Ireland: Growth leading to surplus & new investment funds
NTMA Investor Presentation
October 2023
Summary

Irish economic & fiscal strength but risks from global backdrop remain
Economic growth of c. 2% expected in 2023
Inflation/monetary policy has slowed growth versus 2022

MDD gives better picture of growth: Gov’t forecasts 2.2% for 2023 after +9% in 2022

Unemployment rate is at 4.2% – labour market at full employment

Value added from ICT & pharma clear to see – sectors give jobs, income and tax

* Modified Domestic Demand series accounts for multinational activity (technically modified final domestic demand (excl. inventories))

Note: Unemployment rate series shown uses the Covid adjusted unemployment rate between March 2020 and February 2022 and the standard unemployment rate elsewhere.
Large government surpluses expected

Debt metrics all expected to improved again in 2023

- Debt-to-GNI* expected to fall rapidly
  - (76.1% 2023f; 97% in 2019)
- Debt-to-GG Revenue
  - (178% 2023f; 230% in 2019)
- Average interest rate
  - (1.5% 2023f, from 2.2% in 2019)
- Debt-to-GDP^ (41.4% 2023f, from 57% in 2019)

^ Debt to GDP is not an appropriate metric to use for Ireland

Forecasted 2023 GG surplus (3.0%) despite slowing growth

Debt metrics set to improve this year again

Debt to GNI* expected to fall rapidly

Source: CSO, Irish Department of Finance forecasts
Medium term challenges/opportunities
External environment is challenging – inflation abating but global slowdown more likely

**Inflation**

Inflation beginning to moderate in Ireland similar to other European economies.

Core inflation remains elevated but economic resilience in face of interest rate hikes.

**Growth**

Labour market strength remains in H1 2023. MDD growth of c. 2% expected for 2023.

Multinationals and healthy domestic balance sheets helping to offset impact from monetary policy.

**Fiscal**

Large surplus (3.0% of GNI*) expected for 2023 via exceptional CT receipts.

Two new investment funds to be established. Intention to save windfall tax receipts and partially alleviate future fiscal/climate challenges.
Funding came in at lower end of range of €7-11bn, with no more auctions scheduled in 2023.

**Cash**

Fiscal surplus alongside NTMA’s strategy of prefunding means Ireland has a strong cash position.

This affords the NTMA a large degree of flexibility around issuance.

**>10 years**

Weighted average maturity of debt one of longest in Europe.

NTMA issuance since 2022 of €14bn at WAM of 16.4 years and average interest rate of 2.13%.

**AA**

Ireland rated in the AA category with all major rating agencies.

S&P upgraded to AA and Moody’s upgraded to Aa3 in 2023. Fitch has Ireland on a positive outlook.
Macro

Economic strength in 2023 but growth has moderated
Irish economy growing modestly in 2023

Consumption and employment growth still display resilience

Modified Domestic Demand down 0.3% y-o-y in Q2 2023, but up 1.8% in H1 2023 versus H1 2022 (Q1 MDD was strong)

Irish measures of activity are mixed, pointing to slowing but still positive growth for the Irish economy

<table>
<thead>
<tr>
<th></th>
<th>2022 vs. 2021</th>
<th>Q2 2023 y-on-y</th>
<th>Q2 2023 q-on-q</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>9.4</td>
<td>-0.7</td>
<td>0.5</td>
</tr>
<tr>
<td>MDD</td>
<td>9.5</td>
<td>-0.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Consumption</td>
<td>9.4</td>
<td>2.4</td>
<td>0.9</td>
</tr>
<tr>
<td>Gov't Spending</td>
<td>3.5</td>
<td>2.1</td>
<td>4.3</td>
</tr>
<tr>
<td>Mod Investment</td>
<td>15.9</td>
<td>-9.1</td>
<td>-1.7</td>
</tr>
<tr>
<td>Employee Compensation</td>
<td>9.6</td>
<td>7.4</td>
<td>2.3</td>
</tr>
<tr>
<td>MNE GVA</td>
<td>15.6</td>
<td>1.7</td>
<td>6.2</td>
</tr>
<tr>
<td>Domestic GVA</td>
<td>5.6</td>
<td>4.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Employment</td>
<td>6.6</td>
<td>3.5</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Note: MDD for Ireland is modified for multinational activity by Ireland’s Central Statistics Office (CSO). MDD = Consumption + Government (current) spending + Modified Investment. Seasonal adjustment mean contributions do not always add up to MDD growth rate.

Source: CSO, Eurostat
Economic activity normalising in 2023
Domestic demand projected to grow 2.2% in 2023 after growing by 9.5% in 2022

Note: For Ireland we use modified domestic demand. For Euro Area we use Euro Area 17 per OECD data, which excludes Latvia, Lithuania and Croatia.
High frequency data somewhat mixed

Recent data tilting to the downside (PMIs, retail sales)

Note: Retail sales, payroll employees, HICP and house prices are calculated as m-o-m % 3mma. Income tax is the monthly tax revenue; November includes income tax for those who are self-employed.

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</thead>
<tbody>
<tr>
<td>Retail sales (ex motor)</td>
<td>-1.1</td>
<td>0.2</td>
<td>0.6</td>
<td>-0.1</td>
<td>-0.3</td>
<td>-1.1</td>
<td>0.3</td>
<td>-0.1</td>
<td>0.2</td>
<td>0.3</td>
<td>0.4</td>
<td>0.5</td>
<td>-0.2</td>
<td>0.3</td>
<td>0.5</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
<td>-0.9</td>
<td>-0.2</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>4.7</td>
<td>5.0</td>
<td>4.5</td>
<td>4.2</td>
<td>4.2</td>
<td>4.3</td>
<td>4.4</td>
<td>4.4</td>
<td>4.5</td>
<td>4.5</td>
<td>4.4</td>
<td>4.2</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
<td>4.3</td>
<td>4.2</td>
<td>4.1</td>
<td>4.2</td>
</tr>
<tr>
<td>Payroll employees</td>
<td>0.9</td>
<td>0.9</td>
<td>0.8</td>
<td>0.5</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>0.4</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>n/a</td>
</tr>
<tr>
<td>Headline HICP</td>
<td>0.3</td>
<td>0.9</td>
<td>1.3</td>
<td>1.4</td>
<td>1.1</td>
<td>0.9</td>
<td>0.6</td>
<td>0.2</td>
<td>0.6</td>
<td>0.6</td>
<td>0.5</td>
<td>-0.4</td>
<td>0.1</td>
<td>0.5</td>
<td>0.9</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Core HICP</td>
<td>0.3</td>
<td>0.3</td>
<td>1.0</td>
<td>0.8</td>
<td>0.8</td>
<td>0.6</td>
<td>0.6</td>
<td>0.4</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>-0.1</td>
<td>0.4</td>
<td>0.6</td>
<td>1.1</td>
<td>0.8</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
<td>0.0</td>
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<tr>
<td>House prices</td>
<td>0.8</td>
<td>0.7</td>
<td>0.5</td>
<td>0.5</td>
<td>0.7</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>0.6</td>
<td>0.3</td>
<td>0.2</td>
<td>0.0</td>
<td>-0.2</td>
<td>-0.5</td>
<td>-0.4</td>
<td>-0.3</td>
<td>0.1</td>
<td>0.3</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Consumer confidence</td>
<td>77.0</td>
<td>67.0</td>
<td>57.7</td>
<td>55.5</td>
<td>57.7</td>
<td>53.7</td>
<td>53.4</td>
<td>42.1</td>
<td>46.1</td>
<td>45.3</td>
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<td>55.2</td>
<td>55.6</td>
<td>53.9</td>
<td>59.2</td>
<td>62.4</td>
<td>63.7</td>
<td>64.5</td>
<td>62.2</td>
<td>58.8</td>
</tr>
<tr>
<td>Composite PMI</td>
<td>59.1</td>
<td>61.0</td>
<td>59.6</td>
<td>57.5</td>
<td>52.8</td>
<td>52.9</td>
<td>51.0</td>
<td>52.2</td>
<td>52.1</td>
<td>48.8</td>
<td>50.5</td>
<td>52.0</td>
<td>54.5</td>
<td>52.8</td>
<td>53.5</td>
<td>51.9</td>
<td>51.4</td>
<td>50.0</td>
<td>52.6</td>
<td>52.1</td>
</tr>
<tr>
<td>Income Tax</td>
<td>2.1</td>
<td>2.1</td>
<td>2.7</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
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<td>2.8</td>
<td>2.2</td>
<td>2.3</td>
<td>3.1</td>
<td>2.6</td>
<td>2.5</td>
<td>2.7</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Source: CSO, Eurostat, ILCU, SPDII, Irish Department of Finance
Labour market strength remains
Unemployment rate below pre-pandemic levels

Unemployment rate at 4.2% in August – a record low in recent decades

Employment up 12% on pre-pandemic as female employment surges, but growth moderating

Note: Unemployment rate series shown uses the Covid adjusted unemployment rate between March 2020 and Feb 2022 and the standard unemployment rate elsewhere.
Some signs of labour market tightness

Vacancy rates across sectors falling but still elevated

Vacancy rates falling compared to a year ago but still elevated from historical averages

<table>
<thead>
<tr>
<th>Sector</th>
<th>Vacancy Rate, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial &amp; Insurance</td>
<td></td>
</tr>
<tr>
<td>Prof, Sci &amp; Technical</td>
<td></td>
</tr>
<tr>
<td>Public (incl Health, Edu)</td>
<td></td>
</tr>
<tr>
<td>Arts, Rec &amp; Other</td>
<td></td>
</tr>
<tr>
<td>ICT</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td></td>
</tr>
<tr>
<td>Admin Services</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Wholesale &amp; Retail</td>
<td></td>
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<tr>
<td>Accom &amp; Food</td>
<td></td>
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<tr>
<td>Real Estate</td>
<td></td>
</tr>
</tbody>
</table>

- 1 year ago
- Average (2008 - present)
- Current

Beveridge curve suggests a tight labour market in recent quarters

Source: Eurostat

Source: Eurostat, CSO
Wages are growing, but not spiralling

Earnings have increased, averaging c. 4.25% in last year

Outside public pay deal*, private sector earnings growth is not spiralling upwards yet

Earnings growth not out of line with inflation since 2019

* Q4 2022 average hourly earnings distorted by backdated aspect of public sector pay deal

Source: CSO, Eurostat
Real spending growing better than expected

Consumption revised upwards significantly in 2021 and 2022

High-inflation environment hampering real consumption but still up 10% on pre-pandemic levels

Higher frequency data still show elevated nominal spending growth partly due to impact of inflation*

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* CBI spending data is nominal data and not seasonally adjusted. RHS chart shows card data. Growth of card spending is influenced by increased digitalisation of spending habits over last decade.
Households balance sheet strength

Debt levels much lower coming into pandemic + Covid savings

Private sector balance sheets are not over leveraged – healthy position will insulate against tighter monetary policy

Household savings rate has been volatile but clear households saving into financial assets since 2019

Source: Central Bank of Ireland, Eurostat, CSO

Source: Central Bank of Ireland
Flash harmonised inflation at 5.0%

Energy and pandemic concerns easing but core inflation also elevated

Energy prices driving headline inflation but element is easing; core remaining elevated

Goods inflation easing strongly on back of energy prices – services inflation could be stickier

Note: RHS chart plots CPI inflation.
Inflationary pressure broad across index

Services sectors alongside utilities costs seeing price pressure

Inflation has eased from a year ago in nearly all sectors

<table>
<thead>
<tr>
<th>HICP inflation by COICOP divisions</th>
<th>y-o-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-10</td>
</tr>
<tr>
<td>All Items</td>
<td></td>
</tr>
<tr>
<td>Food &amp; Non-Alcohol</td>
<td></td>
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<tr>
<td>Alcohol &amp; Tobacco</td>
<td></td>
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<tr>
<td>Clothes &amp; Footwear</td>
<td></td>
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<tr>
<td>Housing &amp; Utilities</td>
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<tr>
<td>Furnishings, &amp; HH Equip</td>
<td></td>
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<tr>
<td>Health</td>
<td></td>
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<tr>
<td>Transport</td>
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<tr>
<td>Communication</td>
<td></td>
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<tr>
<td>Recreation &amp; Culture</td>
<td></td>
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<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Restaurants &amp; Hotels</td>
<td></td>
</tr>
<tr>
<td>Misc Goods &amp; Services</td>
<td></td>
</tr>
</tbody>
</table>

Note: RHS shows distribution of annual inflation rates across all CPI items (unweighted).

Core HICP levelling off but core CPI elevated largely due to mortgage interest (which is excluded from HICP basket)

Source: CSO, Eurostat
Sustained inflation an obvious risk
Phillips curve historically has held in Ireland

Inflation is broad but slowly diminishing: 32% of products in CPI basket are seeing <2% annual inflation vs 24% a year ago

Multiple years in early 2000s with unemployment below 5% and strong wage growth

* Excludes agriculture incomes

Source: CSO

Source: CSO, Eurostat
Monetary tightening starting to bite

NFC lending slowed around turn of the year, housing impact more on rates

Lending to Irish NFCs similar to EA-wide loans, slowed since November 2022

After slow initial pass-through, Irish mortgage rates rose above EA average in March

Source: ECB
Banks passing on rate hikes to businesses

Rates on new lending to corporates moved earlier than mortgage rates

Lending rates to NFCs among highest in Euro Area and have been increasing (grey equals min/max range)

Lending volume to SMEs down modestly but rates have jumped in latest data

Source: ECB

Source: Central Bank of Ireland
Investment strength fallen off

Machinery and Equipment had outsized increase in 2022

Recent strength due to computer hardware, production facilities/data centres & new dwellings

Net imports of specialised machinery for particular industries saw huge bump in Q2 2022, led to jump in mod. investment

Note: Ireland’s metric is modified investment, which strips out multinational activity.
## External environment in 2023

Recent data leaning towards global slowdown

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EA Monetary Policy</strong></td>
<td>Purchases ended; Rate normalisation</td>
<td>Higher rates impacting activity thru credit flows</td>
</tr>
<tr>
<td><strong>EU Fiscal Policy</strong></td>
<td>Expansionary</td>
<td>Expansionary</td>
</tr>
<tr>
<td><strong>US Monetary Policy</strong></td>
<td>Sharp increase in rates</td>
<td>High rates but not overtly slowing activity</td>
</tr>
<tr>
<td><strong>US growth</strong></td>
<td>Decelerating growth</td>
<td>Modest growth</td>
</tr>
<tr>
<td><strong>Energy prices</strong></td>
<td>Severe crisis</td>
<td>Prices pressure easing</td>
</tr>
<tr>
<td><strong>UK growth</strong></td>
<td>Decelerating growth</td>
<td>Minimal growth at best</td>
</tr>
<tr>
<td><strong>Euro Growth</strong></td>
<td>Slow growth</td>
<td>0.5%-1% growth at best</td>
</tr>
<tr>
<td><strong>Global Inflation</strong></td>
<td>Elevated in 2022</td>
<td>Core measures elevated</td>
</tr>
<tr>
<td><strong>Financial Stability</strong></td>
<td>Little concern</td>
<td>Steady after initial concerns</td>
</tr>
</tbody>
</table>

![Graph showing Irish PMI]

Irish PMI has slipped like other economies, but services optimism helping to keep PMI above 50

- **Index**
  - Ireland
  - United States
  - Euro Area

![Graph showing Index]

Source: S&P Global
OECD’s BEPS process may impact FDI offering

Pillar Two due for EU implementation in 2024, Pillar One still to be ironed out

Pillar One: proposal to re-allocate taxing rights on non-routine profits

- Over 130 countries have signed on for the BEPS 2.0 two-pillar set of reforms.
- The first pillar focuses on proposals that would re-allocate some taxing rights between jurisdictions where companies reside and the markets where user/consumers are based.
- Under such a proposal, a proportion of profits would be re-allocated from small countries to large countries.
- Pillar 1 will reduce Ireland’s corporation tax base. Some estimates place the hit at c. €2bn per annum by the middle of the decade.
- Ireland has always been fully supportive of Pillar One despite the implied cost to the Exchequer.

Pillar Two: 15% minimum effective global tax rate

- Countries will introduce a minimum effective tax rate with the aim of reducing incentives to shift profits.
- Where income is not taxed to the minimum level, there will be a ‘top-up’ to achieve the minimum rate of tax.
- The EU have agreed a directive to implement the 15% rate in 2024. The impact on tax will not be seen next year however.
- The minimum rate is greater than the 12.5% rate that Ireland levies and thus some of Ireland’s comparative advantage in attracting FDI will be lost. However Ireland’s rate will remain one of the lowest in EU.
- Ireland can lean on other positives; educated and young workforce, English speaking, EU access, and ease of doing business.
Fiscal

Large surplus in 2023 expected on back of continued excess corporate tax
Expected fiscal surpluses in Ireland

Robust revenues mean surpluses expected in short term

2023 General Government surplus expected to be c. €8.8bn, or 3.0% of GNI*

Revenues strong in 2023 but have normalised vs 2022; Income tax (+8%), VAT (+10%), corporate tax (+4%)

LHS chart: GG and primary balance numbers used exclude banking recapitalisations during GFC

Source: CSO, Irish Department of Finance forecasts

Source: Irish Department of Finance
Surplus compares well to others

Recovery in fiscal position evident, question arises to how to manage such surpluses

2023 GG Balance (forecast, % of GDP or GNI*): Ireland current estimate at 3.0% of GNI*

Note: Irish forecast based on Department of Finance Stability Programme Update 2023 forecasts. Forecasts for other countries taken from IMF World Economic Outlook April 2023 Forecasts
Budget 2024 measures amount to €14bn

Most measures temporary but core spending up 7.4% in 2023 & 6.1% in 2024

Budget 2024 measures a mix of increased spending and tax cuts

Overview of Budget 2024 measures

Permanent
- Core spending: €5.3bn
- Permanent tax cuts and credits: €1.2bn

Temporary
- Non-core spending (including Ukraine and Covid) and Windfall Capital: €4.8bn
- Cost of Living Household and Business Supports: €1.4bn
- Energy Credits for Households: €0.9bn
- Temporary tax measures, including relief for mortgage interest, renters and landlords: €0.4bn

Source: Budget 2024

Note: The Government have a 5% spending rule as a self-imposed rule which aims to tie “core” spending to the estimated nominal growth rate of the Irish economy.
Corporate tax growing more modestly in 2023

Government plans to place excess receipts in two investment funds (FIF/ICNF)

Corporation tax tracking towards €23.6bn in 2023, double 2020 level – legitimate concern receipts are transitory

Underlying GGB suggests Ireland would be in small deficit in 2023 if excess Corporate Tax excluded (-0.7% of GNI*)

Note: The Department of Finance’s underlying general government balance is the GGB excluding the Government’s estimated windfall corporation tax receipts (windfall estimated at €10.8bn for 2022 and €11.8bn for 2023).
Multinationals at core of CT payments
Manufacturing the driver in last year’s CT surge

<table>
<thead>
<tr>
<th>CT paid (€m)</th>
<th>2022</th>
<th>vs. 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>10,078*</td>
<td>+5,660</td>
</tr>
<tr>
<td>ICT</td>
<td>4,184</td>
<td>+922</td>
</tr>
<tr>
<td>Fin and Insurance</td>
<td>2,698</td>
<td>+334</td>
</tr>
<tr>
<td>Wholesale, retail</td>
<td>2,292</td>
<td>-49</td>
</tr>
<tr>
<td>Admin and Support</td>
<td>1,199</td>
<td>-86</td>
</tr>
<tr>
<td>Prof, Sci, Tech</td>
<td>660</td>
<td>+4</td>
</tr>
<tr>
<td>Construction</td>
<td>469</td>
<td>+105</td>
</tr>
<tr>
<td>Mining, Quarry, Utilities</td>
<td>304</td>
<td>+127</td>
</tr>
<tr>
<td>Other</td>
<td>760</td>
<td>+304</td>
</tr>
</tbody>
</table>

Top 10 driving recent CT surge – likely that even top 3 companies pay c. 30% of all CT receipts (Fiscal Council analysis)

Source: Revenue Report, Macrobond

*€5,536m chemical and pharma manufacture (+ €2,645m on 2021), €3,788m ICT manufacture (+ €2,855m on 2021)
New funds are a mitigant to excess CT risk

Government intends to establish two new funds in the new year

Future Ireland Fund (FIF)
- The FIF will be a long-term savings fund which intends to contribute to exchequer expenditures in the decades to come (e.g., population ageing, the digital and climate transitions).
- The intention is for 0.8% of GDP (c. €4-6bn per annum) to be transferred to the FIF each year out to 2035.
- To start, €4bn of €6bn in the National Reserve Fund (NRF, or Rainy Day Fund) will be transferred into FIF.
- In time, the Government suggest as much as €100bn could reside in the FIF.
- The Funds are to be managed and controlled within the NTMA.

Infrastructure, Climate and Nature Fund (ICNF)
- The ICNF’s mandate is to help the state meet its considerable infrastructure and green climate needs.
- In the past, Ireland has fallen into the trap of cutting capital investment in downturns. This fund will act as a reserve to draw on for capital expenditure when a downturn arises.
- To start the fund off, the remaining €2bn in the NRF will be transferred into the ICNF. From 2025 onwards, €2bn a year will be transferred into the ICNF from the Exchequer until it reaches its maximum size of €14bn.
- There will be clear rules in place on how the money can be accessed.
- A portion of the ICNF (c. €3bn) can be drawn down if needed to help meet climate and nature targets.

Source: Budget 2024
Debt to GNI* expected to fall to 76% in 2023

GG debt to GNI* to fall on nominal growth and surplus position

Debt to GNI* likely on downward trajectory; low debt to GDP means proposed EU fiscal rules won’t impact Ireland

Net debt position is back below EA average, completing a more than decade long journey

Source: CSO, Irish Department of Finance forecasts

Source: Eurostat, CSO
### Alternative Debt Metrics

Need to assess other metrics apart from debt to GDP when analysing debt sustainability

<table>
<thead>
<tr>
<th></th>
<th>GG debt to GDP %</th>
<th>GG debt to GG revenue %</th>
<th>GG interest to GG revenue %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>160</td>
<td>336</td>
<td>6.7</td>
</tr>
<tr>
<td>Italy</td>
<td>140</td>
<td>292</td>
<td>8.3</td>
</tr>
<tr>
<td>Spain</td>
<td>111</td>
<td>254</td>
<td>5.7</td>
</tr>
<tr>
<td>France</td>
<td>110</td>
<td>209</td>
<td>3.7</td>
</tr>
<tr>
<td>Portugal</td>
<td>106</td>
<td>239</td>
<td>4.9</td>
</tr>
<tr>
<td>Belgium</td>
<td>106</td>
<td>211</td>
<td>3.5</td>
</tr>
<tr>
<td>UK</td>
<td>99</td>
<td>241</td>
<td>10.4</td>
</tr>
<tr>
<td>EA 19</td>
<td>91</td>
<td>196</td>
<td>3.8</td>
</tr>
<tr>
<td>EU 27</td>
<td>83.4</td>
<td>182</td>
<td>3.7</td>
</tr>
<tr>
<td>Cyprus</td>
<td>80</td>
<td>191</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td><em><em>41 (76 GNI</em>)</em>*</td>
<td><strong>183</strong></td>
<td><strong>2.7</strong></td>
</tr>
<tr>
<td>Austria</td>
<td>75</td>
<td>153</td>
<td>2.3</td>
</tr>
<tr>
<td>Slovenia</td>
<td>69</td>
<td>162</td>
<td>2.7</td>
</tr>
<tr>
<td>Germany</td>
<td>65</td>
<td>142</td>
<td>1.8</td>
</tr>
<tr>
<td>Slovakia</td>
<td>58</td>
<td>140</td>
<td>2.5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>49</td>
<td>113</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Source: DG ECFIN, Irish Department of Finance
NTMA Funding

2023 funding complete at €7bn
Continued flexibility in strategy due to cash balances and long average life
Funding came in at lower end of range of €7-11bn, with no more auctions scheduled in 2023.

**Cash**
Fiscal surplus alongside NTMA’s strategy of prefunding means Ireland has a strong cash position.
This affords the NTMA a large degree of flexibility around issuance.

**>10 years**
Weighted average maturity of debt one of longest in Europe.
NTMA issuance in 2022/23 of €14bn at WAM of 16.4 years and average interest rate of 2.13%.

**AA**
Ireland rated in the AA category with all major rating agencies.
S&P upgraded to AA and Moody’s upgraded to Aa3 in 2023. Fitch has Ireland on a positive outlook.
Smooth maturity profile

Redemptions are modest in coming years, FRNs fully repaid

NTMA redeemed at maturity €7bn in IGBs in March 2023
Low supply expected in coming years
Redemptions are modest compared to rest of Europe

Current borrowing requirements suggest NTMA issuance will be similar to last two years (€bns)

Ireland’s refinancing risk is low - only a third of debt is set to mature in the next five years

Refinancing rate defined as debt maturing within five years divided by total debt outstanding.

* EU data is EU as an issuer
Borrowing costs anchored
Ultra-low rate era over but Ireland used the period well

NTMA issued €42.5bn MLT debt in 2020/21 at 12.8 yr. weighted maturity and avg. rate 0.19%

Vast majority of Irish debt is fixed rate at average cost of 1.5%

Note only auctions and syndication
* EU data is EU as an issuer

Source: NTMA

Source: CSO
NTMA has lengthened weighted maturity

Debt management strategy has extended debt profile since 2015

Benchmark issuance has extended the maturity of Government debt since 2015

Ireland (in years) compares favourably to other EU countries

Note: Weighted maturity for Ireland includes Fixed rate benchmark bonds, FRNs, Amortising Bonds, Notes issued under EMTN programme, T-Bills and ECP Data. It excludes programme loans and retail.
Funding needs and sources for 2023
Lower borrowing amid expected EBR surplus

- There was one bond redemption in 2023 (€7.0bn in March). There is also a EFSM repayment due this year. Lastly, the remaining FRNs were bought back from the CBI in September (included in other funding requirements).

- The Exchequer Borrowing Requirement (EBR) for 2023 is expected to be a surplus (hence shown as funding source).

- The NTMA is likely to continue to hold significant cash throughout 2023. The balance at year-end 2022 was c. €25bn.

Rounding may affect totals
1. In September 2023, the NTMA completed its 2023 bond funding at €7bn. €6.5bn is the cash proceeds from this nominal issuance (including non-comp).
2. Net STP (short term paper) primarily includes investments by other public sector bodies, including the NRF.
3. Other funding needs includes general contingencies.
4. EBR is the Department of Finance’s Budget 2024 estimate of the Exchequer Borrowing Requirement.
Diverse holders of Irish debt

Sticky sources account for greater than 60%

Ireland roughly split 85/15 on non-resident versus resident holdings (Q1 2023)

“Sticky” sources - official loans, Euros, retail - make up c. 60% of Irish debt

Source: Eurostat, ECB, Central Bank of Ireland
IGBs excludes those held by Euros. Euros holdings include SMP, PSPP, PEPP and CBI holdings of FRNs. Figures do not include ANFA. Other debt has included IMF, EFSF, EFSM, Bilateral as well as IBRC-related liabilities over time. Retail includes State Savings and other currency and deposits. The CSO series has been altered to exclude the impact of IBRC.
Investor base
Demand for Government bonds is wide and varied

Country breakdown:
Average over last five syndications

- Ireland: 48.8%
- UK: 22.4%
- US and Canada: 14.0%
- Continental Europe: 7.2%
- Nordics: 5.5%
- Asia & Other: 11.2%

Investor breakdown:
Average over last five syndications

- Fund/Asset Manager: 33.4%
- Banks/Central Banks*: 47.0%
- Pensions/Insurance: 8.5%
- Other: 11.2%

* Does not include ECB. ECB does not participate on primary market under its various asset purchasing programmes

Source: NTMA
Credit Ratings for Ireland
S&P upgrade in May 2023; Ireland rated in AA category by all

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Long-term</th>
<th>Short-term</th>
<th>Outlook/ Trend</th>
<th>Date of last rating change</th>
<th>Date of next review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor's</td>
<td>AA</td>
<td>A-1+</td>
<td>Stable</td>
<td>May 2023</td>
<td>17th Nov 2023</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>AA-</td>
<td>F1+</td>
<td>Positive</td>
<td>Jan 2022</td>
<td>1st Dec 2023</td>
</tr>
<tr>
<td>Moody's</td>
<td>Aa3</td>
<td>P-1</td>
<td>Stable</td>
<td>Apr 2023</td>
<td>20th Oct 2023</td>
</tr>
<tr>
<td>DBRS Morningstar</td>
<td>AA(low)</td>
<td>R-1 (middle)</td>
<td>Stable</td>
<td>Jan 2022</td>
<td>3rd Nov 2023</td>
</tr>
<tr>
<td>R&amp;I</td>
<td>AA-</td>
<td>a-1</td>
<td>Stable</td>
<td>Feb 2022</td>
<td>Q1 2024</td>
</tr>
<tr>
<td>KBRA</td>
<td>AA</td>
<td>K1+</td>
<td>Stable</td>
<td>May 2023</td>
<td>27th Oct 2023</td>
</tr>
<tr>
<td>Scope</td>
<td>AA-</td>
<td>S-1+</td>
<td>Positive</td>
<td>May 2021</td>
<td>2024</td>
</tr>
</tbody>
</table>
Commission’s ruling on Apple annulled
Further appeal by EC means case continues

• In 2016, the European Commission ruled that Ireland illegally provided State aid of up to €13bn, plus interest to Apple. This figure was based on the tax foregone as a result of a historic provision in Ireland’s tax code. The Irish Government closed this provision on December 31\textsuperscript{st} 2014.

• Apple appealed the ruling, as did the Irish Government. The General Court granted the appeal in July 2020, annulling the EC’s ruling.

• This case had nothing to do with Ireland’s corporate tax rate. It related to whether Ireland gave unfair advantage to Apple with its tax dealings. The General Court has judged no such advantage occurred.

• The Commission have appealed to a higher court: the European Court of Justice. The advocate general, an official adviser to the court, is expected to deliver his opinion on the case in November. A final judgement is expected within 12 months. Pending the outcome of the second appeal, the €13bn plus EU interest will remain in an escrow fund.

• The NTMA has not included these funds in any of its issuance plans in the past or currently. The funds are seen as separate and will be returned to Apple if the General Court’s decision is upheld.
ESG

Issuance & government policy demonstrate Ireland’s green commitment
Ireland Energy: Fossil fuels prevalent

Ireland’s energy mix is reliant on fossil fuels but renewables share to increase by 2030.

- Oil accounts for the largest share of Ireland’s energy mix.
- Transport accounted for 63% of oil use in 2021.
- Electricity production has become more renewables based but still far from Climate Action Plan aim of 80% by 2030.

Wind energy generated 34% of the total electricity used in Ireland in 2022.

Source: SEAI, Climate Action Plan, EU Renewable Energy Directive, Gas Networks Ireland

Waste (non-renewables) accounted for 0% (2005) and <1% (2019) of electricity production.
Ireland’s Greenhouse Gas emissions
EPA report notes further measures needed to achieve emissions reduction target

EPA projections indicate Ireland will fall short of the 2030 51% reduction target

Emissions from agriculture make up a significant portion of the total in Ireland (c. 10% in EU and US)

Source: Environment Protection Agency (Ireland)
Note: Metric used is million tonnes carbon dioxide equivalent (Mt CO2eq)
Climate Action & Low Carbon Act:

- **Carbon Budgeting:** The Act embeds the process of carbon budgeting into law. It requires Government to adopt a series of economy-wide-five-year carbon budgets.

- **National Climate Objective:** First carbon budgets will aim for a reduction of 51% of emissions by 2030.

- **Climate Action Strategy:** A national plan will be prepared every five years and actions for each sector will be updated annually.

- **All of Government approach:** Local authorities are required to prepare a Climate Action Plan and public bodies obliged to conduct their functions in line with the national plan.

<table>
<thead>
<tr>
<th>Budget Period</th>
<th>2021-2025</th>
<th>2026-2030</th>
<th>2031-2035 (provisional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MtCO2eq</td>
<td>295</td>
<td>200</td>
<td>151</td>
</tr>
<tr>
<td>Average Annual Reduction</td>
<td>4.8%</td>
<td>8.3%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Target reduction by 2030 vs. 2018</th>
<th>Projected** reduction 2030 vs. 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>75%</td>
<td>62%</td>
</tr>
<tr>
<td>Transport</td>
<td>50%</td>
<td>41%</td>
</tr>
<tr>
<td>Buildings (Commercial and Public)</td>
<td>45%</td>
<td>50%</td>
</tr>
<tr>
<td>Buildings (Residential)</td>
<td>40%</td>
<td>48%</td>
</tr>
<tr>
<td>Industry</td>
<td>25%</td>
<td>11%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>25%</td>
<td>19%</td>
</tr>
<tr>
<td>Other*</td>
<td>50%</td>
<td>21%</td>
</tr>
</tbody>
</table>

*F-gases, Petroleum Refining and Waste  
** EPA Projections under the With Additional Measures scenario
# Climate Action Plan 2023

## Pillars to tackle emissions reduction

<table>
<thead>
<tr>
<th>Powering renewables</th>
<th>Building Better</th>
<th>Transport</th>
<th>Agriculture</th>
<th>Enterprise</th>
<th>Land Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>· 9GW onshore wind, 8GW solar and at least 7GW offshore wind by 2030</td>
<td>· Retrofit 500,000 dwellings by 2030</td>
<td>· Reduce distance driven across all car journeys by 20%</td>
<td>· Reduce use of chemical nitrogen as fertiliser</td>
<td>· Reduce clinker content in cement and substitute products with lower carbon content for construction materials</td>
<td>· Increase annual afforestation rates to 8,000 hectares p/a from 2023 on</td>
</tr>
<tr>
<td>· Phase out and end use of coal and peat in electrical generation</td>
<td>· Put heat pumps into 680,000 homes by 2030</td>
<td>· Walking, cycling, public transport will account for 50% of journeys</td>
<td>· Increase organic farming to 450,000 hectares</td>
<td>· Promote forest management initiatives in forests to increase carbon sinks and stores</td>
<td>· Promote forest management initiatives in forests to increase carbon sinks and stores</td>
</tr>
<tr>
<td>· Green Electricity Tariff to incentivise lower cost renewable electricity at times of high wind and solar generation</td>
<td>· Generate 2.5TWh of district heating by 2030</td>
<td>· 1 in 3 private cars will be EV’s</td>
<td>· Expand indigenous biomethane sector</td>
<td>· Improve carbon sequestration and reduce management intensity of drained soils on grasslands</td>
<td>· Improve carbon sequestration and reduce management intensity of drained soils on grasslands</td>
</tr>
<tr>
<td></td>
<td>· Improve carbon sequestration and reduce management intensity of drained soils on grasslands</td>
<td>· Increase rural bus routes and frequency</td>
<td>· Contribute to delivery of land use targets for afforestation, reduce mgmt. intensity of organic soils</td>
<td>· Increase total share of heating to 70-75% by 2030</td>
<td>· Rehabilitate 77,760 hectares of peatlands</td>
</tr>
</tbody>
</table>
Irish Sovereign Green Bonds (ISGB)
Over €10bn issued in Green; allocated to green projects following fourth year

- €10.35bn nominal outstanding across two bonds (€10.8bn cash equivalent)
- Cumulatively €10.8bn allocated
- Issuance through both syndicated sales and auctions
- Pipeline for eligible green expenditure remains strong
- Launched 2018 and based on ICMA Green Bond Principles – Use of proceeds model
- Governed by a Working Group of government departments chaired by the Department of Finance
- Compliance reviews by Sustainalytics
- Five annual allocation reports and four annual impact reports now published

Irish Sovereign Green Bond Impact Report 2021: Highlights*

- Environmentally Sustainable Management of Living Natural Resources and Land Use
  Number of hectares of forest planted: 2,016
  Number of Landfill Remediation projects being funded: 70
- Renewable Energy
  Number of companies (including public sector organisations) benefitting from SEAI Research & Innovation programmes as lead, partner or active collaborators: 143
  SEAI Research & Innovation awards: 48
- Sustainable water and wastewater management
  Water savings (litres of water per day): 222.1 million
  New & upgraded water and wastewater treatment plants: 12
  Length of water main laid (total): 202km

*For a more detailed break-down please see the ISGB 2021 Impact Report
Some highlights from the report*

- **Built Environment/ Energy Efficiency**
  - Energy saving (GigaWattHours): 458
  - Number of homes renovated: 17,187
  - EV home charger grants provided: 15,547

- **Clean Transportation**
  - Number of public transport passenger journeys: 139.8 million
  - Length of regional and national greenways constructed: 70km
  - Take-up of Grant Schemes/ Tax foregone provided (number of vehicles): 33,020

- **Climate Change Adaptation**
  - 16 major Flood relief projects at planning, development or construction phase.
  - 8,296 properties protected on completion

---

*For a more detailed break-down please see the Irish Sovereign Green Bond Allocation Report 2022*
Further progress on ‘E’ and ‘S’ to be made

Action needed in sectors like energy and healthcare

Ireland ranks behind leaders like Denmark in current environmental metrics

Ranked 13th out of 160 countries in the Social Progress Index but scores lower on healthcare and housing affordability

Source: Climate Change Performance Index; Social Progress Index
Governance typically been Ireland’s strength

Viewed well on many indicators focusing on sound governance and institutional strength

Ireland is well positioned to tackle ESG challenges with strong government effectiveness and large fiscal surplus

Ireland ranked 9th globally on progress towards achieving the Sustainable Development Goals

Source: Freedom House Index, OECD Sustainable development report 2022
Structure of the Irish Economy

Multinationals overstate economic prosperity but offer clear benefits of jobs, income, taxes
Multinational activity distorts Ireland’s data

Notwithstanding those issues, MNCs have real positive impact

Multinationals dominate GVA: profits are booked here but overstate Irish wealth generation

Domestic side of economy adds jobs; MNCs add GVA/high wages

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th>Employment</th>
<th>Compensation of Employees</th>
<th>Real GVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry (incl Pharma)</td>
<td>13</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>ICT (Tech)</td>
<td>7</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>Professional</td>
<td>10</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Dist, Tran, Hotel &amp; Rest</td>
<td>24</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Public Sector</td>
<td>30</td>
<td>29</td>
<td>9</td>
</tr>
<tr>
<td>Real Estate</td>
<td>0</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Financial</td>
<td>5</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Construction</td>
<td>6</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Arts &amp; Other</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Eurostat

Note: RHS based on calendar-adjusted seasonally-adjusted data as of 2023 Q1.
€0.68trn of intellectual property into Ireland
Assets brought here by tech. & pharma. in recent years

Ireland is now a leader in Computer Services; Exports have up from €50bn to c. €170bn since 2015

Enormous inflows (c. €0.68trn) of IP assets into Ireland since 2015 on the back of BEPS 1.0 and other tax reforms

Source: CSO and NTMA analysis – Gross Fixed capital formation and Gross capital stock figures used in RHS chart
Underlying economy above EA average

MNCs add real substance to IE economy as wage bill filters out to domestic sectors

Ireland’s income = wages (all sectors) + domestic sectors profits + tax on MNC profits

Ireland, on an underlying basis, growing faster than euro area average in recent years (2008 = 100)

Source: CSO, NTMA calculations  (Nominal 2022 data used in left chart)

Ireland’s GVA data has been adjusted to strip out the distortionary effects of some of the multinational activity that occurs in Ireland. Specifically a profit proxy is estimated for the sectors in which MNCs dominate.
Ireland’s population helps growth potential
Age profile younger than the EU average but won’t outrun aging demographics

Ireland’s population at 5.28m in April 2023: younger population than EU

Ireland’s population will age rapidly in decades to come; to remain younger than most of its EA counterparts

Source: Eurostat

Source: UNDESA
Migration improves Ireland’s human capital

Ireland’s net migration has swung back and forth on economic performance

Continued inward migration led to 98k increase (c. 2%) in last year - due to strong economy & UKR refugee efforts

Migration inflow particularly strong in highly educated cohort – work in MNCs attractive

Migration figures based on year to April

Source: CSO
Brexit: Free Trade Agreement in place

Allows for tariff free trade but non-tariff barriers have increased

Main points of FTA

• From January 1 2021, the UK became a “third country” outside the EU’s single market and customs union. As such without a free trade agreement, trade would have been subject to tariffs and quotas.

• Under the deal, goods trade between the two blocs remain free of tariffs.
  • However, goods moving between the UK and the EU will be subject to customs and other controls.
  • Due to these non-tariff barriers, Brexit will likely result in less trade.

• Under the deal, services trade between the two blocs will continue but again could be hampered.
  • The Agreement provides for a significant level of openness for trade in services and investment.
  • But providing services could be hampered. For example, UK service suppliers no longer have a “passporting” right, something crucial for financial services. They may need to establish themselves in the EU to continue operating.

• The deal means less cooperation in certain areas compared to before Brexit. Financial and business services are only included to a small extent. Cooperation on foreign policy, security and defence will be lower also.

• Brexit is likely to result in less trade in the long run between the EU and the UK but the deal does avoid the worst case scenarios: Hard Brexit was averted and the economic impact to Ireland will be more modest.
Windsor Framework + NI Protocol

Windsor Framework expands on NI Protocol agreement; NI parliament remains suspended

**Northern Ireland Protocol (signed in 2019)**
- The withdrawal agreement (and the Northern Ireland Protocol within it) is a legally binding international treaty which works in tandem with the FTA.
- Northern Ireland remains within the UK Customs Union but will abide by EU Customs Union rules – dual membership for NI.
- No hard border on the island of Ireland: customs border is “in the Irish Sea”.

**Windsor Framework (signed in 2023)**
- Green lane/Red Lane: goods from the UK for NI will travel through new green lane, with a separate red lane for goods that might travel on to the EU. Border “in the Irish Sea” effectively ended for goods destined for NI market.
- VAT: EU VAT rules could be applied in NI whilst the UK can make “critical VAT” changes which include NI. Concerns on food/medicines/parcels have been addressed.
- Stormont Brake: Agreement gives the NI Assembly (at least 30 MLAs from two parties) the ability to pull an “emergency brake” if it disagrees with an EU goods law which would have significant and lasting effects. If the brake is pulled, the UK government could veto new EU laws but an arbitration process has been established also.
Trading flows are changing after FTA

ROI-NI trade jumped in 2021, both imports and exports

NI trade at highest level compared to overall IE-UK trade for many decades – special trade status of NI a factor

UK exit from single market will continue trend of lower goods trade between IE & UK

% of Irish agri exports going to UK
% of other Irish goods exports going to UK

Source: CSO
Prices cooling in recent quarters after upward pressures in recent years – monetary policy having an effect
Prices up in recent years but stalling
Supply hampered by the pandemic and inflation (c.33-40k units needed p.a.)

House prices up 1.5% y-on-y, above previous peak in 2007 – Dublin seeing prices recede in last year

Transaction volumes have started to slow following ECB rate hikes

* Some estimates have put housing needs as high as 60,000 a year over the coming decades
Supply outlook uncertain

Stronger supply in 2022 but 2023 supply could be impacted by costs/interest rates

New Dwellings Completions* estimated to be less than 30,000** in 2023, below 2022 level

Housing starts show supply chain issues and inflation has started to weigh on development

* Housing completions derived from electrical grid connection data for a property. Reconnections of old houses overstate the annual run rate of new building (all connections in graph).
** CBI Forecast
Inflation normalising in construction sector

Growth in material and labour costs has softened in recent months

Materials up 2.2% year-on-year in July but inflation in the sector is past its peak

Labour costs in construction have eased, down 1.2% y-on-y in Q2

RHS = weekly earnings on a 4Q yearly growth rate

Source: CSO
Demand is strong, but drawdowns slowing

Increased net migration further fuelling tight demand in the housing market

Mortgage drawdowns* increase starting to slow, fuelled by a fall in residential investment drawdowns

Increased net migration given economy and refugees from Ukraine add demand for housing

Source: BPFI

*4 quarter sum used (LHS)
House prices continue to rise
Inflation driven by strong demand, labour shortages and increased supply prices

House prices up 1.5% in the year to June 2023, the lowest level of price growth recorded in almost three years

Rents pressures remain strong with a y-on-y increase of 7.1% in August

Source: CSO
House price increases slowing
Irish mortgage rates moving slower than other countries

House prices have peaked in most countries but Irish prices declining at slower rate

Pass-through from ECB hikes to mortgage rates less than seen in other countries. Interest rates still above EA average

Source: StatCan, CBS, Nationwide, S&P Global, EUROPACE, Real Estate Norway (Eiendom Norge), REINZ, SCB, CSO, StatFin

Source: ECB
Ireland less vulnerable to rising interest rates
But could pose a greater threat in the medium term

Low share of adjustable rate mortgage and low HH debt to income ratios - Ireland less exposed to rising interest rates

...but most mortgages in Ireland exposed to higher interest rates over the medium term
Ireland’s Banking Sector Overview

Less competition possible in decade to come

- Banking sector well capitalised with sufficient liquidity buffers
- Banks profitable as net interest margins will be helped by rising interest rate environment.
- Ulster Bank and KBC - both of which have no govt. ownership have decided to leave Irish banking market. Reduced competition is main impact.
- The Irish Government has sold its share in BOI. This leaves just AIB and PTSB with government involvement.
- Further tranches of AIB and PTSB shares were sold in 2023. The Government owned approx. 47% of AIB and 57% of PTSB. Sales are likely to be ongoing as government divests from sector.

Source: Annual reports of banks - BOI, AIB, PTSB
Capital ratios strengthened in last 10 years

Bank’s balance sheets contracted and consolidated since GFC

CET 1 capital ratios allow for ample forbearance in 2023

Loan-to-deposit ratios have fallen in recent years as deposits have increased on back of HH savings, banks leaving

Source: Published bank accounts

Note: “Fully loaded” CET1 ratios used. Refers to the actual Basel III basis for CET1 ratios.
Ireland’s banking sector well positioned

CET1 ratios are high and liquidity coverage ratio is better than EU average

Source: ECB (Q3 2023 data)
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