	994
Derivatives hedging Medium/Long Term Debt	166	234
Private Placements	35	35
European Investment Bank	18	15
Medium/Long Term Notes	8	6
Council of Europe Development Bank	1	1
	4,814	5,333
<b>Interest Paid/(Received) on Short Term Debt</b>		
Euro Commercial Paper	27	34
Exchequer Notes	(11)	(5)
Irish Treasury Bills	(9)	(9)
	7	20
<b>Interest Paid on State Savings Schemes</b>		
Savings Certificates	70	285
Savings Bonds	24	35
Prizes in respect of Prize Bonds	18	18
4 Year National Solidarity Bonds	16	17
10 Year National Solidarity Bonds	12	11
Instalment Savings	11	14
	151	380
<b>Total Net Interest Paid on Gross National Debt</b>	<b>4,972</b>	<b>5,733</b>

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 4. NET INTEREST PAID ON CASH AND OTHER FINANCIAL ASSETS

	2019 €m	2018 €m
Interest Paid on Cash Balances	87	77
Interest Received on Financial Assets	(11)	(12)
	<b>76</b>	<b>65</b>

#### 5. FEES AND OPERATING EXPENSES

	2019 €m	2018 €m
EU/IMF Programme Funding	36	51
Government Bonds and Other Expenses	21	21
Prize Bonds	12	13
Savings Certificates	9	9
10 Year National Solidarity Bonds	6	5
Savings Bonds	4	5
4 Year National Solidarity Bonds	2	2
Instalment Savings	1	1
	<b>91</b>	<b>107</b>
Agency Operating Expenses <sup>2</sup>	81	62
	<b>172</b>	<b>169</b>

<sup>2</sup> Expenses incurred by the Agency in the performance of its functions are charged on and paid out of the Exchequer Account or the growing produce thereof. Further details can be found in the financial statements of the NTMA Administration Account (Central Fund note).

## 6. IRISH GOVERNMENT BONDS

	2019 €m	2018 €m
Fixed Rate Bonds	120,045	119,095
Floating Rate Bonds	8,534	11,534
Index Linked Bonds	927	620
Amortising Bonds	561	579
	<b>130,067</b>	<b>131,828</b>

### Floating Rate Bonds – Settlement of IBRC Promissory Notes:

Following the liquidation of Irish Bank Resolution Corporation (“IBRC”) on 7 February 2013, and the agreement between the Irish Government and the Central Bank of Ireland (“CBI”) to replace the promissory notes provided to State-owned IBRC with long-term Government Bonds, the promissory notes were cancelled and replaced with eight new Floating Rate Bonds. A total amount of €25.03 billion was issued on 8 February 2013 to the CBI with maturities ranging from 25 to 40 years.

During 2019, the Agency bought and cancelled €3 billion (2018: €4 billion) of the Floating Rate Bonds at a premium of €1.74 billion (2018: €2.25 billion). The bonds were purchased from the CBI, reducing the total nominal outstanding of the Floating Rate Bonds to €8.53 billion (2018: €11.53 billion).

Since year end, the Agency bought and cancelled a further €0.5 billion of the Floating Rate Bonds.

### Sovereign Green Bond

In accordance with the Irish Sovereign Green Bond (ISGB) Framework, fixed rate bonds include €5 billion from Ireland's inaugural sovereign green bond issuance.

## 7. EU/IMF PROGRAMME FUNDING

Ireland's EU/IMF programme provided for €67.5 billion in external support from the International Monetary Fund (“IMF”), the European Financial Stabilisation Mechanism (“EFSM”), the European Financial Stability Facility (“EFSF”) and bilateral loans.

The liabilities outstanding under the EU/IMF Programme at end 2019, taking into account the effect of currency hedging transactions, are as follows:

Lender	2019 €m	Weighted Average Residual Maturity Years	2018 €m	Weighted Average Residual Maturity Years
European Financial Stability Facility	18,411	13.1 Years	18,411	14.1 Years
European Financial Stabilisation Mechanism	22,500	8.9 Years	22,500	9.9 Years
United Kingdom Treasury	2,358	0.7 Years	3,966	1.2 Years
<b>Total</b>	<b>43,269</b>		<b>44,877</b>	

An agreement was reached in 2013 to extend the EFSF and EFSM loans. In respect of the EFSM loans, the revised maturity dates are only determined as they reach their original maturity dates. As a result the average maturity of the EFSM loans reflects only the maturity extensions agreed to date.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. OTHER MEDIUM/LONG TERM LOANS

	2019 €m	2018 €m
European Investment Bank	1,295	1,195
Private Placements	602	602
Medium/Long Term Notes	635	400
Council of Europe Development Bank	41	41
Other Medium/Long Term Loans	5	5
	<b>2,578</b>	<b>2,243</b>

#### 9. SHORT TERM PAPER

The Agency issues short-term paper with maturities of up to one year to raise short-term funds. The proceeds are used to fund the Exchequer as bridging finance in the replacement of longer term debt, and for other liquidity management purposes. Borrowings may be in a range of currencies, but all non-euro borrowings are immediately swapped into euro.

	2019 €m	2018 €m
Exchequer Notes	7,339	3,629
Irish Treasury Bills	2,010	2,014
European Commercial Paper Programme	345	466
Central Treasury Notes	304	284
	<b>9,998</b>	<b>6,393</b>

#### 10. BORROWINGS FROM MINISTERIAL FUNDS

These funds are short term borrowings of the Exchequer drawn down as a “ways and means” of funding Exchequer requirements from a number of funds under the control of the Minister for Finance.

	2019 €m	2018 €m
Post Office Savings Bank Fund	2,140	2,058
Surplus Public Expenditure Monies Account (note 19)	878	537
	<b>3,018</b>	<b>2,595</b>



## 11. STATE SAVINGS SCHEMES

	2019 €m	2018 €m
Savings Certificates	5,961	5,685
10 Year National Solidarity Bonds	3,946	3,505
Prize Bonds	3,653	3,414
Savings Bonds	2,466	2,855
4 Year National Solidarity Bonds	1,257	1,370
Instalment Savings	515	508
Savings Stamps	2	2
	<b>17,800</b>	<b>17,339</b>

Amounts shown in respect of Savings Certificates, Instalment Savings, Savings Bonds, Solidarity Bonds and Prize Bonds include €9 million (2018: €10.8 million) cash balances held by An Post, Permanent TSB and the Prize Bond Company. An Post and the Prize Bond Company act as registrars for the respective schemes.

As the National Debt financial statements are prepared on a cash basis, the liabilities do not include the sum of €275 million (2018: €280 million), being the estimate of the amount of accrued interest at end 2019 in respect of Savings Bonds, Savings Certificates, 10 Year National Solidarity Bonds, 4 Year National Solidarity Bonds and Instalment Savings.

## 12. CASH AND OTHER FINANCIAL ASSETS

	2019 €m	2018 €m
<b>Cash Balances</b>		
Exchequer Account and CSRA <sup>3</sup>	16,502	15,338
<b>Other Financial Assets</b>		
Collateral Funding (note 14.2)	96	612
SBCI Medium Term Guaranteed Notes	25	85
Housing Finance Agency Guaranteed Notes	1,913	1,558
	2,034	2,255
	<b>18,536</b>	<b>17,593</b>

<sup>3</sup> The Balance held in the CSRA was €250k (2018: €310k) at end December 2019.

The Agency can invest in Deposits, Collateralised Deposits and Sovereign Treasury Bills for maturities of up to one year.

Cash is placed as collateral with counterparties arising from the requirements under Credit Support Annexes in respect of certain derivative transactions. These balances, and access to the related cash collateral, change on a daily basis and are dependent on the market value of these derivatives (See Note 14).

The Housing Finance Agency and SBCI Medium Term Guaranteed Notes may not be readily realisable dependent on market conditions.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 12. CASH AND OTHER FINANCIAL ASSETS (CONTINUED)

##### Foreign Currency Clearing Accounts

The Agency maintains a number of foreign currency clearing accounts for the purpose of managing transactions in these currencies. The balance held in these accounts at end December 2019 was Nil (2018: Nil). The Agency held no other foreign currency cash balances.

The movement in the Foreign Currency accounts are further outlined below:

	Receipts €m	Payments €m	Net 2019 €m	Net 2018 €m
Balance at 1 January 2019			NIL	NIL
<b>Debt Service</b>				
Medium/Long Term Loan				
Interest	93	(88)	5	(3)
Short Term Debt Interest	-	(29)	(29)	(36)
Foreign Exchange Contracts	1,183	(1,182)	1	(32)
Fees and Expenses	-	(6)	(6)	(7)
<b>Borrowing Activity</b>				
EU/IMF Programme	1,871	(1,871)	-	(6)
Short Term Debt	11,145	(11,116)	29	84
Balance at 31 December 2019	<b>14,292</b>	<b>(14,292)</b>	<b>NIL</b>	<b>NIL</b>

#### 13. RISK MANAGEMENT

##### 13.1 Risk Management Framework

The Agency's responsibility for both the issuance of new debt and the repayment of maturing debt, together with the management of the interest rate and currency profile of the total debt portfolio, makes the management of risk a central and critical element of the Agency's business. The principal categories of risk arising from the Agency's National Debt activities are liquidity, market, counterparty credit and operational risk.

The Agency Risk Management Policy and Framework prescribes mandatory standards and definitions for risk management that apply to all parts of the Agency and across all risk categories. These standards are then implemented through the detailed policies and procedures that govern the management of individual risk categories and/or risk management processes.

The Agency Risk Management Framework is predicated on the three-lines-of-defence model and its organisational structure and risk committee structure are aligned in order to establish clear ownership and accountabilities for risk management.

As the first line of defence, the Agency's Business Units and Corporate Functions are primarily responsible for owning and managing risks on a day-to-day basis, taking into account the Agency's risk tolerance and appetite and in line with its policies, procedures, controls and limits.

The second line of defence, which includes the Agency's Risk, Compliance and other control functions, is independent of first line management and operations and its role is to challenge decisions that affect the organisation's exposure to risk and to provide comprehensive and understandable reporting on risks management issues.

The third line of defence includes the Internal Audit function which provides independent risk-based assurance to key stakeholders on the robustness of the Agency's governance, risk management system and the design and operating effectiveness of the internal control environment under a planned programme of work approved by the Audit and Risk Committee.

A number of Agency and management committees, including the Agency Audit and Risk Committee and Risk sub-committees, support the Agency in discharging its responsibilities in relation to risk management.

## 13. RISK MANAGEMENT (CONTINUED)

### 13.1 Risk Management Framework (continued)

#### Agency Audit & Risk Committee (ARC)

The Audit and Risk Committee assists the Agency in:

- the oversight of the quality and integrity of the financial statements, the review and monitoring of the effectiveness of the systems of internal control, the internal audit process and the compliance function, and the review and consideration of the outputs from the statutory auditor; and
- the oversight of the Agency's risk management framework including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition, the Committee oversees the internal audit and risk management functions, which are managed on a day to day basis by the Head of Internal Audit and the Head of Risk (Financial, Investment and Enterprise) respectively.

#### Management Committees

##### Enterprise Risk Management Committee (ERMC)

The ERMC oversees the implementation of the Agency's overall risk appetite and senior management's establishment of appropriate systems (including policies, procedures and risk limits) to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported.

##### Counterparty Credit Risk Committee (CCRC)

The CCRC oversees and advises the ERMC on counterparty credit risk. It formulates, implements and monitors compliance with the NTMA Counterparty Credit Risk Management Policy, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant counterparty credit risk exposures and details to the ERMC.

##### Market and Liquidity Risk Committee (MLRC)

The MLRC oversees and advises the ERMC on market and liquidity risk exposures. It formulates, implements and monitors compliance with the NTMA Market and Liquidity Risk Policies, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant market risk and liquidity risk exposures and details to the ERMC.

##### Operational Risk and Control Committee (ORCC)

The ORCC reviews and recommends to the ERMC for approval the operational risk policies. The ORCC monitors, reviews and challenges the Agency's operational risks and reports on operational risk management to the ERMC.

##### Products and Processes Committee (PPC)

The PPC reviews, challenges and recommends to the ERMC for approval proposals and risk assessments in respect of new products and processes, or material changes to existing products and processes.

#### Principal Risks

##### Liquidity Risk

A key objective of the Agency is to ensure that the Exchequer has sufficient cash to meet all obligations as they fall due. Ensuring that the Exchequer has sufficient liquidity is one of the Agency's most critical tasks. Liquidity risks related to the National Debt can arise either from domestic events or, given the high level of linkage between markets, from events outside Ireland. The Agency manages liquidity risk primarily by maintaining appropriate cash buffers, by limiting the amount of liabilities maturing in any particular period of time and by matching the timing and volume of market funding with the projected funding requirements. This is reinforced by the Agency's activities in maintaining a well informed and diversified international investor base, with a presence in all major capital markets and a broad range of debt instruments which can be issued.

##### Market Risk

Market risk is the risk of loss or increased costs resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates or other market prices. The Agency must have regard both to the short-term and long-term implications of its transactions given its task of managing not only the immediate fiscal debt service costs but also the present value of all future payments of principal and interest. The exposure to interest rate and currency risk is controlled by managing the interest rate and currency composition of the portfolio in accordance with the Agency's risk appetite. Specific limits are in place to control market risk; exposures against

## Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. RISK MANAGEMENT (CONTINUED)

#### 13.1 Risk Management Framework (continued)

##### Market Risk (continued)

these limits are reported regularly to senior management. As conditions in financial markets change, the appropriate interest rate and currency profile of the portfolio is reassessed in line with periodic limit reviews. The Agency seeks to achieve the best trade-off between cost and risk over time and has in place a hedging programme to manage interest rate and exchange rate risks and to protect the Exchequer from potential volatility in future years. More information on the use of derivatives is set out in Derivatives (note 14).

##### Counterparty Credit Risk

Counterparty credit risk is the risk of financial loss arising from a financial market transaction as a result of a counterparty failing to fulfil its financial obligations under that transaction and with regard to the National Debt mainly arises from derivatives, deposits and foreign exchange transactions. The level of counterparty credit risk is managed in accordance with the Agency's risk appetite by dealing only with counterparties of high credit standing. Procedures provide for the approval of risk limits for all counterparties and exposures are reported daily to management. A review of all limits is undertaken periodically to take account of changes in the credit standing of counterparties or economic and political events. In order to mitigate the Exchequer's exposure to market counterparties while at the same time ensuring that Ireland has efficient market access for its hedging activities, the Agency may enter into credit support arrangements with the market participants with which it wishes to trade – this involves the receipt and posting of collateral to offset the market value of exposures. More information on the use of credit support arrangements is set out in Derivatives (note 14).

##### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which would affect the Agency's ability to execute its business strategy. Sub-categories of operational risk include people risk, governance risk, third party risk, business continuity management and legal and compliance risk. A risk management policy and framework is applicable to the Agency as a whole. The objective of this policy and framework is to ensure that operational risk is managed in an appropriate and integrated manner across the organisation. This policy and framework outlines the strategy, processes, risk criteria, controls and governance structures in place for managing operational risks within the Agency. The policy and framework also sets out the methodology for the risk and control self-assessment process which describes the process for adequate and timely identification, assessment, treatment, monitoring and reporting of the risks posed by the activities of the Agency.

The NTMA Business Continuity Management Group ensures an appropriate and consistent approach to business continuity management across the Agency and provides a supporting role in establishment, implementation, monitoring and improvement of business continuity management activities.

#### 13.2 National Debt – Currency Composition

The Agency hedges the foreign currency risk of the National Debt through the use of foreign exchange contracts and currency swaps. The currency composition of the National Debt, and related currency hedges, is as follows:

Currency As at 31 December	2019 €m	2018 €m
<b>Debt Instruments</b>		
Euro	185,835	183,251
US Dollar	-	513
Pound Sterling	2,371	3,607
	<b>188,206</b>	<b>187,371</b>
<b>Foreign Exchange and Swap Contracts</b>		
Euro	2,359	4,443
US Dollar	-	(524)
Pound Sterling	(2,371)	(3,608)
	<b>(12)</b>	<b>311</b>
<b>National Debt</b>	<b>188,194</b>	<b>187,682</b>

## 13. RISK MANAGEMENT (CONTINUED)

### 13.3 National Debt – Maturity Profile

The residual maturity profile at year-end of the Medium/Long Term Debt, taking into account the treasury management transactions entered into by the Agency, is as follows:

2019 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	17,169	27,055	38,718	47,125	130,067
EU/IMF Funding Programme	1,876	6,282	10,770	24,341	43,269
Other Medium & Long Term Debt	6	228	844	1,500	2,578
Short Term Debt <sup>4</sup>	11,751	1,265	-	-	13,016
State Savings <sup>5</sup>	6,892	8,399	2,507	2	17,800
Cash & Other Financial Assets	(17,669)	(252)	(215)	(400)	(18,536)
<b>National Debt</b>	<b>20,025</b>	<b>42,977</b>	<b>52,624</b>	<b>72,568</b>	<b>188,194</b>

2018 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	13,571	36,147	39,289	42,821	131,828
EU/IMF Funding Programme	1,608	7,358	8,500	27,411	44,877
Other Medium & Long Term Debt	5	9	981	1,248	2,243
Short Term Debt <sup>4</sup>	7,722	1,266	0	0	8,988
State Savings <sup>5</sup>	6,481	8,318	2,539	1	17,339
Cash & Other Financial Assets	(16,407)	(781)	(155)	(250)	(17,593)
<b>National Debt</b>	<b>12,980</b>	<b>52,317</b>	<b>51,154</b>	<b>71,231</b>	<b>187,682</b>

4 Short Term Debt has been adjusted to reflect the expected longer maturity of a portion of the Ways and Means monies repayable to the Post Office Savings Bank Fund.

5 State Savings maturities are based on contracted maturity information provided by An Post for end 2019.

## 14. DERIVATIVES

### 14.1 Derivatives

As part of its risk management strategy the Agency uses a combination of derivatives including interest rate swaps, currency swaps and foreign exchange contracts. The following table shows the nominal value and fair value, of the instruments related to the National Debt outstanding at year end. The fair value of each instrument is determined by using an appropriate rate of interest to discount all its future cashflows to their present value.

	31 December 2019		31 December 2018	
	Nominal €m	Fair Value €m	Nominal €m	Fair Value €m
Interest Rate Swaps	6,460	(150)	11,566	(310)
Currency Swaps and Foreign Exchange Contracts	2,371	5	4,490	(341)
	<b>8,831</b>	<b>(145)</b>	<b>16,056</b>	<b>(651)</b>

The Agency provides treasury services to the National Asset Management Agency ("NAMA") under section 52 and 235 of the National Asset Management Agency Act, 2009. Accordingly it may enter into derivative transactions with NAMA. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of interest rate swaps transacted with NAMA outstanding at end 2019 was €Nil (2018: €0.02 billion); the nominal value of currency swaps and foreign exchange rate contracts transacted with NAMA outstanding at end 2019 was €0.02 billion (2018: €0.04 billion).

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 14. DERIVATIVES (CONTINUED)

##### 14.1 Derivatives (continued)

The Agency also provides treasury services to IBRC (in liquidation) and accordingly may enter into derivative transactions with IBRC. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of foreign exchange rate contracts transacted with IBRC outstanding at end 2019 was €0.11 billion (2018: €0.11 billion).

In order to mitigate the risks arising from derivative transactions, the Agency enters into credit support arrangements with its market counterparties. Derivative contracts are drawn up in accordance with Master Agreements of the International Swaps and Derivatives Association ("ISDA"). A Credit Support Annex ("CSA") is a legal document which may be attached to an ISDA Master Agreement to regulate credit support (in this case, cash collateral) for derivative transactions and it defines the circumstances under which counterparties are required to post collateral. Under the CSAs, the posting of cash constitutes an outright transfer of ownership. However, the transfer is subject to an obligation to return equivalent collateral in line with changes in market values or under certain circumstances such as a Termination Event or an Event of Default. The provider of collateral is entitled to deposit interest on cash balances posted.

##### 14.2 Credit Support Account

The Agency established a Credit Support Account in the Central Bank of Ireland in 2010 to facilitate these transactions. Derivative contracts are valued daily. When collateral is required from a counterparty it is paid into the Credit Support Account. When the Agency is required to post collateral with a counterparty, it uses the funds in the Credit Support Account to fund the collateral payment. If there are insufficient funds in the Credit Support Account, the account is funded from the Exchequer.

	<b>2019 €m</b>	<b>2018 €m</b>
Balance at 1 January	-	-
Cash Collateral received from counterparties	1,067	1,193
Cash Collateral paid to counterparties	(551)	(948)
	516	245
Decrease in Exchequer Funding during the Year	(516)	(245)
Balance at 31 December	<b>NIL</b>	<b>NIL</b>
	<b>2019 €m</b>	<b>2018 €m</b>
<b>Note:</b>		
Exchequer Funding at 31 December	96	612
Net Collateral Posted to Counterparties at 31 December (note 12)	(96)	(612)

The Agency has entered into a Collateral Posting Agreement with NAMA. At end 2019, NAMA had posted collateral of €25m (2018: €25m) to the Agency as part of this agreement.

The Agency has also entered into a Collateral Posting Agreement with IBRC. At end 2019, IBRC had posted collateral of €25m (2018: €25m) to the Agency as part of this agreement.

## 15. CAPITAL SERVICES REDEMPTION ACCOUNT (CSRA)

### 15.1 Background

The Capital Services Redemption Account (“CSRA”) was established under section 22 of the Finance Act, 1950 as amended. The account is used for the purpose of settling transactions of a normal banking nature that the Agency may enter into in accordance with section 54(7) of the Finance Act, 1970.

Transactions of a normal banking nature include activities such as foreign exchange deals, swaps and interest on deposits which are related to debt servicing costs. Such amounts may be used to make payments and repayments in respect of normal banking transactions or towards defraying interest and expenses on the public debt.

Transactions of a normal banking nature include derivative transactions entered into by the Agency with the National Asset Management Agency (“NAMA”) (in accordance with sections 52 and 235 of the National Asset Management Agency Act, 2009 and Statutory Instrument No. 203/2010) and the Irish Bank Resolution Corporation Limited (in Special Liquidation) (“IBRC”) (in accordance with section 17(4) of the Irish Bank Resolution Corporation Act, 2013 and Statutory Instrument No. 57/2013) (see also note 14 above). Such transactions entered into with NAMA and IBRC are offset by matching transactions with market counterparties. As a result there is no net effect on the CSRA.

The balance in the CSRA is maintained by the Agency at a level which is subject to guidelines issued by the Minister for Finance under section 4(4) of the National Treasury Management Agency Act, 1990. Under ministerial guidelines the balance in the CSRA from year end 2015 and thereafter each year end was to be less than €1 million. To adhere to these guidelines, the Agency transfers excess funds from the CSRA to the Exchequer Account before year end.

### 15.2 Movement in the Account for the Year

	2019 €m	2018 €m
Balance at 1 January	-	-
<b>Receipts</b>		
Derivative Transactions	1,187	4,254
Interest on Cash and Other Financial Assets	13	15
	1,200	4,269
<b>Payments</b>		
Derivative Transactions	(1,187)	(4,254)
Interest on National Debt	(2)	(3)
Expenses on National Debt	-	-
Transfer to Exchequer Account	(11)	(12)
	(1,200)	(4,269)
<b>Balance 31 December</b>	<b>-</b>	<b>-</b>



## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. CAPITAL SERVICES REDEMPTION ACCOUNT (CSRA) (CONTINUED)

##### 15.3 Derivative Transactions undertaken for IBRC and NAMA

Receipts and payments in respect of derivative transactions undertaken in respect of IBRC and NAMA in the period are outlined below:

	Receipts €m	Payments €m	Net 2019 €m	Net 2018 €m
NAMA Related Derivatives	318	318	-	-
IBRC Related Derivatives	869	869	-	-
	<b>1,187</b>	<b>1,187</b>	<b>-</b>	<b>-</b>

#### 16. NATIONAL LOANS ADVANCE INTEREST ACCOUNT

The Agency can cancel or issue amounts of existing Irish Government Bonds. The settlement amount for each bond transaction includes the accrued interest at that point in the coupon period. The interest paid is deposited in the National Loans Advance Interest Account until the full interest is due on the coupon date. On the coupon date, the interest is then used to offset the related servicing costs of the Exchequer.

	2019 €m	2018 €m
<b>Account of Receipts and Payments</b>		
Balance at 1 January	41	46
Accrued Interest Received on National Loans - Tranches and Auctions	44	57
Accrued Interest Paid on National Loans	(47)	(62)
Balance at 31 December - Cash with Central Bank of Ireland	<b>38</b>	<b>41</b>

#### 17. NATIONAL LOANS (WINDING UP) ACCOUNT

When a National Loan, Stock or Government Bond is due for redemption, the full amount outstanding is payable to the holder. Amounts not claimed by the holder at the redemption date are transferred into this account by a payment from the Exchequer. Any future claims which are made in relation to these matured loans are therefore met from this account. This account also includes balances which were held by the Central Bank and the Department of Finance as Paying Agents in respect of uncashed redemption payments, and which were transferred to the Agency.

The balance on the account comprises principally historic amounts. Changes in the way in which bonds are held by investors and the processing of payments means unclaimed amounts rarely arise.

	2019 €m	2018 €m
<b>Account of Receipts and Payments</b>		
Balance at 1 January	3	3
Receipts from Central Bank Account	-	-
Payments to Central Bank Account	-	-
Payments for Redemption of National Loans	-	-
Balance at 31 December - Cash with Central Bank of Ireland	<b>3</b>	<b>3</b>

## 18. NATIONAL TREASURY MANAGEMENT AGENCY (UNCLAIMED DIVIDENDS) ACCOUNT

When interest is due on a bond liability, the full amount due is paid by the Agency to the Paying Agent who then issues it to the registered holder. The balance in the unclaimed dividends account represents unclaimed interest on matured loans, which has been returned to the Agency by the Paying Agent and has yet to be claimed by the registered holders. The Paying Agent maintains a cash float, on behalf of the Agency, which it uses to service claims as they arise during the year.

The balance on the account comprises principally historic amounts. Changes in the way in which bonds are held by investors and the processing of payments means unclaimed amounts rarely arise.

<b>Account of Receipts and Payments</b>	<b>2019 €m</b>	<b>2018 €m</b>
Balance at 1 January	3	3
Receipts/(Payments) of Unclaimed Interest	-	-
<b>Balance at 31 December - Cash with Central Bank of Ireland</b>	<b>3</b>	<b>3</b>

## 19. SURPLUS PUBLIC EXPENDITURE MONIES ACCOUNT

The Surplus Public Expenditure Monies Account records the borrowings and repayments of surplus funds held in the Supply Account of the Paymaster General.

The Supply Account of the Paymaster General is the account through which funding is provided by the Exchequer to Government Departments. Surplus funds which arise periodically on the PMG Supply Account are transferred and recorded against the Surplus Public Expenditure Monies Account.

Following a change in the operation of the Supply Account at the end September 2018, the Surplus Public Expenditure Monies Account replaced the Deposit Monies Investment Account. At the time of conversion, the Deposit Monies Account reported year-to-date receipts and payments of €4.5bn and €4.9bn respectively.

Surplus funds on the PMG Supply Account are transferred to and recorded against the Surplus Public Expenditure Monies Account on a daily basis (note 10).

<b>Surplus Public Expenditure Monies Account</b>	<b>2019 €m</b>	<b>2018 €m</b>
Balance at 1 January	537	-
Ways and Means Exchequer Receipts	12,793	2,889
Ways and Means Exchequer Payments	(12,452)	(2,352)
<b>Balance at 31 December (note 10)</b>	<b>878</b>	<b>537</b>

## 20. ACCOUNT OF STOCK ACCEPTED IN PAYMENT OF INHERITANCE TAX AND DEATH DUTIES

No stock was accepted in payment of inheritance tax and death duties during 2019 (2018: nil).

## 21. EVENTS AFTER THE END OF THE REPORTING PERIOD

Note 6 details 2020 floating rate bond transactions which occurred after the end of the reporting period.

The outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets which in turn has adversely affected the National Debt. As neither the duration nor the scope of the impact can be predicted, the overall financial impact cannot be estimated at this time.

## 22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Agency on 5 May 2020.

## Financial Statements

# FINANCIAL STATEMENTS OF THE ADMINISTRATION ACCOUNT

For the year ended 31 December 2019

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## Financial Statements



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### National Treasury Management Agency – Administration Account

#### Opinion on the financial statements

I have audited the administration account of the National Treasury Management Agency (the Agency) for the year ended 31 December 2019 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The administration account comprises

- the statement of income and expenditure and other comprehensive income
- the statement of financial position
- the statement of changes in capital
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the administration account gives a true and fair view of the assets, liabilities and financial position of the Agency at 31 December 2019 and of its income and expenditure for 2019 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented certain other information together with the financial statements. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

13 May 2020

## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

As detailed in the governance statement and Agency members' report the Agency members' are responsible for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 12(2) of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Agency and to report thereon to the Houses of the Oireachtas.

Separately, I am required by section 12(3) of the Act to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Agency each year. My report under section 12(3) is presented to Dáil Éireann with my Report on the Accounts of the Public Services.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

## Financial Statements

### STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2019

	Note	2019 €000	2018 €000
<b>Income</b>			
Operating income	5	67,642	61,607
Central Fund income	6	80,722	72,162
Net deferred retirement benefit funding	8.2	3,229	7,542
Transfer to capital account		(17,813)	(14,104)
		133,780	127,207
<b>Expenditure</b>			
Staff costs	7.2	(95,601)	(101,129)
Operating expenses	7.2	(37,226)	(25,427)
Net interest expense	7.2	(953)	(651)
		(133,780)	(127,207)
<b>Net Income/Expenditure for the year</b>		-	-
<b>Other Comprehensive Income For the year ended 31 December 2019</b>			
		2019 €000	2018 €000
Net income/expenditure for the year		-	-
Actuarial loss recognised on retirement benefit obligations	9.9	(19,800)	(5,826)
Movement in deferred retirement benefit funding	8.3	19,800	5,826
<b>Total comprehensive income for the year</b>		-	-

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency



**Maeve Carton, Chairperson**  
National Treasury Management Agency

5 May 2020



## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 €000	2018 €000
<b>Non-current assets</b>			
Property, equipment and vehicles	10	32,065	16,312
Intangible assets	11	2,155	761
Receivables	12	308	60
		<b>34,528</b>	<b>17,133</b>
<b>Current assets</b>			
Receivables	13	22,065	29,197
Cash at bank		7,602	982
		29,667	30,179
<b>Payables; amounts falling due within 1 year</b>	14	(21,378)	(22,098)
<b>Net current assets</b>		<b>8,289</b>	<b>8,081</b>
<b>Payables; amounts falling due after 1 year</b>	15	(8,597)	(8,813)
<b>Net assets before retirement benefits</b>		<b>34,220</b>	<b>16,401</b>
<b>Retirement Benefits</b>			
Retirement benefit obligations	9.4	(70,101)	(47,072)
Deferred retirement benefit funding	9.4	70,101	47,072
		-	-
<b>Net assets after retirement benefits</b>		<b>34,220</b>	<b>16,401</b>
<b>Representing:</b>			
Capital account		<b>34,220</b>	<b>16,401</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

### STATEMENT OF CHANGES IN CAPITAL

For the year ended 31 December 2019

	Note	Capital Account €000
<b>Balance at 1 January 2018</b>		<b>2,297</b>
Payment to acquire property, equipment and vehicles		14,555
Payment to acquire intangible asset		74
Amortisation of capital in the period		(517)
Disposal of property, equipment and vehicles		(8)
<b>Balance at 31 December 2018</b>		<b>16,401</b>
Payment to acquire property, equipment and vehicles	10	20,183
Payment to acquire intangible assets	11	2,140
Amortisation of capital in the period		(4,104)
Disposal of property, equipment and vehicles	10	(400)
<b>Balance at 31 December 2019</b>		<b>34,220</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

# STATEMENT OF CASH FLOWS

## For the year ended 31 December 2019

	Note	2019 €000	2018 €000
<b>Cash flows from operating activities</b>			
Net income/expenditure		-	-
Depreciation of property, equipment and vehicles	10	4,030	335
Amortisation of intangible assets	11	746	182
Loss/(Profit) on disposal of property, equipment and vehicles		368	(12)
Decrease/(Increase) in receivables	12, 13	6,884	(22,556)
(Decrease)/Increase in payables	14, 15	(2,035)	8,769
Increase in deferred income	14, 15	930	9,768
Increase in provision	16	169	-
Capital funding		22,323	14,629
Amortisation of capital funding		(4,504)	(525)
<b>Net cash inflow from operating activities</b>		<b>28,911</b>	<b>10,590</b>
<b>Cash flows from investing activities</b>			
Payments to acquire property, equipment and vehicles	10	(20,183)	(14,555)
Payments to acquire intangible assets	11	(2,140)	(74)
Proceeds from sale of property, equipment and vehicles		32	20
<b>Net cash outflow from investing activities</b>		<b>(22,291)</b>	<b>(14,609)</b>
<b>Increase/(Decrease) in cash at bank</b>		<b>6,620</b>	<b>(4,019)</b>
<b>Cash at bank at 1 January</b>		<b>982</b>	<b>5,001</b>
<b>Cash at bank at 31 December</b>		<b>7,602</b>	<b>982</b>

## Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS

### 1. BACKGROUND

The National Treasury Management Agency (the "Agency") is a state body established under the National Treasury Management Agency Act, 1990. The Agency provides asset and liability management services to Government. Its purpose is to manage public assets and liabilities commercially and prudently. The Agency operates across five separate business units; Funding and Debt Management, the State Claims Agency ("SCA"), NewERA, the Ireland Strategic Investment Fund ("ISIF") and the National Development Finance Agency ("N DFA"). It also assigns staff and provides business and support services and systems to the National Asset Management Agency ("NAMA"), the Strategic Banking Corporation of Ireland ("SBCI") and Home Building Finance Ireland ("HBFI"). NAMA, SBCI and HBFI are independent entities and have their own separate boards.

### 2. BASIS OF PREPARATION

The financial statements have been prepared on an accruals basis under the historical cost convention in accordance with applicable legislation. The form of the financial statements has been approved by the Minister for Finance under section 12 of the National Treasury Management Agency Act, 1990 as amended.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used, '000' or 'k' denotes thousand, and 'm' denotes million.

### 3. STATEMENT OF COMPLIANCE

The financial statements of the Agency have been prepared in compliance with applicable legislation and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued by Financial Reporting Council in the UK as promulgated by Chartered Accountants Ireland.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Going Concern

The financial position, financial performance and cash flows of the Agency are detailed in the financial statements. The Agency members have a reasonable expectation that the entity has adequate resources to continue in operational existence and discharge its mandate for the foreseeable future. Therefore the Agency continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 4.2 Operating income

The Agency is required to provide business and support services and systems, in addition to assigning staff to a number of businesses under prescribed legislation. The Agency adopts a cost recovery basis from these businesses for the provision of staff and services. Operating income is recorded in the Statement of Income and Expenditure and Other Comprehensive Income.

#### 4.3 Central Fund income

Central Fund income included in the Statement of Income and Expenditure and Other Comprehensive Income represents the amount necessary to meet the operating and administration costs incurred by the Agency. The amount is recognised in line with FRS 102 Section 24 Government Grants.

#### 4.4 Expenditure

The costs and expenses incurred by the Agency in the performance of its functions are recognised in the Statement of Income and Expenditure and Other Comprehensive Income.

#### 4.5 Property, equipment and vehicles

Property, equipment and vehicle assets are stated in the Statement of Financial Position at cost less accumulated depreciation. Depreciation is charged to the Statement of Income and Expenditure and Other Comprehensive Income on a straight line basis over the asset's expected useful life.

At each reporting date, the Agency reviews the carrying amount of its property, equipment and vehicles as to whether there is any indication of impairment. Impairment losses are recognised if there are any indications that the carrying amount of an item is greater than the higher of value in use and fair value less costs to sell. A previously recognised impairment loss may be reversed in part or in full when there is an indication that the impairment loss may no longer exist or there has been a change in the estimates used to determine the assets recoverable amount. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.5 Property, equipment and vehicles (continued)

The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount is determined as the higher of the fair value less costs of disposal of the asset and its value in use. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate. This discount rate reflects the current market assessment of the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted.

### 4.6 Intangible assets

Expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortised in the Statement of Income and Expenditure and Other Comprehensive Income on a straight line basis over its estimated useful life, from the date on which it is available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

At each reporting date, the Agency reviews the carrying amount of its software to determine whether there is any indication of impairment. If any such indication exists, these assets are subject to an impairment review.

The carrying value of the software is written down by the amount of any impairment and this loss is recognised in the Statement of Income and Expenditure and Other Comprehensive Income in the financial period in which it occurs. A previously recognised impairment loss may be reversed in part or in full when there is an indication that the impairment loss may no longer exist or there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

The impairment review is as detailed in 4.5 above.

### 4.7 Cash at bank

Cash at bank includes cash at bank and in hand. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

### 4.8 Leasing

Rentals under operating leases are charged on a straight line basis, net of incentives, over the lease term, to the Statement of Income and Expenditure and Other Comprehensive Income in line with FRS 102 Section 20 Leases.

### 4.9 Retirement benefits

The Agency operates a defined benefit pension scheme, and for staff who are not in the scheme it makes contributions to Personal Retirement Savings Accounts ("PRSA") or individual retirement funds. Contributions are funded out of the Agency's Administration Account.

The defined benefit pension scheme costs are accounted for under FRS 102 Section 28 Employee Benefits. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. An excess of scheme liabilities over scheme assets is presented in the Statement of Financial Position as a liability. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Central Fund.

The defined benefit pension charge in the Statement of Income and Expenditure and Other Comprehensive Income comprises the current service cost and past service cost plus the net interest (note 9.5) cost on the scheme assets and liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience gains and losses are recognised in Other Comprehensive Income for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Central Fund.

The cost of contributions by the Agency to PRSAs is recognised as a charge to the Statement of Income and Expenditure and Other Comprehensive Income in the financial year to which the employee service relates.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.10 Capital account

The capital account represents receipts from the Central Fund which have been allocated for the purchase of property, equipment, vehicles and intangible assets. The receipts are amortised in line with depreciation and amortisation on the related assets.

##### 4.11 Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amounts recognised as provisions are the best estimates of the consideration required to settle the present obligation at the end of the reporting period.

##### 4.12 Taxation

Under the Taxes Consolidation Act 1997, the Agency is exempt from Corporation Tax and Capital Gains Tax.

##### 4.13 Key estimates and assumptions

The presentation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following estimates have had the most significant effect on amounts recognised in the financial statements.

###### **Retirement Benefits (note 9)**

The Agency has obligations to pay pension benefits to members of the defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and discount rates. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

###### **Provision (note 16)**

The Agency makes provisions for legal and constructive obligations, which are known to be outstanding at the reporting date. Provisions require management's best estimates of the expected expenditure required to settle the obligation.

###### **Useful life of assets and residual values**

The charge in respect of periodic depreciation of property, equipment and vehicles (note 10) and periodic amortisation of intangible assets (note 11) is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Changing an asset's expected life or its residual value would result in a change in the depreciation or amortisation charge in the Statement of Income and Expenditure and Other Comprehensive Income.

The useful lives and residual values of the Agency's assets are determined by management and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

## 5. OPERATING INCOME

	Note	2019 €000	2018 €000
Recovery of expenses from NAMA		39,515	40,828
Recovery of expenses from ISIF	7.1	15,210	14,487
Recovery of expenses from SBCI	7.1	5,873	5,895
Recovery of expenses from HBFi	7.1	5,327	-
Asset covered securities income		216	213
Other income		1,501	184
		<b>67,642</b>	<b>61,607</b>

The Agency is required to provide business and support services and systems in addition to assigning staff to a number of functions under prescribed legislation as follows:

- To NAMA under sections 41 and 42 of the National Asset Management Agency Act 2009.
- To the SBCI under section 10 of the Strategic Banking Corporation of Ireland Act 2014.
- To HBFi under section 9 of the Home Building Finance Ireland Act 2018.

In addition, under section 48 of the National Treasury Management Agency (Amendment) Act 2014, the expenses of the Agency with regard to the ISIF are defrayed from the ISIF.

Asset covered securities are issued under the Asset Covered Securities Act, 2001 as amended by the Asset Covered Securities (Amendment) Act 2007. The Act (as amended) provides that in the event of a default by a bank registered as a designated mortgage credit institution or as a designated public credit institution under the Act (as amended), the Agency must in the following order, (i) attempt to secure an alternative service provider to manage the relevant asset pools, (ii) secure an appropriate body corporate to become the parent entity of the relevant pools or, (iii) manage the pools itself. In return, the Agency receives asset covered securities income based on the nominal amount of each asset covered bond in issue.

Other income primarily comprises the recovery of professional fees and certain secondment and administrative fees. Under the direction issued to the Agency under Statutory Instrument (S.I.) No. 115 of 2010, the Minister for Finance delegated a number of banking system functions to the Agency. This delegation was revoked with effect from 5 August 2011 under S.I. No. 395 of 2011 and since then Agency staff involved in the provision of banking system functions have been seconded to the Department of Finance Shareholding and Financial Advisory Division. At the direction of the Minister, the related staff and professional advisor costs incurred continue to be met by the Agency. Professional advisor costs of €1.3m were incurred in this regard during 2019 (recovered in 2018: Nil).

## 6. CENTRAL FUND INCOME

The Central Fund operates on a receipts and payments basis whereas these financial statements have been prepared on an accruals basis. The following table sets out the reconciling items:

	Note	2019 €000	2018 €000
Opening balance at 1 January	13	(8,892)	1,541
Net amounts received from Central Fund		81,437	61,729
Closing balance at 31 December	13	8,177	8,892
<b>Central Fund income</b>		<b>80,722</b>	<b>72,162</b>

The total amount recognised as receivable from the Central Fund is:

	Note	2019 €000	2018 €000
Receivable from the Central Fund	13	8,177	8,892
Deferred retirement benefit funding	9.4	70,101	47,072
		<b>78,278</b>	<b>55,964</b>



## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 7. AGENCY COSTS

##### 7.1 Expenses of the Agency for specified functions

	Note	2019 €000	2018 €000
State Claims Agency		28,457	24,959
Ireland Strategic Investment Fund	5	15,210	14,487
Funding and Debt Management		12,309	12,331
National Development Finance Agency		12,586	11,345
NewERA		6,007	6,065
		<b>74,569</b>	<b>69,187</b>
National Asset Management Agency		40,672	40,828
Strategic Banking Corporation of Ireland	5	5,873	5,895
Home Building Finance Ireland	5	5,327	-
Shareholding and Financial Advisory Division		3,865	3,755
		55,737	50,478
Net deferred retirement benefit funding	8.2	3,229	7,542
Other expenses <sup>1</sup>		245	-
		<b>3,474</b>	<b>7,542</b>
<b>Total expenses</b>		<b>133,780</b>	<b>127,207</b>

<sup>1</sup> Other expenses reflect occupancy costs of office space allocated to non-Agency tenants.

##### 7.2 Agency costs

	Note	2019 €000	2018 €000
<b>Staff Costs</b>			
Remuneration	7.3	80,555	81,418
Other staff costs <sup>2</sup>		3,364	3,522
Defined benefit pension scheme current service charge	9.5	11,654	16,162
PRSA pension cost	7.4	28	27
		95,601	101,129
<b>Operating expenses</b>			
Other operating expenses	7.5	27,990	20,560
Professional fees	7.5	4,460	4,350
Depreciation	10	4,030	335
Amortisation	11	746	182
		37,226	25,427
Net interest expense	9.5	953	651
<b>Total Agency costs</b>		<b>133,780</b>	<b>127,207</b>

<sup>2</sup> Other staff costs include training, recruitment, temporary staff and secondment fees.

## 7. AGENCY COSTS (CONTINUED)

### 7.3 Remuneration

The following remuneration disclosures are required under The Code of Practice for the Governance of State Bodies (2016) ("the Code"):

#### Aggregate Employee Benefits

	<b>NAMA €000</b>	<b>SBCI €000</b>	<b>HBFI €000</b>	<b>NTMA €000</b>	<b>2019 €000</b>	<b>2018 €000</b>
Staff short-term benefits	21,170	2,081	2,034	45,322	70,607	70,412
Termination benefits	2,572	-	-	-	2,572	3,803
Pay Related Social Insurance	2,284	211	202	4,679	7,376	7,203
	<b>26,026</b>	<b>2,292</b>	<b>2,236</b>	<b>50,001</b>	<b>80,555</b>	<b>81,418</b>

The total number of whole time equivalent staff employed at 31 December 2019 was 778 (2018: 787).

#### Staff Short-Term Benefits

	<b>NAMA €000</b>	<b>SBCI €000</b>	<b>HBFI €000</b>	<b>NTMA €000</b>	<b>2019 €000</b>	<b>2018 €000</b>
Basic pay	20,564	1,929	2,014	42,435	66,942	66,469
Performance related pay	479	103	-	2,054	2,636	2,818
Allowances	127	49	20	833	1,029	1,125
	<b>21,170</b>	<b>2,081</b>	<b>2,034</b>	<b>45,322</b>	<b>70,607</b>	<b>70,412</b>

#### Key Management Personnel Compensation

	<b>2019 €000</b>	<b>2018 €000</b>
Agency and committee members' fees	259	230
Management remuneration	2,644	2,842
Performance related pay	200	145
Termination benefits	-	289
Allowances	151	162
Health insurance	48	47
	<b>3,302</b>	<b>3,715</b>

Key management personnel in the NTMA consist of Agency and committee members as referred to in the Governance Statement, the Chief Executive and the Executive Management Team ("EMT"). The value of employee benefits for key management personnel is set out above (excluding Pay Related Social Insurance).

This does not include the value of retirement benefits earned in the period. The key management personnel (excluding the Agency members and the Chief Executive) are members of the NTMA pension scheme.

#### Chief Executive Salary and Benefits

The remuneration of the Chief Executive is determined in accordance with sections 6 (3) of the National Treasury Management Agency Act 1990 as amended.

<b>Conor O'Kelly (Chief Executive)</b>	<b>2019 €000</b>	<b>2018 €000</b>
Annual salary	480	480
Annual taxable benefits	5	5
Post-employment benefits	86	86
	<b>571</b>	<b>571</b>

The remuneration of the Chief Executive consists of basic remuneration and taxable benefits (health insurance). The Chief Executive did not receive a discretionary performance related payment in respect of 2019.

## Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7. AGENCY COSTS (CONTINUED)

### 7.3 Remuneration (continued)

#### **Disclosures in respect of Agency staff excluding officers assigned to NAMA, SBCI and HBFI**

##### **Voluntary redundancy scheme ("VRS")**

There was no VRS in 2019. Thirty three employees participated in a VRS in 2018. Costs of €2.6m relating to the VRS were recognised in 2018. Costs of €2.5m were attributable to statutory and other redundancy payments and €0.1m for garden leave.

##### **Garden leave**

Two Agency staff were placed on garden leave during 2019 with an attributable cost of approximately €20k (2018: four staff with an attributable 2018 cost of approximately €152k). This does not represent an incremental cost for the Agency but instead forms part of the overall Agency salary cost that would have been incurred regardless of the decision to place the relevant staff on garden leave. The decision on whether to place these staff members on garden leave was made on a case-by-case basis and included consideration, inter alia, of the person's role within the Agency and the person's new employer.

#### **Disclosures in respect of officers assigned to NAMA**

##### **Voluntary redundancy scheme - NAMA**

In 2019 thirty-two employees assigned to NAMA participated in a VRS (2018: eighteen employees). Costs of €2.8m (2018: €1.8m) relating to the VRS have been recognised in 2019. Costs of €1.4m (2018: €0.9m) were attributable to statutory and other redundancy payments; €0.6m (2018: €0.4m) related to the "NAMA retention scheme"<sup>1</sup> and €0.8m (2018: €0.5m) for garden leave.

<sup>1</sup> The NAMA retention scheme only applies in circumstances where staff members are made redundant, have met all required performances standards, and have remained with NAMA for the period required to fulfil NAMA's statutory mandate.

##### **Garden leave - NAMA**

Thirty-one employees assigned to NAMA were placed on garden leave during 2019 (2018: eighteen). This does not represent an incremental cost for the Agency but instead forms part of the overall Agency salary cost that would have been incurred regardless of the decision to place the relevant staff on garden leave. The average period of garden leave under the VRS was three months (2018: three months). In addition to those accepted for the VRS, two staff (2018: four) were placed on garden leave during 2019 with an attributable cost of approximately €0.1m (2018: €0.1m). The average period of garden leave for the two staff was one month (2018: two months). The decision on whether to place these two staff members on garden leave was made on a case-by-case basis and included consideration, inter alia, of the person's role within the Agency and the person's new employer.

### 7.4 Retirement benefits

Superannuation entitlements of staff are conferred under a defined benefit superannuation scheme established under section 8 of the National Treasury Management Agency Act, 1990. Contributions are transferred to an externally managed fund. The Agency contribution is determined on the advice of an independent actuary. Following an actuarial review in 2019, the Agency contribution was maintained at 14.2% (2018: 14.2%) of salary in respect of members of the Scheme. Contributions to the defined benefit scheme by the Agency for the year ended 31 December 2019 amounted to €9.4m (2018: €9.3m).

Liabilities arising under the defined benefit scheme are provided for under the above arrangements, except for entitlements arising in respect of the service of certain members of the Agency's staff recruited from other areas of the public sector. On 7 April 1997 the Minister for Finance designated the Agency as an approved organisation for the purposes of the Public Sector (Transfer of Service) Scheme. This designation provides for, inter alia, contributions to be paid out of the Exchequer, as and when benefits fall due for payment in the normal course, in respect of prior service of former public servants employed by the Agency. No provision has been made for funding the payment of such entitlements.

The Agency contributes to a retirement scheme on behalf of the Chief Executive (note 7.3). The Agency also contributed €28k (2018: €27k) to PRSAs for a number of employees who are not members of the defined benefit scheme in 2019.

## 7. AGENCY COSTS (CONTINUED)

### 7.5 Operating expenses

Total operating expenses of €37.2m (note 7.2) include technology costs, occupancy costs, business services costs and staff travel expenses.

Professional fees of €4.5m (note 7.2) include advisory fees of €3.5m that include the cost of external advice to management and exclude 'business-as-usual' functions, and may be analysed as follows:

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Legal	549	1,675
Tax and financial	1,586	418
Actuarial	359	511
Public relations and marketing	153	112
Pension and human resources	50	42
Facilities and other	117	170
<b>Advisory fees included in Professional fees</b>	<b>2,814</b>	<b>2,928</b>
<b>Leasehold improvements advisory fees capitalised</b>	<b>730</b>	<b>1,280</b>

Advisory fees above include €0.6m (2018: €0.6m) of fees reimbursed to the Agency by NAMA, SBCI, ISIF and HBFI.

## 8. NET DEFERRED RETIREMENT BENEFIT FUNDING

### 8.1. Movement in deferred retirement benefit funding

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>€000</b>	<b>€000</b>
Opening balance at 1 January		47,072	33,704
Net deferred retirement benefit funding through Income and Expenditure	8.2	3,229	7,542
Movement in deferred retirement benefit funding through Other Comprehensive Income	8.3	19,800	5,826
<b>Closing balance at 31 December</b>		<b>70,101</b>	<b>47,072</b>

### 8.2. Net deferred retirement benefit funding through Income and Expenditure

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>€000</b>	<b>€000</b>
Charge arising from employee service in reporting period	9.5	11,654	16,162
Net interest expense	9.5	953	651
Employer contributions	9.7	(9,378)	(9,271)
<b>Net deferred retirement benefit funding</b>		<b>3,229</b>	<b>7,542</b>

### 8.3. Movement in deferred retirement benefit funding through Other Comprehensive Income

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>€000</b>	<b>€000</b>
Movement in amounts recoverable in respect of current year actuarial loss	9.9	19,800	5,826

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9. RETIREMENT BENEFITS

##### 9.1. Defined benefit pension scheme

Pension scheme assets are measured at fair value at the reporting date. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. The valuation is determined by an independent actuary to assess the liabilities at the reporting date, as provided by the scheme administrator Mercer (Ireland) Limited. There have been no changes to the actuarial methods in the period. The key actuarial assumptions are set out in note 9.2.

##### 9.2. Principal actuarial assumptions

The weighted average assumptions used to determine benefit obligations and pension cost were as follows:

	2019		2018	
	Benefit obligations %	Pension cost %	Benefit obligations %	Pension cost %
Discount rate	1.6	2.4	2.4	2.3
Rate of salary increase	2.5	2.75	2.75	2.75
Rate of price inflation	1.5	1.75	1.75	1.75
Rate of pension increase	1.5/2.5	1.75/2.75	1.75/2.75	1.75/2.75

The weighted average life expectancy for mortality tables used to determine benefit obligations were as follows:

	2019		2018	
	Female (Years)	Male (Years)	Female (Years)	Male (Years)
<b>Life expectancy at age 60</b>				
Future pensioners (current age 45)	31.5	29.5	33.0	30.8
Current pensioners (current age 60)	30.1	28.1	31.2	29.1
<b>Life expectancy at age 65</b>				
Future pensioners (current age 45)	27.1	25.1	28.4	26.3
Current pensioners (current age 65)	25.2	23.3	26.0	24.0

##### 9.3. Plan assets

	2019		2018	
	€000	%	€000	%
Equities	87,065	45.7	75,473	48.6
Debt securities	59,937	31.5	53,887	34.7
Property	1,709	0.9	5,591	3.6
Alternatives	21,845	11.4	12,424	8.0
Infrastructure	8,145	4.3	7,454	4.8
Cash	11,804	6.2	466	0.3
Fair value of Plan assets	<b>190,505</b>	<b>100.0</b>	<b>155,295</b>	<b>100.0</b>

## 9. RETIREMENT BENEFITS (CONTINUED)

### 9.4. Scheme deficit – reconciliation of funded status to the Statement of Financial Position

	Note	2019 €000	2018 €000
Fair value of plan assets		190,505	155,295
Defined benefit obligation	9.6	(260,606)	(202,367)
Net defined benefit liability		<b>(70,101)</b>	<b>(47,072)</b>

Amounts included in the Statement of Financial Position	2019 €000	2018 €000
Retirement benefit obligations	(70,101)	(47,072)
Deferred retirement benefit funding	70,101	47,072

### 9.5. Cost relating to defined benefit plans

Amount recognised in the Statement of Income and Expenditure is as follows:

	2019 €000	2018 €000
Charge arising from employee service in reporting period	<b>11,654</b>	<b>16,162</b>
Interest expense on defined benefit obligations	4,839	4,278
Interest (income) on plan assets	(3,886)	(3,627)
Net interest expense	<b>953</b>	<b>651</b>

### 9.6. Change in defined benefit obligation

	2019 €000	2018 €000
Defined benefit obligation at 1 January	202,367	186,680
Charge arising from employee service in reporting period	11,654	16,162
Interest expense on defined benefit obligation	4,839	4,278
Net benefit payments	(1,450)	(1,384)
Participant contributions	5,653	1,571
Insurance premiums	(320)	(310)
Effect of changes in assumptions	28,776	(5,445)
Effect of experience adjustments	9,087	815
Defined benefit obligation at 31 December	<b>260,606</b>	<b>202,367</b>

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9. RETIREMENT BENEFITS (CONTINUED)

##### 9.7. Change in fair value of plan assets

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Fair value of plan assets at 1 January	155,295	152,976
Interest income on Plan assets	3,886	3,627
Employer contributions	9,378	9,271
Participant contributions	5,653	1,571
Net benefit payments	(1,450)	(1,384)
Insurance premiums for risk benefits	(320)	(310)
Return on plan assets (excluding interest income)	18,063	(10,456)
Fair value of plan assets at 31 December	<b>190,505</b>	<b>155,295</b>

##### 9.8. Actual return on scheme assets

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Interest income on Plan assets	3,886	3,627
Return on plan assets (excluding interest income)	18,063	(10,456)
Actual return on scheme assets	<b>21,949</b>	<b>(6,829)</b>

##### 9.9. Actuarial loss on retirement benefit obligations

Remeasurements recognised in Other Comprehensive Income are as follows:

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Effect of changes in assumptions	(28,776)	5,445
Effect of experience adjustments	(9,087)	(815)
Return on plan assets (excluding interest income)	18,063	(10,456)
Remeasurements included in Other Comprehensive Income	<b>(19,800)</b>	<b>(5,826)</b>



## 10. PROPERTY, EQUIPMENT AND VEHICLES

	Leasehold improvements €000	Furniture, equipment and motor vehicles €000	Total €000
<b>Cost:</b>			
Balance at 1 January 2019	19,264	7,217	26,481
Additions at cost	11,839	8,344	20,183
Disposals	(4,501)	(5,650)	(10,151)
Balance at 31 December 2019	<b>26,602</b>	<b>9,911</b>	<b>36,513</b>
<b>Accumulated Depreciation:</b>			
Balance at 1 January 2019	(4,358)	(5,811)	(10,169)
Depreciation for the year	(2,025)	(2,005)	(4,030)
Disposals	4,209	5,542	9,751
Balance at 31 December 2019	<b>(2,174)</b>	<b>(2,274)</b>	<b>(4,448)</b>
<b>Net Book Value at 31 December 2019</b>	<b>24,428</b>	<b>7,637</b>	<b>32,065</b>
Net Book Value at 31 December 2018	<b>14,906</b>	<b>1,406</b>	<b>16,312</b>

The estimated useful life of property, equipment and vehicles, by reference to which depreciation is calculated is as follows:

Leasehold improvements	up to 15 years
Furniture	5 years
Equipment and motor vehicles	3 to 5 years

During the year the Agency relocated from office accommodation at Treasury Building, Grand Canal Street, Dublin 2 to office accommodation at Treasury Dock, North Wall Quay, Dublin 1. The leasehold improvement additions relate to fit-out costs and professional fees in respect of office accommodation at Treasury Dock. Depreciation of the fit out of Treasury Dock and related costs commenced on 1 July 2019, the date on which the premises came in to use. Both properties are leased under occupational leases, as set out in note 16. Assets relating to Treasury Building were derecognised and disposed of at 31 December 2019. Included in these assets was artwork of the Treasury Building valued at €100k transferred to the Office of Public Works ("OPW").

## 11. INTANGIBLE ASSETS

	Computer software €000
<b>Cost:</b>	
Balance at 1 January 2019	1,234
Additions at cost	2,140
Balance at 31 December 2019	<b>3,374</b>
<b>Accumulated Amortisation and Accumulated Impairment:</b>	
Balance at 1 January 2019	(473)
Amortisation for the year	(746)
Balance at 31 December 2019	<b>(1,219)</b>
<b>Net Book Value at 31 December 2019</b>	<b>2,155</b>
Net Book Value at 31 December 2018	<b>761</b>

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 11. INTANGIBLE ASSETS (CONTINUED)

Third party software assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

The estimated useful life of intangible assets by reference to which amortisation is calculated is as follows:

Computer software      5 years

#### 12. RECEIVABLES (NON-CURRENT)

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Prepayments	<b>308</b>	<b>60</b>

Other receivables classified as non-current primarily comprise of software licences, support and maintenance.

#### 13. RECEIVABLES (CURRENT)

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Amounts receivable from NAMA	6,340	12,114
Amounts receivable from ISIF	2,394	4,296
Amounts receivable from SBCI	826	1,177
Amounts receivable from HBFI	763	-
Central Fund	8,177	8,892
Other receivables	1,434	208
Prepayments	2,131	2,510
	<b>22,065</b>	<b>29,197</b>

Other receivables primarily comprise of Asset Covered Securities income and income due from the Department of Finance.

#### 14. PAYABLES; AMOUNT FALLING DUE WITHIN 1 YEAR

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>€000</b>	<b>€000</b>
Payables		2,489	3,717
Accruals		16,004	16,811
Deferred income		2,101	1,444
Provision	16	784	126
		<b>21,378</b>	<b>22,098</b>

Accruals include annual leave entitlements of €1.7m (2018: €1.7m) earned but not taken at the reporting date.

#### 15. PAYABLES; AMOUNT FALLING DUE AFTER 1 YEAR

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Deferred income	8,597	8,324
Other Provision	-	489
	<b>8,597</b>	<b>8,813</b>

Deferred income includes a lease incentive on rental payments office accommodation at 1 Treasury Dock, North Wall Quay, Dublin 1. The value of the lease incentive is recognised over the life of the lease. The treatment results in income of €6.7m credited to the Statement of Income and Expenditure on a straight-line basis over the period May 2018 to May 2033 when the lease expires. Deferred income includes two advance rentals received on a sublease of office accommodation at Treasury Dock, North Wall Quay, Dublin 1. The amount of €4.0m is credited to the Statement of Income and Expenditure on a straight-line basis over the period May 2018 to May 2022 when the sublease expires.

## 16. PROVISION

The provision relates to premises costs. Provision movement in the period is detailed as follows:

	Note	2019 €000	2018 €000
At 1 January		615	615
Charges		801	-
Reversals		(632)	-
At 31 December	14,15	<b>784</b>	<b>615</b>

On 21 February 2020, the Agency agreed to the surrender of the leases at Treasury Building, Grand Canal, Dublin 2 to a third party. An onerous lease provision of €0.8m reflecting the lease commitment and a once off payment for surrender of the lease at Treasury Building were incurred during the year.

Due to the surrendering of the lease, the dilapidations provision relating to Treasury Building was reversed (€0.6m).

## 17. COMMITMENTS

In 1991 and 2007 the Agency entered into lease agreements of varying duration until 2025 and 2026, in respect of office accommodation at Treasury Building, Grand Canal Street, Dublin 2. The nominal future minimum rentals payable at the reporting date are included below. On 21 February 2020 the Agency agreed to the early surrender of such leases to a third party.

In May 2018 the Agency entered into lease agreement for office accommodation at 1 Treasury Dock, North Wall Quay, Dublin 1, until May 2043, with an option to terminate in 2033. The nominal future minimum rentals payable under non-cancellable operating leases are as follows:

	2019 €000	2018 €000
Within one year	10,489	9,775
In two to five years	41,956	41,956
Over five years	75,248	85,706
	<b>127,693</b>	<b>137,437</b>

## 18. CONTINGENT LIABILITIES

The Agency had no contingent liabilities at 31 December 2019.

## 19 RELATED PARTIES

### Minister for Finance

The Minister for Finance appoints six members of the Agency in accordance with section 3A of the National Treasury Management Agency Act, 1990, as amended.

### Key Management Personnel

The Agency is governed by the Agency members, and the administration and business of the Agency is managed and controlled by the Chief Executive and the Executive Management Team. Fees paid to key management personnel are disclosed in note 7.

### National Asset Management Agency

In accordance with sections 41 and 42 of the National Asset Management Agency Act 2009, the Agency provides business and support services and systems in addition to assigning staff to NAMA. The recovery of expenses from NAMA is detailed in note 5.

### Strategic Banking Corporation of Ireland

In accordance with section 10 of the Strategic Banking Corporation of Ireland Act 2014, the Agency provides business and support services and systems in addition to assigning staff to the SBCEI. The recovery of expenses from the SBCEI is detailed in note 5.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 19 RELATED PARTIES (CONTINUED)

##### Home Building Finance Ireland

In accordance with section 9 of the Home Building Finance Ireland Act 2018, the Agency provides business and support services and systems in addition to assigning staff to the HBFI. The recovery of expenses from HBFI is detailed in note 5.

##### Other Government controlled entities

Allied Irish Banks Plc is a related party as it is under the control of the Minister for Finance.

#### 20. NATIONAL DEVELOPMENT FINANCE AGENCY

The National Development Finance Agency in accordance with Part 4 of the National Treasury Management Agency (Amendment) Act 2014, performs financing and advisory functions in relation to specific public investment projects. The costs of these services were discharged by the NTMA and reimbursed by the State Authority to which the projects relate.

The NTMA acting as the NDFA incurred the following reimbursable costs:

	2019 €000	2018 €000
Professional fees	4,733	5,184
Legal fees	591	925
	<b>5,324</b>	<b>6,109</b>

The amount receivable from State Authorities at the reporting date is as follows:

	2019 €000	2018 €000
Department of Housing, Planning and Local Government	397	448
Department of Education and Skills	189	267
Grangegorman Development Agency	173	184
Department of Justice and Equality	-	84
South Dublin County Council	-	1
	<b>759</b>	<b>984</b>

Reimbursed funds are remitted to the Post Office Savings Bank Fund in accordance with section 30 of the NTMA (Amendment) Act 2014. At 31 December 2019, €1.1m (2018: €0.5m) is owing to the Post Office Savings Bank Fund.

The NTMA, acting as the NDFA, held cash at bank at 31 December 2019 amounting to €1.0m (2018: €0.1m).

The expenditure and reimbursement above is not included in the Statement of Income and Expenditure and Other Comprehensive Income or Statement of Financial Position on pages 108 and 109.

#### 21. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2020, the Agency agreed to the surrender of the leases at Treasury Building, Grand Canal, Dublin 2 to a third party (See Note 16 and Note 17). The outbreak of the novel Coronavirus (COVID-19) was declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020. Whilst the business continues to operate, the majority of the staff are working remotely. Neither the duration nor the scope of the impact can be predicted and any subsequent financial impact cannot be estimated at this time.

#### 22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Agency on 5 May 2020.

# FINANCIAL STATEMENTS OF THE POST OFFICE SAVINGS BANK FUND

For the year ended 31 December 2019

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## Financial Statements



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Post Office Savings Bank Fund

#### Opinion on the financial statements

I have audited the financial statements of the Post Office Savings Bank Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ended 31 December 2019 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the statement of income and expenditure and retained earnings, the statement of financial position and the related notes.

In my opinion, the financial statements properly present

- the assets and liabilities of the Fund at 31 December 2019, and
- the transactions for 2019.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

13 May 2020

## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

As detailed in the governance statement and Agency members' report the members' are responsible for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the Fund's assets and liabilities at 31 December 2019 and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.



## Financial Statements

# STATEMENT OF INCOME AND EXPENDITURE AND RETAINED EARNINGS

For the year ended 31 December 2019

	Note	2019 €000	2018 €000
Investment Income	3	31,595	2,521
Interest Paid and Payable	4	(5,076)	(4,778)
Operating Fees	5	(28,612)	(28,572)
<b>Deficit for the Year</b>		<b>(2,093)</b>	<b>(30,829)</b>
Balance at 1 January		81,839	112,668
<b>Balance at 31 December</b>		<b>79,746</b>	<b>81,839</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 €000	2018 €000
<b>Assets</b>			
Cash with Central Bank of Ireland		813,945	826,135
Central Treasury Loans		13,217	15,885
Other Loans	6	2,154,786	2,061,473
Receivables	7	9,116	12,157
Investments	8	519,788	502,571
		<b>3,510,852</b>	<b>3,418,221</b>
<b>Liabilities</b>			
Post Office Savings Bank Deposits	9	3,419,708	3,307,570
Other Liabilities	10	11,398	28,812
Retained Reserves		79,746	81,839
		<b>3,510,852</b>	<b>3,418,221</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS

### 1. BACKGROUND

The Minister for Finance guarantees the repayment and servicing of moneys invested by depositors in the Post Office Savings Bank. An Post remits the net proceeds to the National Treasury Management Agency (the Agency). The Post Office Savings Bank Fund ("Fund") does not form part of the Exchequer.

The proceeds from Post Office Savings Bank deposits is the primary source of funding. The Fund utilises these proceeds:

- to invest in Irish Government Bonds as part of a secondary bond trading portfolio;
- to undertake sale and repurchase (repo) transactions of Irish Government Bonds as an intermediary between the National Debt and other market counterparties;
- to advance surplus monies in the Fund to the Exchequer as Ways and Means advances;
- to provide short-term funding to the State Claims Agency (SCA) and the National Development Finance Agency (NDFA) for the purpose of funding their activities;
- to provide Central Treasury loans to designated state bodies such as local authorities and other designated non-commercial state bodies in accordance with the National Treasury Management Agency (Amendment) Act 2000.

The Minister for Finance for the Exchequer may appropriate any accumulated surplus in the Fund after making appropriate provision to meet the liabilities to the depositors (Finance Act 1930, Section 19(1)).

### 2. BASIS OF PREPARATION

The financial statements have been prepared on an accruals basis under the historical cost convention except where otherwise stated.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used '000' or 'k' denotes thousand, and 'm' denotes million.

#### 2.1 Investments

Investments are stated at cost.

### 3. INVESTMENT INCOME

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Net Investment Interest	12,792	14,711
Interest on Cash with Central Bank of Ireland	(3,394)	(4,379)
Gain/(Loss) on Investments	22,197	(7,811)
	<b>31,595</b>	<b>2,521</b>

The reduction in Net Investment Interest reflects the lower prevailing yields and lower coupons on bonds in 2019. Sale and Repurchase agreements are also transacted between the Fund and primary dealers in the bond market. The related income or interest cost arising from these transactions is also reflected in Net Investment Interest.

The reduction in Interest on Cash with Central Bank of Ireland is as a result of a decrease in the average cash held during 2019.

The gain on investments in 2019 when compared to 2018, reflects the compression in Irish government bond yields (bond price appreciation) across the Irish yield curve particularly in longer dated bonds which accounted for a large portion of turnover. Such bonds are held at their original cost as the Fund accounts for its bond holdings on a historic cost basis and does not recognise unrealised gains/losses. While unrealised gains/losses on the Fund are not recognised, the Fund's investment performance is monitored on a total return basis (i.e. including unrealised gains/losses).

#### 4. INTEREST PAID AND PAYABLE

	2019 €000	2018 €000
Interest Payable to Depositors of Post Office Savings Bank	5,076	4,778

#### 5. OPERATING FEES

	2019 €000	2018 €000
Service Fees	28,612	28,572

Service fees are paid to An Post for their management and administration of depositors accounts.

#### 6. OTHER LOANS

	2019 €000	2018 €000
Advances to Exchequer	2,140,384	2,058,126
Advances to the State Claims Agency	13,317	2,900
Advances to the National Development Finance Agency	1,085	447
	<b>2,154,786</b>	<b>2,061,473</b>

Advances to the Exchequer represent Ways and Means funds, which have been loaned to the Exchequer.

No financing costs were charged by the Fund to the State Claims Agency or the National Development Finance Agency.

#### 7. RECEIVABLES

	2019 €000	2018 €000
Interest Receivable	6,513	5,445
Cash Balances held by An Post	2,603	6,712
	<b>9,116</b>	<b>12,157</b>

#### 8. INVESTMENTS

<b>Bonds</b>	2019 €000	2018 €000
At Cost	519,788	502,571
Valuation as at 31 December	525,616	500,082

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. INVESTMENTS (CONTINUED)

##### Schedule of Investment Holdings:

Nominal €000	Stock	2019 Cost €000	2019 Valuation €000
4,752	0.8% Treasury Bond 2022	4,904	4,881
17,323	0.0% Treasury Bond 2022	17,545	17,521
23,668	3.9% Treasury Bond 2023	27,300	26,960
55,572	3.4% Treasury Bond 2024	64,995	64,297
48,999	5.4% Treasury Bond 2025	64,358	63,274
44,999	1.0% Treasury Bond 2026	48,363	48,166
40,700	0.9% Treasury Bond 2028	43,629	43,614
36,000	1.1% Treasury Bond 2029	39,602	39,280
40,285	2.4% Treasury Bond 2030	49,197	49,401
33,491	1.35% Treasury Bond 2031	36,426	37,512
17,667	1.3% Treasury Bond 2033	19,250	19,718
28,900	1.7% Treasury Bond 2037	30,294	34,238
41,968	2.0% Treasury Bond 2045	51,449	53,570
20,300	1.5% Treasury Bond 2050	22,476	23,184
<b>454,624</b>		<b>519,788</b>	<b>525,616</b>

#### 9. POST OFFICE SAVINGS BANK DEPOSITS

	2019 €000	2018 €000
Post Office Savings Bank Deposits	<b>3,419,708</b>	<b>3,307,570</b>

#### 10. OTHER LIABILITIES

	2019 €000	2018 €000
Outstanding Bond Trades Payable	10,122	24,401
Outstanding Repo Trades Payable	843	3,951
Accrued DIRT Payable	433	460
	<b>11,398</b>	<b>28,812</b>

#### 11. EVENTS AFTER THE END OF THE REPORTING PERIOD

The outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets which in turn has adversely affected the Fund. As neither the duration nor the scope of the impact can be predicted, the overall financial impact cannot be estimated at this time.

#### 12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Agency on 5 May 2020.

# FINANCIAL STATEMENTS OF THE STATE CLAIMS AGENCY

For the year ended 31 December 2019

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## Financial Statements



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### State Claims Agency

#### Opinion on the financial statements

The National Treasury Management Agency (the Agency) is known as the State Claims Agency when managing claims on behalf of the State. I have audited the financial statements of the State Claims Agency for the year ended 31 December 2019 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the income statement, the statement of financial position and the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements properly present

- the assets and liabilities of the State Claims Agency at 31 December 2019, and
- the transactions for 2019.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the management of State claims. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

13 May 2020



## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

As detailed in the governance statement and Agency members' report the members' are responsible for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the assets and liabilities of the State Claims Agency at 31 December 2019 and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the State Claims Agency and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Claims Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the State Claims Agency to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

## Financial Statements

### INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 €000	2018 €000
<b>Income</b>			
Income	4	431,389	354,593
Costs recovered on behalf of Delegated State Authorities	5	3,475	8,053
		<b>434,864</b>	<b>362,646</b>
<b>Expenditure</b>			
Awards and claim settlements	6	307,623	250,628
Expenses	7	123,766	103,965
Reimbursement of costs recovered on behalf of Delegated State Authorities	5	3,475	8,053
		<b>434,864</b>	<b>362,646</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 €000	2018 €000
<b>Assets</b>			
Cash at bank		3,738	1,471
Receivables	10	13,789	8,864
Investments	9	4,951	4,620
		<b>22,478</b>	<b>14,955</b>
<b>Liabilities</b>			
Scheme liabilities	9	(4,951)	(4,620)
Borrowings from Post Office Savings Bank Fund	11	(13,317)	(2,900)
Other liabilities	12	(4,210)	(7,435)
		<b>(22,478)</b>	<b>(14,955)</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS

### 1. BACKGROUND

Under the National Treasury Management Agency (Amendment) Act, 2000, the management of personal injury and property damage claims against the State and certain State Authorities (“Delegated State Authorities” or “DSAs”) was delegated to the National Treasury Management Agency (“NTMA” or “the Agency”). The NTMA also provides related risk advisory services to DSAs. In addition, the National Treasury Management Agency (Amendment) Act 2014, provided for the delegation to the NTMA of the management of claims for legal costs, however so incurred. When performing these functions, the NTMA is known as the State Claims Agency (“SCA”). The SCA incurs expenditure on awards, claim settlements and associated costs. The SCA recovers this expenditure from the Delegated State Authorities who are liable in respect of claims.

The NTMA (Amendment) Act 2000 was amended in 2017 to provide that the SCA would specify the minimum levels of indemnity for classes of medical practitioners. In 2018, it was further amended to provide that the SCA carry out certain functions in relation to an insolvent insurer regulated in another EU Member State and the Insurance Compensation Fund (ICF). This role includes the carrying out of due diligence on claims, the making of an application to the High Court for payment out of the ICF and the distribution, thereafter, to third parties of claim settlement monies.

### 2. BASIS OF PREPARATION

The financial statements of the SCA relate to the management of claims on behalf of Delegated State Authorities who are liable in respect of claims and from whom the SCA recovers the amounts of any awards and associated costs. The financial statements present the claim activities and report on the transactions processed via the SCA in the year and therefore no amounts are included for outstanding claims incurred but not reported (IBNR) claims. IBNR claims relate to incidents that occurred prior to the reporting date for which the claims had not been reported to the SCA.

The financial statement notes include a disclosure for the estimated liabilities for outstanding claims under management at the reporting date. No amount is included for IBNR liabilities.

Transactions are recognised using the cash basis of accounting as adjusted for accruals for contracted third party service provider costs and the related cost recovery from the relevant Delegated State Authority.

The reporting currency is the euro which is denoted by the symbol €.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Expenditure

Expenditure on awards, claim settlements and associated costs are recognised on receipt of a validated approval or the validated settlement of such expenditure.

#### 3.2 Income

The SCA recovers the amounts of any awards, claim settlements and associated costs from Delegated State Authorities who are liable in respect of claims. Income is treated as receivable from Delegated State Authorities in line with the recognition of the related expenditure. Amounts are accounted for on an accruals basis.

#### 4. INCOME

	Note	2019 €000	2018 €000
Amounts receivable at 1 January from Delegated State Authorities	10	(8,841)	(6,399)
Received from Delegated State Authorities		426,460	352,122
Received from Scheme funds	9	-	29
Amounts receivable at 31 December	10	13,770	8,841
		<b>431,389</b>	<b>354,593</b>

Amounts receivable from Delegated State Authorities comprise reimbursements of any awards, claim settlements and associated costs incurred by the SCA on behalf of the Delegated State Authorities who are liable in respect of the underlying claims.

#### 5. COSTS RECOVERED ON BEHALF OF DELEGATED STATE AUTHORITIES

	2019 €000	2018 €000
Costs recovered on behalf of Delegated State Authorities	<b>3,475</b>	<b>8,053</b>

In certain cases, whether by adjudication of the court or agreement with the third party /co-defendant, a specified percentage contribution in relation to a particular claim may be paid by a third party /co-defendant to the SCA. These amounts represent costs recovered by the SCA on behalf of the Delegated State Authorities, which are subsequently reimbursed to the relevant Authorities.

#### 6. AWARDS AND CLAIM SETTLEMENTS

	2019 €000	2018 €000
Awards and claim settlements	<b>307,623</b>	<b>250,628</b>

Expenditure on awards is recognised on receipt of a validated approval or the validated settlement of such expenditure.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 7. EXPENSES

	2019 €000	2018 €000
<i>Delegated authority expenses</i>		
Legal fees	34,850	35,732
Medical fees	6,117	5,223
Engineers' fees	478	499
Other fees <sup>1</sup>	3,518	3,155
	44,963	44,609
<i>Plaintiff expenses</i>		
Legal fees	78,782	59,332
Other expert fees	2	4
Travel expenses	16	16
	<b>78,800</b>	<b>59,352</b>
<i>Witness expenses</i>	3	4
<b>Total other expenses</b>	<b>123,766</b>	<b>103,965</b>

<sup>1</sup> Other fees include investigation and actuary fees.

#### 8. REMUNERATION AND EXPENSES (INCLUDED IN THE ADMINISTRATION EXPENSES OF THE NTMA)

The administrative costs incurred by the NTMA in the performance of the SCA's functions amounted to €28.5m (2018: €25.0m). These costs are included in the administration expenses of the NTMA and are charged on the Central Fund. The NTMA does not seek reimbursement of these costs from Delegated State Authorities.

#### 9. INVESTMENTS/SCHEME LIABILITIES

##### Special Obstetrics Indemnity Scheme

In 2008, the Minister for Health established the Special Obstetrics Indemnity Scheme (the "SOIS"). Under the SOIS, the Minister agreed to indemnify the Bon Secours and Mount Carmel Hospitals in respect of specified obstetric claims. The Government delegated the management of claims under the SOIS to the NTMA under S.I. No. 628/2007, National Treasury Management Agency (Delegation of Functions) (Amendment) Order, 2007. The named participating hospitals made contributions to the SOIS fund which is managed by the NTMA on behalf of the Minister for Health under section 29(2) of the National Treasury Management Agency (Amendment) Act, 2000.

The Minister for Health authorised the SCA to draw down amounts from the fund to reimburse the SCA under section 16(2) of the National Treasury Management Agency (Amendment) Act, 2000 for any amounts paid by the SCA on behalf of the participating hospitals.

The SOIS fund is invested in Exchequer Notes on behalf of the Department of Health. Income earned on the Scheme's investments is paid into the fund and is not recognised as income of the SCA.

Contributions to the fund were additional investments in the SOIS in the form of Short Term Paper Loans during the financial year.

	2019 €000	2018 €000
Balance at 1 January	4,620	4,649
Contributions to fund	331	-
Claim settlements and expenses	-	(29)
Balance at 31 December available for settlement of claims	<b>4,951</b>	<b>4,620</b>

## 10. RECEIVABLES

	Note	2019 €000	2018 €000
Receivable from Delegated State Authorities	4	13,770	8,841
Other Receivables		19	23
		<b>13,789</b>	<b>8,864</b>

## 11. BORROWINGS FROM THE POST OFFICE SAVINGS BANK FUND

	2019 €000	2018 €000
Borrowings from the Post Office Savings Bank Fund	<b>13,317</b>	<b>2,900</b>

Under section 16 of the National Treasury Management Agency (Amendment) Act, 2000 the Minister for Finance may advance monies from the Post Office Savings Bank Fund (the "POSB Fund") to the SCA for payment of the amount of any costs, charges and expenses in respect of the services of professional and other expert advisers, the amount of any award or settlement to be paid to a claimant in respect of a delegated claim, and the amount of interest, if any, payable thereon. Funds are drawn from the POSB Fund as required during the year to cover the above costs incurred by the SCA on behalf of the Delegated State Authorities. The SCA then receives reimbursements from the Delegated State Authorities and repays the POSB Fund on a regular basis throughout the year. No financing costs are charged to the SCA in respect of these arrangements.

## 12. OTHER LIABILITIES

	2019 €000	2018 €000
Payable in respect of expenses	1,132	3,104
Payable in respect of awards	2,604	3,555
Professional Services Withholding Tax	467	661
Amounts due to Delegated State Authorities	7	115
	<b>4,210</b>	<b>7,435</b>

## 13. ESTIMATED LIABILITIES OF DELEGATED STATE AUTHORITIES

	2019 Number of claims	2018 Number of claims
At 1 January	10,658	9,956
New claims	3,516	3,319
Resolved claims	(2,704)	(2,623)
Other claims <sup>1</sup>	110	6
At 31 December <sup>2</sup>	<b>11,580</b>	<b>10,658</b>

<sup>1</sup> Other claims include claims re-opened in the period, claims closed in the period and designated to a prior period.

<sup>2</sup> The number of active claims at 31 December 2019 includes 2,472 (2018: 2,267) mass action claims.

At 31 December 2019 the outstanding estimated liability of Delegated State Authorities in respect of claims under management by the SCA was €3,633m (2018: €3,152m), of which €2,723m (2018: €2,331m) was attributable to clinical claims and €910m (2018: €821m) to general claims. The estimated liability is calculated by reference to the ultimate cost of resolving each claim including all foreseeable costs such as settlement amounts, plaintiff legal costs and defence costs. The outstanding estimated liability is the total estimated liability less payments already made. The estimated liability does not include amounts for outstanding claims incurred but not reported (IBNR). IBNR claims relate to incidents that occurred prior to the reporting date for which the claims had not been reported to the SCA.

In respect of relevant active clinical claims at 31 December 2019, the SCA has based its estimated liability on a real rate of return of 1% (2018: 1%) on claims for the cost of future care and 1.5% (2018: 1.5%) for future pecuniary loss.



## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 14. EVENTS AFTER THE REPORTING PERIOD

The outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has resulted in unforeseen increased demand for services of Delegated State Authorities such as the Health Service Executive. The SCA may be required to increase the scope of cover of the Clinical Indemnity Scheme and General Indemnity Scheme having regard to the many scenarios anticipated in response to the emergency. Government restrictions may also reduce the number of court sittings which would impact the resolution and settlement of claims. As neither the duration nor the scope of the impact can be predicted, the overall financial impact cannot be estimated at this time.

#### 15. RELATED PARTIES

The Minister for Finance appoints six members of the Agency in accordance with section 3A of the National Treasury Management Agency Act, 1990, as amended.

#### 16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Agency on 5 May 2020.

FINANCIAL STATEMENTS OF THE  
**DORMANT  
ACCOUNTS FUND**

For the year ended 31 December 2019

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## Financial Statements



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Dormant Accounts Fund

#### Opinion on the financial statements

I have audited the financial statements of the Dormant Accounts Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ended 31 December 2019 as required under the provisions of section 46 of the Dormant Accounts Act 2001. The financial statements comprise the investment and disbursements account, the reserve account, the statement of financial position and related notes.

In my opinion, the financial statements properly present

- the balance of the Fund at 31 December 2019, and
- the transactions for 2019.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

13 May 2020

## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

As detailed in the governance statement and Agency members' report the members' are responsible for

- the preparation of financial statements in the form prescribed under section 46 of the Dormant Accounts Act 2001
- ensuring that the financial statements properly present the Fund's affairs at year-end and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 46 of the Dormant Accounts Act 2001 to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

## Financial Statements

### INVESTMENT AND DISBURSEMENTS ACCOUNT

For the year ended 31 December 2019

	Note	2019 €000	2018 €000
Moneys transferred to the Fund in respect of dormant accounts and unclaimed assurance policies	3	65,233	68,748
Amounts transferred to Reserve Account	4	(29,000)	(29,277)
Disbursements	5	(37,372)	(27,822)
Interest Expense	6	(57)	(92)
Movement for the year		(1,196)	11,557
Balance at 1 January		202,219	190,662
<b>Balance at 31 December</b>		<b>201,023</b>	<b>202,219</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency



**Maeve Carton, Chairperson**  
National Treasury Management Agency

5 May 2020

## RESERVE ACCOUNT

### For the year ended 31 December 2019

	Note	2019 €000	2018 €000
Repayment of moneys transferred to the Fund	3	(22,608)	(21,538)
Interest on repayment of moneys transferred to the Fund	3	(145)	(187)
Transfer from Investment and Disbursements Account	4	29,000	29,277
Interest Expense	6	(47)	(51)
Operating Expenses	7	(84)	(372)
Movement for the year		6,116	7,129
Balance at 1 January		87,589	80,460
<b>Balance at 31 December</b>		<b>93,705</b>	<b>87,589</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 €000	2018 €000
<b>Assets</b>			
Cash and Other Financial Assets	8	294,963	290,111
<b>Liabilities</b>			
Other Liabilities	9	(235)	(303)
<b>Net Assets</b>		<b>294,728</b>	<b>289,808</b>
<b>Represented by:</b>			
Investment and Disbursements Account		201,023	202,219
Reserve Account		93,705	87,589
		<b>294,728</b>	<b>289,808</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency



# NOTES TO THE FINANCIAL STATEMENTS

## 1. BACKGROUND

The Dormant Accounts Act 2001 (as amended) provides for the transfer of dormant funds in banks, building societies and An Post and the transfer of moneys payable under unclaimed life assurance policies to the Dormant Accounts Fund, while guaranteeing a right of reclaim to those funds. It further provides for a scheme for the disbursement of funds for the purposes of programmes or projects to assist:

- (a) the personal and social development of persons who are economically or socially disadvantaged,
- (b) the educational development of persons who are educationally disadvantaged, or
- (c) persons with a disability (within the meaning of the Equal Status Act 2000).

The Dormant Accounts Fund consists of a Reserve Account from which reclaims and various expenses are paid and an Investment and Disbursements Account from which investments and disbursements are made.

The Agency is responsible, under sections 17 and 18 of the Dormants Account Act 2001 (as amended), for establishing, managing and controlling the Dormant Accounts Fund and has all powers (including the power to charge fees, payable from the Fund, in relation to the management and control of the Fund) that are necessary for or incidental to the performance of its functions. These functions include:

- the making of disbursements in accordance with the directions of the Minister for Public Expenditure and Reform.
- the maintenance of the Reserve Account.
- the defraying of the specified fees, costs and expenses incurred.
- the defraying of the remuneration, fees and expenses of the authorised inspectors.
- the repayment of moneys transferred to the Fund.
- the preparation of the annual investment plan, having regard to the disbursement plan and any direction from the Minister for Rural & Community Development<sup>1</sup>.
- the investment of any moneys standing to the credit of the Fund that are not, for the time being, required for the purpose of meeting the liabilities of the Fund.
- the keeping of accounting records of all moneys received and expended by the Agency.
- the submitting of annual accounts to the Comptroller and Auditor General and the presentation of a copy of accounts so audited to the Minister for Rural & Community Development<sup>1</sup>.
- the submitting of the annual report on the operation of the Fund to the Minister for Finance, and the presentation of a copy to the Minister for Rural & Community Development<sup>1</sup>.

In accordance with the Dormant Accounts (Amendment) Act 2012, the Minister for Rural & Community Development<sup>1</sup> is responsible for the administration of the process by which the Government approves projects and programmes to which funds from the Dormant Accounts Fund can be disbursed. In accordance with this Act, a new Disbursement Scheme 2017 – 2019 was approved by Government in July 2017 and a Dormant Accounts Action Plan for 2019 was published in July 2018, which details projects and programmes to which funds from the Dormant Accounts Fund may be allocated.

## 2. BASIS OF PREPARATION

The financial statements have been prepared for the year ended 31 December 2019. The financial statements are prepared on an accruals basis under the historical cost convention.

The NTMA is required under section 46(1) of the Dormant Accounts Act 2001 to keep all proper and usual accounts of all moneys received or expended by the Agency in relation to the Fund. In accordance with section 46(1) of the Dormant Accounts Act 2001, the financial statements have been prepared in a form specified by the Minister for Finance.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used, '000' or 'k' denotes thousand, and 'm' denotes million.

<sup>1</sup> On 3 October 2017 Statutory Instrument 432 conferred powers previously executed by the Department of Arts Heritage, Regional, Rural and Gaeltacht Affairs in relation to the Dormant Accounts Fund, to the Department of Rural & Community Development.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. CUMULATIVE AMOUNTS TRANSFERRED AND RECLAIMED IN RESPECT OF DORMANT ACCOUNTS AND UNCLAIMED ASSURANCE POLICIES

##### Financial Institutions – Dormant Accounts

<b>Institution</b>	<b>Opening Balance 01/01/2019 €000</b>	<b>Transferred €000</b>	<b>Reclaimed €000</b>	<b>Closing Balance 31/12/2019 €000</b>	<b>Interest Paid €000</b>
ACC Loan Management DAC	5,378	-	(3)	5,375	-
Allied Irish Banks plc	93,509	7,662	(2,241)	98,930	(47)
Bank of America Merrill Lynch Intl Ltd	155	-	-	155	-
Bank of Ireland	98,864	14,457	(4,850)	108,471	(5)
Barclays Bank Ireland plc	344	-	-	344	-
BNP Paribas SA	99	44	-	143	-
Citibank Europe plc	29	-	-	29	-
Danske Bank Plc	7,360	311	(107)	7,564	-
EAA Covered Bond Bank	122	-	-	122	-
EBS DAC	31,359	6,846	(2,959)	35,246	(48)
Investec Bank plc	1,651	403	(6)	2,048	-
Irish Bank Resolution Corporation Ltd (in special liquidation)	617	-	-	617	-
JP Morgan Bank (Ireland) plc	49	-	-	49	-
KBC Bank Ireland plc	786	-	-	786	-
Lloyds Bank	453	-	-	453	-
Permanent tsb plc	60,003	7,757	(1,591)	66,169	(4)
Pfizer International Bank	31	-	-	31	-
An Post – State Savings Products	87,381	3,077	(2,913)	87,545	(7)
An Post – Post Office Savings Bank	52,276	4,876	(1,142)	56,010	(32)
RBS NV	35	-	-	35	-
The Royal Bank of Scotland plc	420	-	-	420	-
Scotiabank (Ireland) DAC	93	-	-	93	-
Ulster Bank Ireland DAC	36,630	2,745	(603)	38,772	(1)
<b>TOTAL</b>	<b>477,644</b>	<b>48,178</b>	<b>(16,415)</b>	<b>509,407</b>	<b>(144)</b>

### 3. CUMULATIVE AMOUNTS TRANSFERRED AND RECLAIMED IN RESPECT OF DORMANT ACCOUNTS AND UNCLAIMED ASSURANCE POLICIES (CONTINUED)

#### Assurance Companies – Unclaimed Assurance Policies

Institution	Opening Balance 01/01/2019 €000	Transferred €000	Reclaimed €000	Closing Balance 31/12/2019 €000	Interest paid €000
<b>Specified Term Accounts:</b>					
Ark Life Assurance Co. DAC	1,478	915	(275)	2,118	-
Aviva Life & Pensions UK Ltd	3,995	700	(62)	4,633	-
Equitable Life Assurance Society	53	-	-	53	-
Friends First Life Assurance Co. DAC	3,249	272	(9)	3,512	-
Harcourt Life (Ex Scottish Mutual Life)	-	103	(6)	97	-
Irish Life Assurance plc	11,190	1,837	(722)	12,305	-
New Ireland Assurance Co. DAC	1,110	494	(391)	1,213	-
Phoenix Life Ltd	6,876	739	(73)	7,542	-
The Royal London Mutual Insurance Society Ltd	9,941	475	(275)	10,141	-
St. James Place International plc	11	-	-	11	-
Scottish Legal Life	619	-	-	619	-
Standard Life International DAC	1,948	57	-	2,005	-
Sun Life Assurance Society plc	371	15	-	386	-
Zurich Life Assurance plc	3,373	1,333	(413)	4,293	-
<b>No Specified Term Accounts:</b>					
Acorn Life DAC	192	12	(21)	183	-
Ark Life Assurance Co. DAC	4,944	941	(629)	5,256	-
Aviva Life & Pensions UK Ltd	3,721	687	(46)	4,362	-
Equitable Life Assurance Society	22	-	-	22	-
Friends First Life Assurance Co. DAC	1,734	41	-	1,775	-
Harcourt Life DAC (ex Augura Life Ireland DAC)	145	-	-	145	-
Harcourt Life DAC (ex Scottish Mutual Life DAC)	409	306	(73)	642	-
Irish Life Assurance plc	9,612	636	(434)	9,814	-
New Ireland Assurance Co. DAC	14,378	1,841	(642)	15,577	-
Phoenix Life Ltd	2,069	379	(236)	2,212	-
The Royal London Mutual Insurance Society Ltd	13,307	2,637	(351)	15,593	-
St. James Place International plc	7	-	-	7	-
Scottish Legal Life	615	-	-	615	-
Standard Life International DAC	3,695	655	(971)	3,379	-
Sun Life Assurance Society plc	71	59	(11)	119	-
Zurich Life Assurance plc	4,371	1,648	(347)	5,672	-
<b>TOTAL (UNCLAIMED POLICIES)</b>	<b>103,506</b>	<b>16,782</b>	<b>(5,987)</b>	<b>114,301</b>	<b>-</b>
The Escheated Estate Fund	4,400	-	-	4,400	-
Accrued Reclaims	(273)	273	(206)	(206)	(1)
<b>GRAND TOTAL</b>	<b>585,277</b>	<b>65,233</b>	<b>(22,608)</b>	<b>627,902</b>	<b>(145)</b>

Figures may not total due to rounding.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. CUMULATIVE AMOUNTS TRANSFERRED AND RECLAIMED IN RESPECT OF DORMANT ACCOUNTS AND UNCLAIMED ASSURANCE POLICIES (CONTINUED)

The amounts transferred to the Fund included accounts denominated in currencies other than euro. The effect of revaluing these accounts at the year end exchange rates would be to decrease the total amount transferred to the Fund and not yet reclaimed by €546,029 from €627,902,626 to €627,356,597.

#### 4. AMOUNTS TRANSFERRED TO THE RESERVE ACCOUNT

Under section 17(4) of the Dormant Accounts Act 2001 as amended, the Agency pays into the Reserve Account, from time to time, an amount determined by the Agency, with the approval of the Minister for Rural & Community Development given with the consent of the Minister for Finance, for the purposes of making repayments from the Fund and of defraying various fees, costs and expenses. An internal transfer from the Investment Account is made as required to maintain the balance in the Reserve Account at a currently approved 15 per cent of the total dormant funds received by the Fund and not yet reclaimed. The balance in the Reserve account may deviate from 15 per cent in the intervening period between the rebalancing dates.

#### 5. DISBURSEMENTS

The following disbursements were made from the Fund during the year:

	2019 €000	2018 €000
<b>On Direction of the Minister for Public Expenditure and Reform:</b>		
Department of Rural & Community Development	12,673	9,700
Department of Children and Youth Affairs	7,039	3,638
Department of Transport, Tourism & Sport	5,000	5,000
Department of Justice Equality & Law Reform	4,873	4,404
Department of Housing, Planning and Local Government	3,000	-
Department of Health	2,700	2,619
Department of Employment Affairs and Social Protection	550	1,764
Department of Defence	502	-
Department of Education and Skills	462	497
Department of Communications, Climate Action and Environment	373	-
Irish Prison Service	200	200
	<b>37,372</b>	<b>27,822</b>

#### 6. INTEREST EXPENSE

2019	Investment and Disbursements Account €000	Reserve Account €000	2019 €000
Term Deposits	3	3	6
Cash at Central Bank	(60)	(50)	(110)
	<b>(57)</b>	<b>(47)</b>	<b>(104)</b>
2018	Investment and Disbursements Account €000	Reserve Account €000	2018 €000
Term Deposits	8	5	13
Commercial Paper	9	-	9
Cash at Central Bank	(109)	(56)	(165)
	<b>(92)</b>	<b>(51)</b>	<b>(143)</b>

The negative return on Central Bank deposits reflects the prevailing negative interest rates charged in respect of cash balances held on deposit.

## 7. OPERATING EXPENSES

	<b>2019</b> <b>€000</b>	<b>2018</b> <b>€000</b>
Fees of service provider (Pobal)	83	370
Bank Charges	1	2
	<b>84</b>	<b>372</b>

Pobal receives an annual service fee for its administration of certain projects in receipt of Dormant Accounts Fund disbursements. The fee was paid by the Department of Rural & Community Development and reimbursed from the Dormant Accounts Fund. The significant reduction in Pobal fees in 2019 was a result of a process change where service fees for allocated projects will be borne directly by the departments in receipt of Fund disbursements in the future. It is not expected the Dormant Accounts Fund will be liable for this fee in 2020.

### Expenses of the National Treasury Management Agency

Under section 45(1)(c) of the Dormant Accounts Act 2001 as amended, the Agency is required to report on the costs and expenses incurred by the Agency in performing its function under the legislation. These costs have been estimated and are shown below:

	<b>2019</b> <b>€000</b>	<b>2018</b> <b>€000</b>
General Administration <sup>2</sup>	<b>150</b>	<b>150</b>

## 8. CASH AND OTHER FINANCIAL ASSETS

	<b>2019</b> <b>€000</b>	<b>2018</b> <b>€000</b>
Cash at Central Bank	18,963	24,111
Short Term Instruments & Term Deposits	276,000	266,000
	<b>294,963</b>	<b>290,111</b>

## 9. OTHER LIABILITIES

	<b>2019</b> <b>€000</b>	<b>2018</b> <b>€000</b>
Interest Payable on Cash on Deposit	(29)	(30)
Accrued Reclaims	(206)	(273)
	<b>(235)</b>	<b>(303)</b>

<sup>2</sup> This is an estimate, included in the Notes to the financial statements only, as the Agency has not charged these expenses to the Dormant Accounts Fund.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 10. CONTINGENT EXCHEQUER LIABILITY

**10.1** As a result of cumulative disbursements to date the net assets of the Fund are less than the dormant funds transferred and not yet reclaimed. This difference represents a contingent exchequer liability that would have to be met by the Central Fund in the event that all moneys transferred to the Dormant Accounts Fund were reclaimed.

At 31 December 2019 the contingent liability to the Exchequer is estimated at €333m (2018: €295m). The contingent exchequer liability is estimated as the difference between the net cash transferred into the Fund and not yet reclaimed and the net assets of the Fund. No provision or estimate is made for interest which may be payable on future reclaims for the period from the date of transfer to the date of reclaim. Further analysis of the contingent exchequer liability is provided in note 10.2.

Under section 17(7) of the Dormant Accounts Act 2001 as amended, whenever the moneys in the Investment and Disbursements Account are insufficient to meet the deficiency in the Reserve Account, a payment can be made out of the Central Fund into the Reserve Account of an amount not exceeding the deficiency. Any such moneys paid from the Central Fund would be repaid, as soon as practicable, from new moneys transferred into the Fund from the financial institutions after providing for any liabilities or contingent liabilities of the Fund.

#### 10.2 Analysis of Contingent Exchequer Liability:

	1 January 2019 €000	Movement during the year €000	31 December 2019 €000
Net Assets of Fund	289,808	4,920	294,728
Dormant Funds Transferred not reclaimed	(585,277)	(42,625)	(627,902)
Contingent liability	<b>(295,469)</b>	<b>(37,705)</b>	<b>(333,174)</b>

#### 10.3 The movement in the Contingent Exchequer Liability for the year is represented by:

	2019 €000	
Interest Expense	(104)	Note 6
Interest on repayments of moneys transferred to the Fund	(145)	Note 3
Disbursements	(37,372)	Note 5
Operating expenses	(84)	Note 7
Movement for the year	<b>(37,705)</b>	Note 10.2

#### 11. INVESTMENT RETURN

Under section 45(1)(b) of the Dormant Accounts Act 2001 as amended, the Agency is required to report to the Minister for Rural & Community Development the investment return achieved by the Fund in each financial year. The annualised return on the Fund for the year was -0.03% (2018:- 0.05%).

#### 12. EVENTS AFTER THE END OF THE REPORTING PERIOD

No events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

#### 13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Agency on 5 May 2020.

FINANCIAL STATEMENTS OF THE  
NATIONAL SURPLUS  
(EXCEPTIONAL  
CONTINGENCIES)  
RESERVE FUND

From commencement 31 October 2019  
to 31 December 2019

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## Financial Statements

### FUND AND OTHER INFORMATION

#### **National Treasury Management Agency**

(as delegate of the Minister for Finance in his capacity as manager and controller of the National Surplus (Exceptional Contingencies) Reserve Fund)

Treasury Dock  
North Wall Quay  
Dublin 1  
D01 A9T8

#### **Banker**

Central Bank of Ireland  
New Wapping Street  
North Wall Quay  
Dublin 1  
D01 F7X3

#### **Auditor**

Comptroller and Auditor General  
3A Mayor Street Upper  
Dublin 1  
D01 PF72





# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### National Surplus (Exceptional Contingencies) Reserve Fund

#### Opinion on the financial statements

I have audited the financial statements of National Surplus (Exceptional Contingencies) Reserve Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ended 31 December 2019 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise

- the statement of financial position
- the statement of changes in net assets
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Fund at 31 December 2019 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

13 May 2020

## Financial Statements

### Appendix to the report of the Comptroller and Auditor General

#### Responsibilities of the National Treasury Management Agency

As detailed in the governance statement and Agency members' report, the members' are responsible for

- the preparation of financial statements in the form prescribed under section 28 of the National Treasury Management Agency Act 2000 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

#### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	As at 31 December 2019 €m
<b>Assets</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss	6	1,125
Cash and cash equivalents	7	375
<b>Net assets</b>		<b>1,500</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

# STATEMENT OF CHANGES IN NET ASSETS

For the period ended 31 December 2019

	Period ended 31 December 2019 €m
Funds received from Ireland Strategic Investment Fund	1,500
<b>Net assets at 31 December 2019</b>	<b>1,500</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## STATEMENT OF CASH FLOWS

For the period ended 31 December 2019

	Period ended 31 December 2019 €m
<b>Cash flows from operating activities</b>	
Purchase of Exchequer notes	(1,625)
Proceeds from sales & maturities of Exchequer notes	125
<b>Net cash used in operation activities</b>	<b>(1,500)</b>
<b>Cash flows from financing activities</b>	
Funds received from Ireland Strategic Investment Fund	1,500
<b>Net cash from financing activities</b>	<b>1,500</b>
Net increase in cash and cash equivalents	-
<b>Cash at 31 December 2019</b>	<b>-</b>

## Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS

### 1. BACKGROUND

The National Surplus (Exceptional Contingencies) Reserve Fund ("the Fund") was established on 31 October 2019 on the commencement of the National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019 ("the NS(RFEC) Act 2019").

In directions issued by the Minister for Finance (the "Minister") on 7 November 2019 to the National Treasury Management Agency ("the Agency") ("the Directions"), the Minister directed the Agency:

- in accordance with The National Treasury Management Agency (Amendment) Act 2000 (Delegation of Investment Functions) Order 2019 and Section 28(3) of the National Treasury Management Agency (Amendment) Act 2000 ("NTMA (Amendment) Act 2000") to, *inter alia*:
  - invest the Fund, subject to and in accordance with Section 8 of the NS(RFEC) Act 2019 and in a manner consistent with the investment guidelines appended to the Directions (as such guidelines may be amended or replaced from time to time) ("the Investment Guidelines");
  - prepare an annual investment plan in relation to the investment of the assets of the Fund and to submit a copy of the plan to the Department of Finance before the end of October each year (or as soon as reasonably practicable thereafter) and to notify the Department of Finance as soon as reasonably practicable following the making of any changes to the annual investment plan submitted in respect of any year;
  - incur such costs on behalf of the Minister as the Agency considers necessary or expedient in connection with its performance of the functions delegated to it and to charge such costs and pay them out of the Fund in accordance with Section 11 of the NS(RFEC) Act 2019;
- in accordance with Section 12 of the National Treasury Management Agency Act 1990 ("the NTMA Act 1990"), Section 4 of the NS(RFEC) Act 2019 and Section 28(5) of the NTMA (Amendment) Act 2000 to:
  - prepare and keep all proper and usual accounts in relation to the Fund, which shall be subject to audit by the Comptroller and Auditor General;
  - furnish the accounts in relation to the Fund to the Comptroller and Auditor General not later than 4 months after the end of the financial period to which they relate and to submit the accounts, as so audited, to the Minister as part of the Agency's annual report submitted pursuant to Section 13(1) of the NTMA Act 1990.

The Directions also included a direction to the Agency (as controller and manager of the Ireland Strategic Investment Fund) to transfer assets of a value of €1,500 million to the Ireland Strategic Investment Fund ("ISIF") by no later than 30 November 2019. Consequently, on 15 November 2019, in accordance with section 47A(2) of the National Treasury Management Agency Act 2014 and Section 5 of the NS(RFEC) Act 2019 €1,500 million was transferred to the Fund from the assets of the ISIF.

Ownership of the Fund is vested in the Minister and it is domiciled in Ireland. It is not traded in a public market nor does it file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

The financial statements are presented in euro which is the Fund's functional and presentational currency. There was no income or expenses accruing to the Fund in the period from the transfer of the assets to the period end.

### 2. INVESTMENT OBJECTIVE

The investment Objective of the Fund is to preserve capital to the greatest extent possible subject to prevailing market conditions while ensuring the Fund has adequate liquidity at all times.

The Fund is invested in accordance with Section 8 of the NS(RFEC) Act 2019 and the Investment Guidelines agreed with the Minister and the Annual Investment Plan (as defined in the Directions) prepared by the Agency. In preparing each Annual Investment Plan, the Agency is permitted to have regard to its own risk management policies from time to time.

Any income and capital from maturing investments, as well as any inflows into the Fund will be re-invested in accordance with the Investment Guidelines and the Annual Investment Plan.

### 3. BASIS OF PREPARATION

The financial statements have been prepared from commencement 31 October 2019 to 31 December 2019. All amounts in the financial statements have been rounded to the nearest €m unless otherwise indicated. Where used, '€000' or 'k' denotes thousand, 'm' denotes million and 'bn' denotes billion.

#### Statement of compliance

The financial statements have been prepared in compliance with applicable legislation, and with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by Financial Reporting Council as promulgated by Chartered Accountants Ireland (March 2018).

### 4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and estimation techniques adopted by the Fund are as follows:

#### 4.1 Measurement convention

The financial statements are prepared on the historical cost basis modified by the inclusion at fair value of derivatives, investments and other financial instruments designated at fair value through profit ("FVTPL") or loss on initial recognition.

#### 4.2 Going concern

The financial position of the Fund, its cash flows and liquidity position are detailed in the financial statements. In addition, the notes to the financial statements set out the Fund's financial risk management objectives, details of its financial assets and financial liabilities and its exposures to market, credit and liquidity risk.

The Agency members have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Fund continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 4.3 Cash and Cash equivalents

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents and Exchequer notes meeting the conditions to be a cash equivalent, are measured at fair value.

#### 4.4 Recognition and measurement of financial assets and liabilities

The Fund recognises and measures its financial assets and financial liabilities in accordance with Section 11 and Section 12 of FRS 102. The Fund determines the classification of its financial instruments at initial recognition.

##### Fair value measurement

'Fair value' is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted between knowledgeable willing parties in an arm's length transaction.

Financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities upon initial recognition are measured at transaction price.

##### Amortised cost measurement

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment or uncollectability.

## Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.4 Recognition and measurement of financial assets and liabilities (continued)

#### Exchequer Notes

The Fund is invested in a portfolio of Exchequer notes with maturities between 1 and 12 months. Exchequer note holdings with maturities of more than 3 months are categorised as financial assets at fair value through profit or loss and those with maturities of less than 3 months are categorised as cash and cash equivalents.

Subsequent to initial recognition at their transaction price these investments are measured at fair value with any changes in their fair value recognised in profit or loss.

#### Impairment

A financial asset not classified at FVTPL is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the loss event has had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obligor, a breach of contract, default or delinquency in interest or principal payments, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower will enter bankruptcy or other financial reorganisation or adverse changes in the payment status of the borrowers due to adverse national or local economic conditions or adverse change in industry conditions.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

### 4.5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates and judgements that management have made in applying the Fund's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

## 5. FINANCIAL RISKS

The Agency is responsible for risk management of the Fund. In relation to the Fund, the Agency's responsibility is to implement directions from the Minister for Finance and to value relevant securities for the purpose of the Fund's financial statements.

The Agency Risk Management Policy and Framework prescribes mandatory standards and definitions for risk management that apply to all parts of the Agency and across all risk categories. These standards are then implemented through the detailed policies and procedures that govern the management of individual risk categories and/or risk management processes. The Agency Risk Management Framework is predicated on the three-lines-of-defence model and its organisational structure and risk committee structure are aligned in order to establish clear ownership and accountabilities for risk management.

As the first line of defence, the Agency's Business Units and Corporate Functions are primarily responsible for owning and managing risks on a day-to-day basis, taking into account the Agency's risk tolerance and appetite and in line with its policies, procedures, controls and limits.

The second line of defence, which includes the Agency's Risk, Compliance and other control functions, is independent of first line management and operations and its role is to challenge decisions that affect the organisation's exposure to risk and to provide comprehensive and understandable reporting on risks management issues.

The third line of defence includes the Internal Audit function which provides independent risk-based assurance to key stakeholders on the robustness of the Agency's governance, risk management system and the design and operating effectiveness of the internal control environment under a planned programme of work approved by the Audit and Risk Committee.

A number of Agency and management committees, including the Audit and Risk Committee and the Risk sub-committees, support the Agency in discharging its responsibilities in relation to risk management.



## 5. FINANCIAL RISKS (CONTINUED)

### Agency Committees:

#### Agency Audit & Risk Committee (ARC)

The Audit and Risk Committee assists the Agency in:

- the oversight of the quality and integrity of the financial statements, the review and monitoring of the effectiveness of the systems of internal control, the internal audit process and the compliance function, and the review and consideration of the outputs from the statutory auditor; and
- the oversight of the Agency's risk management framework including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition, the Committee oversees the internal audit and risk management functions, which are managed on a day to day basis by the Head of Internal Audit and the Head of Risk (Financial, Investment and Enterprise) respectively.

### Management Committees:

#### National Surplus (Exceptional Contingencies) Reserve Fund Oversight Committee (NSOC)

The NSOC oversees the NTMA's management of the Fund in accordance with the delegations from the Minister. It reviews and recommends the Annual Investment Plan to the NTMA Chief Executive each year having regard to the Investment Guidelines and any specific direction that may be given from the Minister or Department. It reviews quarterly reports on the implementation of the Annual Investment Plan and monitors performance and compliance with the Annual Investment Plan and Investment Guidelines. It recommends where appropriate any amendments to the Annual Investment Plan or Investment Guidelines.

#### Enterprise Risk Management Committee (ERMC)

The ERMC oversees the implementation of the NTMA's overall risk appetite and senior management's establishment of appropriate systems (including policies, procedures and risk limits) to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported. It has a number of sub-committees to which it delegates functions.

#### Counterparty Credit Risk Committee (CCRC)

The CCRC oversees and advises the ERMC on current counterparty credit risk exposures. It formulates, implements and monitors compliance with the NTMA Counterparty Credit Risk Policy, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant counterparty credit risk exposures and details to the ERMC.

#### Market and Liquidity Risk Committee (MLRC)

The MLRC oversees and advises the ERMC on market and liquidity risk exposures. It formulates, implements and monitors compliance with the NTMA Market and Liquidity Risk Policies, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant market risk and liquidity risk exposures and details to the ERMC.

In pursuing its investment objectives, the Fund is exposed to a variety of financial risks: market risk (which can include price risk, interest rate risk and currency risk), liquidity risk and Credit risk. The Agency is responsible for risk management of the Fund's financial performance. In relation to the Fund, the Agency's responsibility is to implement directions from the Minister for Finance and to value relevant securities for the purpose of the Fund's financial statements.

#### (a) Market Risk

Market risk is the risk of loss or increased costs resulting from changes in the value of assets and liabilities (including off balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates or other market prices. Sub-categories of market risk include interest rate risk, foreign exchange risk and market price risk.

#### (b) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund's investment policy is designed to ensure adequate liquidity is maintained to meet liabilities in respect of the payment of fees and expenses, if and when they fall due.

#### (c) Credit Risk

Credit risk arises from the risk that a borrower or counterparty will fail to perform on an obligation leading to a loss of principal or financial reward.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5. FINANCIAL RISKS (CONTINUED)

##### Management Committees (continued)

##### (d) Valuation of Financial Instruments

Under Amendments to FRS 102, Section 34, the Fund is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which significant inputs are observable (including investments in investees that can generally be redeemed within three months of the measurement date at Net Asset Value), either directly or indirectly. This may include the valuer's assumptions in determining fair value measurement; and

Level 3 – Prices or valuations that require significant unobservable inputs (including investments in investee funds that are restricted from redemption for an uncertain or extended period of time from the measurement date and the valuer's assumptions in determining fair value measurement).

Valuation techniques may include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques may include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, earnings multiples and revenue multiples and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy.

2019	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Exchequer Notes	1,500	-	-	1,500

#### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2019 €m
Exchequer notes with a maturity greater than 3 months	1,125

#### 7. CASH AND CASH EQUIVALENTS

	As at 31 December 2019 €m
Exchequer notes with a maturity less than or equal to 3 months	375

## 8. ACCRUED EXPENSES

In accordance with the Directions and Section 11 of the NS(RFEC) Act 2019, the Agency may charge the internal and external costs of the performance of its delegated functions to the Fund. In the period from the inception of the Fund to 31 December 2019, no costs were incurred by the Fund. As a result no accrual has been made for such costs and expenses.

## 9. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

### Minister for Finance

Management and control of the Fund vests in the Minister for Finance pursuant to Section 4(1) of the NS (RFEC) Act 2019.

### National Treasury Management Agency

The Minister for Finance has delegated to the Agency certain of his functions in relation to the investment of the Fund in accordance with the Directions as further outlined in Note 1.

## 10. EVENTS AFTER THE REPORTING DATE

The outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted the global and Irish Economy which may affect the total funds invested in the National Surplus (Exceptional Contingencies) Reserve Fund. While a final decision has not been made on the utilisation of the Fund, projections published by the Minister in the Stability Programme Update on 21 April assume that the balance in the Fund will be paid out to the Exchequer during 2020 to mitigate the occurrence in the State of the exceptional circumstances arising from COVID-19 pursuant to section 9 of the National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019.

## 11. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Agency on 5 May 2020.

## Financial Statements

# FINANCIAL STATEMENTS OF THE IRELAND STRATEGIC INVESTMENT FUND

For the year ended 31 December 2019

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## Financial Statements

### FUND AND OTHER INFORMATION

#### **Controller and Manager**

National Treasury Management Agency  
Treasury Dock  
North Wall Quay  
Dublin 1  
D01 A9T8

#### **Global Custodian (“Global Custodian”)**

Bank of New York Mellon  
240 Greenwich Street  
Manhattan  
New York  
U.S.A.

BNY Mellon SA/NV  
Rue Montoyer 46,  
1000 Bruxelles,  
Belgium

#### **Bankers**

Central Bank of Ireland  
New Wapping Street  
North Wall Quay  
Dublin 1  
D01 F7X3

Allied Irish Banks p.l.c.  
1-4 Lower Baggot Street  
Dublin 2  
D02 X342

#### **Auditor**

Comptroller and Auditor General  
3A Mayor Street Upper  
Dublin 1  
D01 PF72



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Ireland Strategic Investment Fund

#### Opinion on the financial statements

I have audited the financial statements of the Ireland Strategic Investment Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ended 31 December 2019 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise

- the statement of financial position
- the statement of comprehensive income
- the statement of changes in net assets
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Fund at 31 December 2019 and of its income and expenditure for 2019 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

13 May 2020

## Financial Statements

### Appendix to the report of the Comptroller and Auditor General

#### Responsibilities of the National Treasury Management Agency

As detailed in the governance statement and Agency members' report the members' are responsible for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

#### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.



## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
<b>Assets</b>							
Investments	7, 8	6,632	7,612	6,726	7,787	13,358	15,399
Loans and receivables	7, 8	451	766	7	-	458	766
Trade and other receivables	9	62	27	-	-	62	27
Cash and cash equivalents	12	999	452	215	215	1,214	667
<b>Total assets</b>		<b>8,144</b>	<b>8,857</b>	<b>6,948</b>	<b>8,002</b>	<b>15,092</b>	<b>16,859</b>
<b>Liabilities</b>							
Derivatives	7	(9)	(4)	-	-	(9)	(4)
Balance due to brokers	7	(3)	-	-	-	(3)	-
Other liabilities	10	(13)	(28)	-	(1)	(13)	(29)
<b>Total liabilities</b>		<b>(25)</b>	<b>(32)</b>	<b>-</b>	<b>(1)</b>	<b>(25)</b>	<b>(33)</b>
<b>Net assets of the Fund at year end</b>		<b>8,119</b>	<b>8,825</b>	<b>6,948</b>	<b>8,001</b>	<b>15,067</b>	<b>16,826</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
<b>Income</b>							
Interest income	4	85	92	-	-	85	92
Dividend income	4	14	15	352	250	366	265
Private equity, property and other income	4	38	57	-	-	38	57
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss		345	(225)	(1,060)	(3,751)	(715)	(3,976)
<b>Net investment income/(loss)</b>		<b>482</b>	<b>(61)</b>	<b>(708)</b>	<b>(3,501)</b>	<b>(226)</b>	<b>(3,562)</b>
<b>Expenses</b>							
Operating expenses	5	(33)	(31)	-	-	(33)	(31)
<b>Profit/(Loss) for the financial year before tax</b>		<b>449</b>	<b>(92)</b>	<b>(708)</b>	<b>(3,501)</b>	<b>(259)</b>	<b>(3,593)</b>
Taxation	6	-	1	-	-	-	1
<b>Profit/(Loss) for the financial year</b>		<b>449</b>	<b>(91)</b>	<b>(708)</b>	<b>(3,501)</b>	<b>(259)</b>	<b>(3,592)</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency



**Maeve Carton, Chairperson**  
National Treasury Management Agency

5 May 2020

## STATEMENT OF CHANGES IN NET ASSETS

### For the year ended 31 December 2019

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Profit/ (Loss) for the year		449	(91)	(708)	(3,501)	(259)	(3,592)
Transfers to the Minister	11	(1,500)	(20)	-	-	(1,500)	(20)
Assets transferred between portfolios	11	345	250	(345)	(250)	-	-
<b>(Decrease)/ Increase in net assets</b>		<b>(706)</b>	<b>139</b>	<b>(1,053)</b>	<b>(3,751)</b>	<b>(1,759)</b>	<b>(3,612)</b>
Net assets at beginning of year		8,825	8,686	8,001	11,752	16,826	20,438
<b>Net assets at end of year</b>		<b>8,119</b>	<b>8,825</b>	<b>6,948</b>	<b>8,001</b>	<b>15,067</b>	<b>16,826</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

5 May 2020



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

### STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
<b>Cash flows from operating activities</b>							
Interest received		89	98	-	-	89	98
Tax reclaims received	6	-	1	-	-	-	1
Dividends received	4	14	16	352	250	366	266
Other income received		35	57	-	-	35	57
Proceeds from sale of investments		8,728	3,970	-	-	8,728	3,970
Purchase of investments		(6,941)	(4,164)	(7)	-	(6,948)	(4,164)
Cash collateral received		203	280	-	-	203	280
Cash collateral paid		(200)	(280)	-	-	(200)	(280)
Operating expenses paid	5	(34)	(30)	-	-	(34)	(30)
Effect of exchange rate fluctuations		(191)	(177)	-	-	(191)	(177)
<b>Net cash from operating activities</b>		<b>1,703</b>	<b>(229)</b>	<b>345</b>	<b>250</b>	<b>2,048</b>	<b>21</b>
<b>Cash flows from financing activities</b>							
Transfer between portfolios	11	345	250	(345)	(250)	-	-
Transfer to the Minister	11	(1,500)	(20)	-	-	(1,500)	(20)
<b>Net cash from financing activities</b>		<b>(1,155)</b>	<b>230</b>	<b>(345)</b>	<b>(250)</b>	<b>(1,500)</b>	<b>(20)</b>
Net increase in cash and cash equivalents		548	1	-	-	548	1
Opening cash and cash equivalents		452	450	215	215	667	665
Effect of exchange rate fluctuations on cash and cash equivalents		(1)	1	-	-	(1)	1
<b>Closing cash and cash equivalents</b>		<b>999</b>	<b>452</b>	<b>215</b>	<b>215</b>	<b>1,214</b>	<b>667</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. BACKGROUND

The Ireland Strategic Investment Fund (“the Fund”) was established on 22 December 2014 on the commencement of Part 6 of the National Treasury Management Agency (Amendment) Act 2014 (“NTMA Act 2014”). The National Treasury Management Agency (the “Agency” or the “Manager”) is the controller and manager of the Fund (other than Directed Investments). Section 39(1) of the NTMA Act 2014 requires the Agency to hold or to invest the assets of the Fund (other than the Directed Investments outlined below) on a commercial basis in a manner designed to support economic activity and employment in the State.

Sections 42, 42A, 43 and 47(4) of the NTMA Act 2014 enable the Minister for Finance to give directions to the Agency in relation to certain investments. Investments held as a result of Ministerial directions are referred to in these financial statements as “Directed Investments”. The holding and management of the Directed Investments, the exercise by the Agency of voting and other rights attaching to the Directed Investments and the disposal by the Agency of the Directed Investments must be conducted in accordance with directions given by the Minister for Finance. Any interest or other income received in respect of deposits and/or securities held in the Directed Portfolio are held or invested by the Agency in line with Ministerial Direction.

Ownership of the Fund is vested in the Minister for Finance and it is domiciled in Ireland. It is not traded in a public market nor does it file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

The financial statements are presented in euro which is the Fund’s functional and presentational currency.

## 2. BASIS OF PREPARATION

The financial statements have been prepared for the year ended 31 December 2019. The comparative period is the year ended 31 December 2018. All amounts in the financial statements have been rounded to the nearest €m unless otherwise indicated. Where used, ‘€’000’ or ‘k’ denotes thousand, ‘m’ denotes million and ‘bn’ denotes billion.

The financial statements have been prepared pursuant to Section 12 of the National Treasury Management Agency Act 1990 (as amended) in a format approved by the Minister for Finance.

On the commencement of Part 6 of the NTMA Act 2014, the assets and liabilities of the National Pensions Reserve Fund (“NPRF”) became the assets and liabilities of the Fund (subject to the provisions of Schedule 4 of the NTMA Act 2014 in the case of certain foreign assets and foreign liabilities). The legal transfer of foreign assets must be done in conjunction with the relevant counterparty. The process is largely complete and a small number of foreign assets have not legally transferred from the NPRF to the Fund as at 31 December 2019. These assets (held by the NPRF Commission acting through the Agency) were previously derecognised by the NPRF Commission and are recognised and presented within the Fund’s financial statements for the year ending 31 December 2019, in line with Financial Reporting Standards (“FRS”).

Notwithstanding the Fund’s significant holdings in the equity of Allied Irish Banks p.l.c. (“AIB”) as part of its Directed Investments, the Agency (as manager and controller of the Fund) does not have the ability to exercise control, dominant influence or significant influence over AIB as the Minister has reserved the voting control in the shares to his direction alone. Therefore, the Agency does not consolidate the results and the financial position of AIB into the financial statements of the Fund.

### Statement of compliance

The financial statements have been prepared in compliance with applicable legislation, and with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* issued by Financial Reporting Council in the UK as promulgated by Chartered Accountants Ireland.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Measurement convention

The financial statements are prepared on the historical cost basis modified by the inclusion at fair value of derivatives, investments and other financial instruments designated at fair value through profit or loss on initial recognition.

### 3.2 Going concern

The financial position of the Fund, its cash flows and liquidity position are detailed in the financial statements. In addition, the notes to the financial statements set out the Fund’s financial risk management objectives, details of its financial assets and financial liabilities and its exposures to market, credit and liquidity risk.

The Agency members have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Fund continues to adopt the going concern basis of accounting in preparing the financial statements.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 3.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates and judgements that management have made in applying the Fund's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

##### **Key sources of estimation uncertainty**

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include the fair value measurement of financial assets with significant unobservable inputs.

##### **Critical accounting judgements in applying accounting policies**

The Fund was not required to make any critical judgements when applying its accounting policies.

##### 3.4 Foreign currency translation and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation of cash and cash equivalents are included in profit or loss in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income.

##### 3.5 Interest

Interest income and expense are recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based re-pricing date to the net carrying amount of the financial instrument on initial recognition.

##### 3.6 Dividend income

Dividend income is recognised on the date on which the right to receive payment is established.

##### 3.7 Private equity, property and other income

Private equity, property and other income are recognised on an accruals basis.

##### 3.8 Net gain/(loss) on financial assets and liabilities at fair value through profit or loss (FVTPL)

Net gain/(loss) from financial instruments at FVTPL includes realised and unrealised fair value changes and foreign exchange differences.

##### 3.9 Fees and charges, and other expenses

Other than finance costs recognised over the term of the debt using the effective interest rate method, fees, charges and other expenses are recognised on an accruals basis.

##### 3.10 Cash and cash equivalents

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents and treasury bills, meeting the conditions to be a cash equivalent, are measured at fair value.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Recognition and measurement of financial assets and liabilities

The Fund recognises and measures its financial assets and financial liabilities in accordance with Section 11 and Section 12 of FRS 102. The Fund determines the classification of its financial instruments at initial recognition.

##### **Fair value measurement**

'Fair value' is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted between knowledgeable willing parties in an arm's length transaction.

Financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities upon initial recognition are measured at transaction price.

##### **Amortised cost measurement**

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment or uncollectability.

##### **Impairment**

A financial asset not classified at FVTPL is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the loss event has had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obligor, a breach of contract, default or delinquency in interest or principal payments, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower will enter bankruptcy or other financial reorganisation or adverse changes in the payment status of the borrowers due to adverse national or local economic conditions or adverse change in industry conditions.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

#### 3.12 Financial assets and liabilities

The significant accounting policies for the Fund's financial assets and liabilities by investment type are outlined below.

##### **Basic financial assets and liabilities**

###### **Quoted equities, debt instruments and investment funds**

Investments are measured at fair value, which is the unadjusted bid market value on the primary exchange or market where the investment is quoted.

###### **Direct private equity, convertible preference shares, convertible loans and unquoted equities**

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes in their fair value recognised in profit or loss. The Fund engages an external valuation advisor to gain assurance that the carrying values of such investments are appropriate at year end.

Where it is deemed that fair value cannot be measured reliably, such investments are measured at cost less impairment. A reliable measure of fair value for a number of holdings is not available and these holdings are valued at cost less impairment.

###### **Loans and receivables**

Loans and receivables subsequent to initial recognition are measured at amortised cost using the effective interest rate method. Basic debt instruments (that are non-interest bearing), which are payable or receivable within one year, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the Fund measures the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 3.12 Financial assets and liabilities (continued)

###### Basic financial assets and liabilities (continued)

###### Unquoted investment funds (property, private equity, forestry, energy, infrastructure and pooled)

The estimated fair value for unquoted investments in property, private equity, forestry, energy, infrastructure and unquoted pooled funds for which there is not an active market is based on the latest valuation placed on the fund or partnership by the external manager of that fund or partnership in the audited financial statements. Where audited financial statements are not available, e.g. in circumstances where the fund or partnership's year end does not coincide with that of the Fund, the latest available valuation from unaudited financial statements is used.

The valuations of these investments are determined by external managers using accepted industry valuation methods and guidelines published by relevant industry bodies. Such valuation methodologies used by external managers may include considerations such as earnings multiples of comparable publicly traded companies, discounted cash flows, third party transactions or events which suggest material impairment or improvement in the fair value of the investment. In the first year of ownership, cost is usually considered to be an appropriate estimate of the fair value for these investments unless there is an indication of impairment in value.

A range of possible values can exist for these investments and estimated fair values may differ from the values that would have been used had there been an active market value for such investments.

The Agency uses external managers' valuations to determine the fair value of an investment in line with its valuation process as overseen by the Valuation Committee.

###### Other receivables and payables and amounts due to/(from) third parties

Other receivables are recognised initially at transaction price less attributable transaction costs. Other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less impairment in the case of trade receivables.

###### Receivables and payables under sale and repurchase agreements and securities borrowed

When the Fund purchases a financial asset and simultaneously enters into an agreement to resell the same or a substantially similar asset at a fixed price on a future date (reverse sale and repurchase agreement), the arrangement is accounted for as a basic debt instrument at amortised cost if it qualifies as basic and is recognised in the Statement of Financial Position as a receivable from a reverse sale and repurchase agreement and the underlying asset is not recognised in the Fund's financial statements.

###### Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments that do not meet the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition, such financial instruments are measured at fair value with changes recognised in profit or loss, except investments in instruments that are not publicly traded and where fair value cannot otherwise be measured reliably which are measured at cost less impairment.

###### Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

###### Unquoted debt instruments

Unquoted debt instruments are recognised at their fair value. The Fund uses an external valuation advisor, where required, to gain assurance that the carrying values of such investments are appropriate at year end. Where it is deemed that fair value cannot be measured reliably, such investments are measured at cost less impairment.

The Agency has established procedures to periodically review the valuation of investments. Based on its judgement, and relevant information available to it, the Agency may in certain circumstances determine that an adjustment to the external source's valuation is appropriate in recording an investment's fair value.

The Fund has a Valuation Committee in place (Note 15.7(ii)). During the year, the membership of the Valuation Committee comprised of the Chief Financial and Operating Officer, the Head of Risk, the Senior Risk Manager, the Director of ISIF and other senior Agency and ISIF management personnel. The Valuation Committee assists the Agency in the determination of the valuation of investments of the Fund by:



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.12 Financial assets and liabilities (continued)

##### Financial instruments not considered to be basic financial instruments (other financial instruments) (continued)

##### Unquoted debt instruments (continued)

- reviewing the periodic investment valuations and valuation basis for the assets of the Fund in accordance with the accounting framework as adopted by the Fund;
- approving the asset valuations for inclusion in the annual financial statements of the Fund; and
- supporting the NTMA Audit and Risk Committee with their review and approval of the Fund financial statements.

#### 3.13 Derecognition of financial assets and liabilities

The Fund derecognises a financial asset when:

- the contractual rights to the cash flows from the asset are settled or expired;
- it expires, or the Fund transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- despite retaining some significant risk and rewards of ownership, the Fund has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Fund derecognises the asset and recognises separately any rights and obligations retained or created in the transfer.

On derecognition of a financial asset, the carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised are recognised in profit or loss in the year of the transfer.

If a transfer does not result in derecognition because the Fund has retained significant risks and rewards of ownership of the transferred asset, the Fund continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. Other than when the conditions for offset are met (see Note 3.14), the asset and liability are not offset. In subsequent periods, the Fund recognises any income on the transferred asset and any expense incurred on the financial liability.

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Fund recognises in profit or loss any difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed.

#### 3.14 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Fund has a legally enforceable and current right to offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

#### 3.15 Investment rebates

Investment rebates are generally recognised on an accruals basis at the point that the Fund becomes aware that it is entitled to a rebate from an investment manager. In instances when the Fund has not been given prior knowledge of a rebate, the rebate is recognised on receipt.

#### 3.16 Collateral

Cash placed as collateral is recognised in the Statement of Financial Position as Balances due from brokers. These amounts represent margin accounts, cash collateral for borrowed securities and derivatives and sales transactions awaiting settlement. Collateral placed with the Fund is recognised in Balances due to brokers in the financial liabilities of the Statement of Financial Position.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 4. INCOME

##### 4.1 Discretionary Portfolio

	2019 €m	2018 €m
Interest income	85	92
Property fund income	14	49
Dividend income	14	15
Private equity income	20	5
Other income	4	3
	<b>137</b>	<b>164</b>

Other income includes investment rebates of €1.8m (2018: €1.6m) and class action income of €1.2m (2018: €0.7m).

##### 4.2 Directed Portfolio

	2019 €m	2018 €m
Dividend income	<b>352</b>	<b>250</b>

On 3 May 2019, the Fund received a dividend payment of €328m (2018:€233m) from AIB. On 10 June 2019, the Fund received a dividend payment of €24m (2018: €17m) from BOI.

#### 5. OPERATING EXPENSES

The amounts required to cover the investment management and operating costs of the Fund are as follows:

##### 5.1 Discretionary Portfolio – fees and expenses

	2019 €m	2018 €m
NTMA recharge	15	14
Investment managers' fees	11	12
Legal fees	2	1
Global Custodian fees	1	1
Systems and services	1	1
Tax fees	1	1
Other fees	2	1
	<b>33</b>	<b>31</b>

Under Section 48 of the NTMA Act 2014, the expenses of the Agency in the performance of its functions relating to the Fund are required to be defrayed from the Fund. These amount to €15.2m in 2019 (2018: €14.5m).

Other fees include €0.3m for the termination of a service agreement in the period.

##### 5.2 Advisory fees

In line with the requirements of the Code of Practice for the Governance of State Bodies 2016 ("the Code"), advisory fees incurred by the Fund during the year are disclosed below.

	2019 €m	2018 €m
Legal	2	1
Financial and tax advisory	1	3
Pensions and human resources	-	-
Other	-	-
	<b>3</b>	<b>4</b>

These costs are included in Note 5.1 Fees and expenses and are inclusive of any advisory fees recharged through the NTMA.

## 6. TAXATION

The income and profits of the Fund are exempt from Irish Corporation Tax in accordance with Section 230(1) and 230 (1A) of the Taxes Consolidation Act, 1997 as amended. The Fund may, however, be liable for taxes in overseas jurisdictions.

Dividends and interest may be subject to irrecoverable foreign withholding taxes imposed by the country from which the investment income is received. Distributions of income and gains received by the Fund from its property and private equity fund investments may also be subject to foreign withholding taxes. The Fund may also be subject to additional foreign taxes payable on certain property and private equity investments annually, based on their asset values at the reporting date.

	2019 €m	2018 €m
Foreign taxes	-	-
Withholding tax reclaim	-	1
<b>Net Tax Income</b>	<b>-</b>	<b>1</b>

The Fund received €0.1m (2018: €0.6m) withholding tax reclaims in relation to tax reclaims submitted to the year ended 31 December 2019.

## 7. DISCRETIONARY FINANCIAL ASSETS AND LIABILITIES

### 7.1 Fund structure and transition

The ISIF is comprised of the Discretionary Portfolio and the Directed Portfolio. The ISIF has a “double bottom line” mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. In December 2014, the assets of the NPRF transferred to the Ireland Strategic Investment Fund. The NPRF Discretionary Portfolio was made available to the ISIF to enable it to make investments that meet this mandate.

In July 2018, the Minister for Finance announced that the ISIF would focus on priority themes that will support Project Ireland 2040 - regional development, housing, indigenous industry, climate change and sectors adversely affected by Brexit.

The Discretionary Portfolio is comprised of the Irish Portfolio and the Global Portfolio. During 2016, the ISIF implemented a Global Portfolio Transition Strategy, which positioned the Global Portfolio as a conservatively managed and liquid portfolio that will provide cash to fund investment opportunities in Ireland as they develop.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 7. DISCRETIONARY FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

##### 7.2 Discretionary Portfolio valuation

The total Discretionary Portfolio at 31 December amounts to €8.1bn (2018: €8.8bn). The composition of the Discretionary Portfolio by investment type is as follows:

<b>Investments at FVTPL</b>	<b>Note</b>	<b>2019 €m</b>	<b>2018 €m</b>
Quoted equities		610	456
Direct private equity		266	235
Quoted debt instruments		1,359	1,918
Unquoted debt instruments		88	258
Property fund investments		172	142
Private equity fund investments		1,057	776
Forestry investments		59	52
Energy investments		34	31
Infrastructure investments		270	250
Quoted investment funds		1,633	2,509
Unquoted investment funds		988	913
Convertible preference shares		43	43
Other derivative instruments		-	-
		<b>6,579</b>	<b>7,583</b>
<b>Loans and receivables at amortised cost</b>			
Other debt		451	764
Other bonds		-	2
		<b>451</b>	<b>766</b>
<b>Derivatives at FVTPL</b>			
Equity options		(8)	2
Swaps		-	(1)
Futures contracts	13.1	17	13
Foreign exchange contracts	13.1	35	11
		<b>44</b>	<b>25</b>
<b>Cash and cash equivalents</b>			
Cash		988	421
Treasury bills		11	31
	12	<b>999</b>	<b>452</b>
Trade and other receivables	9	62	27
Balance due to brokers		(3)	-
Other liabilities	10	(13)	(28)
<b>Total discretionary net assets</b>		<b>8,119</b>	<b>8,825</b>

## 7. DISCRETIONARY FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### 7.3 Irish Portfolio valuation

At 31 December 2019, €2.7bn (2018: €2.6bn) is invested in the Irish Portfolio with the remaining €5.4bn (2018: €6.2bn) invested in the Global Portfolio. The breakdown of the Irish Portfolio by investment type is as follows:

	<b>2019</b>	<b>2018</b>
	<b>€m</b>	<b>€m</b>
<b>Investments at FVTPL</b>		
Private equity fund investments	1,056	774
Infrastructure investments	270	250
Quoted equities	208	190
Property fund investments	155	110
Direct private equity	266	235
Unquoted debt instruments	88	94
Convertible preference shares	43	43
Forestry investments	59	52
Quoted debt instruments	36	35
Energy investments	34	31
	<b>2,215</b>	<b>1,814</b>
<b>Loans and receivables at amortised cost</b>		
Other debt	451	764
Other bonds	-	2
	<b>451</b>	<b>766</b>
Cash and cash equivalents	10	12
Trade and other receivables	2	2
<b>Total Irish Portfolio valuation</b>	<b>2,678</b>	<b>2,594</b>

As at 31 December 2019, a total of €4.6bn (2018: €4.1bn) was committed to the Irish Portfolio.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. DIRECTED PORTFOLIO

The Agency holds a portfolio of Directed Investments which is subject to directions given by the Minister for Finance pursuant to Section 42A and Sections 43 of the NTMA Act 2014. The holding and management of the portfolio of Directed Investments, the exercise by the Agency of voting and other rights attaching to the Directed Investments and the disposal by the Agency of the Directed Investments must be conducted in accordance with directions given by the Minister for Finance.

##### 8.1 Directed portfolio valuation

	2019 Unit Millions	2018 Unit Millions	Valuation € 2019 Per Unit	Valuation € 2018 Per Unit	2019 €m	2018 €m
<b>Bank of Ireland (BoI)</b>						
Ordinary Shares <sup>1</sup>	150	150	4.882	4.872	734	733
<b>Allied Irish Banks (AIB)</b>						
Ordinary Shares <sup>2</sup>	1,930	1,930	3.104	3.654	5,992	7,054
<b>Total directed investments assets</b>					<b>6,726</b>	<b>7,787</b>
HBFI Loan					7	-
Cash (Note 12, 14.3)					215	215
<b>Total directed investments</b>					<b>6,948</b>	<b>8,002</b>

- <sup>1</sup> The value of BOI ordinary share is based on quoted bid prices. The Fund's % shareholding of 13.95% remains the same as at 31 December 2018. Considering the volume of holding in these shares, if traded in a small number of large trades, there could be a premium or discount to the quoted bid price.
- <sup>2</sup> The value of AIB ordinary share is based on quoted bid prices. The Fund's % shareholding of 71.12% remains the same as at 31 December 2018. Considering the volume of holding in these shares, if traded in a small number of large trades, there could be a premium or discount to the quoted bid price.

##### 8.2 Directed investment valuation movement

	2019 €m	2018 €m
<b>Bank of Ireland</b>		
Opening valuation	733	1,072
Investment gain/(loss) during the year	1	(339)
<b>Closing Valuation</b>	<b>734</b>	<b>733</b>
<b>Allied Irish Banks</b>		
Opening valuation	7,054	10,465
Investment (loss)/gain during the year	(1,062)	(3,411)
<b>Closing Valuation</b>	<b>5,992</b>	<b>7,054</b>

## 9. TRADE AND OTHER RECEIVABLES

	2019 €m	2018 €m
Interest receivable	16	24
Dividend receivable	2	-
Tax reclaims recoverable	1	2
Amounts receivable for securities sold	43	1
	<b>62</b>	<b>27</b>

## 10. OTHER LIABILITIES

	2019 €m	2018 €m
Amounts payable for securities purchased	4	17
Other accrued expenses	9	11
	<b>13</b>	<b>28</b>

Other liabilities on the Directed Portfolio relates to negative interest payable.

## 11. TRANSFERS

### 11.1 Transfers to the Exchequer/Minister

	2019 €m	2018 €m
Transfer to the Minister from Discretionary Portfolio	<b>1,500</b>	<b>20</b>

During the year, the Fund was directed by the Minister to transfer assets with a value of €1.5bn to the National Surplus (Exceptional Contingencies) Reserve Fund.

In 2018, €20m was transferred from the Discretionary Portfolio to Home Building Finance Ireland (HBFI) to discharge the liability of the Minister in respect of the shares allotted and issued to the Minister under Section 10(2) of the Home Building Finance Ireland Act 2018.

### 11.2 Transfers between Discretionary and Directed Portfolios

	2019 €m	2018 €m
Net transfer from Directed to Discretionary portfolio	<b>345</b>	<b>250</b>

Dividend payments of €328m (2018: €233m) and €24m (2018: €17m) which the Fund received from AIB on the 3 May 2019 and BOI on the 10 June 2019 respectively were transferred from the Directed Portfolio to the Discretionary Portfolio on receipt; in accordance with the applicable Ministerial direction that cash proceeds from the Directed Investments shall form part of the Discretionary Portfolio.

Funds of €7m (2018: €0) were transferred from the Discretionary Portfolio to the directed portfolio to fund the provision of loans to HBFI.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 12. CASH AND CASH EQUIVALENTS

	2019 €m	2018 €m
<b>Discretionary Portfolio</b>		
Cash at Central Bank of Ireland	769	101
Cash with Global Custodian	219	320
Treasury Bills	11	31
	<b>999</b>	<b>452</b>
<b>Directed Portfolio</b>		
Cash at Central Bank of Ireland (Note 14.3)	<b>215</b>	<b>215</b>

#### 13. COMMITMENTS

##### 13.1 Foreign currency and futures commitments

The notional principal and unrealised gain of currency derivative contracts entered into by the manager and investment managers on behalf of the Fund (excluding Directed Investments) were:

	31 December 2019 Notional Principal €m	31 December 2019 Unrealised gain €m	31 December 2018 Notional Principal €m	31 December 2018 Unrealised gain €m
<b>NTMA</b>				
Foreign exchange contracts	1,953	22	1,543	5
<b>Investment Managers</b>				
Foreign exchange contracts	1,862	13	1,956	6
Futures contracts	219	17	636	13
		<b>52</b>		<b>24</b>

##### Foreign exchange contracts

The Fund (excluding Directed Investments) follows a policy of hedging its foreign currency risk, using forward foreign exchange contracts and cross currency swaps. The Fund's investment managers are not required to hedge currency exposure. They are permitted to carry out spot and foreign exchange contracts in order to satisfy the settlement of securities transactions, and to manage their portfolios as agreed with the Fund. The notional value represents the total contracted foreign exchange contracts outstanding at the year end.

##### Financial futures

The Fund's investment managers are permitted to execute futures contracts as agreed with the Fund.



## 13. COMMITMENTS (CONTINUED)

### 13.2 Uncalled investment commitments

The Fund (excluding Directed Investments) has entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at 31 December 2019, the Fund's outstanding commitments totalled €1.3bn (2018: €1.4bn).

The Fund has entered into commitments in respect of certain types of investments as outlined below.

	<b>Time-frame of commitment Years</b>	<b>2019 €m</b>	<b>2018 €m</b>
Total unquoted investments	0-9	800	916
Total loans and receivables	0-8	470	475
<b>Total uncalled commitments</b>		<b>1,270</b>	<b>1,391</b>

#### Funding of Commitment

The Agency seeks to manage the Fund (excluding Directed Investments) to ensure that it will always have sufficient liquidity, without omitting attractive investment opportunities, to fund its commitments as they are called.

The NTMA Liquidity Risk Management Policy is applicable to the Fund. This policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to liquidity risk within the NTMA. The Fund is not subject to externally imposed capital requirements and as at 31 December 2019, the Discretionary Portfolio was predominantly invested in readily realisable assets.

## 14. RELATED PARTIES

### 14.1 Minister for Finance

Ownership of the Fund vests in the Minister for Finance pursuant to Section 38(3) of the NTMA Act 2014. Under Section 46(1) and 46(2) of the NTMA Act 2014, the Minister for Finance may make payments into the Fund from the Central Fund. Where the Minister for Finance proposes to make a payment into the Fund, the Houses of the Oireachtas must pass a resolution approving the payment before the Minister for Finance can process the payment. Transactions between the Fund and the Minister for Finance during the year are detailed in Note 11.

### 14.2 National Treasury Management Agency

The Fund (excluding Directed Investments) is controlled and managed by the Agency pursuant to Section 41(1) of the NTMA Act, 2014.

The NTMA Investment Committee ("the Investment Committee") is a statutory committee provided for by the National Treasury Management Agency Act, 1990 (as amended). The Investment Committee assists the Agency in the control and management of the Fund (excluding Directed Investments) by making decisions about the acquisition and disposal of assets within such parameters as may be set by the Agency, advising the Agency on the investment strategy for the Fund and overseeing the implementation of the investment strategy. The Agency has delegated investment decisions up to €150m to the Investment Committee. Proposed investments in excess of €150m are referred to the Agency with a recommendation from the Investment Committee.

The Investment Committee is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance.

Under Section 48 of the NTMA Act 2014, the expenses of the Agency are defrayed from the Fund. For the year ended 31 December 2019, these expenses were €15.2m (2018: €14.5m).

#### Key management personnel

The Fund (excluding Directed Investments) is controlled and managed by the Agency. The key management personnel and their compensation are disclosed in the Agency's Administration Account Financial Statements.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 14. RELATED PARTIES (CONTINUED)

##### 14.3 Strategic Banking Corporation of Ireland

The Fund and the Strategic Banking Corporation of Ireland (the "SBCI") are both under the control of the Minister for Finance. As part of the Directed Investments, under the direction of the Minister for Finance, the Fund provided a loan facility of €240m to the SBCI in 2015. In 2016, €25m of this facility was drawn down. During 2017, the €25m loan the Fund had issued to the SBCI was transferred to the Minister. At 31 December 2019, the outstanding commitment on the loan facility is €215m and this is held within the Directed Investments cash balance (see Note 12).

##### 14.4 Other Government controlled entities

The Central Bank of Ireland and Allied Irish Banks plc are related parties of the Fund as both are under the control of the Minister for Finance. Cash held by the Fund at the Central Bank of Ireland is disclosed in Note 12. The Fund's investment in AIB is disclosed in Note 8.

#### 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO

The Agency is responsible for risk management of the Discretionary Portfolio. In relation to the Directed Portfolio, the Agency's responsibility is to implement directions from the Minister for Finance and to value relevant securities for the purpose of the Fund's financial statements. As such, references to the Fund in this note refer to the Discretionary Portfolio.

The base currency of the Fund is euro. The measured returns and monitored portfolio risks are aggregated in euro.

In the ordinary course of its activities, the Agency actively manages a variety of risks including investment risk, market risk, credit risk, liquidity risk and operational risk.

The Agency Risk Management Policy and Framework prescribes mandatory standards and definitions for risk management that apply to all parts of the Agency and across all risk categories. These standards are then implemented through the detailed policies and procedures that govern the management of individual risk categories and/or risk management processes.

The Agency Risk Management Framework is predicated on the three-lines-of-defence model and its organisational structure and risk committee structure are aligned in order to establish clear ownership and accountabilities for risk management.

As the first line of defence, the Agency's Business Units and Corporate Functions are primarily responsible for owning and managing risks on a day-to-day basis, taking into account the Agency's risk tolerance and appetite and in line with its policies, procedures, controls and limits.

The second line of defence, which includes the Agency's Risk, Compliance and other control functions, is independent of first line management and operations and its role is to challenge decisions that affect the organisation's exposure to risk and to provide comprehensive and understandable reporting on risks management issues.

The third line of defence comprises the Internal Audit function which provides independent risk based assurance to key stakeholders on the robustness of the Agency's governance, risk management system and the design and operating effectiveness of the internal control environment under a planned programme of work approved by the Audit and Risk Committee.

A number of Agency and management committees, including the Audit and Risk Committee and the Risk sub-committees, support the Agency in discharging its responsibilities in relation to risk management.

##### Agency Committees:

###### NTMA Investment Committee

The NTMA Investment Committee comprises non-executive members and is responsible for overseeing the Fund's investment strategy. The role of the Investment Committee is described in Note 14.2.

## 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

### Agency Committees: (continued)

#### Agency Audit & Risk Committee (ARC)

The ARC comprises members of the Agency Board and assists the Agency Board in:

- the oversight of the quality and integrity of the financial statements, the review and monitoring of the effectiveness of the systems of internal control, the internal audit process and the compliance function, and the review and consideration of the outputs from the statutory auditor; and
- the oversight of the Agency's risk management framework including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition, the Committee oversees the internal audit and risk management functions, which are managed on a day to day basis by the Head of Internal Audit and the Head of Risk (Financial, Investment and Enterprise) respectively.

### Management Committees:

#### Portfolio Management Committee (PMC)

The first line of defence includes the PMC which comprises senior members of the Fund investment team. The core functions of the PMC are to consider and make investment recommendations to the NTMA Investment Committee and provide management oversight of the Fund's investments. The Fund's internal investment process seeks to ensure all investment opportunities are thoroughly evaluated in terms of commerciality, capacity to generate a suitable economic impact and appropriateness in the context of the overall Fund.

#### Enterprise Risk Management Committee (ERMC)

The ERMC oversees the implementation of the Agency's overall risk appetite and senior management's establishment of appropriate systems (including policies, procedures and risk limits) to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported.

#### Counterparty Credit Risk Committee (CCRC)

The CCRC oversees and advises the ERMC on current counterparty credit risk exposures. It formulates, implements and monitors compliance with the NTMA Counterparty Credit Risk Policy, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant counterparty credit risk exposures and details to the ERMC.

#### Market and Liquidity Risk Committee (MLRC)

The MLRC oversees and advises the ERMC on market and liquidity risk exposures. It formulates, implements and monitors compliance with the NTMA Market and Liquidity Risk Policies, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant market risk and liquidity risk exposures and details to the ERMC.

#### Operational Risk and Control Committee (ORCC)

The ORCC reviews and recommends to the ERMC for approval the operational risk policies. The ORCC monitors, reviews and challenges the Agency's operational risks and reports on operational risk management to the ERMC.

#### Products and Processes Committee (PPC)

The PPC reviews, challenges and recommends to the ERMC for approval proposals and risk assessments in respect of new products and processes, or material changes to existing products and processes.

#### Nominations Committee

The nominations committee approves and oversees nominations of Directors and observers to the board of ISIF investee companies.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

##### 15.1 Investment risk

Investment risk is the risk that actual investment performance deviates from relevant strategies. The Agency has an open appetite for investment risk where it is willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of risk-adjusted reward.

Any deviations from relevant investment mandates could result in sub-optimal investment returns or actual capital losses on original outlays. It is therefore vital the on-going management of investment risk is fully integrated into the activities and objectives of the Fund. While investment risk may arise from insufficiently robust internal assessment or monitoring processes, it can also arise from a variety of external sources such as adverse macro-economic or market developments, regulatory shocks, underperformance of individual investments or fraud.

Investment Risk includes the following sub-categories:

- Investment process risk: risk of incurring sub-optimal returns or capital losses due to insufficiently robust assessment or approval processes of investment proposals or subsequent monitoring of transactions;
- Economic impact risk: risk that the economic impact objectives of any relevant investment strategy are not achieved;
- Permanent capital loss risk: risk that the ISIF loses all influence over a particular investment, or that there are illiquid markets at the time of exit, resulting in a full capital loss in relation to that commitment; and
- Portfolio concentration risk: risk of portfolio concentration arising from the pursuit of a particular investment strategy. Portfolio over concentration could take many facets, including economic or industry sector, geography, counterparty etc.

The NTMA Investment Risk Policy is applicable to the Fund.

##### 15.2 Market risk

Market risk is the risk of loss or increased costs resulting from changes in the value of assets and liabilities (including off balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates or other market prices. Sub-categories of market risk include interest rate risk, foreign exchange risk and market price risk.

The Fund has adopted a Global Portfolio Transition Strategy, which is designed to provide adequate liquidity to allow the Fund's transition into an Irish focused portfolio in line with the ISIF's mandate.

The Agency Market Risk Management Policy is applicable to the "Global Portfolio Transition Strategy". This Policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to market risk within the Global Portfolio Transition Strategy.

The Fund uses derivatives to manage its exposure to foreign currency, interest rate and other price risks. The instruments used include interest rate swaps, forward contracts, futures and options. The Fund does not apply hedge accounting.

##### i) Interest rate risk

Interest rate risk is the risk that movements in interest rates may adversely impact the value of an underlying financial instrument or may impact the cash flows of the Fund.

##### Interest rate exposure

The following table details the value as at 31 December 2019 of fixed interest bearing securities in the Discretionary Portfolio exposed to the risk fair value may change consequent to a change in interest rates:

	2019 €m	2018 €m
<b>Fixed interest bearing securities</b>		
Maturing within one year	210	266
Maturing between one and five years	1,284	1,932
Maturing after five years	321	440
<b>Total fixed interest bearing securities</b>	<b>1,815</b>	<b>2,638</b>

This table reflects the portion of financial securities exposed to the risk that fair value may change as a result of changes in interest rates. For disclosure purposes, fixed interest bearing assets are included in exposures to both price and interest rate risk. The table does not reflect any potential exposure to changes in interest rates relating to investments held in investment funds.

In addition to the interest bearing securities detailed in the table above, the Fund holds investment cash including cash and cash equivalents of €1.0bn (2018: €0.5bn) (Note 12) and liquid funds of €0.2bn (2018: €0.6bn). These assets are interest bearing and the future cash flows from these assets will fluctuate with changes in market interest rates.

## 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

### 15.2 Market risk (continued)

#### i) Interest rate risk (continued)

##### Sensitivity analysis

The sensitivity analysis below reflects how net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date. Management has determined that a fluctuation in interest rates of 50 basis points is reasonably possible, considering the economic environment in which the Fund operates.

The table below sets out the effect on the Fund's fixed interest bearing securities of an increase of 50 basis points in interest rates at 31 December. A reduction in interest rates of the same amount would have resulted in an equal but opposite effect to the amounts shown. The impact results primarily from the decrease in the fair value of fixed rate securities. This analysis assumes a linear interest rate curve and that all other variables remain constant.

Effect on Discretionary Portfolio net assets	2019	2018
€m Reduction	(9)	(13)
% reduction	(0.11%)	(0.15%)

#### ii) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the underlying value of assets, liabilities and derivative instruments that are denominated in a currency other than euro. The present value of future cash flows will fluctuate with changes in exchange rates which can also impact future cashflows.

The Fund has outstanding commitments in respect of property and private equity investments of USD 103m at 31 December 2019 (USD 130m and JPY 16m at 31 December 2018).

##### Foreign exchange risk management

The Fund seeks to manage its foreign currency risk using forward foreign exchange contracts and cross currency swaps. The profit/loss on these forward foreign exchange contracts and cross currency swaps offsets the change in the value of the Fund's non-euro investments due to exchange rate movements.

##### Foreign exchange risk exposure

The following table details the asset value in the Discretionary Portfolio exposed to currency risk both before and after the impact of the currency hedge. In relation to holdings in investment funds, it details the base currency of the relevant fund. When appropriate, the Agency manages the exposure generated by the underlying investments of a fund in addition to its base currency.

	Local currency 2019 m	Base currency 2019 €m	Net exposure after hedging 2019 €m
US dollar	3,307	2,944	111
Singapore dollar	2	1	1
South Korean won	-	-	-
New Zealand dollar	-	-	(7)
Israeli shekel	1	-	(8)
Norwegian krone	5	-	(8)
Hong Kong dollar	36	4	(4)
Australian dollar	7	4	(5)
Swedish krona	35	3	(6)
Japanese yen	1,805	15	(38)
Danish krone	84	11	(6)
Canadian dollar	12	8	(11)
Swiss franc	6	5	(21)
British pound	230	271	(15)

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

##### 15.2 Market risk (continued)

##### ii) Foreign exchange risk (continued)

	Local currency 2018 m	Base currency 2018 €m	Net exposure after hedging 2018 €m
US dollar	3,424	2,990	237
Singapore dollar	-	-	-
South Korean won	-	-	-
New Zealand dollar	-	-	(6)
Israeli shekel	-	-	(7)
Norwegian krone	5	1	(7)
Hong Kong dollar	22	2	(6)
Australian dollar	3	2	(5)
Swedish krona	55	5	(14)
Japanese yen	952	8	(23)
Danish krone	123	16	(8)
Canadian dollar	1	1	(16)
Swiss franc	1	1	(12)
British pound	268	300	(12)

##### Sensitivity analysis

The table below sets out the effect on the net assets of a reasonably possible weakening of the US dollar against the euro by 5% at 31 December.

<b>Effect on Discretionary Portfolio net assets</b>	<b>2019</b>	<b>2018</b>
€m Reduction	(6)	(12)
% reduction	(0.06%)	(0.13%)

A strengthening of the US dollar against the euro would have resulted in an equal but opposite effect to the amounts shown above.

## 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

### 15.2 Market risk (continued)

#### iii) Market price risk

Market price risk is the risk resulting from a change in the value of investments due to changes in the prices of securities unrelated to interest rate or exchange rate changes, such as equities and commodities.

#### Market price risk exposure

The asset value in the Discretionary Portfolio exposed to market price risk at 31 December is the value of financial investments as detailed in the following table:

	2019 €m	2018 €m
<b>Exposure to market price risk</b>		
Quoted investments	3,602	4,883
Direct private equity	266	235
Unquoted investments	1,119	1,214
Property fund investments	172	142
Private equity fund investments	1,057	776
Infrastructure investments	270	250
Forestry investments	59	52
Energy investments	34	31
Derivative instrument assets	53	29
<b>Financial assets at FVTPL</b>	<b>6,632</b>	<b>7,612</b>
Treasury bills	11	31
Derivative instrument liabilities	(9)	(4)
<b>Total exposed to market price risk</b>	<b>6,634</b>	<b>7,639</b>
<b>Not exposed to market price risk</b>		
Deposits and cash	988	421
Loans and receivables	451	765
<b>Total not exposed to market price risk</b>	<b>1,439</b>	<b>1,186</b>
<b>Total Discretionary Portfolio financial assets and liabilities</b>	<b>8,073</b>	<b>8,825</b>

#### Market price risk management

The Agency monitors the market price risk inherent in the investment portfolio by ensuring full and timely access to relevant information from the Fund's Investment Managers. The Agency meets Investment Managers regularly and at each meeting reviews relevant investment performances. A geographical analysis of the Fund's Discretionary Portfolio exposed to market price risk is shown below. Investments are shown based on their relevant country of incorporation.

	2019 €m	2018 €m
<b>Analysis by geographical classification</b>		
Europe excluding Ireland	3,021	4,030
North America	1,458	1,638
Ireland	1,354	1,227
Emerging markets	631	609
Asia pacific	170	135
<b>Total</b>	<b>6,634</b>	<b>7,639</b>

\* This analysis excludes loans and receivables, deposits and cash.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

##### 15.2 Market risk (continued)

###### iii) Market price risk (continued)

###### Analysis by investment type

The following table sets out the concentration of the Discretionary Portfolio's financial assets and liabilities of the Fund exposed to market price risk by instrument type as at the reporting date.

	2019 €m	2018 €m
<b>Equity and managed fund investments</b>		
Exchange traded equity investments	610	456
Unlisted equity investments	1,636	1,293
Direct private equity	266	235
Unquoted investment funds	988	914
Quoted open ended investment funds	1,083	1,430
<b>Total equity and managed fund investments</b>	<b>4,583</b>	<b>4,328</b>
<b>Debt securities</b>		
Exchange traded debt securities	1,359	1,918
Other debt securities	88	258
Quoted open ended investment funds	550	1,079
<b>Total debt securities</b>	<b>1,997</b>	<b>3,255</b>
Treasury bills	11	31
<b>Total investment assets</b>	<b>6,591</b>	<b>7,614</b>
<b>Derivative assets/(liabilities)</b>		
Listed equity index options	1	5
Unlisted equity options	(9)	(3)
Foreign currency forward contracts	35	11
Futures contracts	17	13
Credit default swaps	(1)	-
Equity index swaps	-	(1)
Interest rate swaps	-	-
<b>Total derivative assets/(liabilities)</b>	<b>43</b>	<b>25</b>
<b>Total</b>	<b>6,634</b>	<b>7,639</b>

###### Sensitivity analysis

The table below sets out the effect on the net assets of the Discretionary Portfolio of a reasonably possible weakening in market prices of 5% at 31 December. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

<b>Effect on Discretionary Portfolio net assets</b>	<b>2019</b>	<b>2018</b>
€m Reduction	(332)	(382)
% reduction	(4.1%)	(4.3%)

A 5% strengthening in market prices would result in an equal but opposite effect to the amounts shown above.



## 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

### 15.3 Credit risk

Credit risk arises from the risk that a borrower or counterparty will fail to perform on an obligation leading to a loss of principal or financial reward.

The Agency Counterparty Credit Risk Management Policy is applicable to the Global Portfolio Transition Strategy. This Policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to credit risk within the Global Portfolio Transition Strategy.

The main direct credit risk to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also subject to counterparty credit risk on cash and cash equivalents, balances due from brokers, trading derivative products, trade and other receivables and loans and receivables.

#### Credit risk management

In managing credit risk the Agency seeks to minimise the impact of credit default on the Fund's financial assets. The Fund aims to mitigate its credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties. Counterparties are selected based on their overall suitability, financial strength, regulatory environment and specific circumstances.

To control the exposure to the Fund in the event of default, investments are made across a variety of industry sectors and issuers to reduce credit risk concentrations.

The Fund's Global Custodian holds the Fund's securities in segregated accounts, where required, minimising the risk of loss of the securities held by the Global Custodian. In the event of the Global Custodian's failure, the ability of the Fund to transfer the securities might be temporarily impaired. The Fund's Global Custodian is a member of a major securities exchange and at 31 December 2019, held a long-term Moody's credit rating of Aa1. The Agency monitors the credit rating and Service Organisation Control (SOC 1) reporting of its Global Custodian on a regular basis.

At 31 December 2019, cash held at the Central Bank of Ireland was €769m (2018: €101m) and with the Global Custodian was €219m (2018: €320m) (Note 12).

The exposure to credit risk in the Discretionary Portfolio at 31 December 2019 is the carrying value of the financial securities as set out below.

	Reference	2019 €m	2018 €m
Cash and cash equivalents (Note 12)	(i)	999	452
Balance due from brokers	(ii)	-	-
Debt securities	(iii)	1,447	2,176
Loans and receivables	(iv)	451	766
Trade and other receivables	(v)	62	27
Derivative assets	(vi)	53	29
<b>Total</b>		<b>3,012</b>	<b>3,450</b>

#### i) Cash and cash equivalents

The Fund's cash and cash equivalents are held mainly with the Central Bank of Ireland and the Global Custodian, which are respectively rated AAA (2018: AAA) and Aa1 (LT Deposit Rating) (2018: Aa1).

#### ii) Balances due from brokers

Balances due from brokers represent margin accounts, cash collateral for borrowed securities and sales transactions awaiting settlement. Counterparty credit risk relating to unsettled transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used. As at 31 December 2019, €0m (2018: €0m) was due from brokers.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

##### 15.3 Credit risk (continued)

###### iii) Debt securities

At 31 December, the Fund had invested in debt securities issued by entities with the following external credit rating\*:

External rating	2019 €m	2018 €m	2019 %	2018 %
Aa1 to Aa3/AAA to AA	142	239	10%	11%
A1 to A3/A+ to A-	527	745	36%	34%
Baa1 to Baa3/BBB+ to BBB-	525	801	36%	37%
Ba1 to Ba3/B+ to BB-	106	161	8%	7%
B1 to B3/B+ to B-	88	117	6%	6%
Caa1 to Caa3/CCC+ to CCC-	5	5	-%	-%
No external rating	54	108	4%	5%
	<b>1,447</b>	<b>2,176</b>	<b>100%</b>	<b>100%</b>

\* Where Moody's credit rating is not available Standard and Poor's rating is used.

###### iv) Loans and receivables

Rating	2019 €m	2018 €m	2019 %	2018 %
No external rating	<b>451</b>	<b>766</b>	<b>100%</b>	<b>100%</b>

The credit risk of loans and receivables is reviewed as part of the impairment review process. No impairment was required after review.

###### v) Trade and other receivables

Primarily comprises accrued interest on fixed income securities and amounts receivable for securities sold.

###### vi) Derivatives

The table below outlines an analysis of derivative assets outstanding at 31 December:

	Fair value €m	Gross notional amount €m
<b>2019</b>		
Exchange traded	18	219
OTC – other bilateral	35	3,815
<b>Total</b>	<b>53</b>	<b>4,034</b>
	Fair value €m	Gross notional amount €m
<b>2018</b>		
Exchange traded	13	2,592
OTC – other bilateral	16	1,655
<b>Total</b>	<b>29</b>	<b>4,247</b>

###### Collateral and other credit enhancements and their financial effect

The Fund mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

## 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

### 15.3 Credit risk (continued)

#### Derivatives

Derivative transactions are either transacted on an exchange (through a broker) or entered into under International Derivatives Swaps and Dealers Association (ISDA) master netting agreements. Under ISDA master netting agreements in certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

Derivative financial instruments generating counterparty credit risk arise from the Fund's forward foreign exchange contracts and cross currency swap contracts. The Fund's forward foreign exchange contracts and cross currency swaps were entered into only with approved counterparties within defined limits. In order to mitigate the credit risks arising from derivative transactions, the Fund enters into Credit Support Annexes (CSA) with its market counterparties. CSAs require the posting of collateral by counterparties in specified circumstances.

The Fund's activities may give rise to settlement risk, which is the risk that on a settlement date a counterparty fails to pay the Fund the agreed terms of a transaction. For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Forward foreign exchange contracts and cross currency swaps are settled through Continuous Linked Settlement (CLS) where trades are pre-matched ahead of settlement date limiting the risk of settlement failure.

### 15.4 Liquidity risk

Liquidity risk is the possibility that over a specific time horizon, the Fund will have insufficient cash to meet its obligations as they fall due. Sub-categories of liquidity risk include funding liquidity risk, refinancing risk, maturity concentration risk and market liquidity risk.

The Fund's policy in managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation.

The Agency Liquidity Risk Management Policy is applicable to the Fund. This Policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to liquidity risk within the Agency.

The Fund's investments in listed securities are considered to be readily realisable because they are traded on major stock exchanges.

The Fund's financial assets include unlisted equity investments, which are generally illiquid. In addition, the Fund holds investments in unlisted investment funds, which may be subject to redemption restrictions. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements.

At 31 December 2019, 57% of the Fund was invested in readily realisable assets.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

##### 15.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which would affect the Fund's ability to execute its business strategy. Sub-categories of operational risk include people risk, governance risk, third party risk, business continuity management and legal and compliance risk.

An Operational Risk Management and Risk and Control Self-Assessment Framework is applicable to the Agency as a whole. The objective of this Framework is to ensure that operational risk is managed in an appropriate and integrated manner across the organisation. This Framework outlines the strategy, processes, risk criteria, controls and governance structures in place for managing operational risks within the Agency.

The Framework also sets out the methodology for the Risk and Control Self-Assessment process which describes the process for adequate and timely identification, assessment, treatment, monitoring and reporting of the risks posed by the activities of the Agency.

The NTMA Business Continuity Management Group is a sub-group of the Operational Risk and Control Committee. The role of this group is to ensure an appropriate and consistent approach to business continuity management across the Agency and providing a supporting role in establishment, implementation, monitoring and improvement of business continuity management activities.

The assessment of the adequacy of the controls and processes in place at the Fund's service providers with respect to operational risk is carried out via regular discussions with the relevant service providers and a review of the service providers' SOC 1 reports on internal controls, if any are available. The findings documented in the SOC 1 report on the Global Custodian's internal controls are reviewed quarterly.

##### 15.6 Capital management

The Fund is not subject to externally imposed capital requirements.

##### 15.7 Fair values of financial instruments

###### i) Valuation models

The fair values of financial assets and financial liabilities that are traded in active markets that the Fund can access at the measurement date are obtained directly from an exchange on which the instruments are traded. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: Inputs that are unobservable (i.e. for which market data is unavailable). This category includes all instruments for which the valuation technique includes inputs not based on observable data. This category includes instruments that are valued based on quoted prices for instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques may include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques may include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, earnings multiples and revenue multiples and expected price volatilities and correlations.

## 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

### 15.7 Fair values of financial instruments (continued)

#### i) Valuation models (continued)

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognised valuation models for determining the fair value of common and simple financial instruments that use mainly observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the financial markets for listed debt and equity securities, exchange traded derivatives and simple OTC derivatives. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

#### ii) Valuation framework

The Fund has a management control framework for the measurement of fair values. The valuation process is overseen by the Valuation Committee (“the Committee”), a management committee responsible for developing the Fund’s valuation processes and procedures, conducting periodic reviews of those procedures and evaluating their consistent application. During the year, the Committee comprised of the Chief Financial and Operating Officer, the Head of Risk, the Senior Risk Manager, the Director of ISIF and other senior Agency and ISIF management personnel. The Valuation Committee assists the Agency in the determination of the valuation of investments of the Fund. An external firm has been appointed by the NTMA to provide valuation services related to selected Fund investments.

The valuation process and procedures are defined depending on the instrument type. Where third party information is used to measure fair value, reviews are undertaken and documented to support the resulting valuations. This includes:

- verifying that the broker or pricing service is approved by the Fund for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, reviewing how fair value has been determined using those quotes.

In addition, an external independent review is conducted of the existence and valuation of the investment positions included in both the ISIF Discretionary and Directed Portfolio as at 31 December 2019. The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy. The amounts are based on the values recognised in the Statement of Financial Position. All fair value measurements below are recurring.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

##### 15.7 Fair values of financial instruments (continued)

###### ii) Valuation framework (continued)

2019	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
<b>i) Equities and managed funds</b>				
Quoted equities	610	-	-	<b>610</b>
Direct private equity	-	-	266	<b>266</b>
Quoted investment funds	1,633	-	-	<b>1,633</b>
Unquoted investment funds	-	477	511	<b>988</b>
Convertible preference shares	-	-	43	<b>43</b>
<b>ii) Debt securities</b>				
Unlisted debt securities	-	-	88	<b>88</b>
Listed debt securities	1,359	-	-	<b>1,359</b>
<b>iii) Limited partnerships/trusts</b>				
Property fund investments	-	-	172	<b>172</b>
Private equity fund investments	-	-	1,057	<b>1,057</b>
Forestry investments	-	-	59	<b>59</b>
Energy investments	-	-	34	<b>34</b>
Infrastructure investments	-	-	270	<b>270</b>
<b>iv) Derivatives financial assets</b>				
Equity Options	1	-	-	<b>1</b>
Foreign exchange contracts	-	35	-	<b>35</b>
Futures contracts	17	-	-	<b>17</b>
	<b>3,620</b>	<b>512</b>	<b>2,500</b>	<b>6,632</b>
<b>v) Derivatives financial liabilities</b>				
Equity index swaps	-	-	-	-
Interest rate swaps	-	-	-	-
Credit default swaps	-	-	-	-
OTC Options	-	(9)	-	<b>(9)</b>
	-	<b>(9)</b>	-	<b>(9)</b>
Treasury bills	11	-	-	<b>11</b>
<b>Total</b>	<b>3,631</b>	<b>503</b>	<b>2,500</b>	<b>6,634</b>

## 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

### 15.7 Fair values of financial instruments (continued)

#### ii) Valuation framework (continued)

2018	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
<b>i) Equities and managed funds</b>				
Quoted equities	456	-	-	<b>456</b>
Direct private equity	-	-	235	<b>235</b>
Quoted investment funds	2,509	-	-	<b>2,509</b>
Unquoted investment funds	-	444	469	<b>913</b>
Convertible preference shares	-	-	43	<b>43</b>
<b>ii) Debt securities</b>				
Unlisted debt securities	-	179	79	<b>258</b>
Listed debt securities	1,918	-	-	<b>1,918</b>
<b>iii) Limited partnerships/trusts</b>				
Property fund investments	-	-	142	<b>142</b>
Private equity fund investments	-	-	776	<b>776</b>
Forestry investments	-	-	52	<b>52</b>
Energy investments	-	-	31	<b>31</b>
Infrastructure investments	-	-	250	<b>250</b>
<b>iv) Derivatives financial assets</b>				
Equity Options	5	-	-	<b>5</b>
Foreign exchange contracts	-	11	-	<b>11</b>
Futures contracts	13	-	-	<b>13</b>
	<b>4,901</b>	<b>634</b>	<b>2,077</b>	<b>7,612</b>
<b>v) Derivatives financial liabilities</b>				
Equity index swaps	-	(1)	-	<b>(1)</b>
Interest rate swaps	-	-	-	<b>-</b>
Credit default swaps	-	-	-	<b>-</b>
OTC Options	-	(3)	-	<b>(3)</b>
	-	<b>(4)</b>	-	<b>(4)</b>
Treasury bills	31	-	-	<b>31</b>
<b>Total</b>	<b>4,932</b>	<b>630</b>	<b>2,077</b>	<b>7,639</b>

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. FINANCIAL RISK MANAGEMENT – DISCRETIONARY PORTFOLIO (CONTINUED)

##### 15.7 Fair values of financial instruments (continued)

###### ii) Valuation framework (continued)

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	<b>Total €m</b>
<b>Balance at 1 January 2019</b>	2,077
Transfers into Level 3	40
Total gains or losses recognised in profit or loss	148
Purchases	377
Sales	(142)
<b>Balance at 31 December 2019</b>	<b>2,500</b>
	<b>Total €m</b>
<b>Balance at 1 January 2018</b>	1,685
Transfers into Level 3	59
Total gains or losses recognised in profit or loss	70
Purchases	436
Sales	(173)
<b>Balance at 31 December 2018</b>	<b>2,077</b>

#### 16. FINANCIAL RISK MANAGEMENT - DIRECTED PORTFOLIO

##### 16.1 Fair values of financial instruments

###### i) Valuation framework

All investments and disposals relating to the Directed Portfolio are made at the direction of the Minister for Finance. The Agency's responsibilities regarding the Directed Portfolio include the implementation of directions from the Minister and the valuation of relevant securities for the purpose of the Fund's financial statements.

The Fund's ordinary shareholding in AIB and Bank of Ireland was valued at its relevant quoted market price at 31 December 2019.

The Fund's Global Custodian holds the Fund's investments in Bank of Ireland and AIB in segregated accounts. In the event of the Global Custodian's failure, the ability of the Fund to transfer these securities might be temporarily impaired. The Global Custodian is a member of a major securities exchange and at 31 December 2019 held a long-term Moody's credit rating of Aa1. The credit rating of the Fund's Global Custodian is monitored on a regular basis and the findings documented in the SOC 1 report on the Global Custodian's internal controls are reviewed on a quarterly basis.



## 16. FINANCIAL RISK MANAGEMENT - DIRECTED PORTFOLIO (CONTINUED)

### 16.1 Fair values of financial instruments (continued)

#### i) Valuation framework (continued)

The table below analyses financial instruments at fair value at the reporting date by the level in the fair value hierarchy. The amounts are based on the values recognised in the Statement of Financial Position. All fair value measurements below are recurring.

2019	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Allied Irish Banks	5,992	-	-	5,992
Bank of Ireland	734	-	-	734
	<b>6,726</b>	<b>-</b>	<b>-</b>	<b>6,726</b>
2018	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Allied Irish Banks	7,054	-	-	7,054
Bank of Ireland	733	-	-	733
	<b>7,787</b>	<b>-</b>	<b>-</b>	<b>7,787</b>

#### Market price risk exposure

The cumulative Directed Portfolio asset value exposed to market price risk at 31 December 2019 comprises the value of investments as detailed in the following table:

	2019 €m	2018 €m
<b>Exposure to market price risk</b>		
Allied Irish Banks	5,992	7,054
Bank of Ireland	734	733
	<b>6,726</b>	<b>7,787</b>
<b>Not exposed to market price risk</b>		
Cash	215	215
HBFI Loan	7	-
	<b>222</b>	<b>215</b>
<b>Total Directed Investments</b>	<b>6,948</b>	<b>8,002</b>

## 17. CONTINGENT LIABILITIES

The NTMA Act 2014 provides for the transfer of the liabilities of the National Pensions Reserve Fund Commission (the "Commission") to the NTMA (as controller and manager of the ISIF) on and after the date of constitution of the ISIF, and states that the NTMA (as controller and manager of the ISIF) is responsible for discharging the obligations of the Commission under any such liability. In this regard, litigation is on-going in New York in respect of the 2007 leveraged buy-out of the Tribune Company. The litigation, which consists of a federal law action and a number of related state law actions, involves more than 4,000 shareholders of the Tribune Company, including the Commission.

The federal law action against the shareholder defendants, including the Commission, was dismissed by a United States District Court in January 2017. In April 2019, the District Court denied the plaintiff's motion to amend the complaint to assert a further count against shareholder defendants. In July 2019, the plaintiff appealed these District Court rulings to the Second Circuit and filed its opening brief in January 2020. The related state law claims were dismissed by a United States District Court in September 2013. The Second Circuit has twice affirmed the dismissal of the state law claims, once in March 2016 and again in December 2019.

As of the reporting date, no provision has been recognised in these financial statements as the possibility of an outflow of resources cannot be reliably determined and it is not practicable to estimate the financial effect, if any, should the appeal of the federal law action succeed.

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### **18. EVENTS AFTER THE REPORTING DATE**

The outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets which in turn has adversely affected the net assets of the fund. As neither the duration nor the scope of the impact can be predicted, the overall financial impact cannot be estimated at this time.

#### **19. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Agency on 5 May 2020.

# PORTFOLIO OF INVESTMENTS IRELAND STRATEGIC INVESTMENT FUND

31 DECEMBER 2019

# Portfolio of Investments – ISIF

## IRISH PORTFOLIO

Commitment and follow-on		
	Year Security Description	Original Commitment €m
Regional Development	2016 Fine Grain	25 Investment in a €50m fund investing and developing office buildings primarily in regional areas.
	2016/2019 Kilkenny Regeneration	13 Joint venture to regenerate the Smithwicks Brewery site in Kilkenny into a regional business / education hub.
	2017 Shannon Airport Authority	14 Fully fund the resurfacing of the runway at Shannon Airport.
	2017 Port of Cork	18 Flexible junior debt supporting the relocation of Port of Cork to Ringaskiddy alongside senior debt providers.
	2017/2018 Nautilus Data Technologies	7 Aims to construct a new generation of leading edge data centres in Ireland.
	2019 Quadrant Real Estate Advisor Fund II	35 Senior stretch financing for the development of large prime office blocks in Cork city supporting regional development.
	2019 Shannon Hangar	12 Long-term, limited recourse funding for the development of an aircraft hangar at Shannon Airport.
		<b>124</b>
Housing	2015/2018 Activate Capital	500 Senior debt commitment to a residential development lending platform alongside the global investment fund KKR.
	2015 DCU	54 Cornerstone investor supporting the commercial funding of DCU's €233m Campus Development Programme.
	2016 Ardstone	30 Residential housing fund in which ISIF is a cornerstone investor focused on delivering over 1,500 homes.
	2017 Cherrywood	52 Enabling infrastructure works necessary to unlock residential housing in Cherrywood SDZ.
	2017 Man Aalto	25 Residential debt fund of €75m with the potential to deliver 400 homes.
	2018 Avestus Capital Partners	25 Investment in a private rental sector platform.
	2018 Urbeo Residential Fund / DAD Property Fund	60 Investment in build to rent residential platform.
	2019 Irish Life Residential Property Fund	140 Fund's objective is to assemble a portfolio of high quality residential assets to rent primarily through forward purchasing and funding.
	2019 HISCO	2 Commercial joint venture company with Cork County Council to provide an infrastructure "design-build-finance" service on housing sites of scale.
	2019 Pearl Residential Equity Fund	10 Residential equity fund providing capital to small and mid-scale developers to facilitate the build-out of residential units in Ireland.
2019 Bartra Shared Living	8 Equity funding to Bartra to develop shared-living sites in Dublin.	
		<b>905</b>
Direct Investments	2015 Malin	50 Irish listed plc focused on fast growing segments in the life sciences industry.
	2015/2018/2019 Swrve	20 Global leader in high-growth sector of in-app mobile marketing founded in Dublin.
	2015/2018 AMCS	46 Successful domestic company which develops and sells technology for environmental management.
	2016/2018 Finance Ireland	45 Equity investment in non-bank lender providing SME leasing, commercial mortgages, agri finance and auto finance.
	2017 Panelto Foods	14 Large indigenous prepared consumer food company producing artisanal breads.
	2017 Cubic Telecom	10 Irish connectivity / software company that provides on-demand global connectivity for devices / vehicles via local mobile networks.
	2018 Mainstay Medical	10 Investment in a medtech company to support the development and commercialisation of its product which targets lower back pain.
	2018 Barings Aviation	50 Investment in a full life cycle aircraft lessor focused on acquiring mid-life Airbus and Boeing narrow body aircraft.
	2016/2018 WuxiNextCode Genomics	66 Commitment to an investment programme making Ireland a global hub for genomics.
	2019 Green Isle	11 Investment in indigenous business selling frozen fish and vegetables under Green Isle and Donegal Catch Brands.
	2019 ATA	15 Investment in precision-engineering business to scale its domestic and international operations via the acquisition of Karnasch.
	2019 West Cork Distillers	15 Equity investment into West Cork Distillers to finance the expansion of its distillery and to support growth of its products in international markets.
	2019 Greystone Media Campus	1 Equity investment into development company seeking to develop a state of the art media campus in Ireland.
	2016 Milkflex Agri Loan Fund	44 Fund that offers flexible, competitively priced loans to Glanbia dairy farmers with loan repayments linked to milk price.
	2016 Receivables Purchases Facility Programme (RPPF)	2 Investment facilitating the creation of €40m farmer receivables programme in the dairy sector.
2018 Irish Whiskey Growth Fund	10 Provides debt finance to growth-stage whiskey companies secured on their whiskey stock.	
2018/2019 Milkflex II	44 National rollout of the MilkFlex loan product to farmers supplying 19 dairy co-ops across Ireland.	
pre 2011 Atlantic Bridge Fund II	10 €75m fund concentrated on growth and expansion stage equity investments.	
pre 2011 Delta III	23 Local venture capital firm which targets investments primarily in the ICT sector.	
pre 2011 Draper Fisher Jurvetson Fund X	10 \$400m fund that invests in technology, life science and clean-tech sectors.	
pre 2011 Fountain I	15 Irish life science venture capital firm focused on early stage pharmaceutical and medical device companies.	
pre 2011 Investec	18 €75m fund to investment in early stage ICT companies with significant growth potential in Ireland.	
pre 2011 Polaris VI	36 Global venture capital fund of \$367m actively investing in Ireland focused on technology and healthcare.	
pre 2011 Seroba Kernel II	15 Irish venture capital fund of €75m focused on early stage medical devices and therapeutic technologies.	
2011 Sofinnova Venture Partners VIII	9 Fund of \$400m focused on late-stage drug development.	
2012 Highland Technology Europe	10 Growth equity fund of €246m that invests in rapidly growing internet, mobile and software companies.	
2012 SVB Capital Strategic Investors Fund V	20 Commitment to a global venture capital fund of funds building on strategic partnership with SVB.	
2012 Carlyle Cardinal	125 €292m private equity fund targeting growth and lower mid-market buy-out transactions in Ireland.	
2013 Bluebay Notes	200 €450m credit fund making loans of between €5m and €45m to medium/large Irish SMEs.	
2013 China Ireland Growth Technology Fund	36 Venture capital fund that targets growth stage Irish companies with a strategic ambition to access the Chinese market or Chinese companies seeking access to the EU market by locating in Ireland.	
2013 Lightstone Ventures I	10 Specialist US-based venture capital fund of \$172m focused on medical devices and biopharmaceuticals.	
2013 Strategic Investors Fund VI	19 Commitment to a global venture capital fund of funds building on strategic partnership with SVB.	
2014 Arch VIII	20 Fund investing in transformative, disruptive, technology driven companies in life and physical sciences.	
2014 Atlantic Bridge Fund III	20 €211m fund concentrated on growth and expansion stage equity investments.	
2014 Fountain II	15 Irish life science venture capital firm focused on early stage pharmaceutical and medical device companies.	
Indirect Investments		

	Year	Security Description	Original Commitment €m	
Indigenous Businesses	2014	Polaris VII	40	Global venture capital fund of \$436m actively investing in Ireland focused on technology and healthcare.
	2015	Frontline Ventures I	11	€50m early stage fund that invests in highly innovative early stage information technology companies.
	2015	Highland Europe Technology Growth Fund II	10	Growth equity fund of €330m that invests in rapidly growing internet, mobile and software companies.
	2016	Draper Esprit	53	Listed venture capital fund making diversified investments in private high growth technology companies.
	2016	Silicon Valley Bank VIII	44	Commitment to a global venture capital fund of funds building on strategic partnership with SVB.
	2016	Seroba Life Sciences Fund III	15	Irish venture capital fund of €100m focused on early stage medical devices and therapeutic technologies.
	2016	ACT Ventures V	20	Primarily Irish focused venture capital fund of €92m investing in growing ICT companies in Ireland.
	2016	Scottish Equity Partners	16	€292m fund that will invest in growth and later stage technology, energy and healthcare companies.
	2016	Polaris VIII	24	Global venture capital fund actively investing in Ireland focused on technology and healthcare.
	2016	Frontline Ventures II	15	Early stage fund that will invest in seed stage / series A rounds in highly innovative technology companies.
	2016	Causeway Capital	15	Private equity fund that will invest in established growing SMEs in Ireland and the UK.
	2016/2018	Beach Point Capital / BMS	30	Non-bank lender providing growth loans to Irish SMEs.
	2017	Muzinich Pan European Debt Fund I	45	Non-bank lender that provides growth capital to Irish SMEs and corporates.
	2017	Insight Fund X	85	\$5.5 billion growth stage private equity fund that will target software opportunities in Ireland and globally.
	2017	Business Growth Fund	125	Largest ever growth capital fund dedicated to Irish SMEs with €250m to invest.
	2017	Motive Partners	25	Specialist financial technology focused private equity fund providing growth equity to FinTech businesses.
	2017	Arch Ventures IX Overage Fund	21	Invests in transformative, industry disruptive, technology driven companies in life and physical sciences.
	2017	Finistere Ventures Fund II	20	Partnership between ISIF and Finistere investing in start-up and early stage AgTech companies in Ireland.
	2017	Finistere Ireland Ag-Tech Fund	20	Partnership between ISIF and Finistere investing in start-up and early stage AgTech companies in Ireland.
	2017	Lightstone Ventures II	21	Specialist US-based venture capital fund of \$250m focused on medical devices and biopharmaceuticals.
	2017	Illumina Ventures	21	Invests in transformative, industry disruptive, technology driven companies in life and physical sciences.
	2018	China Ireland Growth Technology Fund II	75	Fund focused on high-growth companies seeking access to Irish and Chinese markets.
	2018/2019	Frontline EMEA Expansion Fund	13	Expansion stage venture capital fund targeting North American software companies entering the EMEA marketplace.
	2018	Strategic Healthcare Investment Partners	22	SHIP is a new \$150m venture capital partnership that will focus on early and later stage neuromodulation and connected health opportunities in the US and Ireland.
2018	Dunport	95	Fund providing a mix of unitranche, senior and mezzanine debt to medium / large Irish SMEs and mid-sized corporates.	
2019	Fountain Healthcare Partners III	20	Venture fund providing risk capital and expertise to entrepreneurs developing life sciences companies.	
2019	Beechbrook	20	SME lending fund providing growth capital to regional Irish businesses.	
2019	Atlantic Bridge IV Fund	20	Venture fund focused on investing primarily at the expansion capital and growth equity stages in companies that have started to scale.	
2019	MML	20	Growth capital private equity fund that will support indigenous SMEs to grow domestically and internationally.	
2019	Strategic Investors Fund X	23	Commitment to a global venture capital fund of funds building on strategic partnership with Silicon valley Bank.	
2019	Guinness Enterprise Centre	7	Loan to finance the upgrade and expansion of the Guinness Enterprise Centre in Dublin.	
			<b>2,055</b>	
Climate Change	pre 2011	ALBIM 1ST Forestry Fund	20	Investment in a portfolio of forestry assets across Ireland.
	2014	Covanta Poolbeg Project	44	Thermal waste treatment plant handling 600,000 tonnes of waste producing 60 megawatts of electricity.
	2016	NTR	35	Equity investment fund in construction ready onshore wind farms.
	2016	Dasos	55	Fund investing in new and semi-mature forests across Ireland underpinning the sector.
	2017	Greencoast Renewables	76	Cornerstone investor in IPO for renewable energy investor seeking to capitalise Irish wind energy market.
	2018	Power Capital	35	Specialist in developing large scale photovoltaic solar farms.
	2018	Aurora	50	Fund targeting the build out of new renewable energy generation in Ireland.
2019	Gore Street Energy Storage Fund Plc	34	Financing the build out of energy storage infrastructure in Ireland to support the growth in renewables.	
			<b>349</b>	
National Initiatives	2015	Irish Water Refinancing Facility	300	Loan facilities of €450m representing a refinancing of the €300m National Pension Reserve Fund facility and an additional €150m loan facility.
	2015	Irish Water	150	Loan facilities of €450m representing a refinancing of the €300m National Pension Reserve Fund facility and an additional €150m loan facility.
			<b>450</b>	
Connectivity	2016	Aqua Comms	25	Irish developer of fibre-optic infrastructure including a transatlantic and Anglo-Irish connectivity network.
	2016	Dublin Airport Authority	35	Supporting delivery of DAA's medium and long term goals notably the planned new runway for Dublin.
			<b>60</b>	
Legacy Asset under ISIF 1.0	2011	Irish Infrastructure Fund	250	Portfolio of Irish infrastructure assets.
	2013	WestSummit Global Technology Fund	36	Investment in a \$225m global growth stage technology fund.
	2014	WLR Cardinal CRE Mezzanine Fund	75	Mezzanine finance fund targeting commercial real estate opportunities.
	2015	Leeds Equity Partners Fund	92	Cornerstone investment in a leading global investor in the education / knowledge industries.
	2015	Quadrant	50	Development finance vehicle lending to facilitate the development of high quality offices in Ireland.
	2016	Reverence Capital Partners	50	Financial service sector focussed global equity fund of \$421m.
	2017	InsideSales	24	Industry leading predictive sales acceleration platform growing its presence in Ireland.
2017	Kaseya	20	Foremost supplier of compete IT management solutions for managed service providers and mid-sized companies.	
2018/2019	Vectra Networks	10	Investment in a successful artificial intelligence cybersecurity company expanding their presence in Ireland.	
			<b>607</b>	

The list outlines all commitments executed since the Fund's inception; comprising current commitments as well as commitments which are partially or fully repaid, matured, expired or terminated.

# Portfolio of Investments – ISIF

## DISCRETIONARY INVESTMENTS

### QUOTED EQUITIES

EUROPE		
Austria		
Holding	Security Description	Value €m
2,227	Andritz	0.09
326	Erste Group Bank	0.01
4,965	Immofinanz	0.12
807	Raiffeisen Bank International	0.02
166	Verbund	0.01
		<b>0.24</b>
<b>% of Total Investments</b>		<b>0.00%</b>

Belgium		
Holding	Security Description	Value €m
974	Ageas	0.05
32,091	Anheuser-Busch	2.33
1,320	Colruyt	0.06
438	Galapagos	0.08
318	Groupe Bruxelles Lambert	0.03
953	Proximus	0.02
260	Solvay	0.03
906	UCB	0.06
1,190	Warehouse De Pauw CVA	0.19
		<b>2.87</b>
<b>% of Total Investments</b>		<b>0.02%</b>

Denmark		
Holding	Security Description	Value €m
61	AP Moller - Maersk	0.08
63	AP Moller - Maersk	0.08
472	Carlsberg	0.06
617	Coloplast	0.07
2,091	Danske Bank	0.03
200	DSV Panalpina	0.02
120	Genmab	0.02
443	H Lundbeck	0.02
2,923	Novo Nordisk	0.15
276	Novozymes	0.01
2,542	Orsted	0.23
2,156	Pandora	0.08
1,255	Tryg	0.03
160	Vestas Wind Systems	0.01
		<b>0.91</b>
<b>% of Total Investments</b>		<b>0.01%</b>

Finland		
Holding	Security Description	Value €m
800	Elisa	0.04
890	Fortrum	0.02
602	Kone	0.04
306	Metso	0.01
204,664	Nokia	0.67
1,928	Nordea Bank	0.01
2,493	Orion	0.10
443	Sampo	0.02
2,633	Stora Enso	0.03

Finland (continued)		
Holding	Security Description	Value €m
252	UPM-Kymmene	0.01
		<b>0.96</b>
<b>% of Total Investments</b>		<b>0.01%</b>

France		
Holding	Security Description	Value €m
307	Accor	0.01
2,111	Aeroports De Paris	0.37
17,749	Air Liquide	2.24
21,406	Airbus	2.79
352	Alstom	0.01
223	Amundi	0.02
148	Arkema	0.01
1,815	Atos	0.13
77,849	Axa	1.95
667	Biomerieux	0.05
43,441	BNP Paribas	2.29
18,476	Bollore	0.07
379	Bouygues	0.01
532	Bureau Veritas	0.01
300	Capgemini	0.03
4,784	Carrefour	0.07
234	Casino Guichard Perrachon	0.01
1,664	Cie De Saint-Gobain	0.06
2,521	CNP Assurances	0.04
335	Covivio	0.03
2,669	Credit Agricole	0.03
24,384	Danone	1.80
95	Dassault Systems	0.01
565	Edenred	0.03
972	Eiffage	0.10
70,858	Engie	1.02
11,101	Essilorluxottica	1.51
203	Eurazeo	0.01
558	Faurecia	0.03
3,151	Gecina	0.50
1,643	Getlink	0.03
211	Hermes International	0.14
251	Icade	0.02
208	Ingenico Group	0.02
973	Ipsen	0.08
2,846	Kering	1.67
8,027	Kleppierre	0.27
656	Legrand	0.05
9,592	L'Oreal	2.53
10,234	Lvmh Moet Hennessy Louis Vuitt	4.24
7,708	Natixis	0.03
76,389	Orange	1.00
268	Pernod Ricard	0.04
2,806	Peugeot	0.06
913	Publicis Groupe	0.04
80	Remy Cointreau	0.01
13,489	Safran	1.86

France (continued)		
Holding	Security Description	Value €m
42,251	Sanofi	3.79
450	Sartorius Stedim Biotech	0.07
20,787	Schneider Electric	1.90
323	Scor	0.01
446	SEB	0.06
32,353	Societe Generale	1.00
223	Sodexo	0.02
3,601	Suez	0.05
76	Teleperformance	0.02
104	Thales	0.01
389	Ubisoft Entertainment	0.02
80	Unibail-Rodamco-Westfield	0.01
956	Valeo	0.03
1,487	Veolia Environnement	0.04
37,009	Vinci	3.66
34,042	Vivendi	0.88
124	Wendel	0.01
		<b>38.94</b>
<b>% of Total Investments</b>		<b>0.26%</b>

Germany		
Holding	Security Description	Value €m
7,322	Adidas	2.13
15,848	Allianz	3.47
17,835	Alstria Office Reit	0.30
33,821	BASF	2.27
35,701	Bayer	2.60
221	Bayerische Motoren Werke	0.01
11,928	Bayerische Motoren Werke	0.87
575	Beiersdorf	0.06
1,555	Brenntag	0.08
174	Carl Zeiss Meditec	0.02
3,681	Commerzbank	0.02
30,814	Daimler	1.52
7,211	Deutsche Boerse	1.01
447	Deutsche Lufthansa	0.01
39,807	Deutsche Post	1.35
123,758	Deutsche Telekom	1.81
268	Deutsche Wohnen	0.01
3,224	E.On	0.03
251	Fraport Frankfurt Airport	0.02
269	Frenius Medical Care & Co	0.02
16,206	Frenius & Co Kgaa	0.81
840	Fuchs Petrolub	0.04
321	Hannover Rueck	0.06
712	Heidelbergcement	0.05
295	Henkel & Co Kgaa	0.03
246	Henkel & Co Kgaa	0.02
517	Hochtief	0.06
5,763	Instone Real Estate Group	0.13
794	Knorr-Bremse	0.07
577	Merck Kgaa	0.06
1,732	Metro	0.02

Germany (continued)		
Holding	Security Description	Value €m
123	MTU Aero Engines	0.03
5,580	Muenchener Rueckversicherungs	1.47
1,335	Puma	0.09
2,357	RWE	0.06
40,627	SAP	4.88
40	Sartorius	0.01
29,382	Siemens	3.43
267	Siemens Healthineers	0.01
314	Symrise	0.03
3,947	Telefonica Deutschland Holding	0.01
2,753	Uniper	0.08
6,848	Volkswagen	1.21
107	Volkswagen	0.02
15,941	Vonovia	0.76
1,913	Zalando	0.09
		<b>31.13</b>
	<b>% of Total Investments</b>	<b>0.21%</b>

Ireland		
Holding	Security Description	Value €m
3,610	Accenture	0.68
12,092	AIB Plc	0.04
853	Allegion	0.09
2,076	Allergan	0.35
92,977	Bank Of Ireland	0.45
29,151	CRH	1.04
722	CRH	0.03
23,701	Dalata Hotel Group	0.12
144	DCC	0.01
2,463	Eaton Corp	0.21
2,155	Experian	0.06
76	Flutter Entertainment	0.01
76,000,000	Greencoat Renewables	90.06
138,143	Hibernia Reit	0.19
1,142	Ingersoll-Rand	0.14
775	James Hardie Industries	0.01
625	Jazz Pharmaceuticals	0.08
4,245	Johnson Controls International	0.15
217	Kerry Group	0.02
33	Kerry Group	0.00
149	Kingspan Group	0.01
78	Kingspan Group	0.00
2,466	Linde	0.47
714,285	Mainstay Medical International	1.79
5,000,000	Malin Corp	22.70
5,991	Medtronic	0.60
92,941	National Toll Road Eur0.00125 (Post Red)	0.01
573	Pentair	0.02
2,640	Perrigo Co	0.12
1,225	Seagate Technology	0.06
238	Smurfit Kappa Group	0.01
546	Steris	0.07
793,776	Waterford Wedgewood Uts	0.00

Ireland (continued)		
Holding	Security Description	Value €m
731	Willis Towers Watson	0.13
		<b>119.77</b>
	<b>% of Total Investments</b>	<b>0.80%</b>

Italy		
Holding	Security Description	Value €m
3,999	Assicurazioni Generali	0.07
10,737	Atlantia	0.22
1,826	Davide Campari-Milano	0.01
64,745	Enav	0.34
294,138	Enel	2.08
374	Ferrari	0.06
365,274	Goldman Sachs Ins Bank Loanport 'lo'Clis Usd	58.34
36,103	Infrastrutture Wireless Italia	0.32
615,919	Intesa Sanpaolo	1.45
2,245	Mediobanca Banca Di Credito Fi	0.02
2,277	Moncler	0.09
4,371	Pirelli & C	0.02
4,511	Poste Italiane	0.05
1,104	Prysmian	0.02
1,028	Recordati	0.04
14,131	Snam	0.07
53,959	Telecom Italia Spa /Milano	0.03
54,886	Telecom Italia Spa /Milano	0.03
80,263	Terna Rete Elettrica Nazionale	0.48
2,448	Unicredit	0.03
		<b>63.78</b>
	<b>% of Total Investments</b>	<b>0.42%</b>

Jersey C I		
Holding	Security Description	Value €m
7,095	Amcor	0.07
1,164	Aptiv	0.10
		<b>0.17</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Luxembourg		
Holding	Security Description	Value €m
3,866	Arcelormittal	0.06
2,880	Aroundtown	0.02
3,140	Tenaris	0.03
		<b>0.11</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Netherlands		
Holding	Security Description	Value €m
1,105	ABN Amro Bank	0.02
11	Adyen	0.01
8,220	Aegon	0.03
684	Akzo Nobel	0.06
2,898	Altice Europe	0.02
15,912	ASML Holding	4.19
771	Exor	0.05

Netherlands (continued)		
Holding	Security Description	Value €m
1,117	Heineken Holding	0.10
475	Heineken	0.05
145,513	ING Groep	1.55
47,007	Koninklijke Ahold Delhaize	1.05
8,111	Koninklijke DSM	0.94
9,316	Koninklijke Kpn	0.02
34,736	Koninklijke Philips	1.51
448	Koninklijke Vopak	0.02
9,652	Mylan	0.17
1,372	NN Group	0.05
159	NXP Semiconductors	0.02
558	Prosus	0.04
2,289	Randstad	0.12
71,429	SNS Reaal Groep Eur1.63	0.06
1,220	Wolters Kluwer	0.08
		<b>10.16</b>
	<b>% of Total Investments</b>	<b>0.07%</b>

Norway		
Holding	Security Description	Value €m
688	DNB	0.01
19,654	Entra	0.29
2,642	Gjensidige Forsikring	0.05
640	Mowi	0.01
3,378	Orkla	0.03
2,416	Schibsted	0.06
1,512	Telenor	0.02
		<b>0.48</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Portugal		
Holding	Security Description	Value €m
17,857	EDP - Energias De Portugal	0.07
3,289	Jeronimo Martins SGPS	0.05
		<b>0.12</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Russia		
Holding	Security Description	Value €m
16,675	Evraz	0.08
		<b>0.08</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Spain		
Holding	Security Description	Value €m
2,200	ACS Actividades De Construccion	0.08
6,213	Aedas Homes	0.13
2,917	Aena Sme	0.50
16,594	Amadeus It Group	1.21
251,607	Banco Bilbao Vizcaya Argentari	1.25
23,243	Banco De Sabadell	0.02
622,797	Banco Santander	2.32
3,998	Cellnex Telecom	0.15
1,891	Endesea	0.04



## Portfolio of Investments – ISIF

### QUOTED EQUITIES (CONTINUED)

Spain (continued)			Switzerland (continued)			United Kingdom (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
20,495	Ferrovial	0.55	803	Coca-Cola Hbc	0.02	42,089	Compass Group	0.93
604	Grifols	0.02	2,886	Credit Suisse Group	0.03	321	Croda International	0.02
222,375	Iberdrola	2.04	688	Dufry	0.06	8,145	Cushman & Wakefield	0.15
95,792	Industria De Diseno Textil	3.01	26	Ems-Chemie Holding	0.02	2,394	Diageo	0.09
2,662	Let's Gowex	0.02	792	Garmin Ltd	0.07	4,410	Direct Line Insurance Group	0.02
4,855	Mapfre	0.01	75	Geberit	0.04	14,004,502	Draper Esprit	78.85
27,517	Merlin Properties Socimi	0.35	17	Givaudan	0.05	14,078	Ferguson	1.13
949	Naturgy Energy Group	0.02	23,646	Glencore Plc	0.07	10,338	Glaxosmithkline	0.22
858	Red Electrica Corp	0.02	665	Kuehne + Nel International	0.10	11,730,910	Gore Street Energy Storage	13.31
176,410	Telefonica	1.10	1,073	Lafargeholcim Ltd	0.05	2,271	Halma	0.06
		<b>12.86</b>	13,662	Nestle	1.32	4,297	Hargreaves Lansdown	0.10
	<b>% of Total Investments</b>	<b>0.09%</b>	2,481	Novartis	0.21	19,364	HSBC Holdings	0.13
			210	Pargesa Holding	0.02	2,208	Informa	0.02
			88	Partners Group Holding	0.07	840	Intercontinental Hotels Group	0.05
			1,166	Roche Holding	0.34	266	Intertek Group	0.02
			40	Schindler Holding	0.01	11,848	J Sainsbury	0.03
			44	SGS	0.11	11,732	JD Sports Fashion	0.12
			181	Sika	0.03	1,559	Land Securities Group reit	0.02
			222	Sonova Holding	0.05	16,403	Legal & General Group	0.06
			1,982	Stmicroelectronics	0.05	4,511	Liberty Global	0.09
			61	Straumann Holding	0.05	4,920	Liberty Global	0.10
			89	Swatch Group	0.02	20,115	Linde	3.83
			391	Swatch Group	0.02	27,170	Lloyds Banking Group	0.02
			115	Swiss Life Holding	0.05	520	London Stock Exchange Group	0.05
			527	Swiss Prime Site	0.05	17,043	M&G	0.05
			571	Swiss Re	0.06	45,952	Marks & Spencer Group	0.12
			83	Swisscom	0.04	3,162	Meggitt	0.02
			1,666	TE Connectivity Ltd	0.14	4,999	Micro Focus International	0.06
			183,964	UBS Group	2.07	142,685	National Grid	1.58
			225	Zurich Insurance Group	0.08	463	Next	0.04
					<b>5.76</b>	3,867	Nielsen Holdings	0.07
				<b>% of Total Investments</b>	<b>0.04%</b>	6,044	Ocado Group	0.09
						3,161	Pearson	0.02
						250	Persimmon	0.01
						1,940	Prudential	0.03
						21,054	Reckitt Benckiser Group	1.52
						3,657	Relx	0.08
						191,564	Rentokil Initial	1.02
						319	Rio Tinto Ltd	0.02
						1,039	Rio Tinto	0.05
						1,704	Rolls-Royce Holdings	0.01
						2,652	RSA Insurance Group	0.02
						11,543	Sage Group	0.10
						334	Schroders	0.01
						4,632	Segro	0.05
						1,078	Sensata Technologies Holding	0.05
						11,998	Severn Trent	0.35
						3,859	Smith & Nephew	0.08
						1,007	Smiths Group	0.02
						197	Spirax-Sarco Engineering	0.02
						2,278	SSE	0.04
						2,774	Standard Chartered	0.02
						5,831	Standard Life Aberdeen	0.02
						7,358	Taylor Wimpey	0.02

Sweden		
Holding	Security Description	Value €m
43,420	Assa Abloy	0.91
792	Atlas Copco	0.03
416	Atlas Copco	0.01
318	Boliden	0.01
18,504	Castellum	0.39
363	Electrolux	0.01
1,637	Epiroc	0.02
1,223	Epiroc	0.01
1,401	Essity	0.04
5,840	Hennes & Mauritz	0.11
26,680	Hexagon	1.34
1,202	ICA Gruppen	0.05
737	Industrivarden	0.02
925	Investor	0.05
458	Kinnevik	0.01
735	L E Lundbergforetagen	0.03
647	Sandvik	0.01
2,835	Securitas	0.04
1,037	Skandinaviska Enskilda Banken	0.01
4,086	Skanska	0.08
2,052	SKF	0.04
1,649	Svenska Handelsbanken	0.02
2,196	Tele2	0.03
1,323	Telefonaktiebolaget Lm Ericsson	0.01
8,225	Telia Co	0.03
		<b>3.29</b>
	<b>% of Total Investments</b>	<b>0.02%</b>

Switzerland		
Holding	Security Description	Value €m
977	ABB Ltd	0.02
302	Adecco Group	0.02
420	Alcon Inc	0.02
238	Baloise Holding	0.04
12	Barry Callebaut	0.02
3	Chocoladefabriken Lindt & Spru	0.02
2,149	Chubb Ltd	0.30
438	Cie Financiere Richemont	0.03



United Kingdom (continued)		
Holding	Security Description	Value €m
1,372	Technipfmc	0.03
22,531	Tesco	0.07
140,850	Tritax Big Box Reit	0.25
223,982	Tritax Eurobox	0.25
55,566	Unilever Nv	2.85
1,717	Unilever	0.09
23,952	Unite Group	0.35
2,017	United Utilities Group	0.02
38,964	Vodafone Group	0.07
156	Whitbread	0.01
22,357	WM Morrison Supermarkets	0.05
2,706	WPP	0.03
		<b>112.19</b>
	<b>% of Total Investments</b>	<b>0.75%</b>
<b>Total European Quoted Equities</b>		<b>403.81</b>
	<b>% of Total Investments</b>	<b>2.68%</b>

NORTH AMERICA		
Canada		
Holding	Security Description	Value €m
514	Agnico Eagle Mines	0.03
2,309	Air Canada	0.08
1,808	Algonquin Power & Util	0.02
2,681	Alimentation Couche-Tard	0.08
2,451	Allied Properties Reitunit	0.09
1,164	Atco	0.04
809	Bank Of Montreal	0.06
1,741	Bank Of Nova Scotia	0.09
1,502	Barrick Gold Corp	0.02
1,008	BCE Incnew	0.04
1,235	Brookfield Asset Mgmt	0.06
447	CAE Inc	0.01
7,938	Canadian Apartment Properties	0.29
606	Canadian Imperial Bk Of Comm	0.04
216	Canadian National Railway	0.02
57	Canadian Pacific Railway	0.01
1,501	Canadian Utilities	0.04
1,928	CGI	0.14
28,925	Chartwell Retirement Residencetrust Unit	0.28
5,505	CI Financial	0.08
163	Constellation Software	0.14
1,193	Dollarama	0.04
1,208	Emera	0.05
4,848	Empire Co	0.10
50,349	Enbridge	1.78
62	Fairfax Financial Holdings	0.03
1,737	First Capital Reitunit	0.02
16,845	Fortis	0.62
394	Franco-Nevada	0.04
1,874	Great West Lifeco	0.04
2,473	H&R Reitunit New	0.04
2,476	Hydro One Limited	0.04

Canada (continued)		
Holding	Security Description	Value €m
1,151	IA Financial	0.06
808	Igm Financial	0.02
545	Intact Financial	0.05
17,052	Inter Pipeline	0.26
5,459	Kinross Gold	0.02
740	Kirkland Lake Gold	0.03
2,329	Loblaw Companies	0.11
1,151	Magna Intl	0.06
4,272	Manulife Financial	0.08
1,192	Metro	0.04
962	National Bank Of Canada	0.05
2,808	Onex Corbsub-Vtg	0.16
598	Open Text Corporation	0.02
236	Parkland Fuel	0.01
2,570	Power Corp Canada	0.06
2,676	Power Financial	0.06
1,092	Quebecor cl B Sub-Vtg	0.02
252	Restaurant Brands Intl	0.01
1,595	Riocan Reittrust Unit	0.03
213	Rogers Communications	0.01
1,896	Royal Bank Of Canada	0.13
475	Saputo	0.01
1,336	Shaw Communications	0.02
129	Shopify cl A Sub	0.05
1,057	Smartcentres Reitvariable	0.02
20,933	Summit Industrial ome Reittrust Unit New	0.17
1,103	Sun Life Financial	0.04
36,053	TC Energy	1.70
869	Telus Corp	0.03
601	Thomson Reuters Corpnew	0.04
1,534	Toronto Dominion Banknew	0.08
604	Waste Connections	0.05
1,049	Weston (George)	0.07
1,070	Wheaton Precious Metals	0.03
2,474	WSP Global	0.15
		<b>8.22</b>
	<b>% of Total Investments</b>	<b>0.05%</b>

United States		
Holding	Security Description	Value €m
2,487	3M Co	0.39
24,889	Abbott Laboratories	1.92
7,674	Abbvie	0.60
663	Abiomed	0.10
3,503	Activision Blizzard	0.19
976	Acuity Brands	0.12
2,388	Adobe	0.70
840	Advance Auto Parts	0.12
6,451	Advanced Micro Devices	0.26
4,008	Aflac	0.19
1,525	Agilent Technologies	0.12
2,069	Agnc Investment	0.03

United States (continued)		
Holding	Security Description	Value €m
1,158	Air Products & Chemicals	0.24
1,333	Akamai Technologies	0.10
445	Alaska Air Group	0.03
433	Albemarle	0.03
4,292	Alexandria Real Estate Equities	0.62
1,509	Alexion Pharmaceuticals	0.15
4,564	Align Technology	1.13
50	Alleghany	0.04
1,574	Alliance Data Systems	0.16
1,993	Allstate	0.20
2,703	Ally Financial	0.07
3,448	Alphabet -CI A	4.11
1,494	Alphabet -CI C	1.78
2,094	Amazon.Com	3.44
63	Amerco	0.02
1,410	American Airlines Group	0.04
3,675	American Express Co	0.41
257	American Financial Group	0.03
4,154	American International Group	0.19
22,104	American Tower	4.52
9,405	American Water Works	1.03
1,013	Ameriprise Financial	0.15
1,358	Amerisourcebergen	0.10
1,231	Ametek	0.11
2,743	Amgen	0.59
1,446	Amphenol	0.14
1,696	Analog Devices	0.18
3,264	Annaly Capital Management	0.03
491	Ansys	0.11
1,241	Anthem	0.33
1,004	AO Smith	0.04
477	Apartment Investment & Management	0.02
21,796	Apple	5.69
4,690	Applied Materials	0.25
1,096	Aqua America	0.05
2,420	Aramark	0.09
2,676	Archer-Daniels-Midland	0.11
1,811	Arconic	0.05
352	Arista Networks	0.06
1,499	Arrow Electronics	0.11
519	Assurant	0.06
37,680	AT&T	1.31
7,359	Atmos Energy	0.73
1,399	Autodesk	0.23
1,937	Automatic Data Processing	0.29
251	Autozone	0.27
5,041	Avalonbay Communities	0.94
541	Avery Dennison	0.06
2,269	Axa Equitable Holdings	0.05
2,104	Baker Hughes	0.05
17,833	Ball	1.03
40,383	Bank Of America	1.27

## Portfolio of Investments – ISIF

### QUOTED EQUITIES (CONTINUED)

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
4,170	Bank Of New York Mellon	0.19	1,751	Citrix Systems	0.17	6,882	DXC Technology	0.23
1,098	Bausch Health Cos	0.03	1,125	Clorox	0.15	1,131	E*Trade Financial	0.05
2,679	Baxter International	0.20	1,628	CME Group	0.29	1,282	Eastman Chemical	0.09
1,132	Becton Dickinson And Co	0.27	10,665	CMS Energy	0.60	1,557	Eaton Vance	0.06
8,013	Berkshire Hathaway	1.62	17,321	Coca-Cola	0.85	6,778	Ebay	0.22
2,952	Best Buy	0.23	264	Cognex	0.01	1,248	Ecolab	0.21
1,165	Biogen	0.31	4,158	Cognizant Technology Solutions	0.23	9,144	Edison International	0.61
106	Biomarin Pharmaceutical	0.01	5,843	Colgate-Palmolive	0.36	1,346	Edwards Lifesciences	0.28
23	Bio-Rad Laboratories	0.01	22,327	Comcast	0.89	386	Elanco Animal Health	0.01
998	Black Knight	0.06	997	Comerica	0.06	15,838	Electronic Arts	1.52
487	Blackrock	0.22	4,021	Conagra Brands	0.12	4,372	Eli Lilly & Co	0.51
1,567	Blackstone Group	0.08	7,970	Consolidated Edison	0.64	2,987	Emerson Electric	0.20
2,176	Boeing	0.63	700	Constellation Brands	0.12	10,920	Enlink Midstream Llc	0.06
250	Booking Holdings	0.46	310	Cooper	0.09	1,306	Entergy	0.14
761	Booz Allen Hamilton Holding	0.05	1,311	Copart	0.11	226	Epam Systems	0.04
2,361	Borgwarner	0.09	3,405	Corning	0.09	771	Equifax	0.10
4,270	Boston Properties	0.52	3,100	Corteva	0.08	684	Equinix	0.35
57,006	Boston Scientific	2.29	67	Costar Group	0.04	6,060	Equity Lifestyle Properties	0.38
11,623	Bristol-Myers Squibb	0.66	5,852	Costco Wholesale	1.53	11,998	Equity Residential	0.86
1,913	Broadcom	0.54	1,180	Coty	0.01	407	Erie Indemnity	0.06
765	Broadridge Financial Solutions	0.08	15,781	Crown Castle International	2.00	2,111	Essex Property Trust	0.57
1,348	Brown & Brown	0.05	697	Crown Holdings	0.05	1,731	Estee Lauder	0.32
1,684	Brown-Forman	0.10	3,209	CSX	0.21	8,460	Eversource Energy	0.64
407	Burlington Stores	0.08	1,127	Cummins	0.18	4,811	Exelon	0.20
3,594	Cadence Design Systems	0.22	6,708	CVS Health	0.44	1,188	Expedia Group	0.11
6,087	Camden Property Trust	0.57	4,708	Cyrusone	0.27	841	Expeditors International	0.06
1,285	Campbell Soup	0.06	2,992	Danaher	0.41	4,491	Extra Space Storage	0.42
2,638	Capital One Financial	0.24	701	Darden Restaurants	0.07	893	F5 Networks	0.11
2,660	Cardinal Health	0.12	1,439	Davita	0.10	12,006	Facebook	2.19
1,053	Carmax	0.08	1,340	Deere & Co	0.21	448	Factset Research Systems	0.11
2,190	Caterpillar	0.29	1,470	Dell Technologies	0.07	5,566	Fastenal Co	0.18
647	Cboe Global Markets	0.07	3,363	Delta Air Lines	0.17	2,771	Federal Realty Investment Trust	0.32
3,204	CBRE Group	0.17	1,421	Dentsply Sirona	0.07	823	Fedex	0.11
600	CDK Global	0.03	54	Dexcom	0.01	1,065	Fidelity National Financial	0.04
1,065	CDW /De	0.14	1,415	Digital Realty Trust	0.15	2,943	Fidelity National Information	0.36
565	Celanese	0.06	2,132	Discover Financial Services	0.16	4,039	Fifth Third Bank	0.11
2,601	Centene	0.15	1,987	Discovery	0.06	736	First Republic Bank	0.08
9,442	Centerpoint Energy	0.23	2,941	Discovery	0.08	2,755	Fiserv	0.28
10,711	Centurylink	0.13	920	Dish Network	0.03	504	Fleetcor Technologies	0.13
3,196	Cerner	0.21	248	Docusign	0.02	998	Flir Systems	0.05
1,280	CF Industries Holdings	0.05	1,457	Dollar General	0.20	523	Flowserve	0.02
2,149	CH Robinson Worldwide	0.15	1,766	Dollar Tree	0.15	666	FMC	0.06
4,913	Charles Schwa	0.21	3,941	Dominion Energy	0.29	27,443	Ford Motor	0.23
752	Charter Communications	0.32	4,059	Domino's Pizza	1.06	943	Fortinet	0.09
42,522	Cheniere Energy	2.31	6,451	Douglas Emmett	0.25	1,338	Fortive	0.09
137	Chipotle Mexican Grill	0.10	685	Dover	0.07	1,269	Fortune Brands Home & Security	0.07
1,482	Church & Dwight	0.09	3,607	DOW	0.18	3,283	Fox	0.11
2,114	Cigna	0.38	1,857	Dr Horton	0.09	2,894	Fox	0.09
1,067	Cinatti Financial	0.10	3,842	Dropbox	0.06	1,827	Franklin Resources	0.04
678	Cintas	0.16	1,137	DTE Energy	0.13	5,000	Freeport-Mcmoran	0.06
20,299	Cisco Systems	0.87	3,667	Duke Energy	0.30	3,224	Gap	0.05
11,032	Citigroup	0.78	15,739	Duke Realty	0.49	497	Gartner	0.07
2,997	Citizens Financial Group	0.11	2,717	Dupont De Nemours	0.16	161	General Dynamics	0.03

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
37,106	General Electric	0.37	435	Intuitive Surgical	0.23	1,182	Marriott International	0.16
3,967	General Mills	0.19	19,547	Invitation Homes	0.52	17,197	Marsh & McLennan Cos	1.70
5,230	General Motors	0.17	129	Ipg Photonics	0.02	4,241	Martin Marietta Materials	1.06
949	Genuine Parts	0.09	899	Iqvia Holdings	0.12	3,064	Masco	0.13
6,538	Gilead Sciences	0.38	1,854	Iron Mountain	0.05	4,306	Mastercard	1.14
1,728	Global Payments	0.28	492	Jack Henry & Associates	0.06	1,539	Match Group	0.11
608	Globe Life	0.06	1,038	Jacobs Engineering Group	0.08	1,491	Maxim Integrated Products	0.08
603	Godaddy	0.04	434	Jb Hunt Transport Services	0.05	698	Mccormick & Co	0.11
1,170	Goldman Sachs Group	0.24	1,583	Jm Smucker Co	0.15	3,437	Mcdonald's	0.60
222	Grubhub	0.01	13,204	Johnson & Johnson	1.71	1,285	Mckesson	0.16
70	Guidewire Software	0.01	549	Jones Lang Lasalle	0.09	1,667	Medical Properties Trust	0.03
775	H&R Block	0.02	16,254	JPMorgan Chase & Co	2.02	12,501	Merck & Co	1.01
3,081	Halliburton	0.07	3,030	Juniper Networks	0.07	4,808	Metlife	0.22
2,072	Hanesbrands	0.03	590	Kansas City Southern	0.08	279	Mettler-Toledo International	0.20
2,200	Harley-Davidson	0.07	1,286	Kellogg Co	0.08	4,459	Mgm Resorts International	0.13
2,521	Hartford Financial Services	0.14	4,973	Key	0.09	1,456	Microchip Technology	0.14
788	Hasbro	0.07	1,218	Keysight Technologies	0.11	6,945	Micron Technology	0.33
1,166	HCA Healthcare	0.15	3,493	Kilroy Realty	0.26	38,066	Microsoft	5.34
3,762	HD Supply Holdings	0.13	2,239	Kimberly-Clark	0.27	837	Mid-America Apartment Communities	0.10
8,643	Healthcare Realty Trust	0.26	3,234	Kimco Realty	0.06	337	Middleby	0.03
20,873	Healthpeak Properties	0.64	62,143	Kinder Morgan	1.17	473	Mohawk Industries	0.06
218	Heico	0.02	859	KLA	0.14	3,733	Molson Coors Beverage	0.18
283	Heico	0.02	4,333	Kohl's	0.20	7,059	Mondelez International	0.35
425	Helmerich & Payne	0.02	5,860	Kraft Heinz	0.17	84	Mongoddb	0.01
1,983	Henry Schein	0.12	9,040	Kroger	0.23	2,545	Monster Beverage	0.14
1,311	Hershey	0.17	838	L Brands	0.01	1,448	Moody's	0.31
7,013	Hewlett Packard Enterprise	0.10	697	Laboratory Of America Holdings	0.10	6,360	Morgan Stanley	0.29
1,440	Hilton Worldwide Holdings	0.14	718	Lam Research	0.19	1,184	Mosaic	0.02
1,673	Hologic	0.08	758	Lamb Weston Holdings	0.06	901	Motorola Solutions	0.13
5,735	Home Depot	1.11	1,270	Las Vegas Sands	0.08	486	Msci	0.11
3,154	Honeywell International	0.50	693	Lear	0.08	659	Nasdaq	0.06
1,526	Hormel Foods	0.06	835	Leggett & Platt	0.04	1,441	National Oilwell Varco	0.03
25,888	Host Hotels & Resorts	0.43	2,308	Leidos Holdings	0.20	1,051	National Retail Properties	0.05
10,279	HP	0.19	2,408	Lennar	0.12	2,002	Netapp	0.11
7,746	Hudson Pacific Properties	0.26	293	Lennox International	0.06	1,677	Netflix	0.48
575	Humana	0.19	368	Liberty Broadband	0.04	1,409	Newell Brands	0.02
5,411	Huntington Bancshares	0.07	482	Liberty Media -Liberty For	0.02	4,167	Newmont	0.16
316	Huntington Ingalls Industries	0.07	1,976	Liberty Media -Liberty Sir	0.08	5,975	News	0.08
130	Iac/Interactive	0.03	2,096	Liberty Media -Liberty Sir	0.09	400	News	0.01
414	IDEX	0.06	530	Liberty Property Trust	0.03	3,930	Nextera Energy	0.85
989	Idexx Laboratories	0.23	2,603	Life Storage	0.25	26,047	Nike	2.35
1,537	Illinois Tool Works	0.25	1,290	LoIn National	0.07	2,556	Nisource	0.06
562	Illumina	0.17	950	Live Nation Entertainment	0.06	4,085	Nordstrom	0.15
1,846	Incyte	0.14	3,725	LKQ	0.12	1,116	Norfolk Southern	0.19
1,321	Ingredion	0.11	1,446	Loews	0.07	20,546	Northern Trust	1.94
91	Insulet	0.01	4,292	Lowe's Cos	0.46	4,848	Nortonlifelock	0.11
22,715	Intel	1.21	720	Lululemon Athletica	0.15	2,151	Nucor	0.11
26,834	Intercontinental Exchange	2.21	621	M&T Bank	0.09	2,813	Nvidia	0.59
4,873	International Business Machine	0.58	6,343	Mack-Cali Realty	0.13	27	NVR	0.09
465	International Flavors & Fragra	0.05	1,180	Macy's	0.02	241	Okta	0.02
2,878	International Paper	0.12	881	Manpowergroup	0.08	426	Old Dominion Freight Line	0.07
5,170	Interpublic Group Of Cos	0.11	27	Markel	0.03	857	Omega Healthcare Investors	0.03
8,008	Intuit	1.87	357	Marketaxess Holdings	0.12			

## Portfolio of Investments – ISIF

### QUOTED EQUITIES (CONTINUED)

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
1,453	Omnicom Group	0.10	1,739	S&P Global	0.42	4,249	Tripadvisor	0.11
4,432	On Semiconductor	0.10	3,756	Sabre	0.08	5,866	Truist Financial	0.29
10,921	Oracle	0.51	3,887	Salesforce.Com	0.56	88	Twilio	0.01
573	O'Reilly Automotive	0.22	3,018	SBA Communications	0.65	3,421	Twitter	0.10
1,614	Owens Corning	0.09	1,014	Sealed Air	0.04	177	Tyler Technologies	0.05
1,672	Paccar	0.12	142	Seattle Genetics	0.01	2,278	Tyson Foods	0.18
457	Packaging Of America	0.05	987	SEI Investments	0.06	357	Uber Technologies	0.01
143	Palo Alto Networks	0.03	11,025	Sempra Energy	1.49	2,083	UDR	0.09
754	Parker-Hannifin	0.14	1,200	Servicenow	0.30	2,049	UGI	0.08
1,986	Paychex	0.15	415	Sherwin-Williams	0.22	621	Ultra Beauty	0.14
143	Paycom Software	0.03	133	Signature Bank/New York	0.02	4,977	Under Armour	0.10
5,028	Paypal Holdings	0.48	7,938	Simon Property Group	1.05	5,462	Under Armour	0.09
6,159	Pebblebrook Hotel Trust	0.15	3,908	Sirius Xm Holdings	0.02	2,802	Union Pacific	0.45
2,847	People's United Financial	0.04	924	Skyworks Solutions	0.10	1,641	United Airlines Holdings	0.13
7,306	Pepsico	0.89	516	Sl Green Realty	0.04	2,896	United Parcel Service	0.30
619	Perkinelmer	0.05	1,648	Snap	0.02	856	United Rentals	0.13
23,147	Pfizer	0.81	445	Snap-On	0.07	3,946	United Technologies	0.53
901	Pinnacle West Capital	0.07	5,445	Southern	0.31	4,502	Unitedhealth Group	1.18
426	Pinterest	0.01	2,668	Southwest Airlines	0.13	757	Universal Health Services	0.10
2,030	PNC Financial Services Group	0.29	861	Spirit Aerosystems Holdings	0.06	2,626	Unum Group	0.07
1,039	PPG Industries	0.12	144	Splunk	0.02	9,322	Urban Edge Properties	0.16
1,629	Prival Financial Group	0.08	427	Square	0.02	6,145	US Ban	0.32
11,938	Procter & Gamble	1.33	1,743	SS&C Technologies Holdings	0.10	501	Varian Medical Systems	0.06
3,170	Progressive	0.20	5,578	Stag Industrial	0.16	198	Veeva Systems	0.02
16,308	Prologis	1.29	694	Stanley Black & Decker	0.10	5,324	Ventas	0.27
2,282	Prudential Financial	0.19	5,722	Starbucks	0.45	4,454	Vereit	0.04
110	PTC	0.01	1,873	State Street	0.13	1,013	Verisign	0.17
2,899	Public Service Enterprise Group	0.15	2,200	Steel Dynamics	0.07	856	Verisk Analytics	0.11
2,184	Public Storage	0.41	7,564	Store Capital	0.25	19,997	Verizon Communications	1.09
2,788	Pultegroup	0.10	1,586	Stryker	0.30	1,165	Vertex Pharmaceuticals	0.23
790	PVH	0.07	358	Sun Communities	0.05	2,519	VF	0.22
1,241	Qorvo	0.13	174	Svb Financial Group	0.04	3,969	Viacomcbs	0.15
5,984	Qualcomm	0.47	5,978	Synchrony Financial	0.19	7,947	Visa	1.33
496	Quanta Services	0.02	1,154	Synopsys	0.14	250	Vmware	0.03
887	Ralph Lauren	0.09	4,330	Sysco	0.33	880	Vornado Realty Trust	0.05
805	Raymond James Financial	0.06	1,476	T Rowe Price Group	0.16	1,208	Voya Financial	0.07
5,678	Realty ome	0.37	559	Take-Two Interactive Software	0.06	732	Vulcan Materials	0.09
5,946	Regency Centers	0.33	4,503	Tapestry	0.11	149	Wabco Holdings	0.02
448	Regeneron Pharmaceuticals	0.15	3,506	Target	0.40	5,417	Walgreens Boots Alliance	0.28
6,116	Regions Financial	0.09	586	TD Ameritrade Holding	0.03	8,182	Walmart	0.87
273	Reinsurance Group Of America	0.04	144	Teledyne Technologies	0.04	18,156	Walt Disney	2.34
1,354	Republic Services	0.11	255	Teleflex	0.09	2,153	Waste Management	0.22
869	Resmed	0.12	1,188	Teradyne	0.07	716	Waters	0.15
654	Ringcentral	0.10	5,273	Texas Instruments	0.60	1,285	Wayfair	0.10
15,166	RLJ Lodging Trust	0.24	1,793	Thermo Fisher Scientific	0.52	1,868	Wec Energy Group	0.15
2,665	Robert Half International	0.15	716	Tiffany & Co	0.09	368	Wellcare Health Plans	0.11
796	Rockwell Automation	0.14	6,348	TJX	0.34	59,300	Wells Fargo	2.84
577	Roku	0.07	1,718	T-Mobile Us	0.12	7,838	Welltower	0.57
2,810	Rollins	0.08	1,236	Tractor Supply	0.10	279	West Pharmaceutical Services	0.04
475	Roper Technologies	0.15	248	Transdigm Group	0.12	1,263	Western Digital	0.07
2,519	Ross Stores	0.26	178	Transunion	0.01	5,863	Western Union	0.14
496	Rpm International	0.03	1,285	Travelers	0.16	1,416	Westinghouse Air Brake Technologies	0.10
2,207	Ryman Hospitality Properties	0.17	471	Trimble	0.02			

United States (continued)		
Holding	Security Description	Value €m
462	Westlake Chemical	0.03
2,771	Westrock	0.11
3,205	Weyerhaeuser	0.09
367	Whirlpool	0.05
45,501	Williams	0.96
233	Workday	0.03
2,410	WP Carey	0.17
1,294	WR Berkley	0.08
553	WW Grainger	0.17
346	Wynn Resorts	0.04
3,115	Xcel Energy	0.18
834	Xerox Holdings	0.03
1,373	Xilinx	0.12
649	Xpo Logistics	0.05
835	Xylem /Ny	0.06
2,686	Yum! Brands	0.24
349	Zayo Group Holdings	0.01
343	Zebra Technologies	0.08
974	Zimmer Biomet Holdings	0.13
908	Zions Ban	0.04
2,503	Zoetis	0.29
		<b>171.88</b>
	<b>% of Total Investments</b>	<b>1.14%</b>
	<b>Total North American Quoted Equities</b>	<b>180.09</b>
	<b>% of Total Investments</b>	<b>1.20%</b>

## ASIA PACIFIC

Australia		
Holding	Security Description	Value €m
1,367	AGL Energy	0.02
3,411	APA Group	0.02
542	Aristocrat Leisure	0.01
779	ASX	0.04
9,796	Aurizon Holdings	0.03
19,781	Ausnet Services	0.02
4,218	Australia & New Zealand Banking	0.06
6,714	Bendigo & Adelaide Bank	0.04
7,761	Bluescope Steel	0.07
2,759	Brambles	0.02
95,905	Centuria Industrial Reit	0.20
1,489	Cimic Group	0.03
1,534	Coca-Cola Amatil	0.01
607	Cochlear	0.09
9,224	Coles Group	0.09
1,507	Commonwealth Bank Of Australia	0.08
410	CSL	0.07
3,246	Dexus	0.02
2,731	Flight Centre Travel Group	0.08
6,526	Fortescue Metals Group	0.04
63,870	Goodman Group	0.53
5,706	GPT Group	0.02
8,527	Harvey Norman Holdings	0.02

Australia (continued)		
Holding	Security Description	Value €m
-	Incitec Pivot	0.00
5,320	Insurance Australia Group	0.03
645	Lendlease Group	0.01
318	Macquarie Group	0.03
2,229	Magellan Financial Group	0.08
5,058	Medibank Pvt	0.01
224,266	Mirvac Group	0.45
3,250	National Australia Bank	0.05
1,505	Newcrest Mining	0.03
1,368	Orica	0.02
268,837	Prime Infra Grp-Prime Aetdholdings	0.00
3,436	QBE Insurance Group	0.03
368	Ramsay Health Care	0.02
558	Rea Group	0.04
4,845	Scentre Group	0.01
989	Seek	0.01
1,585	Sonic Healthcare	0.03
110,922	Spark Infrastructure Group	0.14
6,698	Stockland	0.02
4,237	Suncorp Group	0.03
4,484	Sydney Airport	0.02
5,397	Tabcorp Holdings	0.02
8,476	Telstra Corp	0.02
108,841	Transurban Group	1.01
960	Treasury Wine Estates	0.01
6,610	Vicinity Centres	0.01
3,274	Wesfarmers	0.08
3,546	Westpac Banking Corp	0.05
5,649	Woolworths Group	0.13
		<b>4.01</b>
	<b>% of Total Investments</b>	<b>0.03%</b>

Hong Kong		
Holding	Security Description	Value €m
9,067	Aia Group	0.08
928	ASM Pacific Technology	0.01
5,058	Bank of East Asia	0.01
512,000	Beijing Enterprises Water Group	0.23
17,418	Boc Hong Kong Holdings	0.05
30,200	China Gas Holdings	0.10
99,500	CK Asset Holdings	0.64
6,133	CK Hutchison Holdings	0.05
2,149	CK Infrastructure Holdings	0.01
9,136	Dairy Farm International Holdings	0.05
863,100	Hanergy Thin Film Power Group	0.36
6,844	Hang Lung Properties	0.01
715	Hang Seng Bank	0.01
3,067	Henderson Land Development Co	0.01
21,185	HKT Trust & HKT	0.03
349,452	Hong Kong & China Gas Co	0.61
1,031	Hong Kong Exchanges & Clearing	0.03
404	Jardine Matheson Holdings	0.02

Hong Kong (continued)		
Holding	Security Description	Value €m
1,231	Jardine Strategic Holdings	0.03
60,340	Link Reit	0.57
3,788	MTR Corp	0.02
44,841	PCCW	0.02
14,745	Sino Land Co	0.02
29,500	Sun Hung Kai Properties	0.40
3,147	Swire Pacific	0.03
3,941	Techtronic Industries Co	0.03
31,061	Vitasoy International Holdings	0.10
11,028	WH Group	0.01
8,639	Wheelock & Co	0.05
		<b>3.61</b>
	<b>% of Total Investments</b>	<b>0.02%</b>

Japan		
Holding	Security Description	Value €m
153	ABC-Mart	0.01
55	Activia Properties	0.24
1,008	Advantest	0.05
1,895	Aeon	0.04
838	Aeon Mall	0.01
1,534	Ajinomoto	0.02
1,096	Alps Alpine	0.02
663	Ana Holdings	0.02
471	Aozora Bank	0.01
793	Asahi Group Holdings	0.03
777	Asahi Intecc	0.02
4,508	Astellas Pharma	0.07
705	Bandai Nam Holdings	0.04
799	Benesse Holdings	0.02
520	Bridgestone rp	0.02
1,615	Brother Industries	0.03
1,608	Calbee	0.05
804	Canon	0.02
482	Casio Computer	0.01
279	Central Japan Railway	0.05
330	Chugai Pharmaceutical	0.03
889	ca-la Bottlers Japan Holding	0.02
537	Credit Saison	0.01
1,985	Cyberagent	0.06
758	Dai Nippon Printing	0.02
1,647	Dai-ichi Life Holdings	0.02
422	Daiichi Sankyo	0.03
229	Daikin Industries	0.03
18	Daiwa House Reit Investment	0.04
302	Denso rp	0.01
39	DIS rp	0.01
241	East Japan Railway	0.02
298	Eisai	0.02
158	Fast Retailing	0.08
1,035	Fujifilm Holdings rp	0.04
335	Fujitsu	0.03
616	Fukuoka Financial Group	0.01

## Portfolio of Investments – ISIF

### QUOTED EQUITIES (CONTINUED)

Japan (continued)			Japan (continued)			Japan (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
223	GLP J-Reit	0.25	570	Mcdonald's Holdings Japan	0.02	3,172	Persol Holdings	0.05
138	GMO Payment Gateway	0.01	6,923	Mebuki Financial Group	0.02	1,049	Pigeon rp	0.03
1,481	Hakuhodo Dy Holdings	0.02	624	Medipal Holdings rp	0.01	3,599	Pola Orbis Holdings	0.08
1,273	Hankyu Hanshin Holdings	0.05	412	Meiji Holdings	0.02	3,081	Rakuten	0.02
61	Hikari Tsushin	0.01	1,621	Misumi Group	0.04	3,228	Recruit Holdings	0.11
123	Hirose Electric	0.01	4,153	Mitsubishi Chemical Holdings	0.03	4,915	Renesas Electronics rp	0.03
857	Hitachi Chemical	0.03	2,302	Mitsubishi rp	0.05	6,701	Resona Holdings	0.03
317	Hitachi High-Technologies rp	0.02	39,212	Mitsubishi Estate	0.67	878	RIH	0.01
1,671	Hitachi	0.06	549	Mitsubishi Gas Chemical	0.01	3,404	Ryohin Keikaku	0.07
2,806	Honda Motor	0.07	473	Mitsubishi Heavy Industries Lt	0.02	247	Sankei Real Estate	0.26
141	Hoshizaki rp	0.01	1,239	Mitsubishi Materials rp	0.03	412	Sankyo	0.01
18,015	Hoya rp	1.54	13,465	Mitsubishi Ufj Financial Group	0.07	275	Sem	0.02
1,760	Hulic	0.02	3,236	Mitsubishi Ufj Lease & Finance	0.02	736	Seibu Holdings	0.01
872	Iida Group Holdings	0.01	3,124	Mitsui &	0.05	651	Seiko Epson rp	0.01
743	Invible Investment rp	0.38	856	Mitsui Chemicals	0.02	688	Sekisui Chemical	0.01
2,885	Isuzu Motors	0.03	631	Mitsui Fudosan	0.01	4,429	Sekisui House	0.08
3,651	Itochu rp	0.08	83	Mitsui Fudosan Logistics Park	0.33	1,363	Seven & I Holdings	0.04
562	Itochu Techno-Solutions rp	0.01	19,944	Mizuho Financial Group	0.03	267	Shin-Etsu Chemical	0.03
3,020	J Front Retailing	0.04	2,230	Monotaro	0.05	773	Shinsei Bank	0.01
558	Japan Airlines	0.02	1,297	Ms&Ad Insurance Group Holdings	0.04	218	Shionogi &	0.01
714	Japan Exchange Group	0.01	146	Murata Manufacturing	0.01	1,361	Shiseido	0.09
2,333	Japan Post Bank	0.02	892	Nagoya Railroad	0.02	988	Showa Denko Kk	0.02
5,761	Japan Post Holdings	0.05	1,983	Nexon	0.02	35	Smc rp/Japan	0.01
994	Japan Post Insurance	0.02	919	Nh Foods	0.03	847	Softbank rp	0.01
11	Japan Prime Realty Investment	0.04	10,800	Nidec rp	1.33	307	Sohgo Security Services	0.01
8	Japan Real Estate Investment	0.05	54	Nintendo	0.02	239	Sompo Holdings	0.01
240	Japan Rental Housing Investment	0.21	7	Nippon Building Fund	0.05	1,091	Sony rp	0.07
18	Japan Retail Fund Investment	0.03	556	Nippon Paint Holdings	0.03	546	Sony Financial Holdings	0.01
2,306	JGC Holdings rp	0.03	21	Nippon Prologis Reit	0.05	171	Square Enix Holdings	0.01
3,833	Kakaku.m	0.09	92	Nippon Shinyaku	0.01	737	Stanley Electric	0.02
2,879	Kamigumi	0.06	981	Nippon Steel rp	0.01	636	Subaru rp	0.01
657	Kansai Paint	0.01	7,236	Nippon Telegraph & Telephone	0.16	3,390	Sumitomo rp	0.05
338	Kao rp	0.03	2,064	Nissan Motor	0.01	4,025	Sumitomo Dainippon Pharma	0.07
4,465	Kddi rp	0.12	297	Nitori Holdings	0.04	3,951	Sumitomo Electric Industries	0.05
334	Keihan Holdings	0.01	3,732	Nomura Real Estate Holdings	0.08	1,767	Sumitomo Mitsui Financial Group	0.06
715	Keikyu rp	0.01	32	Nomura Real Estate Master Fund	0.05	920	Sumitomo Mitsui Trust Holdings	0.03
230	Keio rp	0.01	634	Nomura Research Institute	0.01	17,121	Sumitomo Realty & Development	0.54
545	Keisei Electric Railway	0.02	3,048	NTT Data rp	0.04	2,228	Sumitomo Rubber Industries	0.02
3,339	Keyence rp	1.05	4,896	NTT Domo	0.12	1,289	Sundrug	0.04
426	Kikkoman rp	0.02	2,740	Obayashi rp	0.03	1,059	Suntory Beverage & Food	0.04
630	Kintetsu Group Holdings	0.03	108	OBIC	0.01	206	Suzuken /Aichi Japan	0.01
103	Kobayashi Pharmaceutical Lt	0.01	675	Odakyu Electric Railway	0.01	316	Systemex rp	0.02
491	Kose rp	0.06	4,637	Oji Holdings rp	0.02	546	Taiheiyu Cement rp	0.01
241	Kyocera rp	0.01	5,585	Olympus rp	0.08	373	Taiyo Nippon Sanso rp	0.01
4,800	Kyoritsu Maintenance	0.20	287	Omron rp	0.02	344	Takeda Pharmaceutical	0.01
427	Kyowa Kirin	0.01	407	Ono Pharmaceutical	0.01	1,355	Teijin	0.02
1,448	Kyushu Electric Power	0.01	129	Oracle rp Japan	0.01	475	Terumo rp	0.02
434	Kyushu Railway	0.01	386	Oriental Land /Japan	0.05	690	Tobu Railway	0.02
529	Lawson	0.03	2,524	ORIX rp	0.04	557	Toho /Tokyo	0.02
1,011	Lion rp	0.02	21	ORIX JREIT	0.04	397	Toho Gas	0.01
2,656	Lixil Group rp	0.04	2,036	Osaka Gas	0.03	1,157	Tohoku Electric Power	0.01
493	M3	0.01	1,102	Otsuka Holdings	0.04	632	Tokio Marine Holdings	0.03
6,226	Marubeni rp	0.04				116	Tokyo Electron	0.02

Japan (continued)		
Holding	Security Description	Value €m
2,042	Tokyo Gas	0.04
861	Tokyu rp	0.01
799	Toppa Printing	0.01
195	Toto	0.01
480	Toyo Suisan Kaisha	0.02
1,945	Toyoda Gosei	0.04
225	Toyota Industries rp	0.01
1,654	Toyota Motor rp	0.10
1,083	Toyota Tsusho rp	0.03
155	Trend Micro /Japan	0.01
464	Tsuruha Holdings	0.05
26	United Urban Investment rp	0.04
1,208	Welcia Holdings	0.07
395	West Japan Railway	0.03
10,321	Yamada Denki	0.05
2,908	Yamazaki Baking	0.05
1,624	Yokohama Rubber	0.03
5,156	Z Holdings rp	0.02
3,704	Zozo	0.06
		<b>13.39</b>
	<b>% of Total Investments</b>	<b>0.09%</b>

New Zealand		
Holding	Security Description	Value €m
4,923	Auckland International Airport	0.03
1,643	Fisher & Paykel Healthcare Corp	0.02
8,369	Mercury Nz	0.03
10,291	Meridian Energy	0.03
1,838	Ryman Healthcare	0.02
6,416	Spark New Zealand	0.02
		<b>0.14</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Singapore		
Holding	Security Description	Value €m
57,988	Ascendas Real Estate Investmen	0.11
20,152	Capitaland Commercial Trust	0.03
176,081	Capitaland	0.44
87,724	Capitaland Mall Trust	0.14
1,506	City Developments	0.01
3,680	DBS Group Holdings	0.06
1,933	Jardine Cycle & Carriage	0.04
14,478	Mapletree Commercial Trust	0.02
9,178	Oversea-Chinese Banking Corp	0.07
17,269	Singapore Exchange	0.10
9,126	Singapore Technologies Engineering	0.02
12,666	Singapore Telecommunications	0.03
12,884	Suntec Real Estate Investment	0.02
3,549	United Overseas Bank	0.06
7,061	UOL Group	0.04
31,523	Wilmar International	0.09
		<b>1.28</b>
	<b>% of Total Investments</b>	<b>0.01%</b>
	<b>Total Asia Pacific Quoted Equities</b>	<b>22.43</b>
	<b>% of Total Investments</b>	<b>0.15%</b>

EMERGING MARKETS		
Bermuda		
Holding	Security Description	Value €m
1,467	Arch Capital Group	0.06
1,427	Athene Holding	0.06
382	Bunge	0.02
303	Everest Re Group	0.07
2,107	IHS Markit	0.14
3,166	Invesco	0.05
1,215	Marvell Technology Group	0.03
3,152	Norwegian Cruise Line Holdings	0.16
308	Renaissancere Holdings	0.05
		<b>0.65</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

British Virgin Islands		
Holding	Security Description	Value €m
1,465	Capri Holdings	0.05
		<b>0.05</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Chile		
Holding	Security Description	Value €m
1,037	Antofagasta	0.01
		<b>0.01</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

China		
Holding	Security Description	Value €m
286,000	China Hongxing Sports	0.02
262,000	China Milk Products Group	0.00
1,396,000	China Tower Corp hk/00788	0.27
31,900	Enn Energy Holdings hk/02688	0.31
22,396	Yangzijiang Shipbuilding Holdings	0.02
		<b>0.62</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Curacao		
Holding	Security Description	Value €m
5,414	Schlumberger	0.19
		<b>0.19</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Israel		
Holding	Security Description	Value €m
458	Azrieli Group	0.03
2,564	Bank Hapoalim Bm	0.02
2,628	Bank Leumi Le-Israel Bm	0.02
113	Check Point Software Technologies	0.01
183	Cyberark Software	0.02
5,331	Israel Discount Bank	0.02
1,361	Mizrahi Tefahot Bank	0.03
133	Nice	0.02
9,528	Teva Pharmaceutical Industriesadr	0.08
70	Wix.Com	0.01
		<b>0.26</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Liberia		
Holding	Security Description	Value €m
717	Royal Caribbean Cruises	0.09
		<b>0.09</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Macau		
Holding	Security Description	Value €m
16,343	Wynn Macau Ltd/01128	0.04
		<b>0.04</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Panama		
Holding	Security Description	Value €m
1,414	Carnival	0.06
		<b>0.06</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

South Korea		
Holding	Security Description	Value €m
3,227	Forhuman Co Krw500	0.00
		<b>0.00</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Taiwan		
Holding	Security Description	Value €m
33,271	Taiwan Semiconductor Manufacture	1.72
		<b>1.72</b>
	<b>% of Total Investments</b>	<b>0.01%</b>
	<b>Total Emerging Markets Quoted Equities</b>	<b>3.69</b>
	<b>% of Total Investments</b>	<b>0.02%</b>
	<b>Total Quoted Securities - Equities</b>	<b>610.02</b>
	<b>% of Total Investments</b>	<b>4.06%</b>









## Portfolio of Investments – ISIF

### QUOTED DEBT INSTRUMENTS (CONTINUED)

Italy (continued)			Jersey Channel Islands (continued)			Netherlands		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
290,000	FCA Bank Spa/Ireland Regs0.250% 10/12/2020	0.29	4,600,000	Swiss Re Finance Jersey L Regs1.375% 05/27/2023	4.79	1,576,000	ABN AMRO Bank Nv Regs0.250% 12/03/2021	1.59
100,000	FCA Bank Spa/Ireland Regs1.000% 02/21/2022	0.10			<b>19.75</b>	450,000	ABN AMRO Bank Nv Regs0.500% 07/17/2023	0.46
450,000	FCA Bank Spa/Ireland Regs1.250% 06/21/2022	0.46		<b>% of Total Investments</b>	<b>0.13%</b>	240,000	ABN AMRO Bank Nv Regs0.625% 05/31/2022	0.24
225,000	Intesa Sanpaolo Spa Regs0.750% 12/04/2024	0.23	<b>Luxembourg</b>			1,090,000	ABN AMRO Bank Nv Regs0.875% 01/15/2024	1.12
832,000	Intesa Sanpaolo Spa Regs0.875% 06/27/2022	0.85	<b>Nominal</b>	<b>Security Description</b>	<b>Value €m</b>	269,000	ABN AMRO Bank Nv Regs5.000% 02/09/2022	0.30
510,000	Intesa Sanpaolo Spa Regs1.000% 07/04/2024	0.52	6,400,000	Ado Properties Sa Regs1.500% 07/26/2024	6.32	5,310,000	ABN AMRO Bank Nv Regsvar Rt 06/30/2025	5.38
625,000	Intesa Sanpaolo Spa Regs1.000% 11/19/2026	0.62	858,000	Allergan Funding Scs0.500% 06/01/2021	0.86	7,000,000	Airbus Finance Bv Regs2.375% 04/02/2024	7.64
1,200,000	Intesa Sanpaolo Spa Regs1.375% 01/18/2024	1.24	4,665,000	Allergan Funding Scs3.000% 03/12/2020 Dd 03/12/15	4.16	694,034	Atotech 1/17 Cov-Lite Tlb1	0.62
310,000	Intesa Sanpaolo Spa Regsvar Rt 12/31/2049	0.33	565,000	Arcelormittal Sa Regs2.875% 07/06/2020	0.57	400,000	Bayer Capital Corp Bv Regs0.625% 12/15/2022	0.41
2,063,768	Italy Buoni Poliennali De 144A1.300% 05/15/2028	2.21	1,725,000	Arcelormittal Savar Rt 02/25/2022 Dd 02/28/12	1.66	4,500,000	Bayer Capital Corp Bv Regs1.500% 06/26/2026	4.76
243,452	Italy Buoni Poliennali De 144A1.650% 04/23/2020	0.25	2,700,000	Aroundtown Sa Regs2.125% 03/13/2023	2.86	600,000	Bayer Capital Corp Bv Regsvar Rt 06/26/2022	0.60
317,000	Italy Buoni Poliennali De 144A2.950% 09/01/2038	0.36	750,000	Cirsa Finance Internation Regs6.250% 12/20/2023	0.79	430,000	BMW Finance Nv Regs0.000% 03/24/2023	0.43
68,000	Italy Buoni Poliennali De 144A3.350% 03/01/2035	0.08	6,000,000	Dh Europe Finance Sarl1.200% 06/30/2027	6.32	1,135,000	BMW Finance Nv Regs0.500% 11/22/2022	1.15
291,000	Italy Buoni Poliennali De 144A4.500% 03/01/2026	0.35	1,000,000	Dh Europe Finance Sarl1.700% 01/04/2022	1.04	5,125,000	BMW Finance Nv Regs0.625% 10/06/2023	5.22
855,000	Italy Buoni Poliennali De Regs0.450% 06/01/2021	0.86	2,318,000	European Financial Stabil Regs0.000% 04/19/2024	2.34	600,000	BMW Finance Nv Regs1.000% 01/21/2025	0.62
201,000	Italy Buoni Poliennali De Regs2.450% 10/01/2023	0.22	269,000	Heidelbergcement Finance Regs1.500% 06/14/2027	0.28	4,450,000	BMW Finance Nv Regs2.375% 01/24/2023	4.77
2,123,000	Italy Buoni Poliennali Del Tes0.700% 05/01/2020	2.13	500,000	Heidelbergcement Finance Regs1.625% 04/07/2026	0.53	5,908,000	Bunge Finance Europe Bv1.850% 06/16/2023	6.11
289,000	Italy Buoni Poliennali Del Tes1.350% 04/15/2022	0.30	1,200,000	Heidelbergcement Finance Regs3.250% 10/21/2020	1.23	6,050,000	Cooperatieve Rabobank Ua Regs4.875% 01/10/2023	7.91
171,000	Mediobanca Banca Di Credi Regs0.750% 02/17/2020	0.17	1,000,000	Holcim Finance Luxembourg Regs1.375% 05/26/2023	1.04	400,000	Cooperatieve Rabobank Ua Regsvar Rt 05/26/2026	0.41
470,000	Mediobanca Banca Di Credi Regs1.625% 01/07/2025	0.49	200,000	Holcim Finance Luxembourg Regs3.000% 01/22/2024	0.22	400,000	CRH Funding Bv Regs1.875% 01/09/2024	0.43
425,000	Snam Spa Regs1.250% 08/28/2025	0.44	935,000	Intelsat Jackson Holdings 144A8.000% 02/15/2024 Dd 03/29/16	0.85	2,250,000	Daimler International Fin Regs0.200% 09/13/2021	2.26
395,000	Unicredit Spa Regs6.572% 01/14/2022	0.38	5,431,000	John Deere Cash Managemen Regs0.500% 09/15/2023	5.53	4,300,000	Daimler International Fin Regs0.250% 08/09/2021	4.32
400,000	Unicredit Spa Regs6.950% 10/31/2022	0.47	3,050,000	Logicor Financing Sarl Regs1.500% 11/14/2022	3.15	1,400,000	Daimler International Fin Regs0.625% 02/27/2023	1.42
350,000	Unicredit Spa Regsvar Rt 02/20/2029	0.39	150,000	Medtronic Global Holdings Sca0.000% 03/07/2021	0.15	350,000	Daimler International Fin Regs0.625% 05/06/2027	0.35
300,000	Unicredit Spa Regsvar Rt 06/25/2025	0.31	470,000	Medtronic Global Holdings Sca0.000% 12/02/2022	0.47	1,260,000	Daimler International Fin Regs1.375% 06/26/2026	1.32
475,000	Unicredit Spa Regsvar Rt 09/23/2029	0.47	200,000	Medtronic Global Holdings Sca0.250% 07/02/2025	0.20	200,000	De Volksbank Nv Regs0.010% 09/16/2024	0.20
1,538,000	Unicredit Spa Regsvar Rt 10/28/2025	1.60	536,000	Medtronic Global Holdings Sca0.375% 03/07/2023	0.54	324,000	De Volksbank Nv Regs0.125% 09/28/2020	0.32
		<b>25.49</b>	150,000	Medtronic Global Holdings Sca1.125% 03/07/2027	0.16	1,300,000	De Volksbank Nv Regs0.750% 06/25/2023	1.33
	<b>% of Total Investments</b>	<b>0.17%</b>	3,500,000	Novartis Finance Sa Regs0.500% 08/14/2023	3.57	1,100,000	De Volksbank Nv Regsvar Rt 11/05/2025	1.13
<b>Jersey Channel Islands</b>			1,000,000	Richemont International H Regs1.000% 03/26/2026	1.04	243,000	Deutsche Telekom Internat Regs0.625% 12/01/2022	0.25
<b>Nominal</b>	<b>Security Description</b>	<b>Value €m</b>	5,634,000	SES SA 144A3.600% 04/04/2023 Dd 04/04/13	5.12	1,400,000	Deutsche Telekom Internat Regs0.625% 12/13/2024	1.43
2,770,000	Glencore Finance Europe L Regs3.375% 09/30/2020	2.84	350,000	SES SA Regs0.875% 11/04/2027	0.34	1,250,000	Deutsche Telekom Internat Regs1.375% 12/01/2025	1.32
4,700,000	Glencore Finance Europe L Regsstep 04/03/2022	6.07	690,000	SES SA Regsvar Rt 12/31/2049	0.73	2,580,000	EDP Finance Bv 144A4.125% 01/15/2020	2.29
5,800,000	Heathrow Funding Ltd Regs1.875% 05/23/2024	6.06			<b>52.09</b>			
				<b>% of Total Investments</b>	<b>0.35%</b>			

Netherlands (continued)			Netherlands (continued)			Spain (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
300,000	EDP Finance Bv Regs1.125% 02/12/2024	0.31	465,000	Teva Pharmaceutical Finance Ne6.000% 04/15/2024 Dd 03/14/18	0.42	1,500,000	Amadeus It Group Sa Regs0.875% 09/18/2023	1.54
595,000	EDP Finance Bv Regs2.625% 01/18/2022	0.63	600,000	Toyota Motor Finance Neth Regs0.250% 01/10/2022	0.61	733,000	Autonomous Community Of M Regs0.747% 04/30/2022	0.75
1,772,000	EDP Finance Bv Regs8.625% 01/04/2024	2.64	1,508,000	Unilever Nv Regs0.375% 02/14/2023	1.53	500,000	Banco Bilbao Vizcaya Arge Regs0.375% 11/15/2026	0.50
1,075,000	Enel Finance Internationa Regs1.500% 07/21/2025	1.14	675,000	Unilever Nv Regs0.500% 01/06/2025	0.69	400,000	Banco Bilbao Vizcaya Arge Regs0.625% 01/17/2022	0.41
405,000	Ferrari Nv Regs0.250% 01/16/2021	0.41	2,430,000	Unilever Nv Regs1.750% 08/05/2020	2.46	4,800,000	Banco Bilbao Vizcaya Arge Regs0.750% 09/11/2022	4.88
900,000	Fiat Chrysler Automobiles Regs3.750% 03/29/2024	1.02	2,600,000	Volkswagen International Regs1.125% 10/02/2023	2.67	1,300,000	Banco De Sabadell Sa Regs0.875% 03/05/2023	1.32
131,000	Geberit International Bv Regs0.688% 03/30/2021	0.13	100,000	Volkswagen International Regsvar Rt 12/31/2049	0.10	700,000	Banco De Sabadell Sa Regs0.875% 07/22/2025	0.70
384,000	Heineken Nv Regs3.500% 03/19/2024	0.44	100,000	Vonovia Finance Bv Regs0.125% 04/06/2023	0.10	700,000	Banco De Sabadell Sa Regs1.625% 03/07/2024	0.73
400,000	ING Bank Nv Regs0.000% 04/08/2022	0.40	3,050,000	Vonovia Finance Bv Regs0.875% 03/30/2020	3.06	400,000	Banco De Sabadell Sa Regsvar Rt 12/31/2049	0.42
1,653,000	ING Bank Nv Regs0.700% 04/16/2020	1.66			<b>124.81</b>	5,400,000	Banco Santander Sa3.125% 02/23/2023 Dd 10/23/17	4.91
390,000	ING Bank Nv Regs4.500% 02/21/2022	0.43		<b>% of Total Investments</b>	<b>0.83%</b>	800,000	Bankia Sa Regs0.750% 07/09/2026	0.80
6,400,000	ING Groep Nv Regs1.000% 09/20/2023	6.58				200,000	Bankia Sa Regs0.875% 03/25/2024	0.20
1,500,000	ING Groep Nv Regsvar Rt 02/15/2029	1.60				200,000	Bankia Sa Regs1.125% 08/05/2022	0.21
600,000	ING Groep Nv Regsvar Rt 09/03/2025	0.59				400,000	Bankia Sa Regs1.125% 11/12/2026	0.40
1,700,000	Jab Holdings Bv Regs1.250% 05/22/2024	1.77				600,000	Bankia Sa Regsvar Rt 02/15/2029	0.65
5,700,000	Jab Holdings Bv Regs2.125% 09/16/2022	6.01				800,000	Bankia Sa Regsvar Rt 03/15/2027	0.84
1,400,000	Mylan Nv Regs1.250% 11/23/2020	1.41				700,000	Bankinter Sa Regs0.625% 10/09/2020	0.70
1,500,000	Mylan Nv3.150% 06/15/2021 Dd 12/15/16	1.35			<b>1.80</b>	1,400,000	Bankinter Sa Regsvar Rt 04/06/2027	1.46
300,000	Nationale-Nederlanden Ban Regs0.125% 09/24/2029	0.29		<b>% of Total Investments</b>	<b>0.01%</b>	3,600,000	Caixabank Sa Regs1.125% 01/12/2023	3.68
137,000	NN Group Nv Regs0.250% 06/01/2020	0.14				700,000	Caixabank Sa Regs1.125% 03/27/2026	0.72
900,000	OCI NV 144A6.625% 04/15/2023 Dd 04/26/18	0.84				1,200,000	Caixabank Sa Regs1.125% 05/17/2024	1.24
515,000	Paccar Financial Europe B Regs0.125% 05/19/2020	0.52				300,000	Caixabank Sa Regs2.375% 02/01/2024	0.32
457,000	Relx Finance Bv Regs0.375% 03/22/2021	0.46				1,300,000	Caixabank Sa Regsvar Rt 02/15/2027	1.37
4,500,000	Relx Finance Bv Regs1.000% 03/22/2024	4.65				5,900,000	FCC Aqualia Sa Regs1.413% 06/08/2022	6.03
1,150,000	Ren Finance Bv Regs1.750% 06/01/2023	1.21				600,000	Fondo De Titulacion Del Regs0.031% 06/17/2020	0.60
165,000	Schaeffler Finance Bv Regs3.250% 05/15/2025	0.17				500,000	Iberdrola Finanzas Sa Regs1.250% 10/28/2026	0.53
240,000	Siemens Financieringsmaat Regs0.000% 09/05/2021	0.24				4,582,000	Nortegas Energia Distribu Regs0.918% 09/28/2022	4.66
4,345,000	Siemens Financieringsmaat Regs0.375% 09/06/2023	4.41				1,200,000	Nortegas Energia Distribu Regs2.065% 09/28/2027	1.28
1,207,000	Syngenta Finance Nv 144A4.441% 04/24/2023 Dd 04/24/18	1.12			<b>9.66</b>	3,800,000	Red Electrica Financiaco Regs1.125% 04/24/2025	3.98
100,000	Telefonica Europe Bv Regsvar Rt 12/31/2049	0.10		<b>% of Total Investments</b>	<b>0.06%</b>	400,000	Santander Consumer Financ Regs0.375% 06/27/2024	0.40
300,000	Telefonica Europe Bv Regsvar Rt 12/31/2049	0.31				200,000	Santander Consumer Financ Regs0.500% 10/04/2021	0.20
1,900,000	Teva Pharmaceutical Finance Ne2.800% 07/21/2023	1.57				800,000	Santander Consumer Financ Regs1.000% 02/27/2024	0.82
500,000	Teva Pharmaceutical Finance Ne3.250% 04/15/2022	0.50				3,000,000	Santander Consumer Financ Regs1.125% 10/09/2023	3.10
						553,000	Spain Government Bond 144A2.700% 10/31/2048	0.73

## Portfolio of Investments – ISIF

### QUOTED DEBT INSTRUMENTS (CONTINUED)

Spain (continued)			Switzerland (continued)			United Kingdom (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
164,000	Spain Government Bond 144A4.400% 10/31/2023	0.19	326,000	USB AG/London Regsvar Rt 04/23/2021	0.33	763,000	HSBC Holdings Plc Regsvar Rt 09/27/2022	0.77
806,000	Spain Government Bond 144A5.850% 01/31/2022	0.91	18,780,000	UBS Group Ag 144A2.950% 09/24/2020 Dd 09/24/15	16.83	420,000	HSBC Holdings Plcvar Rt 05/18/2024 Dd 05/18/18	0.38
607,000	Spain Government Bond0.050% 01/31/2021	0.61			<b>26.90</b>	540,000	HSBC Holdings Plcvar Rt 06/27/2023	0.65
3,156,000	Spain Government Bond1.400% 01/31/2020	3.16		<b>% of Total Investments</b>	<b>0.18%</b>	200,000	Informa Plc Regs1.250% 04/22/2028	0.20
700,000	Telefonica Emisiones Sa Regs1.069% 02/05/2024	0.72		<b>United Kingdom</b>		6,600,000	Intercontinental Hotels G Regs3.875% 11/28/2022	8.32
600,000	Telefonica Emisiones Sa Regs1.477% 09/14/2021	0.62		<b>Nominal</b>	<b>Value €m</b>	1,750,000	Liberty Living Finance Pl Regs2.625% 11/28/2024	2.12
1,500,000	Telefonica Emisiones Sa Regs1.495% 09/11/2025	1.59	2,800,000	Anglian Water Services Fi Regs2.625% 06/15/2027	3.29	175,000	Lloyds Bank Plc Regs0.250% 03/25/2024	0.18
4,500,000	Telefonica Emisiones Sa Regs5.375% 02/02/2026	6.33	3,550,000	Anglian Water Services Fi Regs4.500% 02/22/2026	4.62	1,180,000	Lloyds Bank Plc Regs6.500% 03/24/2020	1.20
1,900,000	Telefonica Emisiones Sa Regs5.597% 03/12/2020	2.25	6,350,000	Annington Funding Plc Regs1.650% 07/12/2024	6.58	4,550,000	Lloyds Bank Plc Regs7.500% 04/15/2024	6.68
		<b>68.50</b>	700,000	Astrazeneca Plc2.375% 06/12/2022	0.63	1,100,000	Lloyds Bank Plc Regsvar Rt 07/09/2025	1.32
	<b>% of Total Investments</b>	<b>0.46%</b>	1,800,000	Aviva Plc Regsvar Rt 06/03/2041	2.26	2,342,000	Lloyds Bank Plc2.700% 08/17/2020	2.09
			1,377,000	Barclays Bank Plc 144A10.179% 06/12/2021 Dd 06/12/09	1.36	1,500,000	Lloyds Bank Plc6.375% 01/21/2021	1.40
			5,200,000	Barclays Plc Regs3.250% 02/12/2027	6.51	1,050,000	Lloyds Banking Group Plc Regs2.250% 10/16/2024	1.27
			5,180,000	Barclays Plc Regsvar Rt 11/11/2025	5.27	1,000,000	Lloyds Banking Group Plc3.100% 07/06/2021 Dd 07/06/16	0.90
			2,000,000	British Telecommunication Regs0.500% 06/23/2022	2.02	1,800,000	Marks & Spencer Plc Regs4.750% 06/12/2025	2.32
			1,487,000	British Telecommunication Regs0.625% 03/10/2021	1.50	217,000	Marks & Spencer Plc Regs6.125% 12/06/2021	0.28
			1,741,000	British Telecommunication Regs0.875% 09/26/2023	1.78	1,500,000	Mondi Finance Plc Regs1.500% 04/15/2024	1.56
			800,000	British Telecommunication Regs1.000% 11/21/2024	0.82	3,647,000	Motability Operations Gro Regs0.875% 03/14/2025	3.76
			5,700,000	British Telecommunication Regs1.500% 06/23/2027	5.92	600,000	Motability Operations Gro Regs1.625% 06/09/2023	0.63
			700,000	Bupa Finance Plc Regs5.000% 04/25/2023	0.90	5,751,000	National Express Group Pl Regs6.625% 06/17/2020	6.92
			400,000	Centrica Plc Regsvar Rt 04/10/2076	0.41	625,000	Natwest Markets Plc Regs1.125% 06/14/2023	0.64
			560,000	Channel Link Enterprises Regsvar Rt 06/30/2050	0.56	5,000,000	Next Group Plc Regs5.375% 10/26/2021	6.31
			125,000	Diageo Finance Plc Regs0.000% 11/17/2020	0.13	154,000	Pennon Group Plc Regsvar Rt 12/31/2049	0.18
			391,000	Diageo Finance Plc Regs0.125% 10/12/2023	0.39	267,000	Santander Uk Group Holdin Regs1.125% 09/08/2023	0.27
			358,000	Diageo Finance Plc Regs0.250% 10/22/2021	0.36	300,000	Santander Uk Group Holdin Regs3.625% 01/14/2026	0.38
			850,000	Diageo Finance Plc Regs1.000% 04/22/2025	0.89	4,000,000	Santander Uk Group Holdings Pl2.875% 08/05/2021 Dd 08/05/16	3.59
			650,000	Eg Global Finance Plc Regs3.625% 02/07/2024	0.65	1,721,000	Santander Uk Plc 144A5.000% 11/07/2023 Dd 11/07/13	1.65
			2,200,000	G4S International Finance Regs1.875% 05/24/2025	2.26	808,000	Santander Uk Plc Regs0.250% 04/21/2022	0.82
			495,000	Glaxosmithkline Capital P Regs0.000% 09/23/2023	0.49	802,000	Santander Uk Plc Regs0.875% 01/13/2020	0.80
			600,000	Glaxosmithkline Capital P Regs1.250% 05/21/2026	0.64	175,000	Santander Uk Plc0.100% 05/12/2024	0.18
			6,000,000	Great Rolling Stock Co Lt Regs6.250% 07/27/2020	7.24	2,948,000	Severn Trent Utilities Fi Regs1.625% 12/04/2022	3.51
			2,800,000	Hammerson Plc Regs1.750% 03/15/2023	2.89	5,307,000	Sky Ltd Regs1.500% 09/15/2021	5.45
			3,179,000	Hammerson Plc6.000% 02/23/2026	4.32	754,000	Sky Ltd Regs1.875% 11/24/2023	0.80
			5,500,000	HSBC Holdings Plc Regs6.500% 05/20/2024	7.80	2,700,000	Sky Ltd Regs2.250% 11/17/2025	3.00





## Portfolio of Investments – ISIF

### QUOTED DEBT INSTRUMENTS (CONTINUED)

United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
275,000	Chubb Ina Holdings Inc0.300% 12/15/2024	0.27	789,000	Dell International Llc / 144A5.450% 06/15/2023 Dd 06/01/16	0.76	1,000,000	Fresenius Medical Care Us 144A5.750% 02/15/2021 Dd 02/03/11	0.92
1,101,000	Cinemark Usa Inc4.875% 06/01/2023 Dd 05/24/13	1.00	2,912,000	Dell International Llc / 144A5.875% 06/15/2021 Dd 06/22/16	2.63	865,673	Gates Global 11/17 (Usd)Cov-Lite Tlb	0.77
1,500,000	CIT Group Inc4.125% 03/09/2021 Dd 03/09/18	1.36	747,000	Dell International Llc / 144A7.125% 06/15/2024 Dd 06/22/16	0.70	1,765,000	General Electric Co0.375% 05/17/2022	1.77
230,000	CIT Group Inc4.750% 02/16/2024 Dd 08/17/18	0.22	942,640	Diamond Resorts 6/18 Cov-Litetlb	0.82	4,260,000	General Electric Co0.875% 05/17/2025	4.28
220,000	CIT Group Inc5.000% 08/01/2023 Dd 08/01/13	0.21	2,000,000	Digital Euro Finco Llc Regs2.625% 04/15/2024	2.17	2,550,000	General Mills Inc3.200% 04/16/2021 Dd 04/17/18	2.31
200,000	Citigroup Inc Regs0.500% 01/29/2022	0.20	3,000,000	Discover Bank3.200% 08/09/2021 Dd 08/07/14	2.72	5,338,000	General Motors Co4.875% 10/02/2023 Dd 04/02/14	5.10
6,600,000	Citigroup Inc Regs0.750% 10/26/2023	6.74	3,400,000	Discover Financial Services3.850% 11/21/2022 Dd 11/21/12	3.16	700,000	General Motors Financial Co Inc3.950% 04/13/2024 Dd 04/13/17	0.65
255,000	Citigroup Inc Regs1.375% 10/27/2021	0.26	1,510,000	Dish Dbs Corp5.875% 07/15/2022 Dd 05/16/12	1.42	1,075,000	General Motors Financial Regs2.200% 04/01/2024	1.13
590,000	Citigroup Inc3.500% 05/15/2023 Dd 05/14/13	0.55	2,000,000	Ecolab Inc1.000% 01/15/2024	2.07	1,565,000	GLP Capital Lp / Glp Financing5.375% 11/01/2023 Dd 05/01/14	1.52
899,000	Citigroup Incvar Rt 06/01/2024 Dd 05/22/18	0.81	1,000,000	Elanco Animal Health Incvar Rt 08/28/2023 Dd 02/28/19	0.94	1,403,454	Golden Nugget/Landrys 9/17Incremental Cov-Lite Tlb	1.25
1,200,000	Citigroup Incvar Rt 07/24/2023 Dd 07/24/17	1.09	1,000,000	Eldorado Resorts Inc7.000% 08/01/2023 Dd 02/01/16	0.93	180,000	Goldman Sachs Group Inc/T Regs0.125% 08/19/2024	0.18
975,000	Citycenter 4/17 Cov-Lite Tlb	0.87	1,500,000	Emera Us Finance Lp2.700% 06/15/2021 Dd 12/15/16	1.35	753,000	Goldman Sachs Group Inc/T Regs2.625% 08/19/2020	0.77
925,000	Coca-Cola Co/The0.125% 09/22/2022	0.93	1,500,000	Energy Transfer Operating Lp4.250% 03/15/2023 Dd 03/15/19	1.39	204,000	Goldman Sachs Group Inc/T Regsvar Rt 09/09/2022	0.20
1,045,000	Columbia Pipeline Group Inc3.300% 06/01/2020 Dd 12/01/15	0.93	735,000	Energy Transfer Operating Lp4.650% 06/01/2021 Dd 05/12/11	0.67	680,000	Goldman Sachs Group Inc/Thevar Rt 05/15/2026 Dd 05/17/18	0.61
800,000	Commit To Pur Fnma Sf Mtg3.500% 01/01/2050 Dd 01/01/20	0.73	4,800,000	Energy Transfer Operating Lp4.900% 02/01/2024 Dd 09/19/13	4.59	1,200,000	Graphic Packaging International4.875% 11/15/2022 Dd 11/06/14	1.12
500,000	Commit To Pur Fnma Sf Mtg3.500% 02/01/2050 Dd 02/01/20	0.46	4,500,000	EPR Properties4.500% 06/01/2027 Dd 05/23/17	4.29	840,000	Great Lakes Dredge & Dock Corp8.000% 05/15/2022 Dd 05/24/17	0.79
1,000,000	Commscope Inc 144A5.500% 03/01/2024 Dd 02/19/19	0.93	768,000	Equinix Inc2.875% 10/01/2025	0.79	2,900,000	Halliburton Co3.250% 11/15/2021 Dd 11/14/11	2.63
680,078	Continental Airlines 2012-1 Cl4.150% 10/11/2025 Dd 03/22/12	0.64	100,000	Expedia Group Inc5.950% 08/15/2020 Dd 08/05/10	0.09	1,502,000	Hanesbrands Inc 144A4.625% 05/15/2024 Dd 05/06/16	1.41
1,180,242	CPG International 5/170.000% 05/03/2024 Dd 04/27/17	1.05	350,000	Fedex Corp0.700% 05/13/2022	0.36	120,000	HCA Inc5.000% 03/15/2024 Dd 03/17/14	0.12
735,000	Credit Acceptance Corp6.125% 02/15/2021 Dd 01/22/14	0.65	700,000	Fedex Corp1.000% 01/11/2023	0.72	1,650,000	HCA Inc5.875% 05/01/2023 Dd 10/23/12	1.62
1,975,000	Crown Americas Llc / Crown Ame4.500% 01/15/2023 Dd 07/15/13	1.85	275,000	Fidelity National Information0.625% 12/03/2025	0.28	3,150,000	Healthpeak Properties Inc3.400% 02/01/2025 Dd 01/21/15	2.93
1,416,000	Crown Castle International Cor3.150% 07/15/2023 Dd 01/16/18	1.30	706,000	Fidelity National Information0.750% 05/21/2023	0.72	10,250,000	Hewlett Packard Enterprise Cover Rt 10/15/2020 Dd 10/15/16	9.23
277,000	Crown Castle International Cor4.875% 04/15/2022 Dd 04/15/14	0.26	375,000	Fidelity National Information2.000% 05/21/2030	0.41	1,078,000	Host Hotels & Resorts Lp3.750% 10/15/2023 Dd 03/28/13	1.00
4,912,000	Crown Castle International Cor5.250% 01/15/2023 Dd 10/15/12	4.75	850,000	Fidelity National Information3.625% 10/15/2020 Dd 10/20/15	0.77	4,600,000	HSBC Usa Inc2.350% 03/05/2020 Dd 03/05/15	4.10
1,280,000	CSC Holdings Llc 144A5.375% 07/15/2023 Dd 07/15/18	1.17	1,000,000	Fifth Third Bancorp2.600% 06/15/2022 Dd 06/15/17	0.90	600,000	Hughes Satellite Systems Corp7.625% 06/15/2021 Dd 12/15/11	0.57
1,220,000	CSC Holdings Llc5.250% 06/01/2024 Dd 05/23/14	1.17	5,200,000	Fiserv Inc0.375% 07/01/2023	5.23	1,048,000	Hyatt Hotels Corp3.375% 07/15/2023 Dd 05/10/13	0.96
2,000,000	CVS Health Corp3.700% 03/09/2023 Dd 03/09/18	1.86	100,000	Fiserv Inc1.125% 07/01/2027	0.10	4,201,000	Hyundai Capital America 144A3.000% 03/18/2021 Dd 03/18/16	3.77
2,900,000	Daimler Finance North Ame 144A2.000% 07/06/2021 Dd 07/06/16	2.58	195,000	Ford Motor Credit Co Llc2.386% 02/17/2026	0.20	1,127,288	Infor (Lawson) 2/17 (Usd) B6Tlb	1.01
925,000	DCP Midstream Operating Lp3.875% 03/15/2023 Dd 03/14/13	0.84	3,000,000	Ford Motor Credit Co Llc2.459% 03/27/2020 Dd 03/27/15	2.67	1,257,000	International Business Machine0.375% 01/31/2023	1.27
			1,000,000	Ford Motor Credit Co Llc3.096% 05/04/2023 Dd 05/04/16	0.89	2,500,000	International Business Machine0.875% 01/31/2025	2.58
			795,000	Ford Motor Credit Co Llc3.157% 08/04/2020 Dd 08/04/15	0.71	273,000	International Business Machine1.250% 01/29/2027	0.29
			1,480,000	Freeport-Mcmoran Inc3.875% 03/15/2023 Dd 09/15/13	1.34			

United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
1,000,000	International Business Machine3.300% 05/15/2026	0.94	6,500,000	Metropolitan Life Global Regs2.375% 01/11/2023	6.95	5,200,000	Penske Truck Leasing Co L 144A4.250% 01/17/2023 Dd 01/17/13	4.88
225,000	International Flavors & Fragra0.500% 09/25/2021	0.23	465,000	MGM Growth Properties Operatin5.625% 05/01/2024 Dd 11/01/16	0.45	1,608,000	Penske Truck Leasing Co L 144A4.875% 07/11/2022 Dd 07/13/12	1.52
450,000	International Flavors & Fragra1.750% 03/14/2024	0.47	500,000	MGM Resorts International6.000% 03/15/2023 Dd 11/25/14	0.49	4,000,000	Pfizer Inc0.250% 03/06/2022	4.03
510,000	International Flavors & Fragra1.800% 09/25/2026	0.53	190,552	Mission Broadcasting 10/18Cov-Lite Tlb3	0.17	2,700,000	Physicians Realty Lp4.300% 03/15/2027 Dd 03/07/17	2.57
1,089,000	Istar Inc5.250% 09/15/2022 Dd 09/20/17	0.99	200,000	MMS USA Investments Inc Regs0.625% 06/13/2025	0.20	7,000,000	Plains All American Pipeline L5.000% 02/01/2021	6.37
93,000	Jack Ohio Finance Llc / J 144A6.750% 11/15/2021 Dd 11/08/16	0.08	100,000	MMS USA Investments Inc Regs1.250% 06/13/2028	0.10	1,015,000	Plantronics Inc 144A5.500% 05/31/2023 Dd 05/27/15	0.88
1,126,499	JMC Steel 6/16 Cov-Lite Tlb	1.00	200,000	MMS USA Investments Inc Regs1.750% 06/13/2031	0.20	1,280,000	Polyone Corp5.250% 03/15/2023 Dd 09/15/13	1.23
390,000	JPMorgan Chase & Co Regs1.500% 10/26/2022	0.41	750,000	Molina Healthcare Incvar Rt 11/15/2022 Dd 05/15/16	0.71	1,240,000	PQ Corp 144A6.750% 11/15/2022 Dd 05/04/16	1.14
400,000	JPMorgan Chase & Co Regsvar Rt 03/11/2027	0.42	1,350,000	Mondelez International Inc1.000% 03/07/2022	1.38	3,800,000	Procter & Gamble Co/The0.625% 10/30/2024	3.91
1,785,000	JPMorgan Chase & Co2.550% 03/01/2021 Dd 03/01/16	1.60	1,150,000	Morgan Stanley1.750% 01/30/2025	1.23	6,000,000	Prologis Lp3.000% 01/18/2022	6.33
1,435,000	KFC Holding Co/Pizza Hut 144A5.000% 06/01/2024 Dd 06/16/16	1.32	2,900,000	Morgan Stanley1.875% 03/30/2023	3.06	1,500,000	Prologis Lp3.375% 02/20/2024	1.69
1,025,000	Kinder Morgan Energy Partners5.000% 10/01/2021 Dd 09/20/11	0.95	9,330,000	Morgan Stanley2.650% 01/27/2020 Dd 01/27/15	8.31	1,203,131	Quikrete 11/16 Cov-Lite Tlb	1.07
1,850,000	Kinder Morgan Energy Partners5.300% 09/15/2020 Dd 05/19/10	1.68	1,500,000	Morgan Stanley4.100% 05/22/2023 Dd 05/21/13	1.41	1,091,319	Rackpace Hosting 11/17Cov-Lite Tlb	0.94
1,025,000	Kinder Morgan Inc/De3.150% 01/15/2023 Dd 08/10/17	0.93	1,600,000	Morgan Stanley5.375% 08/10/2020	1.65	505,482	Revlon 7/16 Cov-Lite Tlb	0.34
1,000,000	Kinder Morgan Inc/De6.500% 09/15/2020	0.92	855,000	Morgan Stanleyvar Rt 01/27/2022	0.86	1,148,441	Reynolds Group 1/17 (Usd) TI	1.02
1,429,619	Kronos 4/17 Tlb	1.28	481,000	Morgan Stanleyvar Rt 07/26/2024	0.49	341,000	Sabine Pass Liquefaction Llc5.750% 05/15/2024 Dd 11/15/14	0.34
6,150,000	Lafargeholcim Finance Us 144A3.500% 09/22/2026 Dd 09/22/16	5.57	1,085,000	Morgan Stanleyvar Rt 11/08/2022	1.09	1,000,000	Sabine Pass Liquefaction Llcvar Rt 04/15/2023 Dd 10/15/13	0.97
1,010,000	Lennar Corp4.500% 04/30/2024 Dd 04/28/17	0.95	433,000	Morgan Stanleyvar Rt 11/09/2021	0.43	1,163,000	Sabre Gbl Inc 144A5.375% 04/15/2023 Dd 04/14/15	1.06
965,000	Lennar Corp8.375% 01/15/2021 Dd 01/15/18	0.91	568,276	Motorcity Casino 7/14 Tlb	0.51	1,275,000	Sba Communications Corp4.000% 10/01/2022 Dd 04/01/18	1.16
335,000	Level 3 Financing Inc5.625% 02/01/2023 Dd 06/15/15	0.30	1,100,000	National Grid North Ameri Regs0.750% 08/08/2023	1.12	1,100,000	Service Corp International/ Us5.375% 05/15/2024 Dd 05/12/14	1.01
1,071,000	Levi Strauss & Co3.375% 03/15/2027	1.14	905,000	Nationstar Mortgage Holdi 144A8.125% 07/15/2023 Dd 07/13/18	0.85	1,507,531	Sinclair Television 12/16 Tlb2	1.34
481,250	Lions Gate 3/18 Tla0.000% 03/20/2023 Dd 03/02/18	0.42	509,687	Neiman Marcus 6/19 Cash Payextended TI	0.37	1,400,000	Sirius Xm Radio Inc 144A3.875% 08/01/2022 Dd 07/05/17	1.27
675,000	Lions Gate Capital Holdin 144A6.375% 02/01/2024 Dd 02/04/19	0.63	2,030,000	Netflix Inc5.750% 03/01/2024 Dd 02/19/14	2.00	3,350,000	Site Centers Corp4.700% 06/01/2027 Dd 05/26/17	3.22
1,300,000	Masco Corp3.500% 04/01/2021 Dd 03/17/16	1.17	1,710,000	Newell Brands Incvar Rt 04/01/2023 Dd 03/30/16	1.58	1,457,053	Solera 3/16 (Usd) Cov-Lite TI	1.30
1,480,000	Mastec Inc4.875% 03/15/2023 Dd 03/18/13	1.33	958,967	Nexstar Broadcasting 10/18Cov-Lite Tlb3	0.86	1,530,000	Springleaf Finance Corp6.125% 03/15/2024 Dd 02/22/19	1.49
1,114,000	Match Group Inc6.375% 06/01/2024 Dd 06/01/16	1.04	1,320,000	NGPL Pipeco LIC 144A4.375% 08/15/2022 Dd 08/01/17	1.22	1,010,000	Sprint Communications Inc 144A7.000% 03/01/2020 Dd 03/01/12	0.90
610,000	Mauser Packaging Solution 144A5.500% 04/15/2024 Dd 04/03/17	0.56	250,000	Nielsen Finance Llc / Nie 144A5.000% 04/15/2022 Dd 04/11/14	0.22	115,000	Sprint Corp7.125% 06/15/2024 Dd 06/15/14	0.11
1,000,000	Mcdonald's Corp Regs0.900% 06/15/2026	1.03	1,263,000	Nielsen Finance Llc / Nielsen4.500% 10/01/2020 Dd 04/01/13	1.13	105,000	Sprint Corp7.250% 09/15/2021 Dd 09/15/14	0.10
1,500,000	Mcdonald's Corp Regs2.375% 11/27/2024	1.66	514,000	NVR Inc3.950% 09/15/2022 Dd 09/10/12	0.48	210,000	Sprint Spectrum Co Llc / 144Avar Rt 03/20/2023 Dd 10/27/16	0.19
1,200,000	Mercer International Inc6.500% 02/01/2024 Dd 08/01/17	1.11	1,014,000	Omega Healthcare Investors Inc4.950% 04/01/2024 Dd 10/01/14	0.99	1,310,000	Standard Industries Inc/N 144A5.500% 02/15/2023 Dd 02/23/16	1.19
3,500,000	Merck & Co Inc1.875% 10/15/2026	3.89	3,000,000	Oracle Corp2.250% 01/10/2021	3.08	1,085,000	Starwood Property Trust Inc5.000% 12/15/2021 Dd 06/15/17	1.00
			95,000	Outfront Media Capital Llc / O5.625% 02/15/2024 Dd 11/15/14	0.09	679,000	Stearns Hldgs Llc 144A9.375% 08/15/2020 Dd 08/08/13	0.07
						17,632	Stearns Holdings Llc / St 144A5.000% 11/05/2024 Dd 11/05/19	0.01





<b>Cayman Islands (continued)</b>		
2,836,000	Southern Water Services F Regs6.640% 03/31/2026	4.23
320,000	Transocean Sentry Ltd 144A5.375% 05/15/2023 Dd 05/24/19	0.29
		<b>8.83</b>
<b>% of Total Investments</b>		<b>0.06%</b>

<b>Mexico</b>		
<b>Nominal</b>	<b>Security Description</b>	<b>Value €m</b>
2,500,000	America Movil SAB De Cv3.000% 07/12/2021	2.62
		<b>2.62</b>
<b>% of Total Investments</b>		<b>0.02%</b>

<b>Poland</b>		
<b>Nominal</b>	<b>Security Description</b>	<b>Value €m</b>
256,000	Santander Bank Polska Sa Regs0.750% 09/20/2021	0.26
		<b>0.26</b>
<b>% of Total Investments</b>		<b>0.00%</b>
<b>Total Emerging Markets Quoted Debt</b>		<b>12.72</b>
<b>% of Total Investments</b>		<b>0.08%</b>
<b>Total Quoted Debt Instruments</b>		<b>1,359.08</b>
<b>% of Total Investments</b>		<b>9.05%</b>

## Portfolio of Investments – ISIF

### DIRECT PRIVATE EQUITY

Cost €m	Security Description	Value €m
46.00	Advanced Manufacturing Control Systems	Note 1
5.89	ATA Tools	Note 1
10.00	Cubic Telecom Limited	Note 1
45.00	Finance Ireland	Note 1
0.68	Greystones Media Campus	Note 1
0.15	HISCO	Note 1
16.96	Kaseya Luxembourg Holdings SCA	Note 1
1.60	Kilkenny Regeneration	Note 1
4.21	Nautilus Data Technologies	Note 1
6.89	Project Salt - BG Top Ltd	Note 1
1.00	Swrve E Share Class	Note 1
6.81	Swrve F Share Class	Note 1
11.17	Swrve C Share Class	Note 1
9.60	Vectra Networks Inc	Note 1
15.00	West Cork Distillers Ltd	Note 1
68.27	Wuxi-Nextcode Genomics	Note 1
<b>Total Direct Private Equity</b>		<b>273.39</b>
<b>% of Total Investments</b>		<b>1.82%</b>

### UNQUOTED DEBT INSTRUMENTS

Commitment €m	Security Description	Value €m
30.00	BPC Ireland	Note 1
35.00	Capital Stage AG	Note 1
9.50	Elm Corporate Credit DAC Subordinated Loan	Note 1
25.00	Man Alto	Note 1
7.00	Irish Whiskey Fund Loan	Note 1
3.34	Milkflex Facility B1	Note 1
0.36	Milkflex Facility B2	Note 1
50.00	Quadrant	Note 1
35.00	Quadrant Property Income Euro Fund B	Note 1
<b>Total Unquoted Debt Instruments</b>		<b>85.75</b>
<b>% of Total Investments</b>		<b>0.57%</b>

### PROPERTY INVESTMENTS

Commitment €m	Security Description	Value €m
44.51	Apollo Domestic Emerging Markets Fund	0.58
30.00	Ardstone Residential Partners Fund ICAV	22.88
1.84	Bartra JV	1.84
8.00	DAD Property Fund	2.14
15.01	FDV-Venture	0.04
44.13	Forum European Realty Income II	9.68
29.91	Grosvenor French Retail Feeder	0.25
25.00	Herbert Park (Avestus)	2.95
140.00	ILIM Property Fund ICAV	41.93
25.00	Majulah ICAV	28.00
48.96	Morgan Stanley Real Estate Intl	2.07
44.51	Preco III (UK) L.P.	2.07
0.16	Rockspring Peripheral Europe	0.08
44.51	Silverpeak Real Estate Partners II	1.38
75.00	Tishman Speyer European Real Estate Venture VI	1.16
52.11	Tishman Speyer Real Estate Fund Property Fund	0.99
7.50	Urbeo Residential Fund	1.28
75.00	WLR Cardinal Mezzanine Fund	56.09
<b>Total Property Investments</b>		<b>175.41</b>
<b>% of Total Investments</b>		<b>1.17%</b>

# PRIVATE EQUITY INVESTMENTS

Commitment €m	Security Description	Value €m
0.26	Act 2001 - BIAM Venture Capital	0.06
20.00	Act V Venture Capital Fund	9.42
22.25	Arch Venture Fund IX Overage	34.53
24.43	Arch Venture Fund VIII	44.30
10.00	Atlantic Bridge II	4.82
20.00	Atlantic Bridge III	29.27
20.00	Atlantic Bridge IV	1.83
16.00	Beechbrook Capital	4.36
115.00	Business Growth Fund (BGF) Ireland	8.52
125.00	Carlyle Cardinal Ireland	55.90
15.00	Causeway Capital Partners	12.88
75.00	China Ireland Growth Technology Fund II	18.80
44.51	China Ireland Growth Technology Fund	24.74
0.56	Delta Equity Fund II (UCC)	0.17
23.00	Delta Equity Fund III	12.76
0.15	Delta Equity Fund No.2 (FAS)	0.05
0.09	Delta I	0.02
11.13	Draper Fisher Jurveston	9.14
51.18	Emerald Asset Fund	53.55
20.00	Finistere Ireland Ag-Tech Fund	0.93
18.96	Finistere Ventures II	20.59
20.00	Fountain Healthcare III	0.84
15.00	Fountain Healthcare Partners Fund I	2.37
15.00	Fountain Healthcare Partners Fund II	10.70
0.62	Fountain Healthcare Partners Top Up Fund	0.36
13.35	Frontline EMEA Expansion Fund	2.46
10.00	Frontline Venture Fund I	14.46
15.00	Frontline Ventures Fund II	9.35
10.00	Highland Europe Technology Growth II	13.22
10.00	Highland Europe Technology Growth	11.93
22.25	Illumina Innovation Fund I	11.69
89.02	Insight Venture Partners Fund	83.88
7.00	Irish Whiskey Growth Fund	0.97
89.02	Leeds Equity Partners Fund VI	71.37
22.25	Lightstone Ventures II	3.52
11.44	Lightstone Ventures	9.32
26.26	Motive Capital Fund I-B	10.55
45.00	Muzinich Pan-European Private Debt I	24.54
44.51	OCM Opportunities Fund VII B	0.81
44.51	Polaris Partners VII	56.89
22.25	Polaris Partners VIII	15.69
44.51	Polaris Venture Partners VI	67.08
49.85	Reverence Capital Partners Opportunities Fund I	80.90
15.28	Scottish Equity Partners V	8.25
15.00	Seroba Kernel Life Sciences Fund III	4.64
1.80	Seroba Life Sciences Co-Investment Fund II	0.84
15.00	Seroba Life Sciences Fund III	6.01
11.13	Sofinnova Venture Partners VIII	3.18
22.25	Strategic Healthcare Investment Partners	1.52
22.25	Strategic Investors Fund V	34.11
22.25	Strategic Investors Fund VI	36.92
31.16	Strategic Investors Fund VIII	29.93
22.25	Strategic Investors Fund X	5.65
18.00	Ulster Bank Diageo Venture Fund	5.79
46.49	Westsummit Global Technology Fund	64.27
<b>Total Private Equity Investments</b>		<b>1,050.66</b>
<b>% of Total Investments</b>		<b>6.98%</b>

## Portfolio of Investments – ISIF

### FORESTRY INVESTMENTS

Commitment €m	Security Description	Value €m
20.00	AIBIM Forestry Fund	34.30
55.00	Forais (Dasos)	24.94
0.14	ILIM IFUT - Irish Forestry Unit Trust	0.14
<b>Total Forestry Investments</b>		<b>59.39</b>
<b>% of Total Investments</b>		<b>0.39%</b>

### ENERGY INVESTMENTS

Commitment €m	Security Description	Value €m
41.14	NTR Wind	32.55
50.00	Temporis Aurora LP	1.62
<b>Total Energy Investments</b>		<b>34.17</b>
<b>% of Total Investments</b>		<b>0.23%</b>

### INFRASTRUCTURE INVESTMENTS

Commitment €m	Security Description	Value €m
250.00	Irish Infrastructure Trust	270.46
<b>Total Infrastructure Investments</b>		<b>270.46</b>
<b>% of Total Investments</b>		<b>1.80%</b>

### QUOTED INVESTMENT FUNDS

Nominal	Security Description	Value €m
13	Amundi 12-24 Months	138.42
7	Amundi 6 Months	66.49
270,226	AQR Systematic Total Return Fund	228.65
8,725,734	GS Alternative Trend Io Acc	85.13
3,201,762	GS Emerging Markets	35.51
1,378,997	GS Emerging Markets Debt USD	17.75
3,150,833	GS Emerging Markets Equity USD	42.69
10,195,371	GS Global Credit High Yield	128.42
2,863,865	GS Global High Yield EU	57.76
9,044,514	GS Global Fixed Income USD	106.19
1,296,771	GS Tactical Tilt Portfolio USD	171.91
846,610	GS Alternative Risk	85.21
100,000,000	McKay Shields Opportunities Fund	100.90
19,687,106	RIC Acadian	368.37
<b>Total Quoted Investment Funds</b>		<b>1,633.40</b>
<b>% of Total Investments</b>		<b>10.87%</b>

### UNQUOTED INVESTMENT FUNDS

Nominal	Security Description	Value €m
222,850	Blackstone Class A	231.54
26,303	Blackstone Class B	26.95
223,555	Bridgewater Pure Alpha Major Markets Fund III	214.29
532,453	Generation IM Global Equity Fund	262.47
2,335,407	ISIF Absolute Alpha Fund	252.63
<b>Total Unquoted Investment Funds</b>		<b>987.88</b>
<b>% of Total Investments</b>		<b>6.58%</b>

## CONVERTIBLE PREFERENCE SHARES AND CONVERTIBLE LOAN

Commitment €m	Security Description	Value €m
22.25	Aquacomms	Note 1
9.10	ATA Preference Shares	Note 1
22.25	Xant Inc	Note 1
2.78	Nautilus Convert Promissory Note	Note 1
3.68	Swrve D Share Class	Note 1
4.65	Vectra Series E Convertible Preference Stock	Note 1
<b>Total Convertible Preference Shares and Convertible Loan</b>		<b>42.76</b>
<b>% of Total Investments</b>		<b>0.28%</b>

## UNREALISED GAIN ON FOREIGN EXCHANGE CONTRACTS

Security Description	Value €m
Unrealised Gain on Foreign Exchange Contracts	34.71
<b>Total Unrealised Gain on Foreign Exchange Contracts</b>	<b>34.71</b>
<b>% of Total Investments</b>	<b>0.23%</b>

## UNREALISED GAIN ON FUTURES CONTRACTS

Security Description	Value €m
<b>Note 2</b> Unrealised Gain on Future Contracts	17.05
<b>Total Unrealised Gain on Futures Contracts</b>	<b>17.05</b>
<b>% of Total Investments</b>	<b>0.11%</b>

## OTHER DERIVATIVE INSTRUMENTS

### UNREALISED LOSS ON CREDIT DEFAULT SWAPS

Nominal	Security Description	Value €m
(33,309,873.00)	Ccp_Cdx_Bp Ul Itraxx_Europe_3Pay 100Bps 2024 Dec 20	(0.93)
33,309,873.00	Ccp_Cdx_Bp Ul Itraxx_Europe_3Pay 100Bps 2024 Dec 20	0.00
(3,600,000.00)	Ccp_Cdx_Bp Ul Itraxx_Europe_Cpay 500Bps 2024 Dec 20	(0.50)
3,600,000.00	Ccp_Cdx_Bp Ul Itraxx_Europe_Cpay 500Bps 2024 Dec 20	0.00
<b>Total Unrealised Loss on Credit Default Swaps</b>		<b>(1.43)</b>
<b>% of Total Investments</b>		<b>-0.01%</b>
<b>Total Investments at fair value through profit and loss</b>		<b>6,632.69</b>
<b>% of Total Investments</b>		<b>44.15%</b>

## LOANS AND RECEIVABLES

### Other Debt

Commitment €m	Security Description	Value €m
500.00	Activate Loans	Note 1
3.20	Aquacomms Loan	Note 1
5.86	Bartra JV Loan	Note 1
4.50	Blue Giant Intermediate Ltd	Note 1
54.00	DCU Loan	Note 1
39.40	Dublin Waste To Energy Loan	Note 1
95.00	Elm Corporate Credit Loan	Note 1
11.75	Kilkenny Abbey Quarter	Note 1
44.44	Milkflex II Senior Loan Note	Note 1
29.50	Milkflex Senior Facility Loan Note	Note 1
14.00	Panelto Loan	Note 1
10.00	Pearl Residential Equity Fund	Note 1
14.30	Shannon Airport Authority	Note 1
11.73	Shannon Hangar	Note 1
42.50	Urbeo Loan Facility	Note 1
<b>Total Other Debt</b>		<b>449.61</b>
<b>% of Total Investments</b>		<b>2.99%</b>
<b>Total Loans and Receivables</b>		<b>449.61</b>
<b>% of Total Investments</b>		<b>2.99%</b>

## Portfolio of Investments – ISIF

### FINANCIAL LIABILITIES

#### Unrealised Gain on Equity Options

Nominal	Security Description	Value €m
(1,327)	Euro Stoxx 50 P Indexcall Dec 23 4800.000 Ed 121523	(0.86)
(624)	Euro Stoxx 50 P Indexcall Dec 21 4300.000 Ed 121721	(0.31)
(620)	Euro Stoxx 50 P Indexcall Dec 20 4100.000 Ed 121820	(0.22)
620	Euro Stoxx 50 Pr Index Sx5Eput Dec 20 2500.000 Ed 121820	0.14
624	Euro Stoxx 50 Pr Index Sx5Eput Dec 21 2400.000 Ed 121721	0.36
1,327	Euro Stoxx 50 Pr Index Sx5Eput Dec 23 2200.000 Ed 121523	1.38
<b>Total Unrealised Gain on Equity Options</b>		<b>0.50</b>
<b>% of Total Investments</b>		<b>0.00%</b>

#### Unrealised Loss on Equity Index Swaps

Nominal	Security Description	Value €m
(1)	Nikkei 225 (OTC)Call Jan 20 23375.000 Ed 11020	(0.00)
(6)	Nikkei 225 (OTC)Call Jan 20 23625.00 Ed 011020	(0.01)
(6)	Nikkei 225 (OTC)Call Jan 20 24125.00 Ed 011020	(0.00)
(10)	Nikkei 225 (OTC)Call Jan 20 24000.000 Ed011020	(0.01)
(7)	Nikkei 225 (OTC)Call Jan 20 23750.000 Ed 11020	(0.01)
(4)	Nikkei 225 (OTC)Call Jan 20 23500.000 Ed 11020	(0.01)
(5)	Nikkei 225 (OTC)Call Feb 20 24375.000 Ed021420	(0.01)
(2)	Nikkei 225 (OTC)Call Feb 20 24125.000 Ed 21420	(0.00)
(11)	Nikkei 225 (OTC)Call Feb 20 24250.000 Ed 21420	(0.02)
(6)	Nikkei 225 OTCCall Feb 20 24000.00 Ed 021420	(0.01)
(6)	Nikkei 225 (OTC)Call Feb 20 24625.000 Ed021420	(0.01)
(4)	Nikkei 225 (OTC)Call Mar 20 24875.000 Ed031320	(0.00)
(1)	Nikkei 225 (OTC)Put Jan 20 21750.000 Ed 011020	(0.00)
(6)	Nikkei 225 (OTC)Put Jan 20 22250.00 Ed 011020	(0.00)
(13)	Nikkei 225 (OTC)Put Jan 20 22750.00 Ed 011020	(0.00)
(3)	Nikkei 225 (OTC)Put Jan 20 23000.000 Ed 011020	(0.00)
(1)	Nikkei 225 (OTC)Put Feb 20 22625.000 Ed 021420	(0.00)
(2)	Nikkei 225 (OTC)Put Feb 20 22375.000 Ed 021420	(0.00)
(11)	Nikkei 225 (OTC)Put Feb 20 22750.000 Ed 02/20	(0.02)
(6)	Nikkei 225 OTCput Feb 20 22500.00 Ed 021420	(0.01)
(10)	Nikkei 225 (OTC)Put Feb 20 23375.000 Ed 021420	(0.03)
(4)	Nikkei 225 (OTC)Put Mar 20 23250.000 Ed 031320	(0.01)
(7)	Nikkei 225 (OTC)Put Jan 20 22625.000 Ed 011020	(0.00)
(4)	Nikkei 225 (OTC)Put Jan 20 22000.00 Ed 011020	(0.00)
<b>Total Unrealised Loss on Equity Index Swaps</b>		<b>(0.17)</b>
<b>% of Total Investments</b>		<b>0.00%</b>

## Unrealised Loss on OTC Options

Nominal	Security Description	Value €m
(131)	Euro Stoxx 50 Pr Index Sx5Ecall Jan 20 3775.000 Ed 011720	(0.03)
(26)	Euro Stoxx 50 Pr Index Sx5Ecall Jan 20 3825.000 Ed 011720	(0.00)
(2)	Euro Stoxx 50 Pr Index Sx5Ecall Jan 20 3800.000 Ed 011720	(0.00)
(6)	Euro Stoxx 50 Pr Index Sx5Ecall Feb 20 3800.000 Ed 022120	(0.00)
(98)	Euro Stoxx 50 Pr Index Sx5Ecall Feb 20 3825.000 Ed 022120	(0.02)
(38)	Euro Stoxx 50 Pr Index Sx5Ecall Feb 20 3875.000 Ed 022120	(0.00)
(87)	Euro Stoxx 50 Pr Index Sx5Eput Jan 20 3600.000 Ed 011720	(0.01)
(71)	Euro Stoxx 50 Pr Index Sx5Eput Jan 20 3625.000 Ed 011720	(0.01)
(22)	Euro Stoxx 50 Pr Index Sx5Eput Jan 20 3575.000 Ed 011720	(0.00)
(2)	Euro Stoxx 50 Pr Index Sx5Eput Jan 20 3675.000 Ed 011720	(0.00)
(6)	Euro Stoxx 50 Pr Index Sx5Eput Feb 20 3575.000 Ed 022120	(0.00)
(52)	Euro Stoxx 50 Pr Index Sx5Eput Feb 20 3600.000 Ed 022120	(0.02)
(46)	Euro Stoxx 50 Pr Index Sx5Eput Feb 20 3650.000 Ed 022120	(0.02)
(38)	Euro Stoxx 50 Pr Index Sx5Eput Feb 20 3700.000 Ed 022120	(0.02)
(9)	Euro Stoxx 50 Pr Index Sx5Eput Mar 20 3675.000 Ed 032020	(0.01)
(7)	Euro Stoxx 50 Pr Index Sx5Ecall Jan 20 3750.000 Ed 011720	(0.00)
(35)	Euro Stoxx 50 Pr Index Sx5Ecall Jan 20 3725.000 Ed 011720	(0.02)
(27)	Euro Stoxx 50 Pr Index Sx5Ecall Feb 20 3775.000 Ed 022120	(0.01)
(7)	Euro Stoxx 50 Pr Index Sx5Eput Jan 20 3525.000 Ed 011720	(0.00)
(13)	Euro Stoxx 50 Pr Index Sx5Eput Jan 20 3500.000 Ed 011720	(0.00)
(27)	Euro Stoxx 50 Pr Index Sx5Eput Feb 20 3525.000 Ed 022120	(0.01)
(9)	Euro Stoxx 50 Pr Index Sx5Ecall Mar 20 3900.000 Ed 032020	(0.00)
(7)	Ftse 100 Index (OTC)Put Jan 20 7275.000 Ed 011720	(0.00)
(8)	Ftse 100 Index (OTC)Put Feb 20 7025.000 Ed 022120	(0.00)
(2)	Ftse 100 Index (OTC)Call Jan 20 7525.00 Ed 011720	(0.00)
(4)	Ftse 100 Index (OTC)Call Jan 20 7450.000 Ed 011720	(0.01)
(10)	Ftse 100 Index (OTC)Call Jan 20 7475.000 Ed 011720	(0.01)
(10)	Ftse 100 Index (OTC)Call Jan 20 7400.000 Ed 011720	(0.02)
(5)	Ftse 100 Index (OTC)Call Jan 20 7300.00 Ed 011720	(0.02)
(3)	Ftse 100 Index (OTC)Call Jan 20 7425.000 Ed 011720	(0.01)
(9)	Ftse 100 Index (OTC)Call Feb 20 7450.000 Ed 022120	(0.02)
(3)	Ftse 100 Index (OTC)Call Feb 20 7625.000 Ed 022120	(0.00)
(6)	Ftse 100 Index (OTC)Call Feb 20 7350.00 Ed 022120	(0.02)
(8)	Ftse 100 Index (OTC)Call Feb 20 7800.000 Ed 022120	(0.00)
(4)	Ftse 100 Index (OTC)Put Jan 20 7025.000 Ed 011720	(0.00)
(2)	Ftse 100 Index (OTC)Put Jan 20 7100.00 Ed 01/17/20	(0.00)
(12)	Ftse 100 Index (OTC)Put Jan 20 7125.000 Ed 011720	(0.00)
(10)	Ftse 100 Index (OTC)Put Jan 20 7050.000 Ed 011720	(0.00)
(5)	Ftse 100 Index (OTC)Put Jan 20 6950.00 Ed 01/17/20	(0.00)
(1)	Ftse 100 Index (OTC)Put Feb 20 6975.000 Ed 022120	(0.00)
(3)	Ftse 100 Index (OTC)Put Feb 20 7200.000 Ed 022120	(0.00)
(6)	Ftse 100 Index (OTC)Put Feb 20 6875.00 Ed 02/21/20	(0.00)
(10)	Ftse 100 Index (OTC)Put Feb 20 7400.000 Ed 022120	(0.01)
(8)	Ftse 100 Index (OTC)Put Feb 20 7475.000 Ed 022120	(0.01)
(10)	Ftse 100 Index (OTC)Call Feb 20 7750.000 Ed 022120	(0.00)
(13)	Ftse 100 Index Uxxcall Jan 20 7600.000 Ed 011720	(0.01)
(6)	Ftse 100 Index Uxxcall Jan 20 7225.000 Ed 011720	(0.00)
64	S & P 500 Index (SPX) OTcput Dec 21 1950.000 Ed 121721	0.19
64	S & P 500 Index (SPX) OTcput Dec 22 1875.000 Ed 121622	0.30
147	S & P 500 Index (SPX) OTcput Dec 23 1825.000 Ed 121523	0.90
(64)	S & P 500 Index (OTC)Call Dec 21 3250.000 Ed 121721	(1.50)
(64)	S & P 500 Index (OTC)Call Dec 22 3450.000 Ed 121622	(1.34)
(147)	S & P 500 Index (OTC)Call Dec 23 3650.000 Ed 121523	(3.01)

## Portfolio of Investments – ISIF

### FINANCIAL LIABILITIES (CONTINUED)

#### Unrealised Loss on OTC Options (continued)

Nominal	Security Description	Value €m
(96)	S&P 500 Index (OTC)Call Dec 20 3050.000 Ed 121820	(2.62)
(30)	S&P 500 Index (SPX)Call Jan 20 3195.000 Ed 010820	(0.13)
(24)	S&P 500 Index (SPX)Call Jan 20 3280.000 Ed 013120	(0.04)
(30)	S&P 500 Index (SPX)Call Jan 20 3240.000 Ed 011520	(0.06)
(30)	S&P 500 Index (SPX)Call Jan 20 3275.000 Ed 012220	(0.03)
(30)	S&P 500 Index (SPX)Call Jan 20 3280.000 Ed 012920	(0.04)
(24)	S&P 500 Index (SPX)Call Jan 20 3275.000 Ed 013120	(0.04)
(24)	S&P 500 Index (SPX)Call Jan 20 3295.000 Ed 013120	(0.03)
(7)	S&P 500 Index (SPX)Put Feb 20 3155.000 Ed 022820	(0.02)
96	S&P 500 Index (SPX)Put Dec 20 2000.000 Ed 121820	0.10
(3)	S&P 500 Index (SPX)Call Feb 20 3245.000 Ed 022820	(0.01)
(9)	S&P 500 Index (SPX)Call Feb 20 3310.000 Ed 022820	(0.02)
(5)	S&P 500 Index (SPX)Call Feb 20 3285.000 Ed 022820	(0.01)
154	S&P 500 Index (SPX)Put Jan 20 2800.000 Ed 011720	0.02
(30)	S&P 500 Index (SPX)Put Jan 20 3080.000 Ed 010820	(0.00)
(30)	S&P 500 Index (SPX)Put Jan 20 3155.000 Ed 011520	(0.03)
(30)	S&P 500 Index (SPX)Put Jan 20 3185.000 Ed 012220	(0.05)
(30)	S&P 500 Index (SPX)Put Jan 20 3170.000 Ed 012920	(0.06)
(5)	S&P 500 Index SPXput Feb 20 3120.000 Ed 022820	(0.01)
(9)	S&P 500 Index SPXput Feb 20 3140.000 Ed 022820	(0.03)
(3)	S&P 500 Index SPXput Feb 20 3040.000 Ed 022820	(0.01)
(1)	S&P 500 Index SPXput Feb 20 2995.000 Ed 022820	(0.00)
(1)	S&P 500 Index SPXcall Feb 20 3210.000 Ed 022820	(0.01)
(7)	S&P 500 Index SPXcall Feb 20 3315.000 Ed 022820	(0.01)
(6)	S&P 500 Index SPXput Jan 20 3060.000 Ed 013120	(0.01)
(8)	S&P 500 Index SPXput Jan 20 3075.000 Ed 013120	(0.01)
(4)	S&P 500 Index SPXput Jan 20 3145.000 Ed 013120	(0.01)
(24)	S&P 500 Index SPXput Jan 20 3155.000 Ed 013120	(0.05)
(24)	S&P 500 Index SPXput Jan 20 3160.000 Ed 013120	(0.05)
(24)	S&P 500 Index SPXput Jan 20 3165.000 Ed 013120	(0.05)
(24)	S&P 500 Index SPXput Jan 20 3170.000 Ed 013120	(0.05)
(26)	S&P 500 Index SPXput Jan 20 3175.000 Ed 013120	(0.06)
(1)	S&P 500 Index SPXput Jan 20 2995.000 Ed 013120	(0.00)
(8)	S&P 500 Index SPXput Jan 20 3010.000 Ed 013120	(0.01)
(4)	S&P 500 Index SPXput Jan 20 3015.000 Ed 013120	(0.00)
(6)	S&P 500 Index SPXput Jan 20 3045.000 Ed 013120	(0.01)
(1)	S&P 500 Index SPXcall Jan 20 3185.000 Ed 013120	(0.01)
(8)	S&P 500 Index SPXcall Jan 20 3190.000 Ed 013120	(0.05)
(4)	S&P 500 Index SPXcall Jan 20 3195.000 Ed 013120	(0.03)
(6)	S&P 500 Index SPXcall Jan 20 3215.000 Ed 013120	(0.03)
(6)	S&P 500 Index SPXcall Jan 20 3220.000 Ed 013120	(0.03)
(8)	S&P 500 Index SPXcall Jan 20 3225.000 Ed 013120	(0.03)
(4)	S&P 500 Index SPXcall Jan 20 3260.000 Ed 013120	(0.01)
(24)	S&P 500 Index SPXcall Jan 20 3290.000 Ed 013120	(0.03)
(26)	S&P 500 Index SPXcall Jan 20 3285.000 Ed 013120	(0.04)
<b>Total Unrealised Loss on OTC Options</b>		<b>(8.50)</b>
<b>% of Total Investments</b>		<b>-0.06%</b>



## Unrealised Loss on Interest Rate Swaps

Nominal	Security Description	Value €m
(1,423,085)	CCP_IRS_R EUR-EURibor-Reuterspay 0.4% 2028 Feb 15	(0.04)
1,423,085	CCP_IRS_R EUR-EURibor-Reuterspay 0.4% 2028 Feb 15	0.00
(1,343,084)	CCP_IRS_R EUR-EURibor-Reuterspay 0.43% 2028 Feb 15	(0.05)
1,343,084	CCP_IRS_R EUR-EURibor-Reuterspay 0.43% 2028 Feb 15	0.00
10,000,000	CCP_IRS_P EUR-EURibor-Reutersrec 0.25% 2029 Jun 18	0.00
(10,000,000)	CCP_IRS_P EUR-EURibor-Reutersrec 0.25% 2029 Jun 18	(0.10)
(2,000,000)	CCP_IRS_R EUR-EURibor-Reuterspay 0.18% 2029 Jul 01	(0.01)
2,000,000	CCP_IRS_R EUR-EURibor-Reuterspay 0.18% 2029 Jul 01	0.00
(206,468)	CCP_IRS_R EUR-EURibor-Reuterspay 0.39% 2044 Jul 04	0.01
206,468	CCP_IRS_R EUR-EURibor-Reuterspay 0.39% 2044 Jul 04	0.00
(800,000)	CCP_IRS_R EUR-EURibor-Reuterspay -0.27% 2026 Sep 30	0.01
800,000	CCP_IRS_R EUR-EURibor-Reuterspay -0.27% 2026 Sep 30	0.00
(2,645,234)	CCP_IRS_R EUR-EURibor-Reuterspay -0.24% 2025 Mar 14	0.02
2,645,234	CCP_IRS_R EUR-EURibor-Reuterspay -0.24% 2025 Mar 14	0.00
<b>Total Unrealised Loss on Interest Rate Swaps</b>		<b>(0.16)</b>
<b>% of Total Investments</b>		<b>0.00%</b>
<b>Total Unrealised Loss on Swaps</b>		<b>(0.33)</b>
<b>% of Total Investments</b>		<b>0.00%</b>
<b>Total Financial Liabilities</b>		<b>(8.33)</b>
<b>% of Total Investments</b>		<b>-0.06%</b>

## CASH DEPOSITS AND OTHER CASH INVESTMENTS

### Deposits and Cash

Security Description	Value €m
Dairygold RPPF	Note 1
Euro	861.03
US Dollar	122.26
Other Currencies	0.15
Sterling	1.69
Japanese Yen	1.58
<b>Total Deposits and Cash</b>	<b>988.68</b>
<b>% of Total Investments</b>	<b>6.58%</b>

### Treasury Bills

Nominal	Security Description	Value €m
12,123,000	US Treasury Bill	10.78
<b>Total Treasury Bills</b>		<b>10.78</b>
<b>% of Total Investments</b>		<b>0.07%</b>
<b>Total Cash Deposits and Other Cash Investments</b>		<b>999.46</b>
<b>% of Total Investments</b>		<b>6.65%</b>
<b>Total Discretionary Investments</b>		<b>8,073.43</b>
<b>% of Total Investments</b>		<b>53.74%</b>

## Portfolio of Investments – ISIF

### DIRECTED INVESTMENTS

Nominal	Security Description	Value €m
1,930,424,451	Allied Irish Banks	5,992.04
150,410,768	Bank of Ireland	734.31
7,009,359	HBFI Facility	7.01
<b>Total Directed Investments</b>		<b>6,733.35</b>
<b>% of Total Investments</b>		<b>44.82%</b>

### Cash

Nominal	Security Description	Value €m
	Euro	215.06
<b>Total Cash</b>		<b>215.06</b>
<b>% of Total Investments</b>		<b>1.43%</b>
<b>Total Directed Investments</b>		<b>6,948.42</b>
<b>% of Total Investments</b>		<b>46.26%</b>
<b>Total Investments</b>		<b>15,021.84</b>
<b>% of Total Investments</b>		<b>100.00%</b>

**Note 1:** The market value has not been disclosed as this is commercially sensitive information.

<b>Note 2: Futures 31 December 2019</b>		<b>Value €m</b>
(2)	Australian 10Yr Bond Fut (SFE)Exp Mar 20	0.00
(313)	Euro-Bobl Future (EUX)Exp Mar 20	0.16
162	Euro-Schatz Future (EUX)Exp Mar 20	(0.00)
3	Euro-Bund Future (EUX)Exp Mar 20	0.00
106	Euro Stoxx 50 Future (EUX)Exp Mar 20	0.06
(18)	Euro Buxl 30Y Bnd Future (EUX)Exp Mar 20	0.10
(26)	Euro-Btp Future (EUX)Exp Mar 20	(0.00)
(11)	Euro-Oat Future (EUX)Exp Mar 20	0.02
69	3Mo Euro Euribor Future (ICF)Exp Mar 20	0.08
34	3Mo Euro Euribor Future (ICF)Exp Mar 21	0.07
14	3Mo Euro Euribor Future (ICF)Exp Mar 22	0.03
51	3Mo Euro Euribor Future (ICF)Exp Jun 20	0.05
25	3Mo Euro Euribor Future (ICF)Exp Jun 21	0.04
14	3Mo Euro Euribor Future (ICF)Exp Jun 22	0.04
50	3Mo Euro Euribor Future (ICF)Exp Sep 20	0.06
7	3Mo Euro Euribor Future (ICF)Exp Sep 21	0.01
14	3Mo Euro Euribor Future (ICF)Exp Sep 22	0.04
29	3Mo Euro Euribor Future (ICF)Exp Dec 20	0.05
18	3Mo Euro Euribor Future (ICF)Exp Dec 21	0.04
7	3Mo Euro Euribor Future (ICF)Exp Dec 22	0.02
(10)	Long Gilt Future (ICF)Exp Mar 20	0.02
(24)	90Day Sterling Future (ICF)Exp Mar 20	0.00
(14)	90Day Sterling Future (ICF)Exp Mar 21	(0.00)
(12)	90Day Sterling Future (ICF)Exp Mar 22	(0.01)
(20)	90Day Sterling Future (ICF)Exp Jun 20	(0.00)
(18)	90Day Sterling Future (ICF)Exp Jun 21	(0.01)
(10)	90Day Sterling Future (ICF)Exp Jun 22	(0.01)
(18)	90Day Sterling Future (ICF)Exp Sep 20	(0.00)
(13)	90Day Sterling Future (ICF)Exp Sep 21	(0.02)
(9)	90Day Sterling Future (ICF)Exp Sep 22	(0.01)
(18)	90Day Sterling Future (ICF)Exp Dec 20	(0.01)
(12)	90Day Sterling Future (ICF)Exp Dec 21	(0.01)
2	Us Treas Bd Future (CBT)Exp Mar 20	(0.01)
(4)	Us 10Yr Note Future (CBT)Exp Mar 20	0.00
378	90Day Euro\$ Future Jun 20Call Jun 20 098.500 Ed 061520	0.03
482	90Day Euro\$ Future Dec 21Call Dec 21 097.875 Ed 121321	0.69
1,030	90Day Euro\$ Future Dec 20Call Dec 20 098.750 Ed 121420	0.17
195	90Day Eurodollar Future Sep 20Call Sep 20 097.500 Ed 091420	0.38
222	90Day Euro\$ Future Sep 21Call Sep 21 097.000 Ed 9/13/21	0.71
834	90Day Euro\$ Future Sep 21Call Sep 21 097.875 Ed 091321	1.19
6	90Day Euro\$ Future Sep 20Call Sep 20 098.000 Ed 091420	0.00
1,764	90Day Euro\$ Future Sep 21Call Sep 21 098.250 Ed 091321	1.49
4	90Day Eurodollar Future Dec 20Call Dec 20 098.000 Ed 121420	0.00
1,142	90Day Euro\$ Fut (CME) Dec 21Call Dec 21 098.500 Ed 121321	0.71
183	90Day Eurodollar Future Dec 20Call Dec 20 097.50 Ed 12/14/20	0.36
(64)	90Day Euro\$ Future (CME)Exp Mar 20	(0.18)
(30)	90Day Euro\$ Future (CME)Exp Mar 21	(0.09)
(8)	90Day Euro\$ Future (CME)Exp Mar 22	(0.02)
(45)	90Day Euro\$ Future (CME)Exp Jun 20	(0.09)
(16)	90Day Euro\$ Future (CME)Exp Jun 21	(0.05)
(9)	90Day Euro\$ Future (CME)Exp Jun 22	(0.03)
(46)	90Day Euro\$ Future (CME)Exp Sep 20	(0.03)
(2)	90Day Euro\$ Future (CME)Exp Sep 21	(0.01)

## Portfolio of Investments – ISIF

<b>Note 2: Futures 31 December 2019</b>	<b>Value €m</b>
(9) 90Day Euro\$ Future (CME)Exp Sep 22	(0.03)
(24) 90Day Euro\$ Future (CME)Exp Dec 20	(0.06)
(11) 90Day Euro\$ Future (CME)Exp Dec 21	(0.04)
(1) 90Day Euro\$ Future (CME)Exp Dec 22	(0.00)
864 90Day Euro\$ Fut (CME) Mar 21Call Mar 21 097.875 Ed 031521	1.13
145 90Day Euro\$ Future Mar 21Call Mar 21 097.000 Ed 031521	0.46
2,004 90Day Euro\$ Future Mar 21Call Mar 21 098.250 Ed 031521	1.35
577 90Day Euro\$ Fut (CME) Mar 20Call Mar 20 098.500 Ed 031620	0.01
738 90Day Euro\$ Future Mar 22Call Mar 22 097.875 Ed 031422	1.08
139 90Day Euro\$ Future Jun 21Call Jun 21 097.000 Ed 061421	0.45
587 90Day Euro\$ Future Jun 21Call Jun 21 098.000 Ed 061421	0.67
1,807 90Day Euro\$ Fut (CME) Jun 21Call Jun 21 098.250 Ed 061421	1.39
832 90Day Euro\$ Future Jun 21Call Jun 21 097.875 Ed 061421	1.14
3 90Day Eurodollar Future Dec 21Call Dec 21 098.125 Ed 121321	0.00
336 90Day Euro\$ Future Dec 20Call Dec 20 097.750 Ed 121420	0.47
(3) US 5Yr Note Future (CBT)Exp Mar 20	0.00
1,873 Euro Fx Curr Future (CME)Exp Mar 20	2.46
137 S&P500 Emini Future (CME)Exp Mar 20	0.53
(2) US Ultra Bond (CBT)Exp Mar 20	0.01
	<b>17.05</b>



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