# Financial Statements

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



## Prepared by the NTMA in accordance with section 35 of the Future Ireland Fund and Infrastructure, Climate, and Nature Fund Act 2024

# 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, NDP Delivery and Reform has been in place in the Agency for the year ended 31 December 2024 and up to the date of approval of the 2024 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 structures and 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 ongoing 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 ensures risks are properly identified, assessed, managed and reported.

In 2024, the ARC comprised three Agency members, with a range of skills appropriate to its functions, including financial and audit expertise. The Committee met formally eight times in 2024.

An executive-level Enterprise Risk Management Committee ("ERMC") oversees the effective management of risk and compliance by reviewing and / or approving key risk frameworks and policies, monitoring the organisation's risks and controls and monitoring the overall risk profile and strategic risks.

The Risk Management Policy and Framework and Risk Appetite Framework which were updated in 2024 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 of the Agency 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 business units and corporate functions and the controls therein are attested by the control owners. Risk registers were reviewed and challenged by the appropriate risk committees, including the ARC, during the reporting period.

The ARC also reviewed and challenged the Agency's principal risks in the reporting period, based on a risk assessment exercise conducted by the ERMC, supported by the business units and corporate functions.

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 established third party risk policy and procedures to assess and manage risks posed by third parties including the monitoring and oversight of critical third party service providers.

- 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 continue to be manual. A very small number of payment errors (<0.01% in value and <0.05% in number) occurred in 2024. All payment errors processed in 2024 were fully recovered and no net losses have arisen. While enhanced controls and procedures have been introduced to mitigate this business risk, Management continue to focus on further enhancements to relevant controls and procedures

## Ongoing Monitoring and Review

The Agency has established processes for the ongoing 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, owns the risks associated with business activities and is 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 its 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 ERMC 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 Procurement 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.

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 2024, payments with a total value of €9.08m (ex VAT) (2023: €8.83m (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.

# Statement on Internal Control (continued)

| Category | Total (ex VAT) 2024 €m | Notes |
|---|---|---|
| Expert Witnesses | 8.12 | Note 1 |
| Information Technology & Communications | 0.41 | Note 2 |
| Professional Services | 0.55 | Note 3 |

**Note 1:** Payments made by the State Claims Agency (SCA) to expert witnesses cover numerous individual engagements. In most cases, the amount paid per engagement is less than €5,000 (excluding VAT). Expert witnesses are witnesses engaged by the 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 causation and liability (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 it considered 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. In relation to witnesses as to quantum and fact, panels to provide the following services have been procured: actuarial expert witness services; architectural expert witnesses; and private investigator service providers. The SCA does not propose to procure panels for other witnesses as to quantum and fact at this time.

**Note 2:** This includes payments of €0.11m (28% of category total) to sole providers of a service, payments of €0.21m (52% of category total) to financial credit rating agencies where the services were required in order to comply with Ministerial Guidelines issued pursuant to Section 4(4) of the National Treasury Management Agency Act 1990, and payments of €0.08m (20% of category total) to a provider of secondary trading tools, required as an essential contingency arrangement, and a provider of dictation software.

**Note 3:** This includes payments of €0.12m (22% of category total) for services that have since been openly tendered and service providers appointed, payments of €0.15m (27% of category total) to sole providers of a service, payments of €0.21m (39% of category total) to three advisors for specialist services, including non-EU legal advisory services, relating to commercially sensitive and/or time sensitive transactions, and payments of €0.07m (12% of category total) to a provider of specialist legal advice and a provider of specialist financial advice in relation to the Future Ireland Funds.

The Agency's Procurement Policy and Procurement Procedure are reviewed on an ongoing basis and are updated as required.

## Annual Review of Effectiveness

We confirm that the Agency has procedures to monitor the effectiveness of its risk management and control procedures. The 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 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 2024.

No weaknesses in internal control were identified in relation to 2024 that require disclosure in the financial statements.

**Rachael Ingle, Chairperson**
National Treasury Management Agency

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

29 April 2025

## Financial Statements of the

# National Debt of Ireland

For the year ended 31 December 2024

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 2024 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 net national debt and the related notes.

In my opinion, the financial statements properly present

- the balance outstanding on the national debt at 31 December 2024, and
- the debt service cost for 2024.

### 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 Mc Carthy.

**Seamus McCarthy**
Comptroller and Auditor General

30 April 2025

# Appendix to the report

## 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 annual 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 the year-end 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 on 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.

I 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.

### 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.

# Service of National Debt

## For the year ended 31 December 2024

| | Note | 2024<br>€m | 2023<br>€m |
|---|---|---|---|
| Net Interest Paid on Gross National Debt | 3 | 3,968 | 3,828 |
| Net Income Received on Cash and Other Financial Assets | 4 | (977) | (660) |
| Fees and Operating Expenses | 5 | 146 | 141 |
| **Total Debt Service Cost** | | **3,137** | **3,309** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# National Debt Statement

## As at 31 December 2024

| | Note | 2024 €m | 2023 €m |
|---|---|---|---|
| **Medium/Long Term Debt** | | | |
| Irish Government Bonds | 6 | 141,877 | 144,320 |
| EU Programme Loans | 7 | 38,111 | 38,911 |
| Other Medium/Long Term Debt | 8 | 7,868 | 7,847 |
| | | **187,856** | **191,078** |
| **Short Term Debt** | | | |
| Short Term Paper | 9 | 19,435 | 17,358 |
| Borrowings from Ministerial Funds | 10 | 5,774 | 6,293 |
| | | **25,209** | **23,651** |
| **Ireland State Savings Schemes** | | | |
| Ireland State Savings Products | 11 | 19,551 | 19,808 |
| **Gross National Debt** | | **232,616** | **234,537** |
| Cash at Central Bank of Ireland | 12.1 | (19,318) | (19,003) |
| Other Financial Assets | 12.2 | (20,249) | (9,908) |
| **Net National Debt** | **13** | **193,049** | **205,626** |

As outlined in note 2.2, debt balances are recorded on the National Debt Statement at their redeemable par value.

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# National Debt Cash Flow Statement

## For the year ended 31 December 2024

| | Note | 2024<br>€m | 2023<br>€m |
|---|---|---|---|
| **Movement in Central Fund Balances:** | | | |
| Balance at 1 January | 12.1 | 19,003 | 23,306 |
| Increase in Other Financial Assets | 12.2 | (10,341) | (6,863) |
| Net (Repayment)/Borrrowing of Debt (see below) | | (2,100) | 1,381 |
| | | 6,562 | 17,824 |
| Exchequer Surplus | | 12,756 | 1,179 |
| **Central Fund Balance at 31 December** | **12.1** | **19,318** | **19,003** |

| | Note | 2024<br>Net[1]<br>€m | 2023<br>Net[1]<br>€m |
|---|---|---|---|
| **Net (Repayment)/Borrowing of Debt:** | | | |
| **Medium/Long Term Debt** | | | |
| Irish Government Bonds | 6 | (2,621) | (4,173) |
| EU Programme Loans | 7 | (800) | (2,000) |
| Other Medium/Long Term Debt | 8 | 20 | (3) |
| **Short Term Debt** | | | |
| Short Term Paper | 9 | 2,077 | 7,456 |
| Borrowings from Ministerial Funds | 10 | (519) | 302 |
| **Ireland State Savings Schemes** | | | |
| Ireland State Savings Products | 11 | (257) | (201) |
| **Net (Repayment)/Borrowing of Debt** | | **(2,100)** | **1,381** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

1 The Net (Repayment)/Borrowing of Debt represents the total principal cashflows paid or received in the period (together with the rollover of debt and related hedging transactions). Cashflow figures are inclusive of premiums and discounts paid on issuance or repayment. As outlined in note 2.2, debt balances are recorded on the National Debt Statement at their redeemable par value. As a result, the movements of outstanding balances in notes 6 to 9 (which reflect the principal amount of the outstanding debt) may not agree to the net borrowing/(repayment) cashflow figures outlined above due to the premiums or discounts paid or received. Such premiums and discounts on issuance or repayment are reported in the Statement of Movement in Net National Debt.

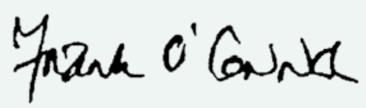
# Statement of Movement in Net National Debt

## For the year ended 31 December 2024

| | Note | 2024 €m | 2023 €m |
|---|---|---|---|
| Net National Debt at 1 January | 13.3 | 205,626 | 204,885 |
| (Decrease)/Increase in Net National Debt | | (12,577) | 741 |
| **Net National Debt at 31 December** | **13.3** | **193,049** | **205,626** |
| | | | |
| **(Decrease)/Increase in Net National Debt represented by:** | | | |
| Exchequer Surplus | | (12,756) | (1,179) |
| Effect of Foreign Exchange Rate Movements | | 1 | (7) |
| Adjustment for Inflation Linked Bonds | | - | 42 |
| Net Discount on Bond Issuances | | 194 | 884 |
| Net (Gain)/Loss on Cancellations | | (16) | 1,001 |
| | | **(12,577)** | **741** |

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

On behalf of the Agency



**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Notes to the Financial Statements

## 1. Background

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

National Debt is defined by section 1 of the Act as the debt outstanding for the time being of the Exchequer. For the purpose of the financial statements, this is Gross National Debt. Net National Debt is presented as the net debt incurred by the Exchequer after taking account of cash and other financial assets.

The Agency conducts its National Debt management activities principally through the Central Fund. The Central Fund, also known as the Exchequer Account, is the primary financial account used by the Irish government. It is a bank account held at the Central Bank of Ireland ("CBI") and managed by the Minister for Finance. All state revenues are deposited into this account, and government expenditures are issued from it.

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

The financial statements of the National Debt also include, for information purposes only, disclosure notes (notes 14.2 and 15) in relation to the Credit Support Annex (CSA) Collateral Account, the National Loans Advance Interest Account, the National Loans (Winding Up) Account and the the National Treasury Management Agency (Unclaimed Dividends) Account. As these are operational accounts at the CBI, set up for specific purposes outside of managing the Central Fund, the related cash balances are not included with the Cash at Central Bank of Ireland on the National Debt Statement.

The accounts prepared annually by the Department of Finance under Section 4 of the Comptroller and Auditor General (Amendment) Act, 1993 (known as the Finance Accounts), contain detailed analysis and classification of the payments into and out of the Central Fund and also incorporate the financial statements of the National Debt.

## 2. Basis of Preparation

The financial statements have been prepared for the year ended 31 December 2024, 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 (Gross National Debt), less cash and other financial assets available for redemption of those liabilities at the same date (Net National Debt). The Minister for Finance under various statutes also guarantees borrowings by the State bodies 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 Central Fund, 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 on 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, the total consideration is reported within the Central Fund balance on the National Debt. The premium or discount is then reflected through the Statement of Movement in Net 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 Net National Debt.

## 2. Basis of Preparation (continued)

### 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 flows are included in the cost of servicing the National Debt 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

| | 2024 €m | 2023 €m |
|---|---|---|
| **Interest Paid on Medium/Long Term Debt** | | |
| Irish Government Bonds | 2,377 | 2,552 |
| EU Programme Loans | 632 | 583 |
| Medium/Long Term Notes | 38 | 38 |
| Schuldscheine Loans | 35 | 35 |
| European Investment Bank | 19 | 19 |
| SURE Loan | 5 | 5 |
| Council of Europe Development Bank | 1 | 1 |
| Derivatives hedging Medium/Long Term Debt | - | (2) |
| | 3,107 | 3,231 |
| **Interest Paid on Short Term Debt** | | |
| Exchequer Notes | 577 | 294 |
| Borrowings from Ministerial Funds | 22 | 21 |
| Central Treasury Notes | 19 | 18 |
| Euro Commercial Paper | - | 24 |
| | 618 | 357 |
| **Interest Paid on Ireland State Savings Schemes** | | |
| 10 Year National Solidarity Bonds | 119 | 120 |
| Savings Certificates | 56 | 78 |
| Prizes in respect of Prize Bonds | 46 | 24 |
| Savings Bonds | 10 | 8 |
| 4 Year National Solidarity Bonds | 7 | 6 |
| Instalment Savings | 5 | 4 |
| | 243 | 240 |
| **Total Net Interest Paid on Gross National Debt** | **3,968** | **3,828** |

# Notes to the Financial Statements (continued)

## 4. Net Income Received on Cash and Other Financial Assets

| | 2024 €m | 2023 €m |
|---|---|---|
| Interest Received on Cash at Central Bank of Ireland | (621) | (568) |
| Income Received on Other Financial Assets | (356) | (92) |
| | **(977)** | **(660)** |

Interest received in 2024 reflects the continued positive interest rate environment.

## 5. Fees and Operating Expenses

| | 2024 €m | 2023 €m |
|---|---|---|
| EU Programme Loans | 20 | 23 |
| Prize Bonds | 16 | 15 |
| Savings Certificates | 10 | 10 |
| 10 Year National Solidarity Bonds | 9 | 8 |
| Government Bonds and Other Expenses | 6 | 9 |
| Savings Bonds | 5 | 4 |
| 4 Year National Solidarity Bonds | 2 | 3 |
| Instalment Savings | 1 | 1 |
| | **69** | **73** |
| Agency Operating Expenses[2] | 77 | 68 |
| | **146** | **141** |

The fees on the Gross National Debt principally include service fees on long-term debt (includes recurring facility fees along with one off transaction fees that reimburse any operational costs of the lender), syndication fees on new bond issuance and An Post/Prize Bond Company service fees in relation to Ireland State Savings products.

2 Expenses incurred by the Agency in the performance of its functions are charged on and paid out of the Central Fund. Further details can be found in the financial statements of the NTMA Administration Account (Central Fund note 6).

## 6. Irish Government Bonds

| | 2024 €m | 2023 €m |
|---|---|---|
| **Conventional Bonds** | | |
| Fixed Rate Bonds | 140,481 | 142,756 |
| Amortising Bonds | 192 | 360 |
| | **140,673** | **143,116** |
| | | |
| **Inflation Linked Bonds** | **1,204** | **1,204** |
| | | |
| **Total Irish Government Bonds** | **141,877** | **144,320** |

### Fixed Rate Bonds:

The year-on-year decrease in fixed rate bonds is primarily due to €8.0 billion redemption offset by new issuance of over €6.0 billion.

Included within fixed rate bonds is €11.2 billion which was issued in accordance with the Irish Sovereign Green Bond (ISGB) Framework. New issuance under the ISGB Framework was €0.8 billion in 2024 (2023: €3.5 billion).

### Inflation Linked Bonds:

No change in redeemable par value in 2024.

## 7. EU Programme Loans

Ireland's EU/IMF programme, as agreed in 2010, 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.

In March 2024, a €0.8 billion tranche of the EFSM Loan was repaid.

The liabilities outstanding under the Programme are as follows:

| | 2024 €m | Weighted Average Residual Maturity Years | 2023 €m | Weighted Average Residual Maturity Years |
|---|---|---|---|---|
| **Lender** | | | | |
| European Financial Stability Facility | 18,411 | 8.1 | 18,411 | 9.1 |
| European Financial Stabilisation Mechanism | 19,700 | 6.8 | 20,500 | 7.5 |
| **Total** | **38,111** | | **38,911** | |

# Notes to the Financial Statements (continued)

## 8. Other Medium/Long Term Debt

| | 2024 €m | 2023 €m |
|---|---|---|
| Medium/Long Term Notes | 3,071 | 3,071 |
| EU SURE Loan | 2,473 | 2,473 |
| European Investment Bank | 1,905 | 1,665 |
| Schuldscheine Loans | 385 | 602 |
| Council of Europe Development Bank | 29 | 31 |
| Other Medium/Long Term Loans | 5 | 5 |
| | **7,868** | **7,847** |

## 9. Short Term Paper

The Agency issues short-term paper with maturities of up to one year. The proceeds are used to fund the Exchequer as bridging finance during 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.

| | 2024 €m | 2023 €m |
|---|---|---|
| Exchequer Notes | 17,840 | 15,196 |
| Central Treasury Notes | 1,595 | 2,162 |
| | **19,435** | **17,358** |

At year-end 2024, the European Commercial Paper Programme and Irish Treasury Bills balances were €Nil (2023: €Nil).

## 10. Borrowings from Ministerial Funds

The Gross National Debt includes borrowings from other funds under the control of the Minister for Finance and are an alternative source of Exchequer funding and liquidity. The borrowings act as a sweep where available monies are transferred to the Central Fund and are repayable as required.

| | 2024 €m | 2023 €m |
|---|---|---|
| Post Office Savings Bank Fund | 3,748 | 3,970 |
| Surplus Public Expenditure Monies Account (note 16) | 2,026 | 2,323 |
| | **5,774** | **6,293** |

## 11. Ireland State Savings Schemes

| | 2024 €m | 2023 €m |
|---|---|---|
| Savings Certificates | 5,661 | 5,660 |
| 10 Year National Solidarity Bonds | 5,170 | 5,009 |
| Prize Bonds | 4,463 | 4,650 |
| Savings Bonds | 2,618 | 2,468 |
| 4 Year National Solidarity Bonds | 1,095 | 1,474 |
| Instalment Savings | 542 | 545 |
| Savings Stamps | 2 | 2 |
| | **19,551** | **19,808** |

Amounts shown in respect of Savings Certificates, Instalment Savings, Savings Bonds, Solidarity Bonds and Prize Bonds include €8 million (2023: €17 million) cash balances held by An Post and Permanent TSB. 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 €372 million (2023: €405 million), being the estimate of the amount of accrued interest at year-end 2024 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

### 12.1 Central Fund Balances at the CBI

| | 2024 €m | 2023 €m |
|---|---|---|
| **The Central Fund**[3] | **19,318** | **19,003** |

3 Included in the Central Fund figure is the balance held in the CSRA, which was €155k at year-end 2024 (2023: €150k). The Central Fund and the CSRA are held at the CBI.

# Notes to the Financial Statements (continued)

## 12. Cash and Other Financial Assets (continued)

### 12.2 Other Financial Assets

| | 2024 €m | 2023 €m |
|---|---|---|
| Treasury Bills | 14,949 | 4,768 |
| HFA Guaranteed Notes | 5,300 | 4,130 |
| Cash Deposits | - | 1,000 |
| SBCI Guaranteed Notes | - | 10 |
| | **20,249** | **9,908** |

Treasury Bills represent investments in Treasury Bills issued by European sovereigns and supra-national agencies.

The Housing Finance Agency ("HFA") and the Strategic Banking Corporation of Ireland ("SBCI") notes are investments held under separate guaranteed note programmes. Guaranteed notes may not be readily realisable dependent on market conditions.

Cash Deposits represent short-term cash advances to European debt offices. To support liquidity management, debt offices in Europe borrow and lend cash to each other on on a short-term bi-lateral basis.

Following the Court of Justice of the European Union decision in September 2024, the process of transferring the cash and assets held in the escrow accounts to Ireland commenced in the manner prescribed in the Escrow Framework Deed. Almost €11.0 billion was transferred to the Exchequer by the end of 2024 and is reflected in the Cash and Other Financial Assets balance at year-end 2024. Subsequent to year end, further amounts totalling €3.3 billion were paid over to the Exchequer in the period to end of April 2025.

### 12.3 Foreign Currency Clearing Accounts

The Agency maintains several foreign currency clearing accounts for the purpose of managing transactions in non-euro currencies. Receipts and payments in foreign currencies are translated into euro at the rates of exchange prevailing at the date of the transaction using swap agreements and other financial instruments (note 2.4).

In 2024, €350m (2023: €6.5 billion) of receipts and payments were processed through the foreign currency clearing accounts. The cashflows predominantly related to lower short-term debt activities in non-euro currencies.

The balance held in these accounts at end December 2024 was €Nil (2023: €Nil). The Agency held no other foreign currency cash balances.

## 13. Risk Management

### 13.1 Risk Manageent 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 National 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.

# 13. Risk Management (continued)

## 13.1 Risk Management Framework (continued)

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 risk and compliance 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.

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

The ARC comprises members of the Agency Board and 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 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 reviews and monitors the performance of the internal audit, compliance and risk management functions, which are managed on a day-to-day basis by the Head of Internal Audit, the Head of Compliance and the Head of Risk (Financial, Investment and Enterprise) respectively, to assess their effectiveness.

### Management Committees

**Enterprise Risk Management Committee (ERMC)**

The purpose of the ERMC, an executive management committee, is to:

- set and approve, or recommend for approval to the ARC or Agency, the key risk frameworks and policies;
- oversee, challenge and monitor the risks and controls of the organisation, taking a holistic, enterprise-wide approach to overseeing the effective management of risk (both financial and non-financial) and compliance;
- monitor the organisation's overall risk profile and keep under review the organisation's principal risk exposures, including in relation to emerging and strategic risks.

# Notes to the Financial Statements (continued)

## 13. Risk Management (continued)

### 13.1 Risk Management Framework (continued)

### Management Committees (continued)

**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 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 reviews proposals and risk assessments in respect of new treasury products and processes, or material changes to existing products and processes. The MLRC also 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.

**IT Security Committee (ITSC)**

The ITSC is a sub-committee of the ERMC, reporting to the ORCC on operational items. It is responsible for the oversight of the NTMA IT Security management programme and is a governance and decision-making forum in relation to security issues, solutions and possible business impacts concerning the confidentiality, integrity, availability or authenticity of information assets or systems managed by the NTMA or a third-party supplier.

### 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. 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 functioning primary dealer market, a well informed and diversified international investor base, with a presence in most 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 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).

# 13. Risk Management (continued)

## 13.1 Risk Management Framework (continued)

### Principal Risks (continued)

**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. With regard to the National Debt, this risk mainly arises from: short-term investments in government bonds, treasury bills and similar instruments issued by highly rated euro area sovereigns; and from derivatives; deposits; and foreign exchange transactions with market counterparties. 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 and behavioural risk, process risk, change and project risk, information technology, data and cyber security risk, governance risk, third-party risk, business disruption risk, fraud risk and also 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 Net National Debt – Currency Composition

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

| Currency | As at 31 December | |
|---|---|---|
| | 2024<br>€m | 2023<br>€m |
| **Debt Instruments** | | |
| Euro | 232,616 | 234,537 |
| | **232,616** | **234,537** |
| **Foreign Exchange and Swap Contracts** | **-** | **-** |
| **Gross National Debt** | **232,616** | **234,537** |
| **Cash and other financial assets** | | |
| Euro | **(39,567)** | **(28,911)** |
| **Net National Debt** | **193,049** | **205,626** |

# Notes to the Financial Statements (continued)

## 13. Risk Management (continued)

### 13.3 Net 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:

| 2024 | Due within 1 Year €m | Due between 1-5 Years €m | Due between 5-10 Years €m | Due over 10 Years €m | Total €m |
|---|---|---|---|---|---|
| Irish Government Bonds | 11,502 | 38,119 | 48,996 | 43,260 | 141,877 |
| EU Programme Loans | 2,400 | 8,370 | 19,241 | 8,100 | 38,111 |
| Other Medium & Long Term Debt | 108 | 2,014 | 864 | 4,882 | 7,868 |
| Short Term Debt[4] | 25,209 | - | - | - | 25,209 |
| Ireland State Savings[5] | 8,448 | 8,236 | 2,864 | 3 | 19,551 |
| **Gross National Debt** | **47,667** | **56,739** | **71,965** | **56,245** | **232,616** |
| | | | | | |
| Cash at Central Bank of Ireland | (19,318) | - | - | - | (19,318) |
| Other Financial Assets | (14,949) | (875) | (740) | (3,685) | (20,249) |
| **Cash and Other Financial Assets** | **(34,267)** | **(875)** | **(740)** | **(3,685)** | **(39,567)** |
| | | | | | |
| **Net National Debt** | **13,400** | **55,864** | **71,225** | **52,560** | **193,049** |
| **% Total Net National Debt** | **7%** | **29%** | **37%** | **27%** | **100%** |

| 2023 | Due within 1 Year €m | Due between 1-5 Years €m | Due between 5-10 Years €m | Due over 10 Years €m | Total €m |
|---|---|---|---|---|---|
| Irish Government Bonds | 8,151 | 39,423 | 54,456 | 42,290 | 144,320 |
| EU Programme Loans | 800 | 7,700 | 20,831 | 9,580 | 38,911 |
| Other Medium & Long Term Debt | 225 | 2,034 | 843 | 4,745 | 7,847 |
| Short Term Debt[4] | 22,386 | 1,265 | - | - | 23,651 |
| Ireland State Savings | 8,507 | 8,594 | 2,705 | 2 | 19,808 |
| **Gross National Debt** | 40,069 | 59,016 | 78,835 | 56,617 | 234,537 |
| | | | | | |
| Cash at Central Bank of Ireland | (19,003) | - | - | - | (19,003) |
| Other Financial Assets | (5,778) | (355) | (1,000) | (2,775) | (9,908) |
| **Cash and Other Financial Assets** | (24,781) | (355) | (1,000) | (2,775) | (28,911) |
| | | | | | |
| **Net National Debt** | 15,288 | 58,661 | 77,835 | 53,842 | **205,626** |
| **% Total Net National Debt** | **7%** | **29%** | **38%** | **26%** | **100%** |

4 €1.3 billion of the borrowings from the Post Office Savings Bank Fund (Borrowings from Ministerial Funds) in 2023 was not considered repayable on demand and as such, was categorised in the maturity profile as repayable in the period 1-5 years. In 2024, all Borrowings from Ministerial Funds are categorised as being repayable based on contracted maturity, being due within 1 year.

5 Ireland State Savings maturities are based on contracted maturity information provided by An Post for year-end 2024.

# 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 fair value of each instrument is determined by using an appropriate rate of interest to discount all its future cashflows to their present value. At year-end 2024, the derivative position was €Nil (2023: €Nil).

The Agency provides treasury services to the National Asset Management Agency ("NAMA") under sections 52 and 235 of the National Asset Management Agency Act, 2009 and to IBRC (in liquidation). Accordingly it may enter into derivative transactions with NAMA and 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 year-end 2024 was €0.04 billion (2023: €0.05 billion). There were no such derivative transactions outstanding at the end of 2023 or 2024 with 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 2024 €m | Net 2023 €m |
|---|---|---|---|---|
| NAMA Related Derivatives | 4 | (4) | - | - |
| IBRC Related Derivatives | 346 | (346) | - | - |
| | **350** | **(350)** | **-** | **-** |

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.

# Notes to the Financial Statements (continued)

## 14. Derivatives (continued)

### 14.2 Credit Support Annex (CSA) Collateral Account

The Agency established a CSA Collateral Account in the Central Bank of Ireland in 2010 to facilitate derivative 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 Central Fund.

| | 2024<br>€m | 2023<br>€m |
|---|---:|---:|
| Balance at 1 January | 3 | 10 |
| Cash Collateral received from counterparties | 4 | 24 |
| Cash Collateral paid to counterparties | (4) | (31) |
| | 3 | 3 |
| Net Exchequer Funding during the Year | - | - |
| **Balance at 31 December** | **3** | **3** |

| **Note:** | 2024<br>€m | 2023<br>€m |
|---|---:|---:|
| Exchequer Funding at 31 December | - | - |
| Net Collateral Posted to Counterparties at 31 December | - | - |

The collateral account at the CBI had a surplus balance of €3 million at year-end. The Agency has entered into Collateral Posting Agreements with NAMA and IBRC. At year-end 2024, IBRC had posted collateral of €3 million (2023: €3 million) to the Agency as part of this agreement. There was no collateral posted by NAMA at the end of 2023 or 2024.

Under the cash basis of accounting, cash collateral received and any related payables do not form part of the National Debt Statement.

## 15. Bond Operating Accounts

Receipts and payments on cash accounts held by the Agency at the CBI which support bond related operations and activities are presented below (note 1).

| 2024 | National Loans Advance Interest Account €m | National Loans (Winding Up) Account €m | Unclaimed Dividends Account €m |
|---|---|---|---|
| Balance at 1 January | 9 | 3 | 3 |
| Receipts | 29 | - | - |
| Payments | (34) | - | - |
| **Balance at 31 December** | **4** | **3** | **3** |

| 2023 | National Loans Advance Interest Account €m | National Loans (Winding Up) Account €m | Unclaimed Dividends Account €m |
|---|---|---|---|
| Balance at 1 January | 10 | 3 | 3 |
| Receipts | 21 | - | - |
| Payments | (22) | - | - |
| **Balance at 31 December** | **9** | **3** | **3** |

The National Loans Advance Interest Account represents accrued interest received on bond issuance during the year. Such monies are deposited to this account until the next bond coupon date, when the accrued interest is then used to offset the related servicing costs of the Exchequer.

The Winding Up Account and the Unclaimed Dividends Account represent unclaimed interest and principal amounts respectively on matured bonds, which have been returned to the Agency and have yet to be claimed by the registered holders. Changes in the way in which bonds are held by investors and the processing of payments means unclaimed amounts rarely arise and as a result amounts held on these accounts comprise principally of historic amounts.

# Notes to the Financial Statements (continued)

## 16. 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, being the account through which funding is provided by the Central Fund to Government Departments and forms part of the Borrowing from Ministerial Funds on the National Debt. The related cash receipts are included within the Central Fund balance on the Net National Debt (note 12).

| Surplus Public Expenditure Monies Account | 2024 €m | 2023 €m |
|---|---|---|
| Balance at 1 January | 2,323 | 2,103 |
| Receipts | 23,456 | 26,687 |
| Payments | (23,753) | (26,467) |
| **Balance at 31 December (note 10)** | **2,026** | **2,323** |

## 17. Events after the end of the reporting period

No events requiring an adjustment or disclosure in the financial statements occurred after the end of the reporting period.

## 18. Approval of Financial Statements

The financial statements were approved by the Agency on 29 April 2025.

## Financial Statements of the

# National Treasury Management Agency Administration Account

For the year ended 31 December 2024

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 2024 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 2024 and of its income and expenditure for 2024 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 Mc Carthy.

**Seamus McCarthy**
Comptroller and Auditor General

30 Apr 2025

# Appendix to the report

### 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 annual 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.

I 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.

#### 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.

# Statement of Income and Expenditure and Other Comprehensive Income

## For the year ended 31 December 2024

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| **Income** | | | |
| Operating income | 5 | 77,284 | 63,362 |
| Central Fund income | 6 | 77,191 | 64,845 |
| Net deferred retirement benefit funding | 8.2 | (7,931) | (8,502) |
| | | **146,544** | **119,705** |
| **Expenditure** | | | |
| Staff costs | 7.2 | (109,614) | (91,722) |
| Operating expenses | 7.2 | (37,184) | (34,409) |
| Net interest income on defined benefit pension scheme | 7.2 | 1,655 | 2,058 |
| | | **(145,143)** | **(124,073)** |
| **Excess of income over expenditure/(expenditure over income) for the year** | | 1,401 | (4,368) |
| Transfer (to)/from capital account | | (1,401) | 4,368 |
| **Net income for the year** | | **-** | **-** |

**Other Comprehensive Income**

**For the year ended 31 December 2024**

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Net income for the year | | - | - |
| Actuarial gain/(loss) recognised on retirement benefit asset/obligations | 9.9 | 27,569 | (12,153) |
| Movement in deferred retirement benefit funding | 8.3 | (27,569) | 12,153 |
| **Total comprehensive income for the year** | | **-** | **-** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Financial Position

## As at 31 December 2024

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, equipment and vehicles | 10 | 18,146 | 18,306 |
| Intangible assets | 11 | 2,281 | 720 |
| Receivables | 12 | 433 | 14 |
| | | **20,860** | **19,040** |
| **Current assets** | | | |
| Receivables | 13 | 33,049 | 17,156 |
| Cash at bank | | 10,954 | 15,314 |
| | | **44,003** | **32,470** |
| **Payables; amounts falling due within 1 year** | 14 | (40,280) | (28,271) |
| **Net current assets** | | **3,723** | **4,199** |
| **Payables; amounts falling due after 1 year** | 15 | (4,156) | (4,213) |
| | | | |
| **Net assets before retirement benefits** | | 20,427 | 19,026 |
| **Retirement Benefits** | | | |
| Retirement benefit asset | 9.4 | 70,941 | 35,441 |
| | | | |
| Net assets after retirement benefits | | **91,368** | **54,467** |
| | | | |
| **Representing:** | | | |
| Capital account | | 20,427 | 19,026 |
| Defined benefit pension reserve | 9.4 | 70,941 | 35,441 |
| | | **91,368** | **54,467** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Changes in Capital

## For the year ended 31 December 2024

| | Note | Capital Account €000 |
|---|---|---|
| **Balance at 1 January 2023** | | **23,394** |
| Payment to acquire property, equipment and vehicles | | 813 |
| Payment to acquire intangible asset | | 296 |
| Depreciation of property, equipment and vehicles | | (4,528) |
| Amortisation of intangible assets | | (935) |
| Disposal of property, equipment and vehicles | | (14) |
| **Balance at 31 December 2023** | | **19,026** |
| Payment to acquire property, equipment and vehicles | 10 | 3,359 |
| Payment to acquire intangible assets | 11 | 3,119 |
| Depreciation of property, equipment and vehicles | 10 | (3,500) |
| Amortisation of intangible assets | 11 | (1,558) |
| Disposal of property, equipment and vehicles | 10 | (19) |
| **Balance at 31 December 2024** | | **20,427** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Cash Flows

## For the year ended 31 December 2024

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Net Income for the year** | | - | - |
| Adjusted for: | | | |
| (Increase)/Decrease in receivables | 12, 13 | (16,312) | 3,660 |
| Increase in payables | 14 | 11,835 | 1,862 |
| Increase/(Decrease) in deferred income | 14, 15 | 117 | (534) |
| Depreciation of property, equipment and vehicles | 10 | 3,500 | 4,528 |
| Amortisation of intangible assets | 11 | 1,558 | 935 |
| Disposal of property, equipment and vehicles | 10 | 19 | 14 |
| Capital funding[1] | | 6,540 | 1,109 |
| Amortisation of capital funding[1] | | (5,139) | (5,477) |
| **Net cash inflow from operating activities** | | **2,118** | **6,097** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments to acquire property, equipment and vehicles | 10 | (3,359) | (813) |
| Payments to acquire intangible assets | 11 | (3,119) | (296) |
| **Net cash outflow from investing activities** | | **(6,478)** | **(1,109)** |
| | | | |
| **(Decrease)/Increase in cash at bank** | | (4,360) | 4,988 |
| | | | |
| **Cash at bank at 1 January** | | 15,314 | 10,326 |
| | | | |
| **Cash at bank at 31 December** | | **10,954** | **15,314** |

1 Capital funding represents receipts from the Central Fund for the purchase of property, equipment, vehicles and intangible assets. The receipts are amortised in line with depreciation and amortisation on the related assets.

# 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 six separate business units: Funding and Debt Management ("FDM"), the State Claims Agency ("SCA"), NewERA, the Ireland Strategic Investment Fund ("ISIF"), the National Development Finance Agency ("NDFA"), and the Future Ireland Funds (in respect of the Future Ireland Fund ("FIF") and the Infrastructure, Climate and Nature Fund ("ICNF")). 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.

Section 11 of the National Treasury Management Agency Act, 1990 stipulates that expenses incurred by the Agency in performing its functions shall be defrayed from the Central Fund. The Central Fund, also known as the Exchequer Account, is the primary financial account used by the Irish government. This account is held at the Central Bank of Ireland (CBI) and managed by the Minister for Finance.

## 2. Basis of preparation

The financial statements have been prepared on an accruals basis under the historical cost convention, except as disclosed in the accounting policies below and 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 functional and 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 with regard to the measurement rules in FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued by Financial Reporting Council in the UK.

## 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 related Government entities under prescribed legislation. The Agency adopts a cost recovery basis from these entities 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.

### 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. Significant accounting policies (continued)

### 4.5. Property, equipment and vehicles

Property, equipment and vehicle assets are stated in the Statement of Financial Position at cost less accumulated depreciation and accumulated impairment losses, if any. 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. 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. 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.

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

### 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 note 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 "Payables; amounts falling due within 1 year".

### 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. Up-front cash payments received from the lessor or lessee as part of lease or sublease are deferred and recognised over the lease term. There are no finance leases held by the Agency.

# Notes to the Financial Statements (continued)

## 4. Significant accounting policies (continued)

### 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 assets over scheme liabilities is presented in the Statement of Financial Position as an asset. The Defined Benefit pensions reserve represents the excess of funding over scheme liabilities at 31 December 2024.

The defined benefit pension credit/charge in the Statement of Income and Expenditure and Other Comprehensive Income comprises the current service credit/cost and past service credit/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 due to or 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.

### 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. Net deferred retirement benefit funding

Net deferred retirement benefit funding represents the net difference between contributions made by the Employer into the Pension Scheme during the year (which are funded by the Central Fund), and the charges/income arising from the application of FRS 102.

### 4.14. 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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 4. Significant accounting policies (continued)

### 4.14 Key estimates and assumptions (continued)

**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 obligations 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.

**Useful life of assets and residual values (note 10 and 11)**

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 | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Recovery of expenses from NAMA | | 32,809 | 22,812 |
| Recovery of expenses from ISIF | 7.1 | 24,797 | 22,462 |
| Recovery of expenses from SBCI | 7.1 | 9,456 | 8,911 |
| Recovery of expenses from HBFI | 7.1 | 7,698 | 7,288 |
| Recovery of expenses from FIF/ICNF | 7.1 | 1,216 | - |
| Asset covered securities income | | 127 | 114 |
| Other income | | 1,181 | 1,775 |
| | | **77,284** | **63,362** |

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.
- o 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.

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.

Under section 30 of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024, the expenses of the Agency with regard to the FIF and ICNF are defrayed from the Future Ireland Fund and the Infrastructure, Climate and Nature Fund respectively.

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 fee income based on the nominal amount of each asset covered bond in issue of the relevant institution.

# Notes to the Financial Statements (continued)

## 5. Operating income (continued)

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. In this regard, professional advisor costs of €0.7m were recovered from the relevant financial institutions during 2024 (2023: €0.9m).

The benefits payable from the Agency Pension Scheme for some members include service in respect of their prior employment with the Department of Finance. The Agency recovers funds from the Department of Public Expenditure, NDP Delivery and Reform in respect of this past service when these scheme members retire. In 2024, €0m was recovered and recognised as other income in the financial statements (2023: €0.4m).

## 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 | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Opening balance at 1 January | 14 | 11,913 | 8,758 |
| Amounts received from Central Fund | | 76,800 | 68,000 |
| Closing balance at 31 December | 14 | (11,522) | (11,913) |
| **Central Fund income** | | **77,191** | **64,845** |

The total amount recognised as payable to the Central Fund is:

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Payable to the Central Fund | 14 | (11,522) | (11,913) |
| | | **(11,522)** | **(11,913)** |

# 7. Agency costs

## 7.1. Expenses of the Agency for specified functions

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| State Claims Agency | | 34,946 | 32,625 |
| Ireland Strategic Investment Fund | 5 | 24,797 | 22,462 |
| Funding and Debt Management | | 14,252 | 13,456 |
| National Development Finance Agency | | 14,893 | 13,282 |
| FIF/ICNF[2] | 5 | 1,977 | - |
| NewERA | | 8,162 | 7,500 |
| | | 99,027 | 89,325 |
| National Asset Management Agency | | 33,888 | 23,944 |
| Strategic Banking Corporation of Ireland | 5 | 9,456 | 8,911 |
| Home Building Finance Ireland | 5 | 7,698 | 7,288 |
| Shareholding and Financial Advisory Division | | 2,797 | 2,932 |
| | | 53,839 | 43,075 |
| Net deferred retirement benefit funding | 8.2 | (7,931) | (8,502) |
| Other expenses[3] | | 208 | 175 |
| | | (7,723) | (8,327) |
| **Total expenses** | | **145,143** | **124,073** |

2 Initial expenditure of the Future Ireland Fund and the Infrastructure, Climate and Nature Fund prior to the establishment of the Funds on 30 July 2024 was borne by the NTMA (€761k) and all expenditure following establishment of the Funds is reimbursable to the NTMA (€1,216k) as outlined in Note 5.

3 Other expenses reflect occupancy costs of office space allocated to non-Agency tenants.

# Notes to the Financial Statements (continued)

## 7. Agency costs (continued)

### 7.2. Agency costs

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| **Staff Costs** | | | |
| Remuneration | 7.3 | 100,790 | 83,858 |
| Other staff costs[4] | | 2,800 | 2,709 |
| Defined benefit pension scheme current service charge | 9.5 | 6,010 | 5,141 |
| PRSA pension cost | 7.4 | 14 | 14 |
| | | 109,614 | 91,722 |
| **Operating expenses** | | | |
| Technology costs | | 10,731 | 10,361 |
| Occupancy costs | | 10,702 | 10,111 |
| Other operating expenses | | 5,238 | 4,465 |
| Professional fees | | 5,455 | 4,009 |
| Depreciation | 10 | 3,500 | 4,528 |
| Amortisation | 11 | 1,558 | 935 |
| | 7.5 | 37,184 | 34,409 |
| Net interest income on defined benefit pension scheme | 9.5 | (1,655) | (2,058) |
| **Agency costs** | | **145,143** | **124,073** |

4 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

| | NAMA €000 | SBCI €000 | HBFI €000 | NTMA €000 | 2024 €000 | 2023 €000 |
|---|---|---|---|---|---|---|
| Staff short-term benefits | 10,697 | 4,182 | 3,782 | 61,134 | 79,795 | 74,494 |
| Termination benefits | 12,357 | - | - | - | 12,357 | 1,158 |
| Pay Related Social Insurance | 1,192 | 452 | 396 | 6,598 | 8,638 | 8,206 |
| | **24,246** | **4,634** | **4,178** | **67,732** | **100,790** | **83,858** |

The total number of whole time equivalent staff employed at 31 December 2024 was 829 (2023: 801).

### Staff Short-Term Benefits

| | NAMA €000 | SBCI €000 | HBFI €000 | NTMA €000 | 2024 €000 | 2023 €000 |
|---|---|---|---|---|---|---|
| Basic pay | 10,312 | 3,924 | 3,554 | 57,725 | 75,515 | 70,638 |
| Performance related pay | 306 | 192 | 137 | 2,585 | 3,220 | 2,853 |
| Allowances | 79 | 66 | 91 | 824 | 1,060 | 1,003 |
| | **10,697** | **4,182** | **3,782** | **61,134** | **79,795** | **74,494** |

### Key Management Personnel Compensation

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **Agency and committee members' fees** | 314 | 289 |
| Management remuneration | 2,630 | 2,559 |
| Performance related pay | 186 | 166 |
| Allowances | 166 | 163 |
| Health insurance | 48 | 46 |
| | **3,344** | **3,223** |

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 which is a defined benefit scheme.

One of the members of the Agency, Myra Garrett, is a partner in William Fry LLP. Professional fees paid to William Fry LLP for legal services provided during 2024 amounted to €225k (2023: Nil). At 31 December 2024, an amount of €72k (2023: €7k) was accrued in respect of legal services provided by William Fry LLP to the NTMA.

# Notes to the Financial Statements (continued)

## 7. Agency costs (continued)

### 7.3. Remuneration (continued)

**Chief Executive Salary and Benefits**

The remuneration of the Chief Executive is determined in accordance with section 6 (3) of the National Treasury Management Agency Act 1990 as amended.

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Salary | 480 | 480 |
| Taxable benefits | 5 | 4 |
| Post-employment benefits | 86 | 86 |
| | **571** | **570** |

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 2024 or 2023.

**Disclosures in respect of Agency staff excluding employees assigned to NAMA, SBCI and HBFI**

**Garden leave**

One Agency staff member was placed on garden leave during 2024 with an attributable cost of approximately €31k (2023: Nil). 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 to place staff members on garden leave included consideration, inter alia, of the person's role within the Agency and the person's new employer. No payments in lieu of notice were made to staff in 2024 (2023: €27k).

**Disclosures in respect of employees assigned to NAMA**

**Voluntary redundancy scheme (VRS) – NAMA**

NAMA commenced its final Voluntary Redundancy Scheme (VRS) in 2024. A total of 75 employees assigned to NAMA are provided for in the 2024 VRS (2023: 9 employees). Costs of €12.4m (2023: €1.2m) relating to termination benefits (including VRS, garden leave, PRSI and pension) have been recognised in 2024. Costs of €7.4m (2023: €0.7m) were attributable to statutory and other redundancy payments; €1.8m (2023: €0.2m) related to the "NAMA retention scheme"[5] and €3.2m (2023: €0.3m) for garden leave. All termination costs are gross of PRSI and pension. Garden leave will be paid to staff exiting as part of the 2024 VRS consistent with all other previous VRS. Under the 2024 VRS, 75 staff will be placed on garden leave ranging from three to six months (2023: 9). Except for those employees exiting under the VRS scheme, no staff members were placed on garden leave during 2024 (2023: Nil).

The cost pertaining to the NAMA 2024 Voluntary Redundancy Scheme of €12.4m is reimbursed to the Agency via operating income as outlined in note 5.

5 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.

# 7. Agency costs (continued)

## 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 2022, the Agency contribution was increased from 14.2% to 16.3% of salary in respect of members of the Scheme. Contributions to the defined benefit scheme by the Agency for the year ended 31 December 2024 amounted to €12.3m (2023: €11.6m). Members of the scheme prior to 1 January 2010 receive benefits based on final salary. A new category of membership was created on 1 January 2010, with benefits based on career average salary for members of staff who had been previously provided with a PRSA and new members of staff from that date.

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 relevant 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 section 4 of the Superannuation and Pensions Act 1963 (as amended). Subject to the terms of that section, 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 certain 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 €14k (2023: €14k) to PRSAs for a number of employees who are not members of the defined benefit scheme in 2024.

## 7.5. Operating expenses

Operating expenses of €37.2m (note 7.2) include technology costs, occupancy costs, business services costs and staff travel expenses.

Agency expenses include advisory fees and costs for 'business-as-usual' functions. Advisory fees of €3.9m that include the cost of external advice, and require disclosure under the Code, are analysed as follows:

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Legal | 1,029 | 299 |
| Tax and financial | 1,024 | 1,130 |
| Actuarial | 795 | 575 |
| Public relations and marketing | 123 | 153 |
| Pension and human resources | 302 | 20 |
| Investment | 337 | - |
| Other advisory | 310 | 220 |
| **Total advisory fees included in Professional fees** | **3,920** | **2,397** |

Advisory fees above include €0.7m (2023: €0.3m) of fees reimbursed to the Agency by NAMA, SBCI, HBFI, ISIF, FIF and ICNF. Additionally, advisory fees (including legal fees) above include non-recurring costs pertaining to the establishment of the FIF and ICNF which were not recoverable.

# Notes to the Financial Statements (continued)

## 8. Net deferred retirement benefit funding

### 8.1. Movement in deferred retirement benefit funding

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Opening balance at 1 January | | (35,441) | (39,092) |
| Net deferred retirement benefit funding through Income and Expenditure | 8.2 | (7,931) | (8,502) |
| Movement in deferred retirement benefit funding through Other Comprehensive Income | 8.3 | (27,569) | 12,153 |
| **Closing balance at 31 December** | | **(70,941)** | **(35,441)** |
| **Transfer to defined benefit pension reserve** | | **70,941** | **35,441** |

### 8.2. Net deferred retirement benefit funding through Income and Expenditure

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Charge arising from employee service in reporting period | 9.5 | 5,975 | 5,130 |
| Administrative expenses | 9.5 | 35 | 11 |
| Net interest income | 9.5 | (1,655) | (2,058) |
| Employer contributions | 9.7 | (12,286) | (11,585) |
| **Net deferred retirement benefit funding** | | **(7,931)** | **(8,502)** |

### 8.3. Movement in deferred retirement benefit funding through Other Comprehensive Income

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Movement in amounts recoverable in respect of current year actuarial (gain)/loss | 9.9 | **(27,569)** | **12,153** |

# 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. A triennial valuation review was completed in 2022 and used to set the funding rate for the next three years. This will be reviewed again in 2025. 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:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Benefit obligations %** | **Pension cost %** | **Benefit obligations %** | **Pension cost %** |
| Discount rate | 3.7 | 3.7 | 3.7 | 3.7 |
| Rate of salary increase | 3.2 | 3.2 | 3.4 | 3.4 |
| Rate of price inflation | 2.2 | 2.2 | 2.4 | 2.4 |
| Rate of pension increase | 2.2/3.2 | 2.2/3.2 | 2.4/3.4 | 2.4/3.4 |

The weighted average life expectancy for mortality tables used to determine benefit obligations were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Female (Years)** | **Male (Years)** | **Female (Years)** | **Male (Years)** |
| **Life expectancy at age 60** | | | | |
| Future pensioners (current age 45) | 31.7 | 29.7 | 31.6 | 29.6 |
| Current pensioners (current age 60) | 30.3 | 28.3 | 30.2 | 28.2 |
| **Life expectancy at age 65** | | | | |
| Future pensioners (current age 45) | 27.2 | 25.3 | 27.1 | 25.2 |
| Current pensioners (current age 65) | 25.4 | 23.6 | 25.3 | 23.5 |

# Notes to the Financial Statements (continued)

## 9. Retirement benefits (continued)

### 9.3. Plan assets

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | €000 | % | €000 | % |
| Equities | 142,281 | 45.2 | 120,523 | 44.3 |
| Debt securities | 98,699 | 31.3 | 84,916 | 31.2 |
| Alternatives | 38,651 | 12.3 | 34,731 | 12.8 |
| Infrastructure | 12,465 | 4.0 | 1,661 | 0.6 |
| Cash | 22,685 | 7.2 | 30,320 | 11.1 |
| **Fair value of Plan assets** | **314,781** | **100.0** | **272,151** | **100.0** |

### 9.4. Scheme surplus– reconciliation of funded status to the Statement of Financial Position

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Fair value of plan assets | | 314,781 | 272,151 |
| Defined benefit obligation | 9.6 | (243,840) | (236,710) |
| **Net defined benefit asset** | | **70,941** | **35,441** |

| **Amounts included in the Statement of Financial Position** | 2024 €000 | 2023 €000 |
|---|---|---|
| Retirement benefit asset | 70,941 | 35,441 |
| **Defined benefit pension reserve** | **70,941** | **35,441** |

### 9.5. Cost relating to defined benefit plans

Amount recognised in the Statement of Income and Expenditure is as follows:

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Charge arising from NTMA employee service | 5,975 | 5,130 |
| Administrative expenses | 35 | 11 |
| Charge arising from employee service in reporting period | **6,010** | **5,141** |
| | | |
| Interest expense on defined benefit obligations | 8,708 | 8,404 |
| Interest income on plan assets | (10,363) | (10,462) |
| **Net interest income** | **(1,655)** | **(2,058)** |

# 9. Retirement bnefits (continued)

## 9.6. Change in defined benefit obligation

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Defined benefit obligation at 1 January | 236,710 | 197,304 |
| Charge arising from employee service in reporting period | 5,975 | 5,130 |
| Interest expense on defined benefit obligation | 8,708 | 8,404 |
| Net benefit payments | (2,707) | (3,726) |
| Participant contributions | 6,810 | 6,323 |
| Insurance premiums | (478) | (328) |
| Effect of changes in assumptions | (11,880) | 21,166 |
| Effect of experience adjustments | 702 | 2,437 |
| **Defined benefit obligation at 31 December** | **243,840** | **236,710** |

## 9.7. Change in fair value of plan assets

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Fair value of plan assets at 1 January | 272,151 | 236,396 |
| Interest income on Plan assets | 10,363 | 10,462 |
| Employer contributions | 12,286 | 11,585 |
| Participant contributions | 6,810 | 6,323 |
| Net benefit payments | (2,707) | (3,726) |
| Administrative expenses payments | (35) | (11) |
| Insurance premiums for risk benefits | (478) | (328) |
| Return on plan assets (excluding interest income) | 16,391 | 11,450 |
| **Fair value of plan assets at 31 December** | **314,781** | **272,151** |

## 9.8. Actual return on scheme assets

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Interest income on Plan assets | 10,363 | 10,462 |
| Return on plan assets (excluding interest income) | 16,391 | 11,450 |
| **Actual return on scheme assets** | **26,754** | **21,912** |

# Notes to the Financial Statements (continued)

## 9. Retirement benefits (continued)

### 9.9. Actuarial (loss)/gain on retirement benefit obligations

Remeasurements recognised in Other Comprehensive Income are as follows:

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Effect of changes in assumptions | 11,880 | (21,166) |
| Effect of experience adjustments | (702) | (2,437) |
| Return on plan assets (excluding interest income) | 16,391 | 11,450 |
| **Remeasurements included in Other Comprehensive Income** | **27,569** | **(12,153)** |

## 10. Property, equipment and vehicles

| | Leasehold improvements €000 | Furniture, equipment and motor vehicles €000 | Total €000 |
|---|---|---|---|
| **Cost:** | | | |
| Balance at 1 January 2024 | 26,675 | 12,549 | 39,224 |
| Additions | 432 | 2,927 | 3,359 |
| Disposals | (4) | (1,650) | (1,654) |
| Balance at 31 December 2024 | **27,103** | **13,826** | **40,929** |
| **Accumulated Depreciation:** | | | |
| Balance at 1 January 2024 | (9,577) | (11,341) | (20,918) |
| Depreciation for the year | (1,877) | (1,623) | (3,500) |
| Disposals | 4 | 1,631 | 1,635 |
| **Balance at 31 December 2024** | **(11,450)** | **(11,333)** | **(22,783)** |
| | | | |
| **Net Book Value at 31 December 2024** | **15,653** | **2,493** | **18,146** |
| | | | |
| **Net Book Value at 31 December 2023** | **17,098** | **1,208** | **18,306** |

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 |

Leasehold improvements relate to fit-out costs and professional fees in respect of office accommodation at Treasury Dock, North Wall Quay, Dublin 1. The property is leased under operating leases, as set out in note 16.

## 11. Intangible assets

| | Computer software €000 |
|---|---|
| **Cost:** | |
| Balance at 1 January 2024 | 5,417 |
| Additions | 3,119 |
| **Balance at 31 December 2024** | **8,536** |
| | |
| **Accumulated Amortisation and Accumulated Impairment:** | |
| Balance at 1 January 2024 | (4,697) |
| Amortisation for the year | (1,558) |
| **Balance at 31 December 2024** | **(6,255)** |
| | |
| **Net Book Value at 31 December 2024** | **2,281** |
| | |
| **Net Book Value at 31 December 2023** | **720** |

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 3 to 5 years

## 12. Receivables (Non-current)

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **Prepayments** | **433** | **14** |

Prepayments classified as non-current primarily comprise of technology licences, support and maintenance.

# Notes to the Financial Statements (continued)

## 13. Receivables (Current)

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Amounts receivable from NAMA | 20,323 | 6,958 |
| Amounts receivable from ISIF | 4,356 | 3,942 |
| Amounts receivable from SBCI | 1,943 | 1,402 |
| Amounts receivable from HBFI | 1,195 | 1,202 |
| Amounts receivable from FIF/ICNF | 1,216 | - |
| Other receivables | 386 | 491 |
| Prepayments | 3,630 | 3,161 |
| | **33,049** | **17,156** |

Amounts receivable from NAMA include the cost pertaining to the NAMA 2024 Voluntary Redundancy Scheme of €12.4m (2023 €1.2m) as outlined in note 7.3 - Disclosures in respect of employees assigned to NAMA.

Other receivables primarily comprise of Asset Covered Securities income and income (for rent charges) due from non-Agency tenants.

## 14. Payables; amount falling due within 1 year

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Trade and other payables | 3,591 | 3,511 |
| Central Fund | 11,522 | 11,913 |
| Accruals | 24,480 | 12,334 |
| Deferred income | 687 | 513 |
| | **40,280** | **28,271** |

Accruals include costs associated with the NAMA 2024 Voluntary Redundancy Scheme of €12.4m (2023: €1.2m), rental charges of €3.3m (2023: €3.7m) and annual leave entitlements of €2.1m (2023: €1.9m) earned but not taken at the reporting date.

## 15. Payables; amount falling due after 1 year

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **Deferred income** | **4,156** | **4,213** |

Deferred income includes a lease incentive on rental payments of office accommodation at 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 €7.5m credited to the Statement of Income and Expenditure and Other Comprehensive Income by way of the reduction of occupancy costs on a straight-line basis over the period May 2018 to May 2033 when the termination option arises. In this regard, lease incentive reductions of €0.5m were recognised in 2024 (2023: €0.5m).

Deferred income includes an additional lease incentive on rental payments of office accommodation at Treasury Dock, North Wall Quay, Dublin 1 following a rent review. The value of the lease incentive is recognised up to the date of the next rent review on 23 May 2028. The treatment results in income of €0.9m credited to the Statement of Income and Expenditure and Other Comprehensive Income by way of the reduction of occupancy costs on a straight-line basis over the period. In this regard, lease incentive reductions of €0.2m were recognised in 2024 (2023: €0.1m).

## 16. Commitments

In May 2018 the Agency entered into lease agreements for office accommodation at Treasury Dock, North Wall Quay, Dublin 1, until May 2043, with an option to terminate in 2033. The total future minimum rentals payable under non-cancellable operating lease are as follows:

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Within one year | 8,683 | 8,683 |
| In two to five years | 34,731 | 34,731 |
| Over five years | 29,480 | 38,163 |
| | **72,894** | **81,577** |

## 17. Contingent liabilities

The Agency had no contingent liabilities at 31 December 2024.

## 18. Related parties

### Minister for Finance

The Minister for Finance appoints members of the Agency (other than ex officio members) 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.

# Notes to the Financial Statements (continued)

## 18. Related parties (continued)

### 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 SBCI. The recovery of expenses from the SBCI is detailed in note 5.

### 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 HBFI. The recovery of expenses from HBFI is detailed in note 5.

## 19. 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:

| | **2024 €000** | **2023 €000** |
|---|---:|---:|
| Professional fees | 16,853 | 13,004 |
| Legal fees | 332 | 422 |
| | **17,185** | **13,426** |

The amount receivable from State Authorities at the reporting date is as follows:

| | **2024 €000** | **2023 €000** |
|---|---:|---:|
| Department of Housing, Local Government and Heritage | 1,228 | 2,349 |
| Department of Education | 3,261 | 3,561 |
| Department of Further and Higher Education, Research, Innovation and Science | 123 | 97 |
| Health Service Executive | 9 | 12 |
| Transport Infrastructure Ireland | 293 | - |
| | **4,914** | **6,019** |

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 2024, €5.9m (2023: €4.2m) is owed to the Post Office Savings Bank Fund.

The NTMA, acting as the NDFA, held cash at bank at 31 December 2024 amounting to €4.6m (2023: €0.7m).

The expenditure and reimbursement above is not included in the Statement of Income and Expenditure and Other Comprehensive Income or Statement of Financial Position.

## 20. Events after the reporting period

No events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

## 21. Approval of financial statements

The financial statements were approved by the Agency on 29 April 2025.

## Financial Statements of the

# Post Office Savings Bank Fund

For the year ended 31 December 2024

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 2024 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 2024, and
- the transactions of the Fund for 2024.

### 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.

**Seamus McCarthy**
Comptroller and Auditor General

30 April 2025

# Appendix to the report

### 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 annual 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 the 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 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.

I 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.

#### 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.

# Statement of Income and Expenditure and Retained Earnings

## For the year ended 31 December 2024

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Interest and Similar Income | 3 | 37,768 | 32,528 |
| Net Gain on Investments at Fair Value | 4 | 10,044 | 35,958 |
| Interest Expense | 5 | (35,890) | (11,781) |
| Operating Expenses | 6 | (32,076) | (30,991) |
| **(Loss)/Gain for the Year** | | **(20,154)** | **25,714** |
| Balance at 1 January | | 36,439 | 10,725 |
| **Balance at 31 December** | | **16,285** | **36,439** |

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

On behalf of the Agency

**Frank O’Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Financial Position

## As at 31 December 2024

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| **Assets** | | | |
| Cash with Central Bank of Ireland | | 387,148 | 421,067 |
| Receivables | 7 | 10,516 | 11,476 |
| Central Treasury Loans | | 4,185 | 5,300 |
| Investments | 8 | 547,945 | 505,873 |
| Advances | 9 | 3,782,957 | 3,985,714 |
| | | **4,732,751** | **4,929,430** |
| **Liabilities** | | | |
| Post Office Savings Bank Deposits | | 4,713,590 | 4,889,227 |
| Other Liabilities | 10 | 2,876 | 3,764 |
| **Equity** | | | |
| Retained Earnings | | 16,285 | 36,439 |
| | | **4,732,751** | **4,929,430** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Notes to the Financial Statements

## 1. Background

The Minister for Finance ("the Minister") guarantees the repayment and servicing of moneys invested by depositors in the Post Office Savings Bank. An Post remits the net deposits to the National Treasury Management Agency ("the Agency") via the Post Office Savings Bank Fund ("the Fund"). The Fund does not form part of the Exchequer and is reported separately to the National Debt of Ireland.

The proceeds from Post Office Savings Bank Deposits are the Fund's primary source of funding. These deposits are utilised:

- 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 Agency and other market counterparties;
- to advance surplus moneys in the Fund to the Exchequer as Ways and Means ("W&M") advances. The W&M advances to the Exchequer are a liability that forms part of the National Debt;
- 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; and
- to provide central treasury loans to designated bodies such as local authorities and other non-commercial state bodies in accordance with the National Treasury Management Agency (Amendment) Act 2000.

The Minister may appropriate for the Exchequer any accumulated surplus remaining in the Fund after making appropriate provision to meet the liabilities of the Fund, provided that at least 10% of such surplus amount is also retained in the Fund (Finance Act 1930, Section 19(1)). Under guidelines issued by the Minister to the Agency, the reserves in the Fund are not permitted to go below €5m. The payment of W&M interest on balances advanced to the Exchequer is made to the extent necessary to ensure this.

## 2. Basis of Preparation

The financial statements have been prepared on an accruals basis under the historical cost convention except for investments which are stated at fair value through profit or loss. The form of the financial statements has been approved by the Minister 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.

### 2.1 Investments

Investments are stated at fair value through profit or loss and represent a portfolio of Irish Government Bonds. The fair value of Irish Government Bonds held within the Fund is calculated using constituent bond market prices from the ICE BoA European Government Index and composite bid prices from Bloomberg for non-index bonds. Gains and losses on such assets are recognised in the profit or loss on an ongoing basis. The Fund uses a weighted average cost basis for calculating gains and losses.

The Fund recognises investments on their trade date, being the date the Fund commits to purchasing the assets.

### 2.2 Loans and Advances

Loans and advances are recognised when cash is advanced to borrowers. Subsequent to initial recognition loans and advances are carried at the nominal value (including capitalised interest where appropriate).

Central treasury loans are fixed term variable rate loans. Advances to the SCA and the NDFA are short-term facilities to fund their activities for which no interest is charged. Interest is charged on W&M advances to the Exchequer only to the extent necessary to ensure the reserves in the Fund remain above the €5m minimum level required by guidelines issued by the Minister to the Agency.

# 2. Basis of Preparation (continued)

## 2.3 Interest on Loans and Advances and Investments

Interest and fees on loans and advances and interest on investments held are recognised on an accruals basis in accordance with the underlying terms of the loan, advance or investment. For the purpose of presenting the performance of investments held, interest on the investments is included as part of the Gain/Loss on Investments at fair value.

## 2.4 Sale and Repurchase Agreements

The Fund acts as an intermediary for sale and repurchase agreements between the National Debt and market counterparties. The stock sold as part of the sale and repurchase agreements are Irish Government Bonds. For each transaction, the National Debt issues new underlying stock which is cancelled on maturity (this stock is not part of note 2.1 Investments but is reported as part of the National Debt). The related income or interest costs are reflected in the Fund's statement of income and expenditure.

## 2.5 Advances to the Exchequer

Inflows and outflows in respect of the proceeds from Post Office Savings Bank Deposits together with the payment of operating expenses and settlement of repo transactions are paid into or from the Exchequer Account and are accounted as part of the Advances to the Exchequer. W&M interest, to the extent it is charged, is capitalised as part of the Advances to the Exchequer. These transactions between the Exchequer and the Fund are not settled and are non-cash transactions. The Fund may seek repayment/advancement of further moneys to the Exchequer to the extent it is required to fund its investment and other activities.

# 3. Interest and Similar Income

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Ways & Means Interest | 22,157 | 20,899 |
| Interest on Cash Balances | 12,208 | 10,774 |
| Other Income | 3,403 | 855 |
| | **37,768** | **32,528** |

In 2024, the Fund charged interest of €22m (2023: €21m) on the W&M advances to the Exchequer to ensure the reserves in the Fund remained above the €5m minimum level required by guidelines issued by the Minister to the Agency. The W&M interest charged was capitalised as part of the Advances to the Exchequer balance.

Other Income includes facility commitment fees and interest on central treasury loans.

# Notes to the Financial Statements (continued)

## 4. Net Gain on Investments at Fair Value

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Realised Gain/(Loss) on Investments | 8,747 | (60,032) |
| Unrealised (Loss)/Gain on Investments (see note 8) | (5,864) | 88,789 |
| Interest on Investments held | 7,161 | 7,201 |
| | **10,044** | **35,958** |

The net gain on investment securities in 2024 reflected the positive carry in yields across the Irish Government Bond (IGB) yield curve.

## 5. Interest Expense

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Interest on Post Office Savings Bank Deposits | (35,853) | (11,142) |
| Interest on Sale and Repurchase Agreements | (37) | (639) |
| | **(35,890)** | **(11,781)** |

The increase in interest on Post Office Savings Bank Deposits reflected the increase in the deposit interest rate in Q4 2023.

## 6. Operating Expenses

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **Service Fees** | **(32,076)** | **(30,991)** |

Service fees are paid to An Post for their management and administration of depositor accounts.

## 7. Receivables

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Interest Receivable | 7,339 | 7,422 |
| Net Deposits due from An Post | 3,177 | 4,054 |
| | **10,516** | **11,476** |

Interest Receivable primarily includes interest on investments, central treasury loans and central bank deposit interest.

## 8. Investments

| Bonds | 2024 €000 | 2023 €000 |
|---|---|---|
| At Nominal | 609,100 | 559,300 |
| At Cost | 541,187 | 493,250 |
| Fair Value as at 31 December | **547,945** | **505,873** |
| Unrealised Gain as at 31 December | 6,759 | 12,623 |

The movement in the unrealised gain during 2024 was €6m (2023: (€89m)); (see note 4).

### Schedule of Investment 2024

| 2024 Opening Fair Value €000 | Treasury Bonds | 2024 Purchases €000 | 2024 Sales €000 | 2024 Movement in Unrealised Gain/(Loss) €000 | 2024 Closing Fair Value €000 |
|---|---|---|---|---|---|
| 5,131 | 5.4% Treasury Bond 2025 | - | (5,172) | 41 | - |
| 48,488 | 1.0% Treasury Bond 2026 | 118,464 | (126,597) | (903) | 39,452 |
| 32,720 | 0.2% Treasury Bond 2027 | 30,831 | (35,778) | (41) | 27,732 |
| 37,905 | 0.9% Treasury Bond 2028 | 58,524 | (56,185) | 93 | 40,337 |
| 41,516 | 1.1% Treasury Bond 2029 | 31,786 | (31,299) | 321 | 42,324 |
| 43,360 | 2.4% Treasury Bond 2030 | 28,617 | (22,219) | 405 | 50,163 |
| 28,680 | 0.2% Treasury Bond 2030 | 14,368 | (4,888) | 668 | 38,828 |
| 19,757 | 1.35% Treasury Bond 2031 | 135,187 | (120,346) | (762) | 33,836 |
| 44,341 | 0.0% Treasury Bond 2031 | 56,297 | (67,010) | (2,340) | 31,288 |
| 22,719 | 0.35% Treasury Bond 2032 | 39,838 | (36,728) | (613) | 25,216 |
| 22,675 | 1.3% Treasury Bond 2033 | 74,535 | (75,195) | (204) | 21,811 |
| - | 2.6% Treasury Bond 2034 | 99,835 | (77,561) | 145 | 22,419 |
| 19,233 | 0.4% Treasury Bond 2035 | 15,625 | (12,655) | (8) | 22,195 |
| 30,295 | 1.7% Treasury Bond 2037 | 16,677 | (14,647) | (448) | 31,877 |
| 15,387 | 0.55% Treasury Bond 2041 | 13,330 | (13,054) | 446 | 16,109 |
| 56,011 | 3.0% Treasury Bond 2043 | 13,046 | (44,992) | (3,747) | 20,318 |
| 6,897 | 2.0% Treasury Bond 2045 | 59,522 | (15,971) | 268 | 50,716 |
| 30,758 | 1.5% Treasury Bond 2050 | 18,009 | (16,258) | 815 | 33,324 |
| **505,873** | | **824,491** | **(776,555)** | **(5,864)** | **547,945** |

# Notes to the Financial Statements (continued)

## 9. Advances

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Advances to the Exchequer | 3,748,254 | 3,969,711 |
| Advances to the State Claims Agency | 28,717 | 11,817 |
| Advances to the National Development Finance Agency | 5,986 | 4,186 |
| | **3,782,957** | **3,985,714** |

Advances to the Exchequer represent funds that are lent to the Exchequer through the W&M for funding Exchequer requirements. Interest charged by the Fund to the Exchequer is detailed in note 3. No interest is charged by the Fund to the SCA or the NDFA.

## 10. Other Liabilities

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Balance due under Sale and Repurchase Agreements | - | 742 |
| Accrued Interest on Post Office Savings Bank Deposits | 2,876 | 3,022 |
| | **2,876** | **3,764** |

## 11. Commitments

In July 2021, the Minister issued a direction to the Agency, to enter into a revolving 5-year credit facility to provide funding to Uisce Éireann. The credit facility has been provided to Uisce Éireann under the National Treasury Management Agency (Amendment) Act 2000 which allows for the provision of central treasury services (including the advance of moneys from the Fund) to designated bodies such as local authorities and other non-commercial state bodies. The facility commitment totalled €350m.

In March, April, July and October 2024, Uisce Éireann drewdown €100m, €125m, €135m and €100m respectively under the facility. All monies were repaid before year end. As at 31 December 2024, no drawdown of funds was outstanding (2023: €Nil).

## 12. Events after the end of the reporting period

No events requiring an adjustment 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 29 April 2025.

## Financial Statements of the

# State Claims Agency

For the year ended 31 December 2024

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 legal claims against the State.

I have audited the financial statements of the State Claims Agency for the year ended 31 December 2024 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 2024, and
- the transactions of the State Claims Agency for 2024.

### 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. 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 Mc Carthy.

**Seamus McCarthy**
Comptroller and Auditor General

30 April 2025

# Appendix to the report

### 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 the annual financial statements of the State Claims Agency 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 the 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 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.

I 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.

#### 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.

# Income Statement

## For the year ended 31 December 2024

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| **Income** | | | |
| Income | 4 | 521,414 | 574,229 |
| Costs recovered on behalf of State authorities | 5 | 12,221 | 6,716 |
| | | **533,635** | **580,945** |
| **Expenditure** | | | |
| Awards and claim settlements | 6 | 292,091 | 372,501 |
| Plaintiff Expenses | 7 | 110,807 | 97,974 |
| State Authority Expenses | 7 | 72,555 | 63,317 |
| Legal Cost Unit Expenses | 7 | 45,961 | 40,437 |
| Reimbursement of costs recovered on behalf of State Authorities | 5 | 12,221 | 6,716 |
| | | **533,635** | **580,945** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Financial Position

## As at 31 December 2024

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| **Assets** | | | |
| Cash at bank | | 12,681 | 4,319 |
| Receivables | 9 | 36,271 | 11,784 |
| Investments | 10 | 2,957 | 4,437 |
| | | **51,909** | **20,540** |
| **Liabilities** | | | |
| Scheme liabilities | 10 | (2,957) | (4,437) |
| Borrowings from Post Office Savings Bank Fund | 11 | (28,717) | (11,817) |
| Other liabilities | 12 | (20,235) | (4,286) |
| | | **(51,909)** | **(20,540)** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Notes to the Financial Statements

## 1. Background

Under the National Treasury Management Agency (Amendment) Act, 2000, the management of personal injury and third-party property damage claims in respect of the State and certain State authorities (hereinafter referred to as "State Authorities") was delegated to the National Treasury Management Agency ("NTMA" or "the Agency"). The NTMA also provides related risk advice to State Authorities for the purposes of State indemnity. In addition, the National Treasury Management Agency (Amendment) Act 2014, provided for the delegation of the management of claims for costs, however so incurred against the State and certain State Authorities. When performing these functions, the NTMA is known as the State Claims Agency ("SCA"). The SCA incurs expenditure in respect of awards, claim settlements and associated costs. The SCA recovers this expenditure from the State Authorities.

The NTMA (Amendment) Act 2000 was amended in 2017 by the Medical Practitioners (Amendment) Act 2017 to provide that the SCA would specify the minimum levels of indemnity for classes of medical practitioners. In 2018, it was further amended by the Insurance (Amendment) Act 2018 to assign the SCA additional functions concerning claims against the Insurance Compensation Fund (ICF) in respect of an insolvent insurer authorised in another EU Member State that had operated in Ireland. 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 State Authorities and from whom the SCA recovers the amounts of any awards settlements 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 incurred but not reported (IBNR) estimates. IBNR estimates relate to claim-generating incidents that have occurred but have 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 estimates.

Transactions are recognised using the cash basis of accounting as adjusted for accruals for approved claim settlements and associated costs and the related cost recovery from the relevant State Authorities.

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 State Authorities who are liable in respect of claims. Income is treated as receivable from State Authorities in line with the recognition of the related expenditure.

## 4. Income

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Amounts receivable at 1 January from State Authorities | 9 | (11,784) | (5,865) |
| Received from State Authorities | | 496,927 | 568,310 |
| Amounts receivable at 31 December | 9 | 36,271 | 11,784 |
| | | **521,414** | **574,229** |

Amounts receivable from State Authorities comprise reimbursements of any awards, claim settlements and associated costs incurred by the SCA on behalf of the State Authorities who are liable in respect of the underlying claims.

## 5. Costs recovered on behalf of State Authorities

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **Costs recovered on behalf of State Authorities** | **12,221** | **6,716** |

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 State Authorities, which are subsequently reimbursed to the relevant State Authorities.

## 6. Awards and claim settlements

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **Awards and claim settlements** | **292,091** | **372,501** |

Expenditure on awards is recognised on receipt of a validated approval or the validated settlement of such expenditure. Award and claim settlements are paid to claimants and do not include plaintiff legal fees as disclosed in note 7.

# Notes to the Financial Statements (continued)

## 7. Expenses

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **Plaintiff expenses** | | |
| Legal fees | 110,788 | 97,955 |
| Other expert fees | 19 | 19 |
| | 110,807 | 97,974 |
| **State authority expenses** | | |
| Legal fees | 53,452 | 47,036 |
| Medical fees | 13,017 | 11,199 |
| Engineers' fees | 528 | 574 |
| Actuarial fees | 331 | 313 |
| Investigative fees | 429 | 282 |
| Witness expenses | 2 | 5 |
| Other fees[1] | 4,796 | 3,908 |
| | 72,555 | 63,317 |
| **Legal Cost Unit expenses** | | |
| Legal Fees | 45,961 | 40,437 |
| **Total expenses** | **229,323** | **201,728** |

## 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 €35.0m (2023: €32.6m). 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 State Authorities.

## 9. Receivables

| | Note | 2024 €000 | 2023 €000 |
|---|---|---|---|
| Receivable from State Authorities | 4 | 36,261 | 11,776 |
| Other Receivables | 4 | 10 | 8 |
| | | **36,271** | **11,784** |

1 Other fees primarily include PIAB assessment and administrative expenses.

## 10. 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.

The Mount Carmel SOIS fund was fully utilised in 2024. The Bon Secours SOIS fund remains in place as at 31 December 2024.

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Balance at 1 January | 4,437 | 4,934 |
| Claim settlements and expenses paid | (1,514) | (553) |
| Income earned | 34 | 56 |
| **Balance at 31 December available for settlement of claims** | **2,957** | **4,437** |

## 11. Borrowings from the Post Office Savings Bank Fund

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **Borrowings from the Post Office Savings Bank Fund** | **28,717** | **11,817** |

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 State Authorities. The SCA then receives reimbursements from the 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.

# Notes to the Financial Statements (continued)

## 12. Other liabilities

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Payable in respect of expenses | 5,085 | 126 |
| Payable in respect of awards | 12,673 | 2,488 |
| Professional Services Withholding Tax | 955 | 836 |
| Amounts due to State Authorities | 1,522 | 836 |
| | **20,235** | **4,286** |

Payable in respect of expenses includes legal costs approved for payment in December 2024 and paid in January 2025. Payable in respect of awards includes amounts for awards authorised for settlement in December 2024 and paid to claimants in January 2025.

## 13. Estimated liabilities of State Authorities

| | 2024 Number of claims | 2023 Number of claims |
|---|---|---|
| At 1 January | 11,137 | 11,204 |
| New claims | 3,267 | 3,079 |
| Resolved claims | (3,632) | (3,410) |
| Other claims[2] | 196 | 264 |
| **At 31 December[3]** | **10,968** | **11,137** |

| | 2024 €m | 2023 €m |
|---|---|---|
| **Total estimated liability of State Authorities** | **5,351** | **5,185** |

At 31 December 2024 the outstanding estimated liability of State Authorities in respect of claims under management by the SCA was €5,351m (2023: €5,185m), of which €4,324m (2023: €4,145m) was attributable to clinical claims and €1,027m (2023: €1,040m) 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 incurred but not reported (IBNR) liabilities. IBNR liabilities relate to claim-generating-incidents that occurred but have not been reported to the SCA.

In respect of relevant active clinical claims at 31 December 2024, the SCA has based its estimated liability on a real rate of return of 1% (2023: 1%) on claims for the cost of future care and 1.5% (2023: 1.5%) for future pecuniary loss.

## 14. Events after the reporting period

No events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

## 15. Approval of financial statements

The financial statements were approved by the Agency on 29 April 2025.

2 Other claims primarily relate to claims re-opened in the period.

3 The number of active claims at 31 December 2024 includes 1,138 (2023: 1,503) mass action claims.

## Financial Statements of the

# Dormant Accounts Fund

For the year ended 31 December 2024

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 2024 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 including a summary of significant accounting policies.

In my opinion, the financial statements properly present

- the balance of the Fund at 31 December 2024, and
- the Fund transactions for 2024.

### 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

**Seamus McCarthy**
Comptroller and Auditor General

30 April 2025

# Appendix to the report

## 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 annual 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.

I 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.

### 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.

# Investment and Disbursements Account

## For the year ended 31 December 2024

| | Note | Year ended 2024 €000 | Year ended 2023 €000 |
|---|---|---|---|
| Monies transferred to the Fund in respect of dormant accounts and unclaimed assurance policies | 4 | 74,857 | 70,288 |
| Amounts transferred to Reserve Account | 5 | (35,550) | (26,845) |
| Disbursements | 6 | (44,843) | (52,226) |
| Interest & Other Income | 7 | 4,309 | 3,585 |
| Movement for the year | | (1,227) | (5,198) |
| Balance at 1 January | | 92,204 | 97,402 |
| **Balance at 31 December** | | **90,977** | **92,204** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

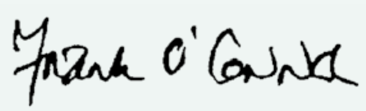
# Reserve Account

## For the year ended 31 December 2024

| | Note | Year ended 2024 €000 | Year ended 2023 €000 |
|---|---|---|---|
| Repayment of monies transferred to the Fund | 4 | (31,242) | (24,555) |
| Interest on repayment of monies transferred to the Fund | 4 | (210) | (145) |
| Transfer from Investment and Disbursements Account | 5 | 35,550 | 26,845 |
| Interest & Other Income | 7 | 4,345 | 3,614 |
| Operating Expenses | 8 | (260) | (1) |
| Movement for the year | | 8,183 | 5,758 |
| Balance at 1 January | | 118,200 | 112,442 |
| **Balance at 31 December** | | **126,383** | **118,200** |

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

On behalf of the Agency



**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Financial Position

## As at 31 December 2024

| | Note | Year ended 2024 €000 | Year ended 2023 €000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and Other Financial Assets | 9 | 216,345 | 209,644 |
| Interest Receivable | 10 | 1,210 | 1,193 |
| **Liabilities** | | | |
| Total Liabilities | 11 | (195) | (433) |
| **Net Assets** | | **217,360** | **210,404** |
| **Represented by:** | | | |
| Investment and Disbursements Account | | 90,977 | 92,204 |
| Reserve Account | | 126,383 | 118,200 |
| | | **217,360** | **210,404** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Notes to the Financial Statements

## 1. Background

The Dormant Accounts Acts 2001 to 2012 (as amended) (“the Acts”) provides for the transfer of dormant funds in certain institutions such as banks, building societies, An Post and the Unclaimed Life Assurance Policies Act 2003 (as amended) provides for the transfer of monies payable under unclaimed life assurance policies, in each case, to the Dormant Accounts Fund (“the Fund”), while guaranteeing a right of reclaim to those funds. The Acts further provide 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 National Treasury Management Agency (“NTMA” or “the Agency”) is responsible, under sections 17 and 18 of the Dormant Accounts Act 2001 (as amended), for establishing, managing and controlling the 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 under Dormant Accounts Act 2001 (as amended) and the Unclaimed Life Assurance Policies Act 2003. These functions include:

- the making of disbursements in accordance with the directions of the Minister for Public Expenditure, National Development Plan Delivery 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 monies transferred to the Fund (note 12.1).
- the preparation of the annual investment plan, having regard to the disbursement plan and any direction from the Minister for Rural and Community Development.
- the investment of any monies 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 monies 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 and Community Development.
- 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 and Community Development.

In accordance with the Acts, the Minister for Rural and Community Development is responsible for the administration of the process by which the Government approves projects and programmes to which funds from the Fund can be disbursed. A Dormant Accounts Action Plan 2025 was published by the Department of Rural and Community Development in November 2024 which details projects and programmes to which funds from the Fund may be allocated under the 2023-2025 Dormant Accounts Disbursement Scheme. In accordance with the Acts, funds for approved projects and programmes are initially funded from the accounts of the relevant Minister or Departments of State. On the direction of the Minister for Public Expenditure, National Development Plan Delivery and Reform, the Agency disburses funds to reimburse the relevant Ministers and Departments of State the amounts paid.

## 2. Basis of Preparation

The financial statements have been prepared for the period ended 31 December 2024. 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 monies 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.

# Notes to the Financial Statements (continued)

## 3. Significant Accounting Policies

### 3.1 Receipts and Payments

The Fund consists of an Investment and Disbursements Account and a Reserve Account. Monies received in respect of dormant accounts and unclaimed assurance polices and payments made in respect of disbursements are accounted for in the Investment and Disbursements Account. Payments made in respect of the reclaims of monies transferred to the Fund and other operating expenses are accounted for in the Reserve Account. The interest received in respect of investments made is accounted for in the account from which the investment was made.

### 3.2 Interest on Repayment

Interest on dormant accounts reclaimed is recognised in respect of the period from the transfer of the accounts to the Fund until they are reclaimed.

### 3.3 Cash and Other Financial Assets

The Fund is invested in a portfolio of Exchequer Notes with maturities between 1 and 12 months. Exchequer Notes are recorded at their amortised cost.

Interest receivable on Cash at Central Bank balances and Exchequer Notes held is recognised on an accrual basis in accordance with the underlying terms of the asset.

### 3.4 Liabilites and Contingent Liability

The Fund does not recognise a liability in respect of dormant monies transferred to the Fund as it is only expected a small percentage of the monies transferred to the Fund will be reclaimed and the value of reclaims cannot be assessed.

A balance is maintained in the Reserve Account to provide for expected reclaims and an internal transfer from the Investment and Disbursements 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.

Accrued reclaims represent repayment requests related to the current financial reporting period which were received after the year end.

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 monies transferred to the Fund were reclaimed. The value of this contingent liability and movement in the period is disclosed in note 12. The Central Fund is the main bank account held by the Irish Government at the Central Bank of Ireland.

### 3.5 Foreign Currencies

The amounts transferred to the Fund include accounts denominated in currencies other than euro. Receipts or payments in foreign currencies are translated into euro at the rates of exchange prevailing at the date of the transaction. The Fund does not account for the change in value of the contingent liability in respect of such accounts. The effect of such a revaluation is disclosed in note 4.

## 4. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies

### Financial Institutions – Dormant Accounts

| Institution | Opening Balance 01/01/2024 €000 | Transferred €000 | Reclaimed €000 | Closing Balance 31/12/2024 €000 | Interest Paid €000 |
|---|---|---|---|---|---|
| ACC Loan Management DAC | 5,302 | - | (56) | 5,246 | - |
| Allied Irish Banks plc | 130,826 | 14,986 | (4,537) | 141,275 | (9) |
| An Post - State Savings Products | 92,375 | 3,627 | (2,536) | 93,466 | (12) |
| An Post - Post Office Savings Bank | 66,780 | 12,520 | (1,358) | 77,942 | (57) |
| BNP Paribas SA | 143 | - | - | 143 | - |
| Bank of America Europe DAC | 187 | 13 | - | 200 | - |
| Bank of Ireland | 135,606 | 15,038 | (7,012) | 143,632 | (30) |
| Barclays Bank Ireland plc | 344 | - | - | 344 | - |
| Citco Bank | 74 | 24 | - | 98 | - |
| Citibank Europe plc | 29 | - | - | 29 | - |
| Danske Bank Plc | 8,717 | 319 | (12) | 9,024 | - |
| EAA Covered Bond Bank | 122 | - | - | 122 | - |
| EBS DAC | 48,209 | 7,201 | (5,322) | 50,088 | (114) |
| Irish Bank Resolution Corporation Ltd (in special liquidation) | 617 | - | (7) | 610 | - |
| Investec Bank plc | 2,005 | - | - | 2,005 | - |
| JP Morgan Bank (Ireland) plc | 49 | - | - | 49 | - |
| KBC Bank Ireland plc | 22 | - | - | 22 | - |
| Lloyds Bank | 1,734 | - | - | 1,734 | - |
| Permanent tsb plc | 78,320 | 6,462 | (2,934) | 81,848 | (23) |
| Pfizer International Bank | 31 | - | - | 31 | - |
| RBS NV | 35 | - | - | 35 | - |
| The Royal Bank of Scotland plc | 420 | - | - | 420 | - |
| Rabo Bank Ireland DAC | 254 | 245 | (23) | 476 | - |
| Scotiabank (Ireland) DAC | 93 | - | (6) | 87 | - |
| Ulster Bank Ireland DAC | 50,493 | 4 | (1,193) | 49,304 | (1) |
| **Total (Unclaimed Accounts)** | **622,787** | **60,439** | **(24,996)** | **658,230** | **(246)** |

# Notes to the Financial Statements (continued)

## 4. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies (continued)

### Assurance Companies – Unclaimed Assurance Policies

| Institution | Opening Balance 01/01/2024 €000 | Transferred €000 | Reclaimed €000 | Closing Balance 31/12/2024 €000 | Interest Paid €000 |
|---|---|---|---|---|---|
| **Specified Term Accounts:** | | | | | |
| Aviva Life and Pensions UK Ltd | 5,793 | 192 | - | 5,985 | - |
| Equitable Life Assurance Society | 53 | - | - | 53 | - |
| Friends First Life Assurance Co. DAC | 5,738 | 707 | (87) | 6,358 | - |
| Irish Life Assurance plc | 25,158 | 3,048 | (441) | 27,765 | - |
| New Ireland Assurance Co. DAC | 1,451 | 262 | (327) | 1,386 | - |
| Phoenix Life Ltd | 9,872 | 503 | (152) | 10,223 | - |
| The Royal London Mutual Insurance Society Ltd | 11,232 | 250 | (29) | 11,453 | - |
| Scottish Legal Life | 619 | - | - | 619 | - |
| St. James Gate | 11 | - | - | 11 | - |
| Standard Life International DAC | 3,515 | 84 | (6) | 3,593 | - |
| Sun Life Assurance Society plc | 488 | 81 | - | 569 | - |
| Utmost PanEurope DAC (ex Augura Life Ireland DAC) | 23 | 24 | - | 47 | - |
| Utmost PanEurope DAC (Ex Scottish Mutual Life) | 83 | 41 | - | 124 | - |
| Zurich Life Assurance plc | 8,399 | 2,355 | (959) | 9,795 | - |
| **No Specified Term Accounts:** | | | | | |
| Acorn Life DAC | 247 | 20 | - | 267 | - |
| Aviva Life and Pensions UK Ltd | 5,993 | 1,112 | (104) | 7,001 | - |
| Equitable Life Assurance Society | 24 | - | - | 24 | - |
| Friends First Life Assurance Co. DAC | 3,333 | - | (89) | 3,244 | - |
| Irish Life Assurance plc | 21,129 | 1,587 | (1,006) | 21,710 | - |
| New Ireland Assurance Co. DAC | 21,001 | 1,494 | (2,105) | 20,390 | - |
| Phoenix Life Ltd | 2,323 | 42 | (34) | 2,331 | - |
| The Royal London Mutual Insurance Society Ltd | 21,500 | 2,008 | (412) | 23,096 | - |
| Scottish Legal Life | 615 | - | - | 615 | - |
| St. James Place International plc | 7 | - | - | 7 | - |
| Standard Life International DAC | 4,521 | 185 | (377) | 4,329 | - |
| Sun Life Assurance Society plc | 217 | 6 | - | 223 | - |
| Utmost PanEurope DAC (ex Augura Life Ireland DAC) | 178 | 17 | (4) | 191 | - |
| Utmost PanEurope DAC (ex Scottish Mutual Life DAC) | 516 | - | (16) | 500 | - |
| Zurich Life Assurance plc | 7,784 | 400 | (300) | 7,884 | - |
| **Total (Unclaimed Policies)** | **161,823** | **14,418** | **(6,448)** | **169,793** | **-** |
| Escheated Estates[1] | 4,400 | - | - | 4,400 | - |
| Accrued Reclaims | (397) | - | 202 | (195) | 36 |
| **Total Other Accounts** | **4,003** | **-** | **202** | **4,205** | **36** |

Figures may not total due to rounding.

1 Section 28 of the Dormant Accounts Act, 2001 amended section 36 of the State Property Act 1954 which provides that specified monies or securities may be transferred to the Fund from the Intestate Estates Fund Deposit Account by the Minister for Finance.

## 4. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies (continued)

### 2024 Summary

| Institution | Opening Balance 01/01/2024 €000 | Transferred €000 | Reclaimed €000 | Closing Balance 31/12/2024 €000 | Interest Paid €000 |
|---|---|---|---|---|---|
| Financial Institutions | 622,787 | 60,439 | (24,996) | 658,230 | (246) |
| Assurance Companies | 161,823 | 14,418 | (6,448) | 169,793 | - |
| Other Accounts | 4,003 | - | 202 | 4,205 | 36 |
| **Grand Total** | **788,613** | **74,857** | **(31,242)** | **832,228** | **(210)** |

### 2023 Summary

| Institution | Opening Balance 01/01/2023 €000 | Transferred €000 | Reclaimed €000 | Closing Balance 31/12/2023 €000 | Interest Paid €000 |
|---|---|---|---|---|---|
| Financial Institutions | 589,222 | 53,398 | (19,833) | 622,787 | (108) |
| Assurance Companies | 149,281 | 16,890 | (4,348) | 161,823 | - |
| Other Accounts | 4,377 | - | (374) | 4,003 | (37) |
| **Grand Total** | **742,880** | **70,288** | **(24,555)** | **788,613** | **(145)** |

A detailed 2023 breakdown by individual financial institutions and assurance companies can be viewed in the 2023 financial statements for the Dormant Accounts Fund.

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 increase the total amount transferred to the Fund and not yet reclaimed by €357k from €832,228k to €832,585k (2023: €829k from €788,613k to €787,784k).

## 5. 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 and 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 and Disbursements 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.

# Notes to the Financial Statements (continued)

## 6. Disbursements

The following disbursements were made from the Fund during the year:

| | 2024 €000 | 2023 €000 |
|---|---|---|
| **On Direction of the Minister for Public Expenditure, National Development Plan Delivery and Reform:** | | |
| Department of Rural and Community Development | 11,639 | 12,464 |
| Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media | 10,500 | 12,000 |
| Department of Children, Equality, Disability, Integration and Youth | 6,976 | 7,225 |
| Department of Justice | 6,472 | 9,480 |
| Department of Housing, Local Government and Heritage | 3,420 | 3,381 |
| Department of Education | 2,900 | 3,691 |
| Department of Further and Higher Education, Research, Innovation and Science | 940 | 450 |
| Department of Health | 710 | 69 |
| Department of Social Protection | 599 | 2,710 |
| Department of Defence | 446 | 406 |
| Department of Enterprise, Trade and Employment | 201 | 350 |
| Department of Environment, Climate and Communications | 40 | - |
| | **44,843** | **52,226** |

## 7. Interest & Other Income

| 2024 | Investment and Disbursements Account €000 | Reserve Account €000 | 2024 €000 |
|---|---|---|---|
| Exchequer Notes | 4,053 | 4,176 | 8,229 |
| Cash at Central Bank | 256 | 157 | 413 |
| Realised FX Gain | - | 12 | 12 |
| | **4,309** | **4,345** | **8,654** |

| 2023 | Investment and Disbursements Account €000 | Reserve Account €000 | 2023 €000 |
|---|---|---|---|
| Exchequer Notes | 3,506 | 3,568 | 7,074 |
| Cash at Central Bank | 79 | 46 | 125 |
| | **3,585** | **3,614** | **7,199** |

## 8. Operating Expenses

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Bank Charges | (2) | (1) |
| Inspection Fee | (258) | - |
| | **(260)** | **(1)** |

Included within the charges for 2024 is €258k in relation to fees for a CBI inspection to assess compliance with the Unclaimed Life Assurance Policies Act 2003.

**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 Acts and the Unclaimed Life Assurance Policies Act 2003 (as amended). These are detailed below:

| | 2024 €000 | 2023 €000 |
|---|---|---|
| General Administration[2] | **(175)** | **(175)** |

## 9. Cash and Other Financial Assets

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Cash at Central Bank | 8,520 | 2,321 |
| Exchequer Notes | 207,825 | 207,323 |
| | **216,345** | **209,644** |

## 10. Interest Receivable

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Interest Receivable on Exchequer Notes | 1,123 | 1,176 |
| Interest Receivable on Cash at Central Bank | 87 | 17 |
| | **1,210** | **1,193** |

2 This is an estimate, included in the notes to the financial statements only, as the Agency has not charged these expenses to the Fund.

# Notes to the Financial Statements (continued)

## 11. Total Liabilties

| | 2024 €000 | 2023 €000 |
|---|---|---|
| Accrued Reclaims | **(195)** | **(433)** |

All accrued reclaims were discharged in full from the Fund in January 2025.

## 12. Contingent Exchequer Liability

**12.1** 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 monies transferred to the Fund were reclaimed.

At 31 December 2024 the contingent liability of the Exchequer is estimated at €615m (2023: €578m). 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 12.2.

Under section 17(7) of the Dormant Accounts Act 2001, whenever the monies in the Investment and Disbursements Account are insufficient to meet the deficiency in the Reserve Account (minimum 15 per cent of the total dormant funds), a payment can be made out of the Central Fund into the Reserve Account of an amount not exceeding the deficiency. Any such monies paid from the Central Fund are required to be repaid, as soon as practicable, from surplus monies remaining in the Fund after providing for any liabilities or contingent liabilities of the Fund.

### 12.2 Analysis of Contingent Exchequer Liability:

| | 1 January 2024 €000 | Movement during the year €000 | 31 December 2024 €000 |
|---|---|---|---|
| Net Assets of Fund | 210,404 | 6,956 | 217,360 |
| Dormant funds transferred not reclaimed | (788,613) | (43,615) | (832,228) |
| **Contingent Exchequer Liability** | **(578,209)** | **(36,659)** | **(614,868)** |

### 12.3 The movement in the Contingent Exchequer Liability for the year is represented by:

| | 2024 €000 | |
|---|---|---|
| Disbursements | 44,843 | Note 6 |
| Interest on repayments of monies transferred to the Fund | 210 | Note 4 |
| Operating expenses | 260 | Note 8 |
| Interest & Other Income | (8,654) | Note 7 |
| **Movement for the year** | **36,659** | **Note 12.2** |

## 13. Investment Return

Under section 45(1)(b) of the Dormant Accounts Act 2001, the Agency is required to report to the Minister for Finance (with a copy to the Minister for Rural and Community Development) the investment return achieved by the Fund in each financial year. The annualised return on the Fund for the period was 3.5% (2023: 3.0%).

## 14. Events after the end of the Reporting Period

No events requiring an adjustment or disclosure in the financial statements occurred after the end of the reporting period.

## 15. Approval of Financial Statements

The financial statements were approved by the Agency on 29 April 2025.

Financial Statements of the

# Ireland Strategic Investment Fund

For the year ended 31 December 2024

# Fund and Other Information

## Controller and Manager

**National Treasury Management Agency**
Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

## Global Custodian

**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 Bank plc**
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 2024 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 comprehensive income
- 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 2024 and of its income and expenditure for 2024 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.

Seamus McCarthy
Comptroller and Auditor General

30 April 2025

# Appendix to the report

## 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 annual 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 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 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.

I 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.

### 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.

# Statement of Comprehensive Income

## For the year ended 31 December 2024

| | | Discretionary Portfolio | | Directed Portfolio | | Total | |
|---|---|---|---|---|---|---|---|
| | Note | 2024 €m | 2023 €m | 2024 €m | 2023 €m | 2024 €m | 2023 €m |
| **Income** | | | | | | | |
| Interest income | 4 | 120 | 114 | 126 | 38 | 246 | 152 |
| Dividend income | 4 | 20 | 20 | 272 | 91 | 292 | 111 |
| Direct private equity, unquoted investment fund income and other income | 4 | 49 | 99 | - | - | 49 | 99 |
| Net gains on financial assets and liabilities at fair value through profit or loss | 5 | 396 | 171 | 1,400 | 360 | 1,796 | 531 |
| **Net investment income** | | **585** | **404** | **1,798** | **489** | **2,383** | **893** |
| **Expenses** | | | | | | | |
| Operating expenses | 6 | (40) | (39) | - | - | (40) | (39) |
| **Profit for the financial year** | | **545** | **365** | **1,798** | **489** | **2,343** | **854** |

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Financial Position

## As at 31 December 2024

| | | Discretionary Portfolio | | Directed Portfolio | | Total | |
|---|---|---|---|---|---|---|---|
| | Note | 2024 €m | 2023 €m | 2024 €m | 2023 €m | 2024 €m | 2023 €m |
| **Assets** | | | | | | | |
| Investments | 8, 9 | 7,534 | 6,944 | 2,324 | 4,110 | 9,858 | 11,054 |
| Loans and receivables | 8, 9 | 604 | 509 | 305 | 325 | 909 | 834 |
| Trade and other receivables | 10 | 41 | 72 | 6 | 3 | 47 | 75 |
| Balance due from brokers | 8 | 67 | - | - | - | 67 | - |
| Cash and cash equivalents | 13 | 764 | 937 | 5,032 | 1,719 | 5,796 | 2,656 |
| **Total assets** | | **9,010** | **8,462** | **7,667** | **6,157** | **16,677** | **14,619** |
| **Liabilities** | | | | | | | |
| Derivatives | 8 | (95) | - | - | - | (95) | - |
| Balance due to brokers | 8 | - | (61) | - | - | - | (61) |
| Other liabilities | 11 | (25) | (19) | - | - | (25) | (19) |
| **Total liabilities** | | **(120)** | **(80)** | **-** | **-** | **(120)** | **(80)** |
| **Net assets of the Fund at year end** | | **8,890** | **8,382** | **7,667** | **6,157** | **16,557** | **14,539** |

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Changes in Net Assets

## For the year ended 31 December 2024

| | | Discretionary Portfolio | | Directed Portfolio | | Total | |
|---|---|---|---|---|---|---|---|
| | Note | 2024 €m | 2023 €m | 2024 €m | 2023 €m | 2024 €m | 2023 €m |
| Profit for the year | | 545 | 365 | 1,798 | 489 | 2,343 | 854 |
| Transfers out of the portfolio | 12 | - | - | (325) | (1,328) | (325) | (1,328) |
| Assets transferred between portfolios | 12 | (37) | (715) | 37 | 715 | - | - |
| **Increase/(Decrease) in net assets** | | **508** | **(350)** | **1,510** | **(124)** | **2,018** | **(474)** |
| Net assets at beginning of year | | 8,382 | 8,732 | 6,157 | 6,281 | 14,539 | 15,013 |
| **Net assets at end of year** | | **8,890** | **8,382** | **7,667** | **6,157** | **16,557** | **14,539** |

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Cash Flows

## For the year ended 31 December 2024

| | Note | Discretionary Portfolio 2024 €m | Discretionary Portfolio 2023 €m | Directed Portfolio 2024 €m | Directed Portfolio 2023 €m | Total 2024 €m | Total 2023 €m |
|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | | |
| Interest received | | 121 | 98 | 126 | 38 | 247 | 136 |
| Tax reclaims received | | 1 | - | - | - | 1 | - |
| Dividends received | | 21 | 30 | 272 | 91 | 293 | 121 |
| Direct private equity, unquoted investment fund income and other income | | 47 | 100 | - | - | 47 | 100 |
| Sale of investments, return of capital and loan repayments | | 3,388 | 3,739 | 3,497 | 1,950 | 6,885 | 5,689 |
| Purchase of investments, capital calls and loan drawdowns | | (3,469) | (3,591) | (294) | (199) | (3,763) | (3,790) |
| Cash collateral received | | 417 | 626 | - | - | 417 | 626 |
| Cash collateral paid | | (540) | (650) | - | - | (540) | (650) |
| Operating expenses paid | | (39) | (37) | - | - | (39) | (37) |
| Effect of exchange rate fluctuations | | (87) | 72 | - | - | (87) | 72 |
| **Net cash inflow/(outflow) from operating activities** | | **(140)** | **387** | **3,601** | **1,880** | **3,461** | **2,267** |
| **Cash flows from financing activities** | | | | | | | |
| Assets transferred out of the portfolio | 12 | - | - | (325) | (1,328) | (325) | (1,328) |
| Transfer between portfolios | 12 | (37) | (715) | 37 | 715 | - | - |
| **Net cash outflow from financing activities** | | **(37)** | **(715)** | **(288)** | **(613)** | **(325)** | **(1,328)** |
| Net increase/(decrease) in cash and cash equivalents | | (177) | (328) | 3,313 | 1,267 | 3,136 | 939 |
| Opening cash and cash equivalents | | 937 | 1,268 | 1,719 | 452 | 2,656 | 1,720 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 4 | (3) | - | - | 4 | (3) |
| **Closing cash and cash equivalents** | | **764** | **937** | **5,032** | **1,719** | **5,796** | **2,656** |

# Notes to the Financial Statements

## 1. Background

The Ireland Strategic Investment Fund ("ISIF" or "the Fund") was established on 22 December 2014 on the commencement of Part 6 of the National Treasury Management Agency (Amendment) Act 2014 (as amended) ("NTMA Act 2014"). The National Treasury Management Agency (the "Agency") is the controller and manager of the Fund. Section 39(1) of the NTMA Act 2014 requires the Agency to hold and 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, 42B, 43, 47(1) 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 Fund's portfolio of Directed Investments (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.

## 2. Basis of preparation

The financial statements have been prepared for the year ended 31 December 2024. The comparative period is the year ended 31 December 2023. 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 are presented in euro which is the Fund's functional and presentational currency.

**Statement of compliance**

The financial statements have been prepared pursuant to Section 12 of the National Treasury Management Agency Act 1990 (as amended) (the "NTMA Act 1990") in a format approved by the Minister for Finance, and in compliance with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* issued by Financial Reporting Council in the UK.

## 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.

# 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.

Continued heightened geopolitical risks and an elevated risk of an increasingly fragmented global economy have the potential to impact valuations. Certain investment valuation inputs for direct private equity and unquoted debt instruments are reliant on unobservable information and forward-looking assumptions which are subject to heightened estimation uncertainty in the current environment.

**Key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date. The nature of estimation means that actual outcomes could differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the Fund's balance sheet include the fair value measurement of financial assets with significant unobservable inputs. Key inputs for fair value measurements that involve uncertainty include discount rates and financial multiples used. This is particularly relevant to assets assigned Level 3 in Fair Value Hierarchy measurement, of which €3,547m are held at the balance sheet date (see note 16).

**Significant accounting judgements in applying accounting policies**

The Fund was not required to make any significant judgements when applying its accounting policies, apart from those involving estimates.

### 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 on investments are included in the Statement of Comprehensive Income as part of net gains/(losses) on financial assets and liabilities at fair value through profit or loss.

### 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 Direct private equity and unquoted investment fund income

Direct private equity, unquoted investment fund income 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 gains and losses arising from movements in foreign exchange.

## 3. Significant accounting policies (continued)

### 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 Recognition, measurement and classification 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. Once classification is determined, re-assessment is only performed subsequently when there has been a modification of contractual terms that is relevant to an assessment of the classification.

Financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

**Fair value measurement**

' Fair value' is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is determined on the basis of an appropriate valuation technique, making maximum use of inputs determined by reference to a market price in an active market. Where available, an unadjusted quoted price for an identical or comparable asset or liability in an active market will be used to estimate fair value, or if unavailable the price of a recent market transaction for an identical or comparable asset or liability between market participants. If neither are available, an alternative valuation technique consistent with the approaches outlined under section 2 of FRS 102 is used to estimate fair value.

**Amortised cost measurement**

The amortised cost of a financial asset or financial liability is the amount at which the asset or liability 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, in the case of a financial asset, any reduction (directly or through the use of an allowance account) 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. This is limited to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

# Notes to the Financial Statements (continued)

## 3. Significant accounting policies (continued)

### 3.10 Recognition, measurement and classification of financial assets and liabilities (continued)

The significant accounting policies for the Fund's financial assets and liabilities by investment type are outlined below.

**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. Debt instruments that comply with all of the conditions of Section 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of Section 11.9, the Fund considers whether the debt instrument is consistent with the principles in Section 11.9 in order to determine whether it can be classified as basic.

**Direct private equity, convertible preference shares, convertible loans and unquoted equities**

Subsequent to initial recognition, investments that can be measured reliably at fair value are so measured 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.

**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.

**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, cash equivalents and treasury bills are measured at fair value.

**Unquoted investment funds**

The estimated fair value for unquoted investments 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 assessed 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.

# 3. Significant accounting policies (continued)

## 3.10 Recognition, measurement and classification of financial assets and liabilities (continued)

### Other receivables and payables and amounts due to/(from) third parties

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 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. A reliable measure of fair value for a number of debt instruments is not available and these debt instruments are valued at cost less impairment.

### Periodic Review

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 16.7(ii)). During the year, the membership of the Valuation Committee comprised of the Chief Financial and Operating Officer, the Interim 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:

- 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.

### 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;
- 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.

# Notes to the Financial Statements (continued)

## 3. Significant accounting policies (continued)

### 3.10 Recognition, measurement and classification of financial assets and liabilities (continued)

**Derecognition of financial assets and liabilities (continued)**
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 is reported 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 3.11), 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.

### 3.11 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.

### 3.12 Investment manager fee rebates

Investment manager fee 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.

### 3.13 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.

### 3.14 Commitments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

# 4. Income

## 4.1 Discretionary Portfolio

| | 2024 €m | 2023 €m |
|---|---|---|
| Interest income | 120 | 114 |
| Direct private equity and unquoted investment fund income | 47 | 96 |
| Dividend income | 20 | 20 |
| Other income | 2 | 3 |
| | **189** | **233** |

Other income includes investment management fee rebates of €1.2m (2023: €.2.1m), corporate action income of €0.3m (2023: €0.2m) and class action income of €0.06m (2023: €0.02m). Dividend income includes withholding tax reclaims of €0.6m in 2024 (2023: €1.2m) with further information on this outlined in note 7.

## 4.2 Directed Portfolio

| | 2024 €m | 2023 €m |
|---|---|---|
| Dividend income | 272 | 91 |
| Interest income | 126 | 38 |
| | **398** | **129** |

# 5. Net gains on financial assets and liabilities at fair value through profit or loss

## 5.1 Discretionary Portfolio

| | 2024 €m | 2023 €m |
|---|---|---|
| On financial assets measured at fair value through profit or loss | 964 | 449 |
| On financial liabilities measured at fair value through profit or loss | (568) | (278) |
| | **396** | **171** |

## 5.2 Directed Portfolio

| | 2024 €m | 2023 €m |
|---|---|---|
| On financial assets measured at fair value through profit or loss | 1,400 | 360 |

# Notes to the Financial Statements (continued)

## 6. Operating expenses

The amounts required to cover the investment management and operating costs of the Fund are as follows:

### 6.1 Discretionary Portfolio – fees and expenses

| | 2024 €m | 2023 €m |
|---|---|---|
| NTMA recharge | 25 | 22 |
| Investment managers' fees | 8 | 9 |
| Advisory fees | 5 | 6 |
| Global Custodian fees | 1 | 1 |
| Systems and services | 1 | 1 |
| | **40** | **39** |

Under Section 48 of the NTMA Act 2014, the expenses of the Agency (NTMA recharges) in the performance of its functions relating to the Fund are required to be defrayed from the Fund. These amounted to €24.8m in 2024 (2023: €22.4m).

### 6.2 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.

| | 2024 €m | 2023 €m |
|---|---|---|
| Legal | 3 | 5 |
| Financial and tax advisory | 2 | 1 |
| | **5** | **6** |

These costs are included in Note 6.1 (Discretionary Portfolio - fees and expenses).

## 7. 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.

| | 2024 €m | 2023 €m |
|---|---|---|
| Withholding tax reclaims | 1 | 1 |

This is included in dividend income in note 4 above.

## 8. Discretionary Financial assets and liabilities

### 8.1 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 hold and invest the Discretionary Portfolio 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 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.

The Fund's Discretionary Portfolio is comprised of the Irish Portfolio, which includes investment designed to have a domestic economic impact,  and the Global Portfolio, which is comprised of global investments that are highly liquid so that funding can be made available for Irish Portfolio investments and/or other Government initiatives as directed.

The revised ISIF Impact Strategy was launched in June 2022 for the Irish portfolio, with a focus on four key investment themes: climate, housing and enabling investments, scaling indigenous businesses, and food and agriculture.  A particular focus of ISIF's investment programme includes an ambition to deploy capital in a targeted and commercial manner addressing Ireland's key economic challenges and in priority areas such as regional development, climate change and female entrepreneurship.

# Notes to the Financial Statements (continued)

## 8. Discretionary Financial assets and liabilities (continued)

### 8.2 Discretionary Portfolio valuation

The total Discretionary Portfolio at 31 December 2024 amounts to €8.9bn (2023: €8.4bn). The composition of the Discretionary Portfolio by investment type is as follows:

| | Note | 2024 €m | 2023 €m |
|---|---|---|---|
| **Investments at FVTPL[1]** | | | |
| Quoted equities | | 1,039 | 851 |
| Direct private equity | | 288 | 463 |
| Quoted debt instruments | | 1,241 | 728 |
| Unquoted debt instruments | | 194 | 144 |
| Quoted investment funds | | 805 | 1,159 |
| Unquoted investment funds | | 3,666 | 3,247 |
| Convertible preference shares | | 45 | 49 |
| Quoted commodities | | 256 | 195 |
| | | **7,534** | **6,836** |
| **Loans and receivables at amortised cost** | | | |
| Loans | 8.4 | **604** | **509** |
| **Derivative assets at FVTPL[1]** | | | |
| Foreign exchange contracts | 14.1 | - | 94 |
| Futures contracts | | - | 14 |
| | | **-** | **108** |
| **Derivative liabilities at FVTPL** | | | |
| Foreign exchange contracts | 14.1 | (93) | - |
| Futures contracts | | (2) | - |
| | | **(95)** | **-** |
| **Cash and cash equivalents** | | | |
| Cash | | 579 | 790 |
| Cash equivalent | | 154 | 109 |
| Treasury bills | | 31 | 38 |
| | 13 | **764** | **937** |
| Trade and other receivables | 10 | 41 | 72 |
| Balance due from/(to)brokers | | 67 | (61) |
| Other liabilities | 11 | (25) | (19) |
| **Total discretionary net assets** | | **8,890** | **8,382** |

1 Investments at FVTPL and Derivative assets at FVTPL are included in Investments in the Statement of Financial Position.

# 8. Discretionary Financial assets and liabilities (continued)

## 8.3 Irish Portfolio valuation

At 31 December 2024, €3.9bn (2023: €3.6bn) is invested in the Irish Portfolio with the remaining €5.0bn (2023: €4.8bn) invested in the Global Portfolio. The breakdown of the Irish Portfolio by investment type is as follows:

| | 2024 €m | 2023 €m |
|---|---|---|
| **Investments at FVTPL** | | |
| Unquoted investment funds | 2,628 | 2,232 |
| Direct private equity | 288 | 463 |
| Unquoted debt instruments | 194 | 144 |
| Quoted equities | 94 | 84 |
| Quoted debt instruments | 69 | 67 |
| Convertible preference shares | 45 | 50 |
| | **3,318** | **3,040** |
| **Loans and receivables at amortised cost** | | |
| Other debt | **604** | **509** |
| | | |
| Cash and cash equivalents | **4** | **5** |
| Trade and other receivables | **3** | **8** |
| **Total Irish Portfolio valuation** | **3,929** | **3,562** |

## 8.4 Reconciliation of movements in Loans and receivables during the year

| | 2024 €m | 2023 €m |
|---|---|---|
| Opening balance | 509 | 483 |
| Drawdowns (including interest capitalisation) | 229 | 173 |
| Repayments | (134) | (147) |
| **Closing balance** | **604** | **509** |

# Notes to the Financial Statements (continued)

## 9. Directed Portfolio

The Agency holds a portfolio of Directed Investments which is subject to directions given by the Minister for Finance pursuant to Sections 42, 42A, 42B, 43 and 47(4) 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.

### 9.1 Directed portfolio valuation

| | 2024 Unit Millions | 2023 Unit Millions | Valuation € 2024 Per Unit | Valuation € 2023 Per Unit | 2024 €m | 2023 €m |
|---|---|---|---|---|---|---|
| **AIB** | | | | | | |
| Ordinary Shares[1] | 438 | 1,068 | 5.31 | 3.85 | 2,324 | 4,110 |
| **Total directed investments assets** | | | | | 2,324 | 4,110 |
| Home Building Finance Ireland (“HBFI”) Loan | | | | | 305 | 325 |
| Cash (Note 13) | | | | | 194 | 1,719 |
| Irish exchequer notes (Note 13) | | | | | 4,838 | - |
| Trade and other receivables | | | | | 6 | 3 |
| **Total** | | | | | **7,667** | **6,157** |

### 9.2 Directed investment valuation movement

| | 2024 €m | 2023 €m |
|---|---|---|
| **AIB plc** | | |
| Opening valuation | 4,110 | 5,499 |
| Disposal of shares | (3,186) | (1,748) |
| Investment gain during the year | 1,400 | 359 |
| **Closing Valuation** | **2,324** | **4,110** |

1 The value of AIB ordinary shares is based on the quoted bid price at year end. The Fund made a number of disposals in 2024 and reduced its ordinary shareholding in the Group from approximately 40.8% to approximately 18.8%. Considering the volume of holding in these shares, if traded in a small number of large trades, there could be an impact on the quoted bid price.

# 10. Trade and other receivables

## 10.1 Discretionary Portfolio

| | 2024 €m | 2023 €m |
|---|---|---|
| Interest receivable | 18 | 15 |
| Dividend receivable | 1 | 1 |
| Tax reclaims recoverable | 1 | 2 |
| Amounts receivable for securities sold | 21 | 54 |
| | **41** | **72** |

## 10.2 Directed Portfolio

| | 2024 €m | 2023 €m |
|---|---|---|
| Interest receivable | 2 | 3 |
| Receivables for investments sold | 4 | - |
| | **6** | **3** |

# 11. Other liabilities

## 11.1 Discretionary Portfolio

| | 2024 €m | 2023 €m |
|---|---|---|
| Amounts payable for securities purchased | 14 | 7 |
| Other accrued expenses | 11 | 12 |
| | **25** | **19** |

Other accrued expenses include investment manager fees of €3.5m (2023: €3.3m) and NTMA recharges of €4.4m (2023: €3.9m)

# Notes to the Financial Statements (continued)

## 12. Transfers

### 12.1 Transfers out of the Directed Portfolio

| | 2024 €m | 2023 €m |
|---|---|---|
| Transfers to the Land Development Agency from Directed Portfolio | 325 | 825 |
| Transfers to the Exchequer from Directed Portfolio | - | 503 |
| | **325** | **1,328** |

Pursuant to Section 42B of the NTMA Act 2014, the Minister for Finance may direct the Agency to lend or pay money to the Land Development Agency (the "LDA") out of the assets of the Fund up to a maximum amount of €1.25bn or to pay money to the LDA from the proceeds of the disposal of a directed investment up to a maximum amount of €2.5bn, in either case to achieve the purposes of the Land Development Agency Act 2021. In 2024, €325m was transferred to the LDA on the direction of the Minister for Finance (2023: €825m). In December 2024 further direction was received from the Minister for Finance to transfer €100m to the LDA. This transfer was completed in January 2025.

In 2023, €503m in proceeds from the sales of shares in the state's holding of AIB was transferred from the Fund's directed portfolio to the Exchequer as directed by the Minister for Finance. The transfers are for the purpose of the subscription for shares in the LDA in accordance with Sections 25(2) and 25(3) of the Land Development Agency Act 2021 on behalf of the Minister for Public Expenditure, National Development Plan Delivery and Reform with the prior consent of the Minister for Housing, Local Government and Heritage.

### 12.2 Transfers between Discretionary and Directed Portfolios

| | 2024 €m | 2023 €m |
|---|---|---|
| Net transfer to Directed from Discretionary portfolio | **(37)** | **(715)** |

In 2024, €325m (2023: €825m) was transferred from the Discretionary portfolio to the Directed portfolio, to fund transfers to the Land Development Agency. AIB dividends proceeds of €272m (2023: €91m) and net HBFI loan repayments of €16m (2023: €17m) were transferred from the Directed portfolio to the Discretionary portfolio.

## 13. Cash and cash equivalents

| | 2024 €m | 2023 €m |
|---|---|---|
| **Discretionary Portfolio** | | |
| Cash | 579 | 790 |
| Cash equivalent | 102 | 109 |
| Irish exchequer notes | 52 | - |
| Treasury Bills | 31 | 38 |
| | **764** | **937** |

| | | |
|---|---|---|
| **Directed Portfolio** | | |
| Cash | 194 | 1,719 |
| Irish exchequer notes | 4,838 | - |
| | **5,032** | **1,719** |

Cash equivalents on the discretionary portfolio includes short-term funds maturing within 90 days.

## 14. Commitments

### 14.1 Foreign currency and futures commitments

The notional principal and unrealised gain/(loss) of currency derivative contracts entered into by the Agency and investment managers on behalf of the Fund (excluding Directed Investments) was:

| NTMA | 31 December 2024 Notional Principal €m | 31 December 2024 Loss €m | 31 December 2023 Notional Principal €m | 31 December 2023 Profit €m |
|---|---|---|---|---|
| Foreign exchange contracts | 1,965 | (57) | 2,305 | 65 |
| **Investment Managers** | | | | |
| Foreign exchange contracts | 5,603 | (36) | 2,901 | 29 |
| Futures contracts | 172 | (2) | 283 | 14 |
| | | **(95)** | | **108** |

#### 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. In line with its accounting policies, derivatives to hedge exposures are accounted for at fair value with immediate recognition of all gains and losses in the income statement. The Fund's Investment Managers are not required to hedge currency exposure. The majority of non-Euro investments are hedged by Investment Managers. Investment Managers 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. See note 16.2(ii).

#### Futures contracts

The Fund's Investment Managers are permitted to execute futures contracts as agreed with the Fund.

# Notes to the Financial Statements (continued)

## 14. Commitments (continued)

### 14.2 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 2024, the Fund's outstanding commitments totalled €2.8bn (2023: €2bn). The Fund has entered into commitments in respect of certain types of investments as outlined below.

| | Time-frame of commitment Years | 2024 €m | 2023 €m |
|---|---|---|---|
| Total unquoted investments | 0-9 | 2,187 | 1,221 |
| Total loans and receivables | 0-8 | 657 | 781 |
| **Total uncalled commitments** | | **2,844** | **2,002** |

**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 as at 31 December 2024.

## 15. Related Parties

### 15.1 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 with the approval of a resolution passed by both Houses of the Oireachtas. Transactions between the Fund and the Minister for Finance during the year are detailed in Note 12.

### 15.2 National Treasury Management Agency

The Fund is controlled and managed by the Agency pursuant to Section 41(1) of the NTMA Act 2014.

The Investment Committee is a statutory committee provided for by section 5A of the NTMA Act 1990. 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 Fund assets in accordance with the provisions of Part 6 of the NTMA Act 2014 and the investment strategy prepared under it and within any 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 authority to the Investment Committee to make decisions on the investment and disposal of Fund assets, subject to no individual investment being greater than €150m. Proposed investments in excess of €150m are recommended by the Investment Committee to the Agency for decision where the Investment Committee is supportive of the proposed investment.

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 2024, these expenses were €24.8m (2023: €22.4m). The outstanding balance owed to the NTMA at the 31 December 2024 is €4.4m (2023: €3.9m).

**Key management personnel**

The Fund is controlled and managed by the Agency. The key management personnel and their compensation are disclosed in the Agency's Administration Account Financial Statements.

## 15. Related Parties (continued)

### 15.3 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. The issued share capital of the SBCI is owned solely by the Minister for Finance, and was acquired in 2017 and 2020 through the conversion to equity of loan facilities provided by ISIF of €25m and €50m respectively. The shares issued by the SBCI are held directly by the Minister and not by the Fund. At 31 December 2024, there is a nil balance on the SBCI loan facility (2023: €Nil), and the committed funding available under that facility is €165m.

### 15.4 Home Building Finance Ireland

The Fund and Home Building Finance Ireland ("HBFI") 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 €730m to HBFI in 2019. At 31 December 2024, the balance outstanding was €305m (2023: €325m). The loan operates as a revolving loan facility with a maturity date of 24 May 2033. See reconciliation of movements in Funding during the period below.

| | 2024 €m | 2023 €m |
|---|---|---|
| Opening balance | 325 | 330 |
| Drawdowns (including interest capitalised) | 273 | 197 |
| Repayments | (293) | (202) |
| **Closing balance** | **305** | **325** |

### 15.5 Other entities

Allied Irish Bank plc ("AIB") is a related party of the Fund and under the influence of the Minister for Finance. The Fund's directed investment in AIB is disclosed in Note 9.

## 16. 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.

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

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 risk and compliance 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:

**Investment Committee**

The Investment Committee comprises non-executive members and is responsible for overseeing the implementation of the Fund's investment strategy. The role of the Investment Committee is described in Note 15.2.

**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 reviews and monitors the performance of the internal audit, compliance and risk management functions, which are managed on a day to day basis by the Head of Internal Audit, the Head of Compliance and the Interim Head of Risk (Financial, Investment and Enterprise) respectively, to assess their effectiveness.

### Management Committees:

**Portfolio Management Committee (PMC)**

The first line of defence includes the PMC which comprises members of the ISIF Senior management team. The core functions of the PMC are to consider and make investment recommendations to the 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.

## 16. Financial risk management – Discretionary Portfolio (continued)

### Management Committees (continued):

**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 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 reviews proposals and risk assessments in respect of new treasury products and processes, or material changes to existing products and processes. 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.

**IT Security Committee (ITSC)**

The ITSC is a sub-committee of the ERMC, reporting to the ORCC on operational items. It is responsible for the oversight of the NTMA IT Security management programme and is a governance and decision-making forum in relation to security issues, solutions and possible business impacts concerning the confidentiality, integrity, availability or authenticity of information assets or systems managed by the NTMA or a third-party supplier.

**Nominations Committee**

The nominations committee approves and oversees nominations of Directors and observers to the Board of ISIF investee companies.

### 16.1 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. The NTMA Investment Risk Policy addresses all of the above issues and has been adopted in respect of the Fund.

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.

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.2 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, currency risk and market price risk.

The Fund has adopted a Global Portfolio 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 and Liquidity Risk Management Policy is applicable to the 'Global Portfolio 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 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 2024 of fixed interest bearing securities in the Discretionary Portfolio exposed to the risk fair value may change consequent to a change in interest rates:

| Fixed interest bearing securities | 2024 €m | 2023 €m |
|---|---|---|
| Maturing within one year | 485 | 287 |
| Maturing between two and five years | 679 | 421 |
| Maturing after five years | 742 | 531 |
| **Total fixed interest bearing securities** | **1,906** | **1,239** |

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 equivalents and Irish exchequer notes of €0.2bn (2023: €0.1bn) (Note 13) and liquid funds of €0.6bn (2023: €0.8bn). These assets are interest bearing and the future cash flows from these assets will fluctuate with changes in market interest rates.

# 16. Financial risk management – Discretionary Portfolio (continued)

## 16.2 Market 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 | 2024 | 2023 |
|---|---|---|
| €m Reduction | (10) | (6) |
| % reduction | (0.11%) | (0.07%) |

### ii) Currency risk

Currency 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 of USD $405m (2023: USD $300m) and GBP £89m (2023: GBP £42m) at 31 December 2024.

### Currency 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.

### Currency 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.

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.2 Market risk (continued)

#### ii) Currency risk (continued)

| | Local currency 2024 €m | Base currency 2024 €m | Net exposure after hedging 2024 €m |
|---|---|---|---|
| Japanese yen | 24,353 | 149 | 56 |
| Australian dollar | 28 | 17 | 1 |
| Czech koruna | 18 | 1 | 0 |
| Hungarian forint | 170 | 0 | 0 |
| Indonesian rupiah | 38,976 | 2 | 0 |
| Israeli shekel | 13 | 3 | 0 |
| Mexican Peso | 100 | 5 | 0 |
| New Zealand dollar | 4 | 2 | 0 |
| Norwegian krone | 27 | 2 | 0 |
| Polish zloty | 5 | 1 | 0 |
| Romanian leu | 1 | 0 | 0 |
| South African rand | 0 | 0 | 0 |
| Thai baht | 10 | 0 | 0 |
| New Taiwan dollar | 0 | 0 | (1) |
| Singapore dollar | 7 | 5 | (1) |
| Canadian dollar | 67 | 45 | (2) |
| South Korean won | 423 | 1 | (2) |
| Hong Kong dollar | 57 | 7 | (3) |
| Indian rupee | 0 | 0 | (5) |
| Swiss franc | 26 | 28 | (8) |
| Swedish krona | 93 | 8 | (10) |
| Danish krone | 79 | 11 | (18) |
| British pound | 339 | 410 | (106) |
| US dollar | 3,623 | 3,519 | (269) |

# 16. Financial risk management – Discretionary Portfolio (continued)

## 16.2 Market risk (continued)

### ii) Currency risk (continued)

| | Local currency 2023 €m | Base currency 2023 €m | Net exposure after hedging 2023 €m |
|---|---|---|---|
| Japanese yen | 15,846 | 102 | 56 |
| US dollar | 3,793 | 3,429 | 28 |
| Brazilian real | 40 | 7 | 7 |
| Australian dollar | 13 | 8 | 4 |
| Swedish krona | 78 | 7 | 3 |
| Canadian dollar | 25 | 17 | 3 |
| South Korean Won | 1,554 | 1 | 1 |
| Thai baht | 13 | 0 | 0 |
| Mexican Peso | 78 | 4 | 0 |
| Singapore dollar | 4 | 3 | (2) |
| New Zealand dollar | 2 | 2 | (2) |
| Israeli shekel | 11 | 2 | (4) |
| Hong Kong dollar | 66 | 7 | (7) |
| Norwegian krone | 8 | 1 | (9) |
| Danish krone | 49 | 6 | (17) |
| Swiss franc | 14 | 16 | (28) |
| British pound | 320 | 370 | (95) |

**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.

| Effect on Discretionary Portfolio net assets | 2024 | 2023 |
|---|---|---|
| €m Increase/(Reduction) | 13.5 | (0.4) |
| % increase/(reduction) | 0.15% | (0.00%) |

A strengthening of the US dollar against the euro would have resulted in an equal but opposite effect to the amounts shown above.

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.2 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:

| Exposure to market price risk | 2024 €m | 2023 €m |
|---|---|---|
| Quoted investment funds | 805 | 1,159 |
| Quoted equities | 1,039 | 851 |
| Quoted debt instruments | 1,241 | 728 |
| Direct private equity | 288 | 463 |
| Unquoted investment funds | 3,666 | 3,247 |
| Convertible preference shares | 45 | 49 |
| Unquoted debt instruments | 194 | 144 |
| Quoted commodities | 256 | 195 |
| Derivative instrument assets | - | 108 |
| Derivative instrument liabilities | (95) | - |
| **Financial assets at FVTPL** | **7,439** | **6,944** |
| Treasury bills | 31 | 38 |
| **Total exposed to market price risk** | **7,470** | **6,982** |

| Not exposed to market price risk | | |
|---|---|---|
| Deposits and cash | 733 | 899 |
| Loans and receivables | 604 | 509 |
| Trade and Other receivables | 41 | 72 |
| Balance due from/(to) brokers | 67 | (61) |
| Other liabilities | (25) | (19) |
| **Total not exposed to market price risk** | **1,420** | **1,400** |
| | | |
| **Total Discretionary Portfolio financial assets and liabilities** | **8,890** | **8,382** |

**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.

# 16. Financial risk management – Discretionary Portfolio (continued)

## 16.2 Market risk (continued)

### iii) Market price risk (continued)

| Analysis by geographical classification | 2024 €m | 2023 €m |
|---|---|---|
| North America | 2,078 | 1,640 |
| Ireland | 1,836 | 1,842 |
| Eurozone excluding Ireland | 1,540 | 1,228 |
| Non-eurozone | 873 | 1,376 |
| South and Central America | 724 | 658 |
| Emerging markets | 300 | 178 |
| Africa and Asia pacific | 119 | 60 |
| **Total** | **7,470** | **6,982** |

This analysis excludes loans and receivables, deposits and cash.

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.2 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.

| Equity and managed fund investments | 2024 €m | 2023 €m |
|---|---|---|
| Exchange traded equity investments | 1,039 | 851 |
| Quoted commodities | 256 | 195 |
| Direct private equity | 288 | 463 |
| Unquoted investment funds | 3,666 | 3,247 |
| Quoted open ended investment funds | 359 | 890 |
| **Total equity and managed fund investments** | **5,608** | **5,646** |
| | | |
| **Debt securities** | | |
| Exchange traded debt securities | 1,241 | 728 |
| Other debt securities | 239 | 193 |
| Quoted open ended investment funds | 446 | 269 |
| **Total debt securities** | **1,926** | **1,190** |
| | | |
| Treasury bills | 31 | 38 |
| **Total investment assets** | **7,565** | **6,874** |
| | | |
| **Derivative assets** | | |
| Futures contracts | - | 14 |
| Foreign currency forward contracts | - | 94 |
| **Total derivative assets** | **-** | **108** |
| | | |
| **Derivative liabilities** | | |
| Futures contracts | (2) | - |
| Foreign currency forward contracts | (93) | - |
| **Total derivative liabilities** | **(95)** | **-** |
| | | |
| **Total** | **7,470** | **6,982** |

**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.

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.2 Market risk (continued)

#### iii) Market price risk (continued)

| Effect on Discretionary Portfolio net assets | 2024 | 2023 |
|---|---|---|
| €m Reduction | (374) | (348) |
| % reduction | (4.2%) | (4.2%) |

A 5% strengthening in market prices would result in an equal but opposite effect to the amounts shown above.

### 16.3 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 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.

The Agency Counterparty Credit Risk Management Policy is applicable to the Global Portfolio Implementation Strategy. This Policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to counterparty credit risk within the Global Portfolio Implementation Strategy.

**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 securities are segregated from those of the Global Custodian, 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 2024, held a long-term Moody's credit rating of Aa1 (2023: Aa2). The Agency monitors the credit rating and Service Organisation Control (SOC 1) reporting of its Global Custodian on a regular basis.

At 31 December 2024, cash and cash equivalents comprised of cash held at the Central Bank of Ireland of €514m (2023: €714m) and at AIB of €1m (2023: €1m), cash and cash equivalents held with the Global Custodian of €166m (2023: €184m) and short term investments of €83m (2023: €38m).

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.3 Credit risk (continued)

**Credit risk management (continued)**

The exposure to credit risk in the Discretionary Portfolio at 31 December 2024 is the carrying value of the financial securities as set out below.

| | Reference | 2024 €m | 2023 €m |
|---|---|---|---|
| Cash and cash equivalents (Note 13) | (i) | 764 | 937 |
| Debt securities | (ii) | 1,480 | 921 |
| Loans and receivables | (iii) | 604 | 509 |
| Trade and other receivables | (iv) | 41 | 72 |
| Derivative (liabilities)/assets | (v) | (95) | 108 |
| **Total** | | **2,794** | **2,547** |

#### 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 (2023: AAA) and Aa1 (LT Deposit Rating) (2023: Aa2). Cash equivalents includes exchequer notes, treasury bills and short-term funds maturing within 90 days.

#### ii) Debt securities

At 31 December, the Fund had invested in debt securities issued by entities with the following Moody's credit rating:

| External rating | 2024 €m | 2023 €m | 2024 % | 2023 % |
|---|---|---|---|---|
| Aa1 to Aa3 | 579 | 361 | 39% | 39% |
| A1 to A3 | 186 | 69 | 13% | 7% |
| Baa1 to Baa3 | 181 | 71 | 12% | 8% |
| Ba1 to Ba3 | 171 | 134 | 12% | 15% |
| B1 to B3 | 61 | 51 | 4% | 5% |
| Caa1 to Caa3 | 25 | 9 | 2% | 1% |
| No Moody's rating available | 277 | 226 | 18% | 25% |
| | **1,480** | **921** | **100%** | **100%** |

For listed securities where no Moody's rating is available, ratings from other credit rating agencies are provided by the custodian where available.

#### iii) Loans and receivables

| Rating | 2024 €m | 2023 €m | 2024 % | 2023 % |
|---|---|---|---|---|
| No external rating | **604** | 509 | **100%** | 100% |

The credit risk of loans and receivables is reviewed as part of the impairment review process. No impairment was required after review.

# 16. Financial risk management – Discretionary Portfolio (continued)

## 16.3 Credit risk (continued)

### Credit risk management (continued)

#### iv) Trade and other receivables

Primarily comprises accrued interest on fixed income securities and amounts receivable for securities sold.

#### v) Derivatives

The table below outlines an analysis of derivative assets and liabilities outstanding at 31 December:

| 2024 | Fair value €m | Gross notional amount €m |
|---|---|---|
| Exchange traded | (2) | 172 |
| OTC – other bilateral | (93) | 7,568 |
| **Total** | **(95)** | **7,740** |

| 2023 | Fair value €m | Gross notional amount €m |
|---|---|---|
| Exchange traded | 14 | 283 |
| OTC – other bilateral | 94 | 5,206 |
| **Total** | **108** | **5,489** |

### Derivatives

Derivative transactions are either transacted on an exchange (through a broker) or entered into under International Swaps and Derivatives 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.

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.4 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 Market and 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 2024, 46% (2023: 46%) of the Fund was invested in readily realisable assets.

### 16.5 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 and behavioural risk; process risk; change and project risk; information technology, data and cyber security risk; governance risk; third-party risk; business disruption risk; fraud risk; 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.

### 16.6 Capital management

The Fund is not subject to externally imposed capital requirements.

# 16. Financial risk management – Discretionary Portfolio (continued)

## 16.7 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 unquoted investments for which the valuation technique is based on the latest valuation placed on the fund or partnership by the external manager of that fund or partnership. This category also 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.

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.

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.7 Fair values of financial instruments (continued)

#### 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 Finance, the Interim 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.

# 16. Financial risk management – Discretionary Portfolio (continued)

## 16.7 Fair values of financial instruments (continued)

### ii) Valuation framework (continued)

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 2024. 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.

| 2024 | Level 1 €m | Level 2 €m | Level 3 €m | Total €m |
|---|---|---|---|---|
| **i) Equities and managed funds** | | | | |
| Quoted equities | 1,038 | - | 1 | **1,039** |
| Quoted commodities | 256 | - | - | **256** |
| Direct private equity | - | - | 288 | **288** |
| Quoted investment funds | 650 | 155 | - | **805** |
| Unquoted investment funds | - | 645 | 3,021 | **3,666** |
| Convertible preference shares | - | - | 45 | **45** |
| | | | | |
| **ii) Debt securities** | | | | |
| Unlisted debt securities | - | 4 | 190 | **194** |
| Listed debt securities | 1,014 | 225 | 2 | **1,241** |
| | | | | |
| **iii) Derivatives financial assets** | | | | |
| Foreign exchange contracts | - | - | - | **-** |
| Futures contracts | - | - | - | **-** |
| | | | | |
| **iv) Derivatives financial liabilities** | | | | |
| Foreign exchange contracts | - | (93) | - | **(93)** |
| Futures contracts | (2) | - | - | **(2)** |
| | 2,956 | 936 | 3,547 | **7,439** |
| Treasury bills | 31 | - | - | **31** |
| **Total** | **2,987** | **936** | **3,547** | **7,470** |

# Notes to the Financial Statements (continued)

## 16. Financial risk management – Discretionary Portfolio (continued)

### 16.7 Fair values of financial instruments (continued)

#### ii) Valuation framework (continued)

| 2023 | Level 1 €m | Level 2 €m | Level 3 €m | Total €m |
|---|---|---|---|---|
| **i) Equities and managed funds** | | | | |
| Quoted equities | 851 | - | - | **851** |
| Quoted commodities | 195 | - | - | **195** |
| Direct private equity | - | - | 463 | **463** |
| Quoted investment funds | 1,159 | - | - | **1,159** |
| Unquoted investment funds | - | 806 | 2,441 | **3,247** |
| Convertible preference shares | - | - | 49 | **49** |
| **ii) Debt securities** | | | | |
| Unlisted debt securities | - | 1 | 143 | **144** |
| Listed debt securities | 728 | - | - | **728** |
| **iii) Derivatives financial assets** | | | | |
| Foreign exchange contracts | - | 94 | - | **94** |
| Futures contracts | 14 | - | - | **14** |
| | 2,947 | 901 | 3,096 | **6,944** |
| **iv) Derivatives financial liabilities** | | | | |
| Equity options | - | - | - | **-** |
| | 2,947 | 901 | 3,096 | **6,944** |
| Treasury bills | 38 | - | - | **38** |
| **Total** | **2,985** | **901** | **3,096** | **6,982** |

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:

| | 2024 €m | 2023 €m |
|---|---|---|
| **Balance at 1 January** | 3,096 | 3,162 |
| Total gains or losses recognised in profit or loss | 56 | (61) |
| Purchases | 825 | 486 |
| Sales | (430) | (491) |
| **Balance at 31 December** | **3,547** | **3,096** |

## 17. Financial risk management - Directed Portfolio

### 17.1 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 was valued at its relevant quoted market price at 31 December 2024.

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.

| | Level 1 Total | |
|---|---|---|
| | **2024 €m** | **2023 €m** |
| AIB | 2,324 | 4,110 |

**Market price risk exposure**

The cumulative Directed Portfolio asset value exposed to market price risk at 31 December 2024 comprises the value of investments as detailed in the following table:

| **Exposure to market price risk** | **2024 €m** | **2023 €m** |
|---|---|---|
| AIB | 2,324 | 4,110 |
| | **2,324** | **4,110** |
| **Not exposed to market price risk** | | |
| Cash | 194 | 1,719 |
| Irish exchequer notes | 4,838 | - |
| Interest receivable | 2 | 3 |
| Receivables for investments sold | 4 | - |
| HBFI Loan | 305 | 325 |
| | **5,343** | **2,047** |
| | | |
| **Total Directed Investments** | **7,667** | **6,157** |

# Notes to the Financial Statements (continued)

## 18. Comparative Information

Certain comparative information has been reclassified for consistency with the current year disclosures.

## 19. Events after the reporting period

After the reporting period, global financial markets have experienced significant volatility, primarily due to recent global trade related developments, which could impact the Fund and its asset values. The ongoing situation continues to evolve in real time and consequently it is not possible to estimate the long-term financial impact with any degree of certainly at this time.

## 20. Approval of financial statements

The financial statements were approved by the Agency on 29 April 2025.

Financial Statements of the

# Infrastructure, Climate and Nature Fund

From commencement 30 July 2024
to 31 December 2024

# Fund and Other Information

## Controller and Manager

**National Treasury Management Agency**
Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

## Bankers

**Central Bank of Ireland**
New Wapping Street
North Wall Quay
Dublin 1
D01 F7X3

**Allied Irish Bank plc**
1-4 Lower Baggot Street
Dublin 2
D02 X342

## Custodian

**Euroclear Bank SA/NV**
1 Boulevard du roi Albert II
1210 Brussels
Belgium

## 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

## Infrastructure, Climate and Nature Fund

### Opinion on the financial statements

I have audited the financial statements of the Infrastructure, Climate and Nature Fund (the Fund) for the period from 30 July 2024 to 31 December 2024 prepared by the National Treasury Management Agency (the Agency) 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 comprehensive income
- 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 2024 and of its income and expenditure for the period 30 July 2024 to 31 December 2024 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

**Seamus McCarthy**
Comptroller and Auditor General

30 April 2025

# Appendix to the report

### 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 annual 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 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 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.

I 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.

#### 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.

# Statement of Comprehensive Income

## For the period from Commencement 30 July 2024 to 31 December 2024

| | Note | 2024<br>€000 |
|---|---|---|
| **Income** | | |
| Interest Income | 6 | 9,607 |
| Net Gain on Financial Assets at fair value through profit or loss | 7 | 6,898 |
| **Net income** | | **16,505** |
| **Expenses** | | |
| Operating Expenses | 8 | **(265)** |
| | | |
| **Profit for the period** | | **16,240** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Financial Position

## As at 31 December 2024

| | Note | 2024 €000 |
|---|---|---|
| **Assets** | | |
| Financial assets at fair value | 9 | 1,994,947 |
| Cash and cash equivalents | 10 | 9,529 |
| Receivables | 11 | 12,015 |
| | | **2,016,491** |
| **Liabilities** | | |
| Payables | 12 | (251) |
| | | **(251)** |
| **Net Assets of the Fund at period end** | | **2,016,240** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Changes in Net Assets

## For the period from Commencement 30 July 2024 to 31 December 2024

| | Note | Period ended 31 December 2024 €000 |
|---|---|---|
| Contribution received from National Surplus (Exceptional Contingencies) Reserve Fund | 13 | 2,000,000 |
| Profit for the period | | 16,240 |
| **Increase in net assets** | | **2,016,240** |
| Net Assets at beginning of the period | | - |
| **Net Assets at end of the period** | | **2,016,240** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

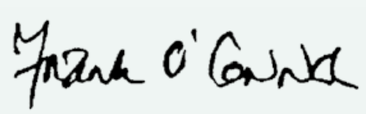
# Statement of Cash Flows

## For the period from Commencement 30 July 2024 to 31 December 2024

| | Note | 2024<br>€000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest Received | | 7,547 |
| Purchase of Financial Assets | | (4,302,183) |
| Sale of Financial Assets | | 2,304,178 |
| Operating Expenses | | (13) |
| **Net cash outflow from operating activities** | | **(1,990,471)** |
| | | |
| **Cash flows from financing activities** | | |
| Transfer received from National Surplus (Exceptional Contingencies) Reserve Fund | 13 | 2,000,000 |
| **Net cash inflow from financing activities** | | **2,000,000** |
| | | |
| Net increase in cash and cash equivalents | | 9,529 |
| **Cash and cash equivalents at end of the period** | | **9,529** |

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

On behalf of the Agency



**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Notes to the Financial Statements

## 1. Background

The Infrastructure, Climate and Nature Fund ("the Fund") was established on 30 July 2024 on the commencement of section 14 of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024 ("the FIF & ICNF Act 2024").

The National Treasury Management Agency (the "Agency") is the controller and manager of the Fund. Section 15(1) of the FIF & ICNF Act 2024 requires the Agency to hold or invest the assets of the Fund on a commercial basis for the benefit of the Fund, so as to seek to secure the optimal total financial return, as to both capital and income. In the performance of such functions, the Agency is required to have regard to:

(a) the level of risk to the assets of the Fund that the Agency considers appropriate to the purpose of that fund, including any such risk posed by environmental, social or governance ("ESG") matters of relevance to such performance, and
(b) the likely timing of payments from the Fund to the Exchequer.

On 17 September 2024, €2.0bn was transferred to the Fund from the assets of the National Surplus (Exceptional Contingencies) Reserve Fund ("NS(EC)RF") pursuant to section 35(1) of the FIF & ICNF Act 2024, which commenced on 13 September 2024 by order of the Minister for Finance (the "Minister") (Note 12).

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. Purpose

The purpose of the Fund is to support State expenditure –

i) in 2026 or any year thereafter, where there has been, or is likely to be in the subsequent year, a significant deterioration in the economic or fiscal position of the State, and
ii) in each of the years 2026-2030, on designated environmental projects.

The Fund is invested in accordance with the investment policy set out in Section 15 of the FIF & ICNF Act 2024 and the investment strategy determined by the Agency pursuant to section 16 of the FIF & ICNF Act 2024, following consultation with the Minister and with the Minister for Public Expenditure, NDP Delivery and Reform.

Any income, capital and other benefits received in respect of holdings or investments of the Fund will be paid into the Fund in accordance with section 15(4) of the FIF & ICNF Act 2024.

## 3. Basis of preparation

The financial statements have been prepared for the period from commencement 30 July 2024 to 31 December 2024. All amounts in the financial statements have been rounded to the nearest thousand 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 pursuant to Section 12 of the National Treasury Management Agency Act 1990 (as amended) (the "NTMA Act 1990") in a format approved by the Minister for Finance, and in compliance with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by Financial Reporting Council in the UK.

# Notes to the Financial Statements (continued)

## 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 investments and other financial instruments designated at fair value through profit 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 has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

### 4.3 Recognition and measurement

The Agency recognises and measures the Fund's financial assets and financial liabilities in accordance with Section 11 and Section 12 of FRS 102. The Agency determines the classification of the Fund's financial instruments at initial recognition.

Financial assets and financial liabilities are initially recognised when the Agency (as controller and manager of the Fund) becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities upon initial recognition are measured at the transaction price.

The Fund is currently invested in a portfolio of Bonds and Treasury Bills and as such the Fund classifies all its investment portfolio as financial assets at fair value through profit or loss.

**Fair value measurement**

'Fair value' is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted which could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within the net gain on financial assets at fair value through profit or loss in the period in which they arise.

### 4.4 Financial assets

The significant accounting policies for the fund's financial assets by asset type are outlined below:

**Quoted Bonds and Treasury Bills**

The fair value of the quoted bonds and treasury bills held by the Fund are calculated using constituent bond market prices from the ICE BoA European Government Index. The Fund uses a weighted average cost basis for calculating gains and losses.

### 4.5 Interest Income

Interest is recognised on an accruals basis. Interest income includes the interest on bonds and treasury bills and interest earned on cash and cash equivalents.

## 4. Significant Accounting Policies (continued)

### 4.6 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 meeting the conditions to be a cash equivalent, are measured at fair value.

### 4.7 Significant 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 Agency was not required to make any significant judgements or estimates when applying the Fund's accounting policies.

## 5. Financial Risks

The Agency is responsible for risk management of the Fund. In performing its functions under section 15(1) of the FIF & ICNF Act 2024, the Agency is required to have regard to (among other considerations) the level of risk to the assets of the Fund that the Agency considers appropriate to the purpose of that fund, including any such risk posed by ESG matters of relevance to such performance.

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 function, 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.

### Agency Committees:

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

The ARC comprises members of the Agency Board and 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 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 ARC reviews and monitors the performance of the internal audit, compliance and risk management functions, which are managed on a day-to-day basis by the Head of Internal Audit, the Head of Compliance and the Head of Risk (Financial, Investment and Enterprise) respectively, to assess their effectiveness.

# Notes to the Financial Statements (continued)

## 5. Financial Risks (continued)

### Management Committees:

**Enterprise Risk Management Committee (ERMC)**

The purpose of the ERMC, an executive management committee, is to:

- set and approve, or recommend for approval to the ARC or Agency, the key risk frameworks and policies;
- oversee, challenge and monitor the risks and controls of the organisation, taking a holistic, enterprise-wide approach to overseeing the effective management of risk (both financial and non-financial) and compliance;
- monitor the organisation's overall risk profile and keep under review the organisation's principal risk exposures, including in relation to emerging and strategic risks.

**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.

**IT Security Committee (ITSC)**

The ITSC is a sub-committee of the ERMC, reporting to the ORCC on operational items. It is responsible for the oversight of the NTMA IT Security management programme and is a governance and decision-making forum in relation to security issues, solutions and possible business impacts concerning the confidentiality, integrity, availability or authenticity of information assets or systems managed by the NTMA or a third-party supplier.

**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 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 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 counterparty 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 and to value relevant securities for the purpose of the Fund's financial statements.

## 5. Financial Risks (continued)

### 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.

#### 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 Fund exposed to market price risk at 31 December 2024 is the value of financial investments as detailed in the following table:

| | 2024<br>€000 |
|---|---|
| **Exposure to market price risk** | |
| Bonds | 1,419,695 |
| Treasury Bills | 575,252 |
| **Total exposed to market price risk** | **1,994,947** |
| | |
| **Not exposed to market price risk** | |
| Cash and Cash Equivalents | 9,529 |
| Receivables | 12,015 |
| Other liabilities | (251) |
| **Total not exposed to market price risk** | **21,293** |
| | |
| **Total Fund financial assets and liabilities** | **2,016,240** |

#### Market price risk management

The Agency monitors the market price risk inherent in the Fund by ensuring full and timely access to relevant information from the Fund's investment manager. The Agency meets the investment manager regularly and at each meeting reviews relevant investment performances.

#### Sensitivity analysis

The table below sets out the effect on the net assets of the Fund 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.

| Effect on net assets | 2024 |
|---|---|
| €'000 Reduction | (99,747) |
| % Reduction | (4.95%) |

A 5% strengthening in market prices would result in an equal but opposite effect to the amounts shown above.

# Notes to the Financial Statements (continued)

## 5. Financial Risks (continued)

### 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 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 Market and 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.

### c) Counterparty Credit Risk

Counterparty 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.

### d) Valuation of Financial Instruments

Under 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.

## 5. Financial Risks (continued)

### d) Valuation of Financial Instruments (continued)

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy.

| 2024 | Level 1 €000 | Level 2 €000 | Level 3 €000 | Total €000 |
|---|---|---|---|---|
| Bonds | 1,419,695 | - | - | 1,419,695 |
| Treasury Bills | 575,252 | - | - | 575,252 |
| | **1,994,947** | **-** | **-** | **1,994,947** |

## 6. Interest Income

| | 2024 €000 |
|---|---|
| Interest on Financial Assets | 6,214 |
| Exchequer Note Interest | 2,265 |
| Central Bank of Ireland Deposit Interest | 1,128 |
| | **9,607** |

## 7. Net Gain on Financial Assets at Fair Value through Profit or Loss

| | 2024 €000 |
|---|---|
| Unrealised Gain on Investments | 5,557 |
| Realised Gain on Investments | 1,341 |
| | **6,898** |

The net gain on investment securities reflect the moderate fall in yields across the yield curve which resulted in an appreciation in bond prices.

# Notes to the Financial Statements (continued)

## 8. Operating Expenses

| | 2024<br>€000 |
|---|---|
| NTMA Recharge | (243) |
| Custodian Fees | (22) |
| | **(265)** |

The NTMA recharge consists of approved expenditures relating to staff and non-staff costs. Under section 30 of the FIF & ICNF Act 2024, the expenses of the Agency in relation to the Fund are defrayed from the Fund.

## 9. Financial Assets at Fair Value

| | 2024<br>€000 |
|---|---|
| Bonds | 1,419,695 |
| Treasury Bills | 575,252 |
| | **1,994,947** |

Under the interim investment strategy approved by the Board of the Agency, bonds and treasury bills must have a credit rating[1] of A- (or equivalent) or higher, and a maximum maturity of 3 years. A long-term Investment Strategy is expected to be agreed in 2025.

## 10. Cash and Cash Equivalents

| | 2024<br>€000 |
|---|---|
| Cash held at CBI | 9,260 |
| Cash held at AIB | 269 |
| | **9,529** |

Cash at Bank includes deposits held with the Central Bank of Ireland (CBI) and also the cash balance on the operational account which is held in Allied Irish Bank plc (AIB).

1 The minimum credit rating of a security is at the time of purchase. All sovereign and quasi-sovereign debt must be rated by at least one of S&P, Moody's and Fitch rating agencies. Where debt issued by a sovereign is not rated, the sovereign issuer rating can be used once the security is a direct obligation of the sovereign or is explicitly guaranteed by the sovereign.

## 11. Receivables

| | 2024<br>€000 |
|---|---|
| Bond Interest | 11,544 |
| CBI Deposit Interest | 471 |
| | **12,015** |

## 12. Payables

| | 2024<br>€000 |
|---|---|
| **Accrued Expenses** | **(251)** |

Accrued Expenses includes NTMA Recharges and Custodian Fees.

## 13. Transfers

| | 2024<br>€000 |
|---|---|
| **Transfer from NS(EC)RF (Note 1)** | **2,000,000** |

## 14. Management Expenses

In accordance with section 30 of the FIF & ICNF Act 2024, the expenses of the Agency in the performance of its functions under that Act in relation to the Fund are defrayed from the Fund.

# Notes to the Financial Statements (continued)

## 15. 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**

Ownership of the Fund vests in the Minister pursuant to section 14(4) of the FIF & ICNF Act 2024.

**National Treasury Management Agency**

The Fund is controlled and managed by the Agency pursuant to section 14(3) of the FIF & ICNF Act 2024.

The Agency has established an investment committee (the "Investment Committee") pursuant to section 5B of the National Treasury Management Agency Act 1990 (as amended) to assist the Agency in the control and management of the funds established pursuant to the FIF & ICNF Act 2024, including the Fund. The functions of the Investment Committee include, inter alia, making recommendations to the Agency on the Fund's investment strategy, reviewing the investment strategy and overseeing its implementation, reviewing and monitoring the overall performance and risk of the Fund, and the ongoing suitability of outsourced investment managers. The Agency has delegated authority to the Investment Committee to make certain investment decisions in relation to the Fund's assets, subject to no such decision being concerned with an amount greater than €250m.

Investment decisions where the amount concerned is greater than €250m may be recommended by the Investment Committee to the Agency for decision. This delegation does not apply in relation to investment decisions made pursuant to approved investment management and allocation arrangements or to Agency rebalancing and hedging activities.

The Investment Committee is required to comprise of at least two appointed members of the Agency, and may have up to an additional five members, being persons who are not members of the Agency or members of staff of the Agency.

**Key management personnel**

The Fund is controlled and managed by the Agency. The key management personnel and their compensation are disclosed in the Agency's Administration Account Financial Statements.

## 16. Events after the reporting date

No events requiring an adjustment or disclosure in the financial statements occurred after the end of the reporting period.

## 17. Approval of Financial Statements

The financial statements were approved by the Agency on 29 April 2025.

## Financial Statements of the

# Future Ireland Fund

From commencement 30 July 2024
to 31 December 2024

# Fund and Other Information

## Controller and Manager

**National Treasury Management Agency**
Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

## Bankers

**Central Bank of Ireland**
New Wapping Street
North Wall Quay
Dublin 1
D01 F7X3

**Allied Irish Bank plc**
1-4 Lower Baggot Street
Dublin 2
D02 X342

## Custodian

**Euroclear Bank SA/NV**
1 Boulevard du roi Albert II
1210 Brussels
Belgium

## 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

## Future Ireland Fund

### Opinion on the financial statements

I have audited the financial statements of the Future Ireland Fund (the Fund) for the period from 30 July 2024 to 31 December 2024 prepared by the National Treasury Management Agency (the Agency), 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 comprehensive income
- 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 2024 and of its income and expenditure for the period 30 July 2024 to 31 December 2024 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.

**Seamus McCarthy**
Comptroller and Auditor General

30 April 2025

# Appendix to the report

## 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 annual 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 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 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.

I 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.

### 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.

# Statement of Comprehensive Income

## For the period from Commencement 30 July 2024 to 31 December 2024

| | Note | 2024 €000 |
|---|---|---|
| **Income** | | |
| Interest Income | 6 | 29,000 |
| Net Gain on Financial Assets at fair value through profit or loss | 7 | 33,042 |
| **Net investment income** | | **62,042** |
| | | |
| **Expenses** | | |
| Operating Expenses | 8 | **(1,054)** |
| | | |
| **Profit for the period** | | **60,988** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Financial Position

## As at 31 December 2024

| | Note | 2024 €000 |
|---|---|---|
| **Assets** | | |
| Financial assets at fair value | 9 | 8,398,709 |
| Cash and cash equivalents | 10 | 13,699 |
| Receivables | 11 | 40,658 |
| | | **8,453,066** |
| **Liabilities** | | |
| Payables | 12 | (1,006) |
| | | **(1,006)** |
| | | |
| **Net Assets of the Fund at period end** | | **8,452,060** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Changes in Net Assets

## For the period from Commencement 30 July 2024 to 31 December 2024

| | Note | Period ended 31 December 2024 €000 |
|---|---|---|
| Transfer received from National Surplus (Exceptional Contingencies) Reserve Fund | 13 | 4,340,813 |
| Contribution received from Central Fund | 13 | 4,050,259 |
| Profit for the period | | 60,988 |
| **Increase in net assets** | | **8,452,060** |
| Net Assets at beginning of the period | | - |
| **Net Assets at end of the period** | | **8,452,060** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Cash Flows

## For the period from Commencement 30 July 2024 to 31 December 2024

| | Note | 2024<br>€000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest Received | | 18,813 |
| Purchase of Financial Assets | | (13,389,300) |
| Sale of Financial Assets | | 4,993,162 |
| Operating Expenses | | (48) |
| **Net cash outflow from operating activities** | | **(8,377,373)** |
| | | |
| **Cash flows from financing activities** | | |
| Transfer received from National Surplus (Exceptional Contingencies) Reserve Fund | 13 | 4,340,813 |
| Contribution received from Central Fund | 13 | 4,050,259 |
| **Net cash inflow from financing activities** | | **8,391,072** |
| | | |
| Net increase in cash and cash equivalents | | 13,699 |
| **Cash and cash equivalents at end of the period** | | **13,699** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Notes to the Financial Statements

## 1. Background

The Future Ireland Fund ("the Fund") was established on 30 July 2024 on the commencement of section 5 of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024 ("the FIF & ICNF Act 2024").

The National Treasury Management Agency (the "Agency") is the controller and manager of the Fund. Section 6(1) of the FIF & ICNF Act 2024 requires the Agency to hold or invest the assets of the Fund on a commercial basis for the benefit of the Fund, so as to seek to secure the optimal total financial return, as to both capital and income. In the performance of such functions, the Agency is required to have regard to:

(a) the level of risk to the assets of the Fund that the Agency considers appropriate to the purpose of that fund, including any such risk posed by environmental, social or governance ("ESG") matters of relevance to such performance, and,
(b) the likely timing of payments from the Fund to the Exchequer.

On 18 September 2024, €4.3bn was transferred to the Fund from the assets of the National Surplus (Exceptional Contingencies) Reserve Fund ("NS(EC)RF") pursuant to section 35(2) of the FIF & ICNF Act 2024, which commenced on 13 September 2024 by order of the Minister for Finance (the "Minister").

The first annual transfer of 0.8% of relevant GDP into the Fund pursuant to section 8(1) of the FIF & ICNF Act 2024 was received on 24th October 2024.

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. Purpose

The purpose of the Fund is to support, in a consistent and sustainable manner, State expenditure in 2041 or any year thereafter.

The Fund is invested in accordance with the investment policy set out in Section 6 of the FIF & ICNF Act 2024 and the investment strategy determined by the Agency pursuant to section 7 of the FIF & ICNF Act 2024, following consultation with the Minister and with the Minister for Public Expenditure, NDP Delivery and Reform.

Any income, capital and other benefits received in respect of holdings or investments of the Fund will be paid into the Fund in accordance with section 6(4) of the FIF & ICNF Act 2024.

## 3. Basis of preparation

The financial statements have been prepared for the period from commencement 30 July 2024 to 31 December 2024. All amounts in the financial statements have been rounded to the nearest thousand 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 pursuant to Section 12 of the National Treasury Management Agency Act 1990 (as amended) (the "NTMA Act 1990") in a format approved by the Minister for Finance, and in compliance with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by Financial Reporting Council in the UK.

# Notes to the Financial Statements (continued)

## 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 investments and other financial instruments designated at fair value through profit 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 has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

### 4.3 Recognition and measurement

The Agency recognises and measures the Fund's financial assets and financial liabilities in accordance with Section 11 and Section 12 of FRS 102. The Agency determines the classification of the Fund's financial instruments at initial recognition.

Financial assets and financial liabilities are initially recognised when the Agency (as controller and manager of the Fund) becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities upon initial recognition are measured at the transaction price.

The Fund is currently invested in a portfolio of Bonds and Treasury Bills and as such the Fund classifies all its investment portfolio as financial assets at fair value through profit or loss.

**Fair value measurement**

'Fair value' is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted which could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within the net gain on financial assets at fair value through profit or loss in the period in which they arise.

### 4.4 Financial assets

The significant accounting policies for the fund's financial assets by asset type are outlined below:

**Quoted Bonds and Treasury Bills**

The fair value of the quoted bonds and treasury bills held by the Fund are calculated using constituent bond market prices from the ICE BoA European Government Index. The Fund uses a weighted average cost basis for calculating gains and losses.

### 4.5 Interest Income

Interest is recognised on an accruals basis. Interest income includes the interest on bonds and treasury bills and interest earned on cash and cash equivalents.

## 4. Significant Accounting Policies (continued)

### 4.6 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 meeting the conditions to be a cash equivalent, are measured at fair value.

### 4.7 Significant 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 Agency was not required to make any significant judgements or estimates when applying the Fund's accounting policies.

## 5. Financial Risks

The Agency is responsible for risk management of the Fund. In performing its functions under section 6(1) of the FIF & ICNF Act 2024, the Agency is required to have regard to (among other considerations) the level of risk to the assets of the Fund that the Agency considers appropriate to the purpose of that fund, including any such risk posed by ESG matters of relevance to such performance.

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 function, 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.

# Notes to the Financial Statements (continued)

## 5. Financial Risks (continued)

### Agency Committees:

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

The ARC comprises members of the Agency Board and 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 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 ARC reviews and monitors the performance of the internal audit, compliance and risk management functions, which are managed on a day-to-day basis by the Head of Internal Audit, the Head of Compliance and the Head of Risk (Financial, Investment and Enterprise) respectively, to assess their effectiveness.

### Management Committees:

**Enterprise Risk Management Committee (ERMC)**

The purpose of the ERMC, an executive management committee, is to:

- set and approve, or recommend for approval to the ARC or Agency, the key risk frameworks and policies;
- oversee, challenge and monitor the risks and controls of the organisation, taking a holistic, enterprise-wide approach to overseeing the effective management of risk (both financial and non-financial) and compliance;
- monitor the organisation's overall risk profile and keep under review the organisation's principal risk exposures, including in relation to emerging and strategic risks.

**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.

**IT Security Committee (ITSC)**

The ITSC is a sub-committee of the ERMC, reporting to the ORCC on operational items. It is responsible for the oversight of the NTMA IT Security management programme and is a governance and decision-making forum in relation to security issues, solutions and possible business impacts concerning the confidentiality, integrity, availability or authenticity of information assets or systems managed by the NTMA or a third-party supplier.

**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 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 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 counterparty 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 and to value relevant securities for the purpose of the Fund's financial statements.

## 5. Financial Risks (continued)

### 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.

**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 Fund exposed to market price risk at 31 December 2024 is the value of financial investments as detailed in the following table:

| Exposure to market price risk | 2024 €000 |
|---|---:|
| Bonds | 5,325,081 |
| Treasury Bills | 3,073,628 |
| **Total exposed to market price risk** | **8,398,709** |
| | |
| **Not exposed to market price risk** | |
| Cash at Bank | 13,699 |
| Receivables | 40,658 |
| Payables | (1,006) |
| **Total not exposed to market price risk** | **53,351** |
| | |
| **Total Fund financial assets and liabilities** | **8,452,060** |

**Market price risk management**

The Agency monitors the market price risk inherent in the Fund by ensuring full and timely access to relevant information from the Fund's investment manager. The Agency meets the investment manager regularly and at each meeting reviews relevant investment performances.

**Sensitivity analysis**

The table below sets out the effect on the net assets of the Fund of a reasonably possible weakening in market prices of 5% at 31 December 2024. 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.

| Effect on net assets | 2024 €000 |
|---|---:|
| €'000 Reduction | (419,935) |
| % Reduction | (4.97%) |

A 5% strengthening in market prices would result in an equal but opposite effect to the amounts shown above.

# Notes to the Financial Statements (continued)

## 5. Financial Risks (continued)

### 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 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 Market and 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.

### c) Counterparty Credit Risk

Counterparty 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.

### d) Valuation of Financial Instruments

Under 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.

## 5. Financial Risks (continued)

### d) Valuation of Financial Instruments (continued)

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy.

| 2024 | Level 1 €000 | Level 2 €000 | Level 3 €000 | Total €000 |
|---|---|---|---|---|
| Bonds | 5,325,081 | - | - | 5,325,081 |
| Treasury Bills | 3,073,628 | - | - | 3,073,628 |
| | **8,398,709** | **-** | **-** | **8,398,709** |

## 6. Interest Income

| | 2024 €000 |
|---|---|
| Interest on Financial Assets | 19,993 |
| Exchequer Note Interest | 4,878 |
| Central Bank of Ireland Deposit Interest | 4,129 |
| | **29,000** |

## 7. Net Gain on Financial Assets at Fair Value through Profit or Loss

| | 2024 €000 |
|---|---|
| Unrealised Gain on Investments | 29,287 |
| Realised Gain on Investments | 3,755 |
| | **33,042** |

The net gain on investment securities reflect the moderate fall in yields across the yield curve which resulted in an appreciation in bond prices.

# Notes to the Financial Statements (continued)

## 8. Operating Expenses

| | 2024 €000 |
|---|---|
| NTMA Recharge | (973) |
| Custodian Fees | (81) |
| | **(1,054)** |

The NTMA Recharge consists of approved expenditure relating to staff and non-staff costs. Under section 30 of the FIF & ICNF Act 2024, the expenses of the Agency in relation to the Fund are defrayed from the Fund.

## 9. Financial Assets at Fair Value

| | 2024 €000 |
|---|---|
| Bonds | 5,325,081 |
| Treasury Bills | 3,073,628 |
| | **8,398,709** |

Under the interim investment strategy approved by the Board of the Agency, bonds and treasury bills must have a credit rating[1] of A- (or equivalent) or higher, and a maximum maturity of 3 years. A long-term investment strategy is expected to be agreed in 2025.

## 10. Cash and Cash Equivalents

| | 2024 €000 |
|---|---|
| Cash held at CBI | 12,623 |
| Cash held at AIB | 1,076 |
| | **13,699** |

Cash at Bank includes deposits held with the Central Bank of Ireland (CBI) and the cash balance on the Operational Account which is held in Allied Irish Bank plc (AIB).

1 The minimum credit rating of a security is at the time of purchase. All sovereign and quasi-sovereign debt must be rated by at least one of S&P, Moody's and Fitch rating agencies. Where debt issued by a sovereign is not rated, the sovereign issuer rating can be used once the security is a direct obligation of the sovereign or is explicitly guaranteed by the sovereign.

## 11. Receivables

| | 2024 €000 |
|---|---|
| Bond Interest Receivable | 37,571 |
| CBI Deposit Interest Receivable | 3,087 |
| | **40,658** |

## 12. Payables

| | 2024 €000 |
|---|---|
| **Accrued Expenses** | **(1,006)** |

Accrued Expenses includes NTMA Recharges and Custodian Fees.

## 13. Transfers

| | 2024 €000 |
|---|---|
| Transfer from the NS(EC)RF (Note 1) | 4,340,813 |
| Contribution from the Central Fund (Note 1) | 4,050,259 |
| | **8,391,072** |

## 14. Management Expenses

In accordance with section 30 of the FIF & ICNF Act 2024, the expenses of the Agency in the performance of its functions under that Act in relation to the Fund are defrayed from the Fund.

# Notes to the Financial Statements (continued)

## 15. 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**

Ownership of the Fund vests in the Minister pursuant to section 5(4) of the FIF & ICNF Act 2024.

**National Treasury Management Agency**

The Fund is controlled and managed by the Agency pursuant to section 5(3) of the FIF & ICNF Act 2024.

The Agency has established an investment committee (the "Investment Committee") pursuant to section 5B of the National Treasury Management Agency Act 1990 (as amended) to assist the Agency in the control and management of the funds established pursuant to the FIF & ICNF Act 2024, including the Fund. The functions of the Investment Committee include, inter alia, making recommendations to the Agency on the Fund's investment strategy, reviewing the investment strategy and overseeing its implementation, reviewing and monitoring the overall performance and risk of the Fund, and the ongoing suitability of outsourced investment managers. The Agency has delegated authority to the Investment Committee to make certain investment decisions in relation to the Fund's assets, subject to no such decision being concerned with an amount greater than €250m. Investment decisions where the amount concerned is greater than €250m may be recommended by the Investment Committee to the Agency for decision.

This delegation does not apply in relation to investment decisions made pursuant to approved investment management and allocation arrangements or to Agency rebalancing and hedging activities.

The Investment Committee is required to comprise of at least two appointed members of the Agency, and may have up to an additional five members, being persons who are not members of the Agency or members of staff of the Agency.

**Key management personnel**

The Fund is controlled and managed by the Agency. The key management personnel and their compensation are disclosed in the Agency's Administration Account Financial Statements.

## 16. Events after the reporting date

No events requiring an adjustment or disclosure in the financial statements occurred after the end of the reporting period.

## 17. Approval of Financial Statements

The financial statements were approved by the Agency on 29 April 2025.

## Financial Statements of the

# National Surplus (Exceptional Contingencies) Reserve Fund

For the period from 1 January 2024 to the dissolution of the fund on 8 November 2024

# 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

# Statement on Internal Control

## Scope of Responsibility

The National Surplus (Exceptional Contingencies) Reserve Fund (the "Fund") was controlled and managed by the Minister for Finance. By an order made under section 28(1) of the National Treasury Management Agency (Amendment) Act 2000, the Minister delegated his functions in relation to the investment of the Fund to the National Treasury Management Agency (the "Agency").

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

## 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 for the Fund, which accords with guidance issued by the Department of Public Expenditure, National Development Plan Delivery and Reform, has been in place and maintained and operated by the Agency for the period 1 January 2024 to the dissolution of the Fund on 8 November 2024.

The operation of the Fund relied on Agency's internal control system including the Agency's Risk Management Policy and Framework and processes for the ongoing monitoring and review of the effectiveness of controls.

## Statement of Effectiveness

The Agency's Statement on Internal Control will be published as part of its annual report for the year ended 31 December 2024.

We confirm that no material events nor weaknesses in control have occurred in respect of the Fund in the period from 1 January 2024 to the date of its dissolution on 8 November 2024 that would require disclosure in the Fund's financial statements.

Frank O'Connor

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

Rachael Ingle

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

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

The National Surplus (Exceptional Contingencies) Reserve Fund (the Fund) was dissolved on 8 November 2024 pursuant to section 35 of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024 (the Act).

I have audited the financial statements of the Fund for the period 1 January 2024 to 8 November 2024, as required under section 35 of the Act. The financial statements were prepared by the National Treasury Management Agency (the Agency) as required by the Act.

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 8 November 2024 and of the Fund transactions during the period then ended, 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 a statement on internal control together with the financial statements. My responsibilities to report in relation to the information in the statement, 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.

**Seamus McCarthy**
Comptroller and Auditor General

30 April 2025

# Appendix to the report

## Responsibilities of the National Treasury Management Agency

As detailed in the statement of the Agency's responsibilities, the Agency is responsible for

- the preparation of annual financial statements in the form prescribed under section 35 of Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024
- 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 35 of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024 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 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 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.

I 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.

## 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.

# Statement of Agency's Responsibilities

The Agency is required by Section 35(4) of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024 to prepare final accounts of the National Surplus (Exceptional Contingencies) Reserve Fund ("the Fund") for the period ended 8 November 2024.

In preparing these accounts, the Agency:

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

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

The Agency was 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 accounts of the Fund properly present the financial performance of the Fund and its financial position as at the dissolution date on 8 November 2024.

On behalf of the Agency

Frank O'Connor

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

Rachael Ingle

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Financial Position

## As at 8 November 2024

| | Note | As at 8 November 2024 €m | As at 31 December 2023 €m |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Financial assets at amortised cost | 7 | - | 3,067 |
| Cash and cash equivalents | 7 | - | 3,072 |
| Receivables | 8 | - | 40 |
| **Net Assets of the Fund at period/year end** | | **-** | **6,179** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Comprehensive Income

## For the period from 1 January 2024 to the dissolution of the Fund on 8 November 2024

| | Note | Period ended 8 November 2024 €m | Year ended 31 December 2023 €m |
|---|---|---|---|
| **Income** | | | |
| Interest income | 6 | 162 | 173 |
| **Net investment income** | | 162 | 173 |
| | | | |
| **Profit and total comprehensive income for the period/year** | | **162** | **173** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Changes in Net Assets

## For the period from 1 January 2024 to the dissolution of the Fund on 8 November 2024

| | Note | Period ended 8 November 2024 €m | Year ended 31 December 2023 €m |
|---|---|---|---|
| **Contribution received from the Exchequer** | | - | 4,000 |
| **Profit for the period/year** | | 162 | 173 |
| Transfer to the Infrastructure, Climate and Nature Fund | 9 | (2,000) | - |
| Transfer to the Future Ireland Fund | 9 | (4,341) | - |
| **(Decrease)/Increase in net assets** | | **(6,179)** | **4,173** |
| Net Assets at beginning of the period/year | | 6,179 | 2,006 |
| **Net Assets at end of the period/year** | | **-** | **6,179** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Statement of Cash Flows

## For the period from 1 January 2024 to the dissolution of the Fund on 8 November 2024

| | Period ended 8 November 2024 €m | Year ended 31 December 2023 €m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest received on Cash Balances | 8 | - |
| Purchase of Financial Assets at Amortised Cost | (8,849) | (13,640) |
| Proceeds from sale and maturities of Exchequer notes | 12,110 | 11,712 |
| **Net cash inflow/(outflow) from operating activities** | **3,269** | **(1,928)** |
| | | |
| **Cash flows from financing activities** | | |
| Contribution received from the Exchequer | - | 4,000 |
| Transfer to the Infrastructure, Climate and Nature Fund | (2,000) | - |
| Transfer to the Future Ireland Fund | (4,341) | - |
| **Net cash (outflow)/inflow from financing activities** | **(6,341)** | **4,000** |
| | | |
| Net (decrease)/increase in cash and cash equivalents | (3,072) | 2,072 |
| Opening cash and cash equivalents | 3,072 | 1,000 |
| **Cash and cash equivalents at end of the period/year** | **-** | **3,072** |

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

On behalf of the Agency

**Frank O'Connor, Chief Executive**
National Treasury Management Agency

**Rachael Ingle, Chairperson**
National Treasury Management Agency

29 April 2025

# Notes to the Financial Statements

## 1. Background

The National Surplus (Exceptional Contingencies) Reserve Fund ("the Fund") was dissolved by order of the Minister for Finance (the "Minister") on 8 November 2024. 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").

Pursuant to section 5(2) of the NS(RFEC) Act 2019, the Minister was required (subject to subsections (5) – (7) of section 5 and section 6 of the NS(RFEC) Act 2019), to pay a prescribed amount of €500 million from the Central Fund, into the Fund in each of 2019, 2020, 2021, 2022 and 2023. However pursuant to resolutions passed by Dáil Éireann pursuant to section 6(1) of the NS(RFEC) Act 2019, the Minister was authorised not to pay the prescribed amount into the Fund in 2020 or 2021, owing to the exceptional circumstances posed by Brexit and the COVID-19 pandemic. In addition, in directions issued by the Minister on 20 October 2020 (the "2020 Directions"), the National Treasury Management Agency (the "Agency") was directed pursuant to (inter alia) section 10 of the NS(RFEC) Act 2019, to transfer the entire balance of the Fund as at that date to the Exchequer's Central Fund, which transfer was completed on 28 October 2020. Accordingly, following the above-mentioned transfer, the balance of the Fund was €Nil throughout the remainder of 2020 and in 2021.

On 27 September 2022, a further resolution was passed by Dáil Éireann pursuant to section 5(4) of the NS(RFEC) Act 2019 (the "Dáil Resolution"), to approve the making of a payment into the Fund of the sum of €1,500 million in 2022 and the sum of €3,500 million in 2023 from the Central Fund. Such payments were in addition to the €500 million prescribed amounts to be paid in each of 2022 and 2023 pursuant to section 5(2) of the NS(RFEC) Act 2019 (subject to the terms of that Act). Arising from the Dáil Resolution and in accordance with section 5(2) and section 5(4) of the NS(RFEC) Act 2019, on 1 November 2022 €2,000 million in aggregate was transferred to the Fund from the Central Fund, and on 7 February 2023 €4,000 million in aggregate was transferred to the Fund from the Central Fund.

In Budget 2024, the Minister announced proposals to establish two new funds, the Future Ireland Fund (the "FI Fund") and the Infrastructure, Climate and Nature Fund (the "ICN Fund"). The Minister also announced the proposed dissolution of the Fund in 2024. The Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024 (the "2024 Act") was signed into law on 18 June 2024, with most of its provisions commenced by order of the Minister on 30 July 2024.

Section 35(1) of the 2024 Act provides that notwithstanding section 9 of the NS(RFEC) Act 2019, the Minister shall, as soon as may be, and in any event not later than one month after the coming into operation of that section, cause to be transferred to the ICN Fund from the assets of the Fund assets to the value of €2 billion. Section 35(2) of the 2024 Act provides that the Minister shall cause to the transferred to the FI Fund, as soon as may be and in any event not later than one month after the transfer referred to in section 35(1), any assets of the Fund that remain after such transfer.

Section 35 of the 2024 Act was commenced by order of the Minister on 13 September 2024. Accordingly, in directions issued by the Minister pursuant to section 28(3) of the National Treasury Management Agency (Amendment) Act 2000 (the "2024 Directions"), the Agency was directed by the Minister:

- to transfer assets to the value of €2 billion from the Fund to the ICN Fund as soon as may be and in any event no later than 12 October 2024 (the "Initial Transfer"), and
- as soon as may be and, in any event, no later than one month after the Initial Transfer, to transfer to the FI Fund any assets that remain in the Fund after the Initial Transfer (the "Balance Transfer").

The Initial Transfer was completed to the ICN Fund on 17 September 2024, and the Balance Transfer was completed to the FI Fund on 18 September 2024.

On 8 November 2024, the Minister ordered the dissolution of the Fund pursuant to section 35(3) of the 2024 Act.

The financial statements are presented in euro which is the Fund's functional and presentational currency.

# Notes to the Financial Statements (continued)

## 2. Investment Objective

Prior to the dissolution of the Fund, the investment objective of the Fund was to preserve capital to the greatest extent possible subject to prevailing market conditions while ensuring the Fund had adequate liquidity at all times.

The Fund was invested in accordance with Section 8 of the NS(RFEC) Act 2019 and investment guidelines agreed with the Minister ("Investment Guidelines") and an annual investment plan prepared by the Agency ("Annual Investment Plan"). In preparing each Annual Investment Plan, the Agency was 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 were required to be re-invested in accordance with the Investment Guidelines and the Annual Investment Plan.

## 3. Basis of preparation

The financial statements have been prepared for the period from 1 January 2024 to dissolution of the Fund on 8 November 2024. All amounts in the financial statements have been rounded to the nearest million 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 in the UK for use in Ireland (July 2023).

## 4. Significant Accounting Policies

The significant accounting policies, estimation techniques and judgements adopted by the Fund prior to its dissolution were as follows:

### 4.1 Measurement convention

The financial statements are prepared on the historical cost basis. Investments were initially measured at transaction price and subsequently measured at amortised cost.

### 4.2 Cash and cash equivalents

Cash and cash equivalents comprised short term, highly liquid investments that were readily convertible to known amounts of cash and that were subject to an insignificant risk of change in value. Cash and cash equivalents and Exchequer notes meeting the conditions to be a cash equivalent, were measured initially at transaction cost and subsequently measured at amortised cost.

### 4.3 Recognition and measurement of financial assets and liabilities

The Fund recognised and measured its financial assets and financial liabilities in accordance with Section 11 and Section 12 of FRS 102. The Fund determined 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 which could be exchanged between knowledgeable, willing parties in an arm's length transaction.

## 4. Significant Accounting Policies (continued)

### 4.3 Recognition and measurement of financial assets and liabilities (continued)

**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 assets and financial liabilities were initially recognised when the Fund became a party to the contractual provisions of the instruments. Financial assets and financial liabilities upon initial recognition were measured at transaction price.

**Exchequer Notes**

The Fund was invested in a portfolio of Exchequer notes with maturities between 1 and 12 months. Exchequer note holdings with maturities of more than 3 months were categorised as financial assets at amortised cost and those with maturities of less than 3 months were categorised as cash and cash equivalents.

### 4.4 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 Fund was not required to make any critical judgements when applying its accounting policies.

## 5. Financial Risks

Up to the date of its dissolution, the Agency was responsible for the Fund's risk management and consequentially the Fund was subject to the Agency's Risk Management Policy and Framework as described below.

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 function, 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.

# Notes to the Financial Statements (continued)

## 5. Financial Risks (continued)

### Agency Committees:

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

The ARC comprises members of the Agency Board and 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 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 ARC reviews and monitors the performance of the internal audit, compliance and risk management functions, which are managed on a day-to-day basis by the Head of Internal Audit, the Head of Compliance and the Head of Risk (Financial, Investment and Enterprise) respectively, to assess their effectiveness.

### Management Committees:

**National Surplus (Exceptional Contingencies) Reserve Fund Oversight Committee (NSOC)**

Prior to the dissolution of the Fund, the NSOC oversaw the Agency's investment of the Fund in accordance with the National Treasury Management Agency (Amendment) Act 2000 (Delegation of Investment Functions) Order 2019 (the "Order") and any directions from the Minister. It reviewed and recommended the Annual Investment Plan to the NTMA Chief Executive each year (for onward recommendation to the Agency) having regard to the Investment Guidelines and any specific direction that may be given by the Minister or Department of Finance. It reviewed quarterly reports on the implementation of the Annual Investment Plan and monitored performance and compliance with the Annual Investment Plan and Investment Guidelines. It recommended where appropriate any amendments to the Annual Investment Plan or Investment Guidelines.

**Enterprise Risk Management Committee (ERMC)**

The purpose of the ERMC, an executive management committee, is to:

- set and approve, or recommend for approval to the ARC or Agency, the key risk frameworks and policies;
- oversee, challenge and monitor the risks and controls of the organisation, taking a holistic, enterprise-wide approach to overseeing the effective management of risk (both financial and non-financial) and compliance;
- monitor the organisation's overall risk profile and keep under review the organisation's principal risk exposures, including in relation to emerging and strategic risks.

**IT Security Committee (ITSC)**

The ITSC is a sub-committee of the ERMC, reporting to the ORCC on operational items. It is responsible for the oversight of the NTMA IT Security management programme and is a governance and decision-making forum in relation to security issues, solutions and possible business impacts concerning the confidentiality, integrity, availability or authenticity of information assets or systems managed by the NTMA or a third-party supplier.

**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.

## 5. Financial Risks (continued)

### Management Committees: (continued)

**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 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 market risk and liquidity risk exposures and details to the ERMC.

In pursuing its investment objectives, the Fund was 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 was responsible for risk management of the Fund's financial performance. In relation to the Fund, the Agency's responsibility was to implement directions from the Minister 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. Prior to the dissolution of the Fund, the Fund's investment policy was designed to ensure adequate liquidity was maintained to meet liabilities in respect of the payment of fees and expenses, if and when they fell 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.

### d) Valuation of Financial Instruments

Prior to the dissolution of the Fund, under FRS 102, Section 34, the Fund was 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.

# Notes to the Financial Statements (continued)

## 5. Financial Risks (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 table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy.

| 8 November 2024 | Level 1 €m | Level 2 €m | Level 3 €m | Total €m |
|---|---|---|---|---|
| Exchequer notes | - | - | - | - |

| 31 December 2023 | Level 1 €m | Level 2 €m | Level 3 €m | Total €m |
|---|---|---|---|---|
| Exchequer notes | 6,139 | - | - | 6,139 |

## 6. Interest Income

| | Period to 8 November 2024 €m | Year ended 31 December 2023 €m |
|---|---|---|
| Exchequer note interest | 154 | 173 |
| Deposit Interest | 8 | - |
| | **162** | **173** |

## 7. Investments of the Fund

| | Period to 8 November 2024 €m | Year ended 31 December 2023 €m |
|---|---|---|
| Financial Assets at Amortised Cost | - | 3,067 |
| Cash and Cash Equivalents | - | 3,072 |
| | **-** | **6,139** |

## 8. Receivables

| | Period to 8 November 2024 €m | Year ended 31 December 2023 €m |
|---|---|---|
| Interest Receivable | - | 40 |

Interest receivable related to exchequer note interest.

## 9. Transfer to the Future Ireland Fund and Infrastructure, Climate and Nature Fund

In accordance with the 2024 Directions, assets to the value of €2 billion were transferred from the Fund to the ICN Fund on 17 September 2024, with the remaining balance of €4.3 billion in assets transferred to the FI Fund on 18 September 2024. No further transactions occurred after that date. The Minister signed an order dissolving the Fund on 8 November 2024 under section 35(3) of the 2024 Act.

## 10. Management Expenses

In accordance with the 2020 Directions and section 11 of the NS(RFEC) Act 2019, the Agency was only permitted to incur such external costs and outlay in the performance of its delegated functions in relation to the Fund as may be agreed in advance by the Department of Finance. No such external costs or outlay were incurred by the Agency in 2023 or 2024.

## 11. 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 vested in the Minister pursuant to section 4(1) of the NS(RFEC) Act 2019.

### National Treasury Management Agency

The Minister delegated to the Agency certain of his functions in relation to the investment of the Fund in accordance with the Order and any directions or guidelines given by the Minister as further outlined in Note 1. The Minister dissolved the Fund effective 8 November 2024 by order made under section 35(3) of the 2024 Act.

## 12. Approval of Financial Statements

The financial statements were approved by the Agency on 29 April 2025.