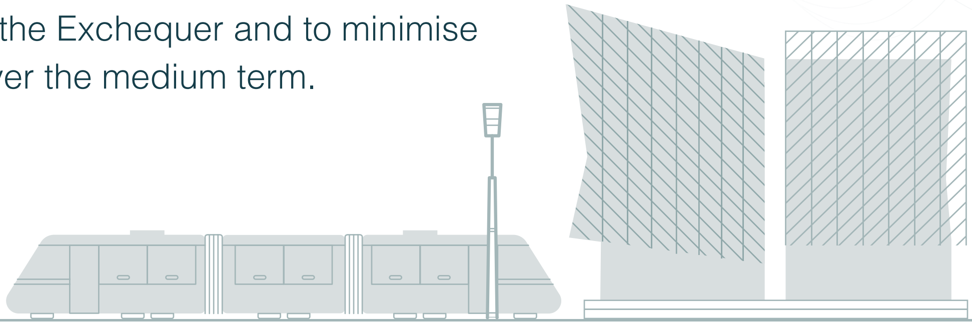
# Funding and Debt Management

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 minimise the interest burden over the medium term.



### Issuing Longer-Dated Debt

## €26bn

**Total Long-Term Issuance in 2020**

€24.6bn of benchmark bond issuance at a weighted average yield of 0.21% and a weighted average maturity of 11.5 years. The balance was in private placements – seven notes with maturities ranging from 58 to 100 years.

## €16bn

**New 7, 10 and 15 Year Bonds**

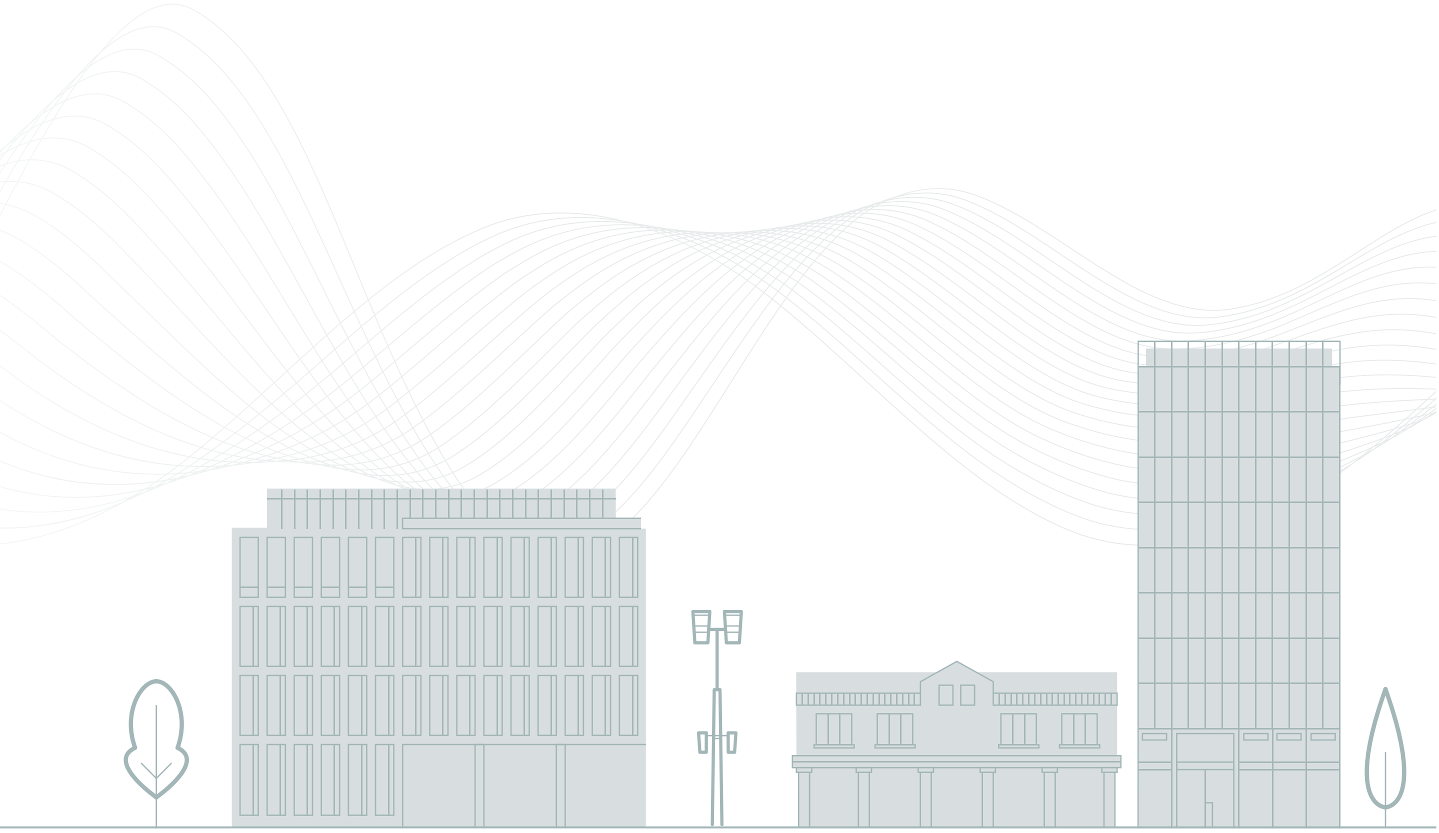
The NTMA issued three new bonds by syndication in 2020:

- In January, €4bn of a new 15-year bond, maturing in 2035, at a yield of 0.45%.
- In April, €6bn of a new 7-year bond, maturing in 2027, at a yield of 0.242%.
- In June, €6bn of a 10-year bond, maturing in 2030, at a yield of 0.285%.

## 11.3Yrs

**Average Maturity**

The weighted average maturity of Ireland's medium and long-term debt portfolio is estimated at 11.3 years at end-2020, up from 10.7 years at end-2019.



## Interest Bill Continues to Decline

**<€4bn**

### General Government Interest

General Government interest dropped to below €4bn in 2020, the lowest it has been since 2009 and some 50% below the 2013 peak.

**<5%**

### General Government Revenue

Interest as a percentage of General Government revenue was below 5% in 2020 – it was over 12% as recently as 2013.

## Gross National Debt at End-2020


| | |
|---|---|
| Fixed Rate Treasury Bonds | **€127.9bn** |
| Floating Rate Bonds | **€7.5bn** |
| Amortising Bonds | **€0.4bn** |
| Inflation-Linked Bonds | **€0.9bn** |
| EU Loans | **€40.9bn** |
| UK Bilateral Loan | **€0.5bn** |
| Other Medium & Long-Term Debt | **€4.1bn** |
| State Savings | **€18.8bn** |
| Short-Term Paper Debt | **€14.0bn** |
| Borrowing from Ministerial Funds | **€4.3bn** |

Figures may not total due to rounding.

# Funding and Debt Management (continued)

### Irish Bond Market Review

The yield on Irish 10-year bonds started the year at close to 0.1%. The early months of the year saw yields fall further, moving into negative territory against a relatively stable market backdrop at that time. Irish 10-year yields had fallen to -0.2% by early March.

March saw a period of significant volatility in bond markets, as the COVID-19 virus began to spread more widely and it was declared a global pandemic by the World Health Organisation. Economic activity was curtailed, countries entered lockdown and government borrowing requirements increased.

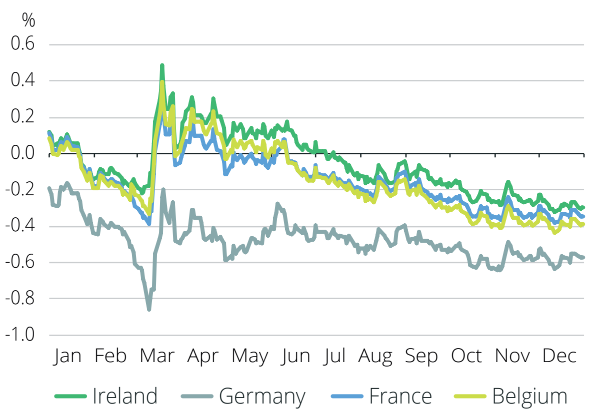
By the middle of March, Irish 10-year yields had increased by c. 70 basis points (bps) relative to the position at the start of the month, reaching a 2020 high of 0.5%. This was similar to moves seen in the yields of other euro area, semi-core countries.

The increases in sovereign yields across the euro area prompted the ECB to take action, and introduce additional monetary policy measures. Initially, a temporary increase in the size of purchases under the Public Sector Purchase Programme (PSPP) was announced. This was quickly followed by the introduction of a new Pandemic Emergency Purchase Programme (PEPP). The Programme has lowered borrowing costs, allowing euro area countries to borrow large sums in response to the economic and fiscal deterioration brought on by the pandemic – further detail can be found on page 11.

Ireland's 10-year spread to Germany widened from around 30 bps at the start of the year to a high of over 80 bps in mid-March, as investors flocked towards the German bund as a safe-haven asset. This spread tightened back below 60 bps following the ECB announcement on PEPP. The spread trended lower over the second half of the year, as ECB buying compressed yields. Ireland's spread to Germany closed the year at around 25 bps. The 10-year spread to semi-core countries such as France and Belgium was relatively stable over the year, closing the year at less than 5 bps.

Irish 10-year yields ended the year at -0.3%, a record low.

**10-Year bond yields in 2020**




### Funding Activity

#### Long-Term Funding

The NTMA's original bond funding range for 2020 was €10bn to €14bn. However, in April, reflecting the deterioration in the public finances brought on by the COVID-19 pandemic, the range was increased to €20bn to €24bn. Then, in July, to coincide with the Government's stimulus announcement the NTMA guided that it would issue to the top end of the revised range.

Despite the lower than expected deficit, the NTMA ultimately issued to the top of the range, completing €24bn of benchmark bond issuance. A further €0.6bn was issued in the non-competitive bond auctions, bringing total bond issuance to €24.6bn. This funding had a weighted average yield of 0.21% and a weighted average maturity of 11.5 years.

The NTMA also raised €1.4bn in private placements issued under the NTMA's Euro Medium Term Note (EMTN) Programme. There were seven placements with maturities ranging from 58 to 100 years.

This brought total long-term issuance to €26bn, the most in a single year since 2009. This focus on long-term issuance, at low rates, was a continuation of the NTMA's strategy of recent years to smoothen and lengthen the maturity profile.

Over the six year period 2015-2020, the NTMA issued close to €100bn of long-term debt reflecting, in large part, the significant bond maturities and the completion of the early repayment of IMF loans during that time. This issuance had a weighted average maturity of almost 15 years and a weighted average yield of 0.8%.

The NTMA undertook three bond syndications in 2020, issuing new bonds maturing in 2027, 2030 and 2035.

The first syndication of the year was a new 15-year bond issued in January, with €4bn sold at a yield of 0.45%. The total order book of over €20bn included in excess of 200 individual accounts. 97% of the bond was taken up by overseas investors.

The second syndication of the year took place in April. This was a new 7-year bond issued at a yield of 0.242%. Again, there was strong interest from a broad range of investors with a total of €6bn being sold. 84% was taken up by overseas investors.

In the third syndication of the year in June, €6bn of a new 10-year bond maturing in 2030 was issued at a yield of 0.285%.

## Combined Investor Geographic Distribution

### for three bond syndications in 2020

| | |
|---|---|
| UK | **24%** |
| Ireland | **11%** |
| Nordics | **13%** |
| Germany | **10%** |
| France & Benelux | **13%** |
| Italy | **6%** |
| Other Europe | **12%** |
| US and other | **10%** |

Figures may not total due to rounding.

The NTMA also held six bond auctions during the year issuing €8.6bn. Two of these auctions saw three different bonds being offered, which was a first for the NTMA. The September auction was also notable as it was the first time the Irish Sovereign Green Bond (ISGB) had been sold in an auction. This brought the outstanding balance in the 2031 ISGB to over €6bn – see page 12 for more details on ISGB.

## NTMA Bond Auctions 2020

| Bond Name | | Auction Size €m* | Yield % | Bid-Cover Ratio |
|---|---|---|---|---|
| **12 March** | | | | |
| 1.1% | Treasury Bond 2029 | 1,000 | -0.156 | 1.8 |
| **14 May** | | | | |
| 1.1% | Treasury Bond 2029 | 850 | 0.043 | 2.3 |
| 1.5% | Treasury Bond 2050 | 650 | 0.792 | 1.7 |
| **9 July** | | | | |
| 0.2% | Treasury Bond 2027 | 500 | -0.257 | 2.9 |
| 0.2% | Treasury Bond 2030 | 736 | -0.025 | 1.7 |
| 1.5% | Treasury Bond 2050 | 345 | 0.602 | 2.9 |
| **10 September** | | | | |
| 1.35% | Treasury Bond 2031 | 1,101 | -0.098 | 1.8 |
| 1.5% | Treasury Bond 2050 | 288 | 0.520 | 1.9 |
| **8 October** | | | | |
| 0.2% | Treasury Bond 2027 | 748 | -0.420 | 1.9 |
| 0.2% | Treasury Bond 2030 | 374 | -0.192 | 2.7 |
| 0.4% | Treasury Bond 2035 | 604 | 0.056 | 1.5 |
| **12 November** | | | | |
| 0.2% | Treasury Bond 2030 | 978 | -0.202 | 1.8 |
| 1.5% | Treasury Bond 2050 | 460 | 0.418 | 1.9 |

*includes proceeds of non-competitive auctions.

### ECB Expands Quantitative Easing Measures

The ECB's QE programme was expanded in 2020, to counter the risks to euro area economies, posed by the COVID-19 pandemic. The ECB initially turned to its existing asset purchase programme – the Public Sector Purchase Programme (PSPP) – by announcing, in March, a temporary envelope of €120bn in additional net purchases to run until end-2020.

It quickly followed that up with the introduction of a new temporary asset purchase programme – the Pandemic Emergency Purchase Programme (PEPP). The total package was initially set at €750bn, to run until at least end-2020.

This was subsequently extended to mid-2021 and expanded in size to €1.35trn. Then, in December 2020, the programme was increased in size again, to €1.85trn. Net purchases will continue until at least March 2022.

The key features of the PEPP are its flexible allocation of purchases over time, across assets and countries. It includes all asset classes eligible for the PSPP, but in contrast to the PSPP, issuer/issue limits do not apply and although both programmes are guided by the capital key, the PEPP has more flexibility to deviate from it.

During 2020, net purchases of Ireland's debt across the two programmes totalled approximately €16bn.

By end-2020 the cumulative net purchases of Irish bonds under the PSPP totalled €37.5bn (from a total of just under €2.5trn) and under the PEPP totalled approximately €11bn (from a total of just over €750bn).

# Funding and Debt Management (continued)

### Irish Sovereign Green Bond Programme Grows to Over €6bn

Irish Sovereign Green Bonds (ISGBs) provide investors with the financial features of standard Irish Government bonds combined with sovereign green bond market practices. The size and liquidity of ISGBs are expected to be equivalent to issues of standard Irish Government bonds. ISGBs are designed to be aligned to the Green Bond Principles published by the International Capital Market Association. The proceeds from ISGBs are allocated against Eligible Green Projects which generate positive environmental benefits. There was €6.1bn of ISGBs outstanding at end-2020.

The second annual allocation report, for the year ended 2019, was published in July 2020. It set out allocations to six eligible green categories which were comprised of 18 projects, schemes and programmes as per the table below:

| Eligible Green Category | Amount €m |
|---|---|
| Built Environment/Energy Efficiency | 216.0 |
| Clean Transportation | 836.8 |
| Climate Change Adaptation | 58.3 |
| Environmentally Sustainable Management of Living Natural Resources and Land Use | 160.4 |
| Renewable Energy | 10.3 |
| Sustainable Water and Wastewater Management | 687.1 |
| **Total** | **1,969** |

Figures may not total due to rounding.

€1,969m was allocated to Eligible Green Projects from the total proceeds of €3,287m available at end-2019, or 59.9%. The remainder, plus the proceeds from the first sale by auction of ISGBs in September 2020, creates a total of €2,587m for allocation to 2020 and beyond.

The first ISGB Impact Report was also published in July 2020. It details the environmental impact measures connected with the first allocation report which covers the years 2017 and 2018. This was a significant milestone in the life cycle of ISGBs. It sets out detailed impacts such as energy savings, carbon dioxide emissions avoided, passenger journey numbers for public transport and drinking water savings. These were among many impact measures directly connected with the allocations from ISGBs. The report also provides extensive secondary impact data and links to important relevant environmental studies and reports produced across the State entities which are responsible for climate-related expenditure. A spreadsheet containing all the impact data can also be downloaded on the NTMA website.

## Floating Rate Bond buybacks

A total of €1bn nominal of Floating Rate Bonds held by the Central Bank were bought back and cancelled during 2020. These were replaced with medium to long-term fixed rate market funding. By end-2020, a total of €17.5bn of Floating Rate Bonds had been bought back and cancelled by the NTMA, leaving an outstanding balance of €7.5bn. 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

As part of its response to the COVID-19 pandemic and the increased funding requirement, the NTMA stepped up its activity in short-term markets in 2020. From February, the NTMA held monthly Treasury Bill auctions and in April it increased the auction size to €0.75bn from €0.5bn. In total €7.75bn of Treasury Bills were issued at a weighted average yield and tenor of -0.5% and almost six months respectively. At year-end €3.75bn nominal of Treasury Bills were outstanding, up from €2bn at end-2019.

The NTMA also expanded Ireland's multi-currency Euro Commercial Paper (ECP) programme, with total turnover of over €29bn in 2020, compared to €6.7bn in 2019. ECP was issued at a weighted average euro equivalent yield of -0.5% and weighted average tenor of almost four months. The balance of ECP outstanding at year-end was €4.9bn, up from €0.3bn at end-2019.

Short-term debt was also issued in the form of Exchequer Notes and Central Treasury Notes. The majority of these notes are held by domestic public sector entities. The total outstanding at end-2020 was €5.4bn.

## 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 2020, there were net inflows of €1.5bn into State Savings products reflecting a general increase in savings across the Irish market as large parts of the economy were shut down for periods due to COVID-19. At end-2020, the total amount outstanding in fixed rate products and Prize Bonds was €18.8bn. When variable rate deposit accounts are included, this brings the year-end total to €22.7bn.

### State Savings – Transformation Programme

State Savings is continuing its digital transformation to enhance the customer experience. In the lead up to 2020, the NTMA launched a revamped State Savings website, offering existing customers the ability to purchase online (www.StateSavings.ie). The State Savings Customer Number (SSCN) was also launched, allowing customers to use their unique QR code to purchase both online and at Post Office Counters, without having to complete an application form.

In 2020, State Savings enhanced the way Prize Bond winnings were issued. Customers whose Prize Bonds are selected for prizes in the draw can choose to have prizes paid directly to their bank accounts or automatically reinvested into new Prize Bonds. These alternative options are fast and secure payment methods. They also increase efficiency in payments to customers as 'clearing times' and costs associated with cheques do not apply. Also, a new online webchat function launched, giving customers another channel to interact with State Savings.

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-2020 €m | Net Inflow/ (Outflow) in 2020 €m |
|---|---|---|
| Savings Bonds | 2,402 | (64) |
| 4 Year Solidarity Bonds | 1,226 | (31) |
| 10 Year Solidarity Bonds | 4,332 | 386 |
| Savings Certificates | 6,237 | 276 |
| Instalment Savings/Savings Stamps | 530 | 13 |
| Prize Bonds | 4,101 | 448 |
| Deposit Accounts | 3,919 | 499 |
| **Total** | **22,747** | **1,527** |

Figures may not total due to rounding.

# Funding and Debt Management (continued)

### Exchequer Funding Sources and Requirements 2020

The Exchequer had cash balances of €17.4bn at end-2020, an increase of €0.9bn on the previous year-end. The cash proceeds from long-term issuance (bonds, including non-competitive auctions, and private placements) totalled just under €27bn. Net State Savings inflows were €1.5bn, while other funding sources brought in over €5.5bn, most of which was short-term paper.

This funding was applied to meet bond maturities of just over €17bn, an EBR of €12.3bn, the redemption of four tranches of the UK bilateral loan totalling €1.9bn, as well as the purchase of €1bn nominal of Floating Rate Bonds from the Central Bank.


### Debt Profile and Debt Ratios

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 (GGD). While the NTMA's debt management responsibilities relate to the National Debt, the focus of this section is on GGD given it is the more widely recognised measure of sovereign debt across the EU.

#### Composition of National Debt and General Government Debt[1] at end-2020

| | | €bn |
|---|---|---|
| Government Bonds | | |
| *Fixed Rate Treasury* | *127.9* | |
| *Floating Rate* | *7.5* | |
| *Amortising* | *0.4* | |
| *Inflation-Linked* | *0.9* | |
| Total | | 136.8 |
| EU Loans | | 40.9 |
| UK Bilateral Loan | | 0.5 |
| Other Medium and Long-term Debt | | 4.1 |
| State Savings Schemes* | | 18.8 |
| Short-Term Paper Debt | | 14.0 |
| Borrowing from Ministerial Funds | | 4.3 |
| **Gross National Debt** | | **219.5** |
| Less Exchequer Cash | | 17.4 |
| Less Other Financial Assets | | 1.8 |
| **National Debt** | | **200.3** |
| | | |
| **Gross National Debt** | | **219.5** |
| General Government Debt Adjustments | | -1.3 |
| **General Government Debt** | | **218.2** |

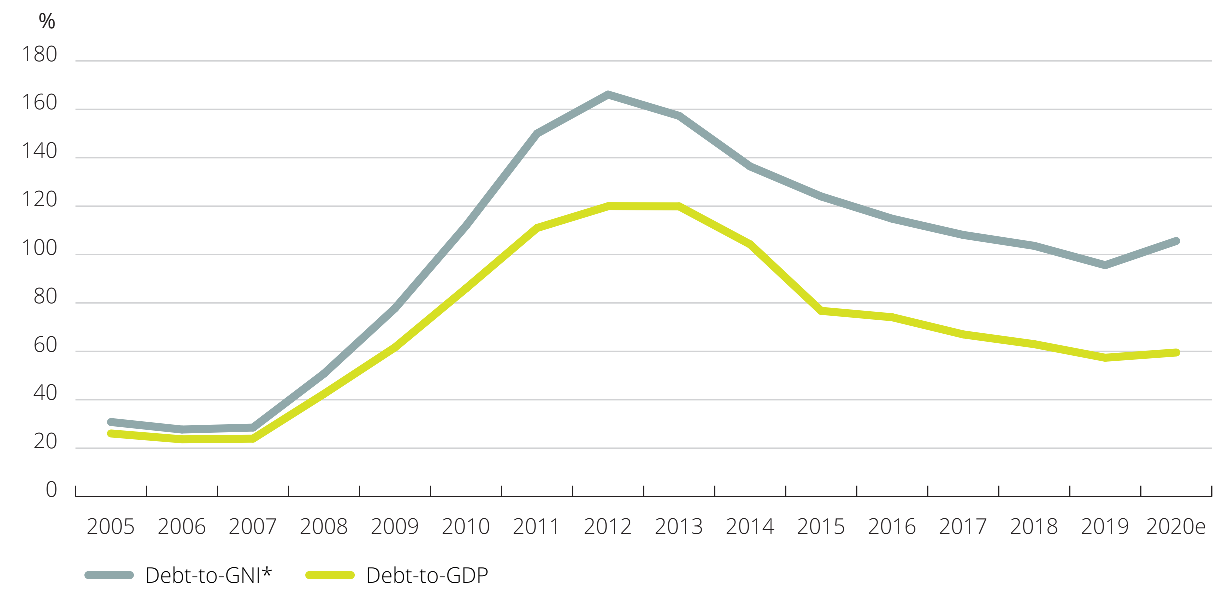
*State Savings Schemes also include Post Office Savings Bank (POSB) deposits. While not an explicit component of the National Debt, these funds are mainly lent to the Exchequer as a ways and means of funding short-term Exchequer requirements. Taking into account the POSB Deposits, total State Savings outstanding were €22.7bn at end-2020.

Figures may not total due to rounding.

Source: NTMA and Central Statistics Office (CSO)

1 *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 EU.*

## General Government Debt Ratios 2005-2020




Source: NTMA and CSO

At 59.5%, Ireland's GGD/GDP ratio at end-2020 had fallen significantly since its peak of 120% in 2012. However, the ratio – which had been on a consistent downward trend since that 2012 peak – did increase in 2020. The absolute level of debt increased sharply from €204bn at end-2019 to €218bn at end-2020. It is expected to grow further in 2021.

This growth is attributable to the borrowing required to fund the deficit in the public finances brought on by the Government's counter-cyclical response to the COVID-19 pandemic.

While the numerator has increased sharply, the nominal GDP denominator has proven resilient, increasing by 2.9% in 2020. This is due in large part to the performance of the multinational sector which was largely unaffected by the pandemic. Of course it is this sector which was largely responsible for the dramatic increase in GDP from 2015 onwards.

Ireland's general government revenue has also proved remarkably resilient to the worst effects of the pandemic, declining just 3.9% in 2020 as income tax and corporate taxes provided a strong counter-balance to the sharp fall in consumption taxes such as VAT.

It is widely accepted that the debt to GDP ratio is a less reliable indicator of sustainability for Ireland. In that context, it is necessary to focus on other metrics to obtain a clearer picture of Ireland's debt burden.

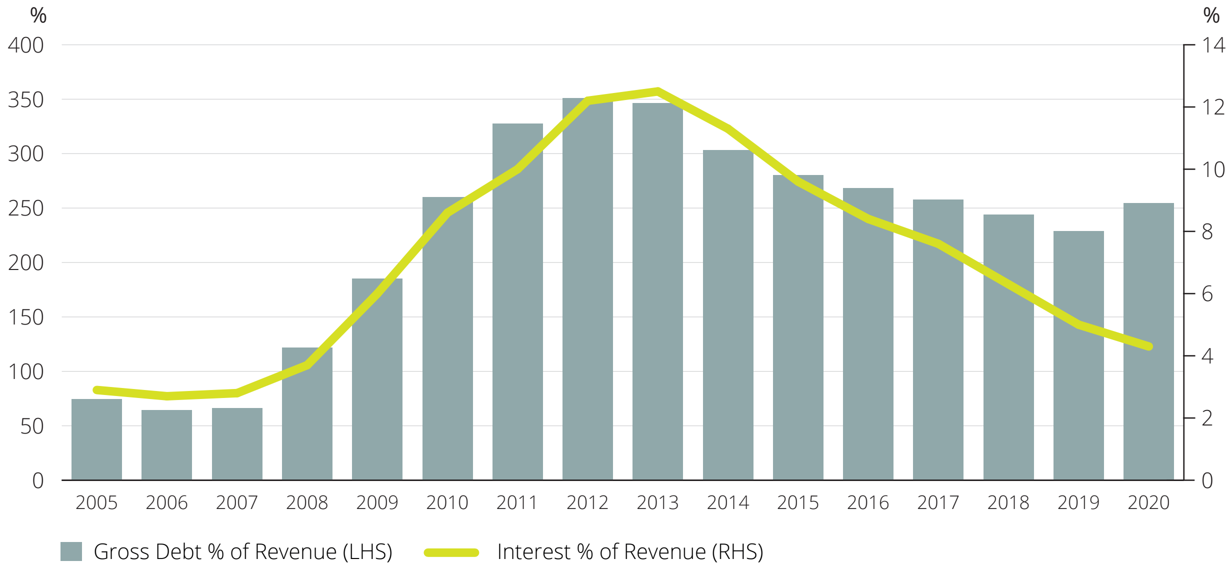
One alternative metric is GGD as a percentage of Modified Gross National Income, or GNI*. This metric strips out the impact of certain multinationals' activities from GDP. GNI* is considered the best, although still an imperfect, guide to the size of Ireland's economy. Similar to the trend in the GGD/GDP ratio, the GGD/GNI* ratio had also declined sharply from a peak of 166% in 2012 to 96% in 2019. In 2020, that trend was reversed and the ratio increased sharply to an estimated 106%.

Other important metrics looking at the burden of public debt include both debt and interest as a percentage of general government revenue. At end-2020, the GGD/revenue ratio stood at 254%, up from 229% at end-2019 but far below the 2012 peak of 351%.

The general government interest/revenue ratio continued its downward trend in 2020. It is discussed in more detail on page 17.

## Funding and Debt Management (continued)

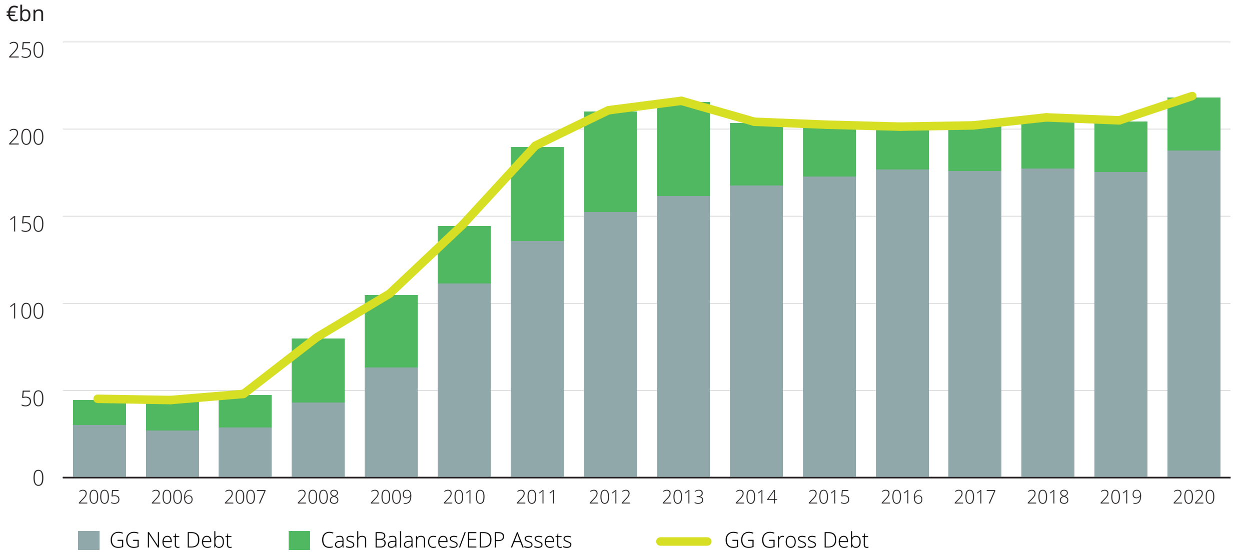
**General Government Debt Metrics 2005-2020**




Source: NTMA and CSO

GGD is a gross measure of debt. It 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. At end-2020, it stood at €187.7bn or 51.2% of GDP, giving EDP debt instrument assets of some €30.5bn. The main asset netted off for the purpose of calculating Net Debt is the Exchequer cash balance; other assets include ISIF cash and non-equity investments. The Government's equity stakes in the Irish banking sector, most notably AIB, are not part of these assets.

**Gross and Net General Government Debt 2005-2020**




Source: NTMA and CSO

## Debt Interest Bill

The NTMA's primary debt management objectives are to ensure liquidity for the Exchequer and to minimise the interest burden over the medium term.

Recent years have seen a sharp decline in the interest bill. This is despite gross debt remaining relatively stable at around €200bn for much of that time; and indeed increasing to €218bn in 2020.

Back in 2014, the interest bill was projected to reach almost €10bn in the latter part of that decade; in 2020 General Government interest expenditure fell below €4bn[2]. This is the lowest it has been since 2009 and some 50% below the 2013 peak of €7.8bn.

The maturity of high-coupon bonds, most of which were issued during the financial crisis of the late 2000s and their replacement with cheaper funding, together with the compression of sovereign bond yields brought on by the ECB's QE programmes are the main factors behind the sharp reduction.

Over the four year period 2017 – 2020, six bonds – with coupons ranging from 4.4% to 5.9% – matured. The aggregate balance on these six bonds reached over €50bn. Over that same period, the NTMA issued ten new benchmark bonds by syndication, with coupons ranging from 0% to 1.7%. The total amount issued into these ten bonds over that period was almost €65bn.

The average interest rate on the debt has also fallen significantly over the last decade, from over 4% to under 2% in 2020.

In terms of resources required to fund the interest payments on public debt, the interest/General Government revenue ratio fell further in 2020, to less than 5%. This was despite a fall in revenue of almost 4% in 2020. By contrast, this ratio was over 12% as recently as 2013.

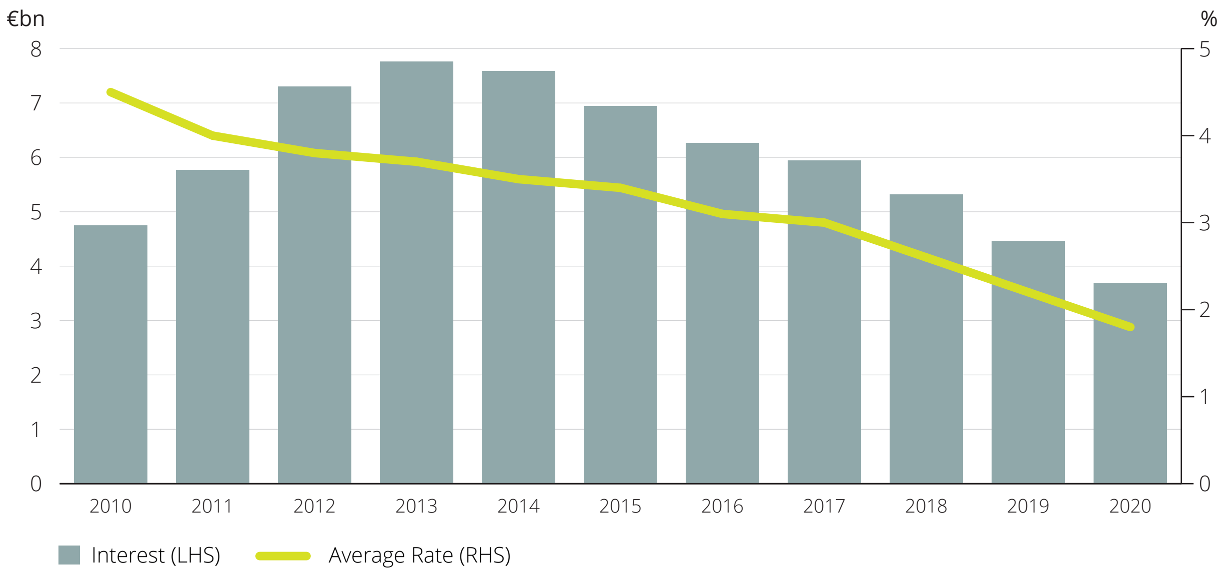
## Debt Redemptions

2020 was also notable for the size of bond maturities. There were two benchmark bond redemptions, the first in April (€10.6bn) and the second in October (€6.5bn). The April 2020 bond which had a coupon of 4.5% was first issued in January 2004 while the October 2020 bond which had a coupon of 5% was first issued in January 2010. It was the last new bond issued by syndication before Ireland entered the EU-IMF Programme in late 2010.

These were the last of five, high-coupon bonds to mature over the two-year period from October 2018 to October 2020. These five bonds collectively came to be known as the "chimney stacks" because of the scale of the outstanding balances which reached approximately €45bn. The refinancing of this high-coupon debt at much lower interest rates is a key factor behind the decline in the interest bill.

Four tranches of the UK bilateral loan totalling €1.9bn were also repaid in 2020.

**General Government Interest and Average Rate 2010-2020**




Source: NTMA and CSO

2 *Source: CSO, Government Finance Statistics, April 2021. The Financial Statements present National Debt service/interest expenditure on page 91.*

# Funding and Debt Management (continued)

## Irish Government Bond Market

At end-2020, Ireland's benchmark bond curve consisted of 17 fixed rate bonds with a range of maturities extending to 2050.

| Bond | Maturity Date | Outstanding End-2020 €m* |
|---|---|---|
| 0.8% Treasury Bond 2022 | 15 March 2022 | 6,788 |
| 0.0% Treasury Bond 2022 | 18 October 2022 | 5,040 |
| 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 | 11,189 |
| 0.2% Treasury Bond 2027 | 15 May 2027 | 7,248 |
| 0.9% Treasury Bond 2028 | 15 May 2028 | 8,097 |
| 1.1% Treasury Bond 2029 | 15 May 2029 | 9,538 |
| 2.4% Treasury Bond 2030 | 15 May 2030 | 9,409 |
| 0.2% Treasury Bond 2030 | 18 October 2030 | 8,088 |
| 1.35% Treasury Bond 2031 | 18 March 2031 | 6,101 |
| 1.3% Treasury Bond 2033 | 15 May 2033 | 4,625 |
| 0.4% Treasury Bond 2035 | 15 May 2035 | 4,816 |
| 1.7% Treasury Bond 2037 | 15 May 2037 | 5,763 |
| 2.0% Treasury Bond 2045 | 18 February 2045 | 8,596 |
| 1.5% Treasury Bond 2050 | 15 May 2050 | 5,863 |

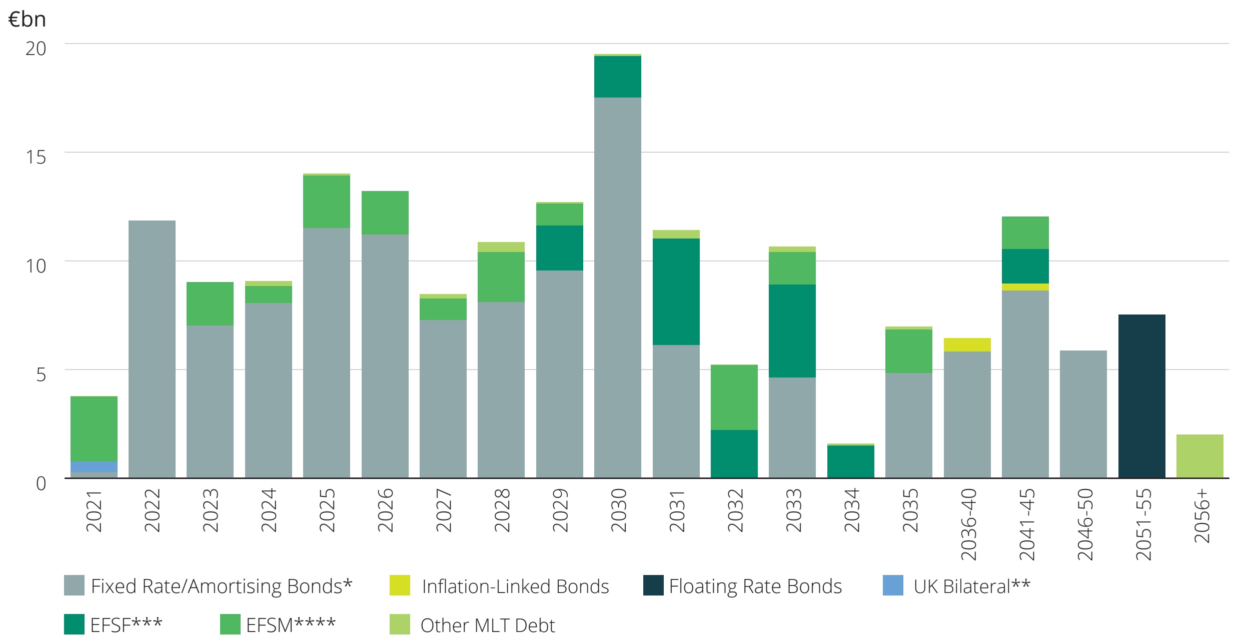
*excluding repos.

The Irish Government bond market has a strong primary dealer group, mainly consisting of international investment banks with a global reach. The 14 primary dealers have exclusive access to Irish Government bond auctions, and are required to quote continuous buy and sell prices in Irish benchmark bonds.

## Maturity Profile

The maturity profile of Ireland's medium-long term (MLT) debt portfolio, as at end-2020, is shown in the graph below. There are no benchmark bond maturities in 2021; the next is in March 2022. The only maturity of note in 2021 is the final £0.4bn tranche of the UK bilateral loan, which was repaid in March. The €3bn EFSM loan with a contractual maturity date in June 2021 has been refinanced by the EU as per the 2013 agreement.

Maturity Profile of Ireland's Medium & Long-Term Debt at End-2020




Source: NTMA

**Notes:**
*Reflects NTMA repo activity.
**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. The 2021 EFSM maturity in the chart has been extended and will now mature in April 2036.

## Credit Ratings

The ratings of the three main agencies remained stable during 2020.

### Ireland's Sovereign Credit Ratings at End-2020

| 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 2020 amid the pandemic. 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.

Pre-COVID, the NTMA held in-person investor relations roadshows across Europe. Following the outbreak in Ireland in March, the NTMA switched to virtual roadshows to continue the annual programme. The NTMA grew its investor base by presenting virtually to investors located outside of the main financial centres.

Reflecting the ever-changing macro and fiscal picture brought on by the pandemic, the NTMA increased the publishing frequency of, and added additional material to its investor presentation pack. The pack covers a range of topics from economic data to updates on Government funding.

## 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 Limited (formerly Apple Sales International) and Apple Operations Europe Limited (formerly 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.

On 15 July 2020, the General Court of the European Union (GCEU) issued its judgment annulling the European Commission decision, finding in favour of Ireland and Apple. On 25 September 2020 the European Commission announced its decision to lodge an appeal with the Court of Justice of the European Union (CJEU) challenging the judgment of the GCEU. The funds held in escrow will be released when there has been a final determination from the CJEU.

The Fund is managed by three investment firms; Amundi Asset Management, BlackRock (Netherlands) B.V. and Goldman Sachs Asset Management International 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.

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.