

FINANCE ACCOUNTS

Audited Financial Statements of the Exchequer

For the Financial Year 1st January 2021 to 31st December 2021

Presented to both Houses of the Oireachtas pursuant to Section 4 of the Comptroller and Auditor General (Amendment) Act, 1993.

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Statement of Accounting Policies and Principles

1. The Finance Accounts, which are prepared under Section 4 of the Comptroller and Auditor General (Amendment) Act, 1993, contain detailed analysis and classification of the payments into and out of the Central Fund as well as details of the National Debt. They also contain certain other statements and footnoted information. The Finance Accounts have a statutorily specified purpose in relation to providing an annual statement of the transactions, recorded on a cash basis, of the Central Fund. The Finance Accounts do not purport to be a comprehensive financial statement for the State, or of its assets and liabilities. Payments into and out of the Central Fund in relation to debt management activities by NTMA are presented on a net borrowing or repayment of debt basis including the rollover of debt and related hedging transactions.
2. The maintenance of the Central Fund derives from the Constitutional requirement that "All revenues of the State from whatever source arising shall, subject to such exception as may be provided by law, form one fund, and shall be appropriated for the purposes and in the manner and subject to the charges and liabilities determined and imposed by law".
3. The Central Fund Account is prepared on a receipts and payments basis and its euro banking transactions are effected through the Exchequer Account maintained at the Central Bank of Ireland and foreign currency clearing accounts managed by the National Treasury Management Agency. Prior year data is provided for comparison purposes.
4. The information contained in the notes is not specified by legislation, but is provided in order to give further details regarding certain transactions on the Central Fund, or other matters. Explanatory notes are not provided where the data relates to the prior year only. The reader should consult the Finance Accounts for the prior year. Loans provided by and repaid to the Central Fund are recorded on a cash basis in Statement 1.7. Share capital acquired in companies is recorded at historical cost, or historical valuation in the case of non-cash capitalisation, as at the date of acquisition. Investments in International Bodies are recorded at historical cost. Shareholdings denominated in U.S. Dollars are stated in Euro at the exchange rates prevailing at the relevant dates, except in the case of the International Common Fund for Commodities where any repayment of the shares purchased in U.S. Dollars would be made in Euro at the exchange rates prevailing at the time the shares were purchased. Statement 1.11 only records the amounts the Government has guaranteed under specific legislation.
5. The Statements relating to the National Debt and its servicing and cash flow provided by the National Treasury Management Agency (NTMA) are presented in Part Two of these accounts. The accounts of the National Debt form part of the NTMA's annual accounts for which the Chief Executive of the NTMA is the Accounting Officer.
6. These Accounts comprise the Central Fund Account, Statements 1.1 to 1.11 and the Financial Statements of the National Debt including the Accounting Policies.
7. The reporting period is the year ended 31 December 2021.


John Hogan
Secretary General
Department of Finance
28 June 2022

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

As Accounting Officer, I am responsible for maintaining a sound system of internal control in respect of those Central Fund transactions which are within the purview of the Department of Finance and for those parts of the process where the Department has ownership. This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General.

The system of control can provide only reasonable, and not absolute, assurance that transactions are authorised and properly recorded and that material errors are either prevented or would be detected in a timely manner. The system of internal control is based on the identification of risks; an evaluation of the likelihood of those risks being realised; the impact should they be realised and the effective management of them. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

The control system in relation to the Central Fund has the following aspects:

- There is clear separation of duties in respect of transactions. Payments are only made on foot of instructions from the appropriate business sections in the Department of Finance or, where relevant, from the Department of Public Expenditure and Reform. There is also separation of duties within the accounting system used for recording the transactions. This is enforced by appropriate user permissions in the system. All new general ledger accounts are confirmed with the relevant business sections in the Department of Finance and Department of Public Expenditure and Reform.
- Up to date procedure manuals and job instructions are readily accessible to all operational staff.
- Accounting entries are generated from approved data entry templates. Payment instructions are computer generated and are derived from underlying transaction records.
- In the event of a failure of IT systems, arrangements have been established with the Central Bank to allow for the transmission of transactions for manual input by the Bank. Disaster recovery arrangements are in place and a business continuity facility is also available.
- In accordance with Section 2 of the Comptroller and Auditor General (Amendment) Act, 1993, payments from the Central Fund are made in line with credits granted by the Comptroller and Auditor General. These credits are reconciled daily with the Central Bank of Ireland. The credits are input to the accounting system and the monetary and time limits are strictly adhered to.
- Monthly accounts of the Central Fund, in the form of the Exchequer Statement, are produced, reviewed and provided to me. Where appropriate, outturns are compared to profiles established at the start of the year.
- The Department's Audit Committee can advise me in regard to the discharge of my responsibilities for the internal financial control system for the Central Fund.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Service Office for the provision of payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Covid-19 Pandemic

Business continuity measures were put into effect to deal with the impact of Covid-19 and this facilitated the Department in remaining fully operational during 2021.

IT systems are supported by the Office of the Government Chief Information Officer and as a result the Department was able to operate with the vast majority of staff working from home during 2021.

Internal Audit

The Department has access to the internal audit service of the Department of Public Expenditure and Reform under a shared service arrangement. I can confirm that the internal audit service has appropriately trained personnel and operates in accordance with a written charter. Its work is informed by analysis of the risks to which the Department is exposed and its annual internal audit plans are based on this analysis and approved by me. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.


John Hogan
Secretary General
Department of Finance
28 June 2022



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas Finance Accounts

Opinion on the accounts

I have audited the Finance Accounts prepared by the Department of Finance for the year ended 31 December 2021 under Section 4 of the Comptroller and Auditor General (Amendment) Act 1993. The accounts comprise the Central Fund of the Exchequer account, the financial statements of Exchequer receipts and issues and guaranteed liabilities, and the financial statements of the national debt.

In my opinion, the accounts properly present the payments into and out of the Central Fund of the Exchequer for the year ended 31 December 2021.

Basis of opinion

I conducted my audit of the accounts 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 Department of Finance 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 statement on internal financial control and on other matters

The Department of Finance has presented a statement on internal financial control together with the accounts. 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.

Exceptional payment to the European Union

Statement 1.5 in the Accounts discloses payments made out of the Central Fund to the European Union (EU), representing Ireland's annual contribution to the EU budget. This includes payments totaling €390 million in 2021 related to customs duties collected by the Revenue Commissioners. The payments in 2021 included an amount of €30.4 million in respect of an alleged loss of Irish contributions to the EU arising from what the EU Commission considers was a systematic undervaluation of certain categories of imports in an EU-wide fraud pattern over several years.

**Seamus McCarthy
Comptroller and Auditor General**

30 June 2022

Appendix to the report

Responsibilities of the Department of Finance

As detailed in the statement of accounting policies and principles, the Department is responsible for

- the preparation of annual accounts in the format specified by the Minister for Finance in accordance with section 4 of the Comptroller and Auditor General (Amendment) Act 1993
- ensuring that the accounts properly present the payments into and out of the Central Fund for the year ended 31 December 2021.
- ensuring the regularity of transactions, and
- implementing such internal control as is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 4 of the 1993 Act to audit the accounts 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 accounts 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 accounts.

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 accounts 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 the Department 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 accounts to be readily and properly audited, or
- the accounts are not in agreement with the accounting records.

Reporting on statement on internal financial control

My opinion on the accounts does not cover the statement on internal financial control presented with those accounts, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the accounts, I am required under the ISAs to read the statement on internal financial control presented and, in doing so, consider whether the information therein is materially inconsistent with the accounts 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 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.

CENTRAL FUND ACCOUNT

Account of Receipts and Payments for year ended 31 December 2021

	Statement No.	€000	2021 €000	€000	2020 €000
Current Receipts:					
Tax Revenue	1.1		68,409,973		57,164,922
Non-Tax Revenue	1.2		<u>2,529,191</u>		<u>4,649,973</u>
			70,939,164		61,814,895
Less Current Payments:					
Issues for Voted Expenditure - Current	1.3	61,691,291		58,237,257	
Non-Voted Issues -					
Service of National Debt	2.1	3,745,039		4,675,682	
Transfer to/(from) Capital Services Redemption Account	Note 12	-		(34)	
Payments charged to Central Fund in respect of Salaries, Allowances, Pensions etc.	1.4	49,459		47,940	
Payments to European Union	1.5	3,506,528		2,569,194	
Other non-voted Issues	1.6	313,452	<u>69,305,769</u>	290,376	<u>65,820,415</u>
Surplus/(Deficit) on Current Account			<u>1,633,395</u>		<u>(4,005,520)</u>
Capital Receipts:					
Gaeltacht Loans Repaid		2		-	
Loans Repaid	1.7	10,382,091		1,680,000	
Receipts from European Union	1.9	645,056		25,170	
Investment in International Bodies	1.8(B)	-		2,389	
Other Receipts	1.2	273,818	<u>11,300,967</u>	1,505,273	<u>3,212,832</u>

CENTRAL FUND ACCOUNT

Account of Receipts and Payments for year ended 31 December 2021 - Continued

	Statement No.	€000	2021 €000	€000	2020 €000
Less Capital Payments:					
Issues for Voted Expenditure – Capital	1.3	9,887,721		9,612,082	
Non-Voted (payments charged directly under particular legislation) -					
Loans Issued	1.7	10,394,216		1,894,935	
Investment in International Bodies	1.8 (B)	23,403		16,937	
Other Payments	1.10	1,254	<u>20,306,594</u>	380	<u>11,524,334</u>
(Deficit) on Capital Account			<u>(9,005,627)</u>		<u>(8,311,502)</u>
Exchequer Surplus/(Deficit)			<u>(7,372,232)</u>		<u>(12,317,022)</u>

Source and Application of Funds

Net (Borrowing)/Repayment and Other Balances	2.3	(17,320,494)		(12,981,216)	
Increase/(Decrease) in Exchequer Balances and Commercial Deposits	2.2	9,948,262		664,194	
			<u>(7,372,232)</u>		<u>(12,317,022)</u>

PART ONE
FINANCIAL STATEMENTS OF CENTRAL FUND RECEIPTS AND ISSUES
AND
GUARANTEED LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT 1.1

Current: Tax Revenue

	2021	2020
	€000	€000
Income Tax	26,666,648	22,710,833
Value Added Tax	15,441,097	12,423,557
Excise Duty	5,838,708	5,447,806
Corporation Tax	15,324,426	11,832,768
Stamps	1,482,820	2,089,939
Customs	526,136	275,650
Capital Acquisitions Tax	581,332	493,815
Capital Gains Tax	1,641,680	951,320
Training and Employment Levy	49	4
Motor Tax Receipts	907,077	939,230
Total	68,409,973	57,164,922

STATEMENT 1.2

Non-Tax Revenue - Current and Capital

	Current		Capital	
	2021 €000	2020 €000	2021 €000	2020 €000
Central Bank Surplus Income	665,702	2,050,448	-	-
Money arising from the issue of coins ¹	19,918	-	-	-
Yield from National Lottery ²	289,709	270,315	-	-
Commission for Communications Regulation Surplus	27,348	26,786	-	-
Royalties	-	380	-	-
National Asset Management Agency Surplus Income	1,000,000	2,000,000	-	-
Receipts from National Treasury Management Agency in respect of the Carbon Fund Act, 2007	-	-	1,727	-
Interest received on loans	2,812	1,269	-	-
Share Dividends	151,821	132,676	-	-
Receipts collected by Government Departments and Offices³				
Agriculture, Food and the Marine	3,554	1,124	-	-
Children, Equality, Disability, Integration and Youth	6,403	2,033	859	2,281
Enterprise, Trade and Employment	13,646	-	11,855	-
Environment, Climate and Communications	185,045	55,515	-	-
Finance Group	1	2	-	-
Further and Higher Education, Research, Innovation and Science	155	-	-	-
Housing, Local Government and Heritage	3,230	-	6,223	-
Justice	15,648	9,574	-	-
Office of the Ombudsman	86	9	-	-
Office of the Revenue Commissioners	2,647	871	-	-
Property Registration Authority	71,381	60,474	-	-

¹ The Central Bank of Ireland is involved in the production and issuance of coin to meet the demands of the public and businesses on behalf of the Minister for Finance. Section 14A of the Economic and Monetary Union Act, 1998 (as inserted by Section 137 of the Finance Act, 2002) provides for the net proceeds from the issue of coin to be passed directly to the Exchequer as directed by the Minister. In 2020, the net proceeds of coin issue, together with expenses, resulted in a net cost to the Central Bank of €11,851,212. In years when there is a net cost, the Minister reimburses the Central Bank. In 2021, the net proceeds of coin issue, together with expenses, resulted in surplus of €19,918,311 paid to the Exchequer.

² Allocation of expenditure, which is part-funded by the National Lottery, is shown in the Estimates for Public Services.

³ These are receipts that must be credited directly to the Exchequer and cannot be retained by Departments for their own use.

STATEMENT 1.2

Non-Tax Revenue - Current and Capital - Continued

	Current		Capital	
	2021	2020	2021	2020
	€000	€000	€000	€000
Social Protection	16	8	-	-
Transport	3,517	24	4,552	92
Office of Public Works	12,042	-	-	-
Other Receipts				
Monies received under various Acts	5,576	927	-	-
Voluntary salary and pension surrenders	935	270	-	-
Pension Related Deductions from certain bodies ⁴	1,101	1,784	-	-
NTMA Public Service Pension Levy	163	95	-	-
European Investment Bank	521	-	-	-
Nursing Home Support Scheme	42,438	32,386	-	-
Sale on shares in BOI ⁵	-	-	248,587	-
IBRC Special Liquidation Payments	-	-	-	2,893
National Surplus Reserve Fund	-	-	-	1,500,000
Miscellaneous	3,776	3,003	15	7
Total	2,529,191	4,649,973	273,818	1,505,273

⁴ Pension Related Deductions received from Central Bank, National Treasury Management Agency, Irish Fiscal Advisory Council and deductions from certain salaries paid from the Central Fund.

⁵ The Bank of Ireland share trading plan was launched in June 2021 which resulted in the disposal of 66.7m of the Minister's ordinary shares in the Bank generating €248,587,000 of proceeds which were returned to the Exchequer.

STATEMENT 1.3

Issues For Voted Expenditure - Current and Capital ¹

Vote No.	Service	Current		Capital	
		2021 €000	2020 €000	2021 €000	2020 €000
1	President's Establishment	3,734	3,869	-	-
2	Department of the Taoiseach	37,560	42,504	-	-
3	Office of the Attorney General	16,161	15,094	-	-
4	Central Statistics Office	60,113	63,540	-	-
5	Office of the Director of Public Prosecutions	44,896	43,060	-	-
6	Office of the Chief State Solicitor	39,836	37,165	-	-
7	Office of the Minister for Finance	35,212	34,802	290	238
8	Office of the Comptroller and Auditor General	6,632	7,875	-	-
9	Office of the Revenue Commissioners	399,272	376,819	31,600	29,846
10	Tax Appeals Commission	2,607	3,056	-	-
11	Office of the Minister for Public Expenditure and Reform	39,164	38,606	20	248
12	Superannuation and Retired Allowances	277,075	267,496	-	-
13	Office of Public Works	289,043	291,457	189,300	204,049
14	State Laboratory	10,062	10,170	-	-
15	Secret Service	1,000	1,604	-	-
16	Valuation Office	10,145	9,076	1,386	259
17	Public Appointments Service	18,035	13,168	-	2,350
18	National Shared Service Office	41,319	38,766	7,532	4,650
19	Office of the Ombudsman	10,049	9,876	-	-
20	Garda Síochána	1,747,742	1,695,599	118,302	127,500
21	Prison Service	349,338	349,274	30,316	46,519
22	Courts Service	69,474	55,897	56,393	71,017
23	Property Registration Authority	30,113	29,521	477	945
24	Justice	324,528	308,458	51,220	23,400
25	Irish Human Rights and Equality Commission	6,570	6,286	18	96
26	Education	7,897,478	7,318,395	987,807	921,582
27	International Co-operation	570,451	544,270	678	158
28	Foreign Affairs	209,882	202,045	6,042	9,431
29	Environment, Climate and Communications	119,420	101,151	554,795	316,456

STATEMENT 1.3

Issues For Voted Expenditure - Current and Capital - Continued¹

Vote No.	Service	Current		Capital	
		2021 €000	2020 €000	2021 €000	2020 €000
30	Agriculture, Food and the Marine	1,088,738	1,019,521	298,274	292,969
31	Transport	927,633	857,899	2,477,689	1,920,223
32	Enterprise, Trade and Employment	261,005	280,851	690,036	1,503,998
33	Tourism, Culture, Arts, Gaeltacht, Sport and Media	711,314	606,388	151,747	146,194
34	Housing, Local Government and Heritage	2,841,560	3,024,315	2,382,446	2,373,848
35	Army Pensions	255,226	245,909	-	-
36	Defence	625,589	592,635	141,700	159,999
37	Social Protection	17,693,214	16,313,051	14,284	8,459
38	Health	20,272,560	19,286,247	1,040,014	1,074,250
39	Office of Government Procurement	16,552	15,336	265	455
40	Children, Equality, Disability, Integration and Youth	1,755,982	1,642,429	29,658	38,888
41	Policing Authority	2,867	2,808	-	-
42	Rural and Community Development	130,561	150,858	133,764	139,341
43	Office of the Government Chief Information Officer	19,170	17,603	3,580	3,619
44	Data Protection Commission	14,439	12,030	-	-
45	Further and Higher Education, Research, Innovation and Science	2,407,970	2,250,478	488,088	191,095
Total Exchequer Issues - Voted Current & Capital Expenditure		61,691,291	58,237,257	9,887,721	9,612,082

¹ The figures shown are the amounts *issued* to fund current and capital expenditure on each Vote. Details of voted and *actual* expenditure are contained in the Appropriation Accounts.

STATEMENT 1.4

Current: Payments charged to Central Fund in respect of Salaries, Allowances, Pensions, etc.

	2021	2020
	€000	€000
Annuities, Pensions, etc. of former Constitutional, Ministerial and Judicial Office-holders ¹	17,729	17,228
Salaries and Allowances for Constitutional Office-holders ²	844	840
Judicial Salaries ³	30,886	29,872
Total	49,459	47,940

¹ Payments under this heading were as follows: - (a) pensions to former Presidents of Ireland; (b) pensions, retirement lump sums and death gratuities relating to judicial service. (Deductions from lump sum payments to Judges relating to Spouses' and Children's contributions were payable to the Superannuation and Retired Allowances Vote (Vote 12)); (c) pensions to former Ministers, Ministers of State, Attorneys General, Ceann Comhairlí, Leas-Cheann Comhairlí, Cathaoirí of the Seanad, Leaschathaoirí of the Seanad and Comptrollers and Auditors General; (d) pensions to surviving spouses and children of former Presidents, members of the judiciary and office holders listed at (c) above; (e) severance payments to former office holders. Severance payments are payable to Ministers, Ministers of State and Attorneys General when they cease to hold office: the initial allowance is 75% of the former office holder's salary, declining to zero over a period of at most 2 years; (f) Retirement lump sums and death gratuities relating to Ministers and other office holders listed at (c) above.

² Salaries and Allowances relate to the personal remuneration and annual allowance of the President of Ireland and the remuneration of the Comptroller and Auditor General.

³ Judicial Salaries relate to the remuneration of Judges of the Supreme Court, Court of Appeal, High Court, Circuit Courts and District Courts.

STATEMENT 1.5

Payments to the European Union

	Current	
	2021	2020
	€000	€000
To European Union Budget		
Customs Duties ¹	389,951	234,649
VAT related payments ²	286,428	291,892
GNI (Gross National Income) related payments ²	2,684,386	2,042,653
Plastic based contributions ³	145,763	-
Total	3,506,528	2,569,194

¹ a) Payments to the European Union Budget take into account agreements which Ireland has made under the Single European Authorisation System. This system allows a company to pay its customs duty in Member State A in respect of goods imported into Member State B. In 2021, the net effect of the agreements was to increase Ireland's European Budget customs duties payments by approximately €42 million (€91 million in 2020).

b) The Custom Duties also include the following elements; a Traditional Own Resource (TOR) 5% retrospective reduction of €5,615,727 due to all Member States for the additional TOR they paid prior (03/21-05/21) to the Own Resources Decision coming into force; and the estimated loss of Irish TOR €30,367,070.40 in relation to imports of undervalued textiles and footwear from the Peoples Republic of China.

² The VAT and GNI related payments are made on the basis of forecast estimates. Adjustments are made in subsequent years, as the estimates are revised, leading to a mixture of additional payments and/or refunds relating to several years. In addition to adjustments made in respect of previous years' contributions, a number of adjustments may be made to Member States' payments in the course of the budget year following the adoption of any Supplementary Amending Budgets. Contained within the GNI related figure are payments towards the DK, DE, NL, AT, SE Rebate. The 2021 GNI figure includes an adjustment of €13.6 million which related to Ireland's non participation in some policies in the areas of freedom, security and justice.

³ The Plastics based contribution consists of IE's national contribution based on the amount of non-recycled plastic packaging waste which was introduced as a new revenue source for the 2021-2027 Multiannual Financial Framework.

STATEMENT 1.6

Current: Other Non-Voted Expenditure

	2021	2020
	€000	€000
Houses of the Oireachtas Commission (Amendment) Act 2015	132,694	131,968
Payments to parliamentary leaders of qualifying parties under the Ministerial and Parliamentary Offices Act, 1938, as amended, including most recently by the Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act, 2014 ¹	7,613	7,564
Payments to qualified parties under Section 17 of Electoral Act, 1997	5,837	5,879
Payments to qualifying Independent members under the Ministerial and Parliamentary Offices Act, 1938, as amended, including most recently by the Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act, 2014	895	888
Returning Officers' Expenses under the Electoral/Referendum Acts, 1992 - 2015	1,986	17,001
Reimbursement of candidates' election expenses under the Electoral Act, 1997	1,701	1,057
Election Postal Charges ²	1,499	20,249
Payments to International Development Association ³	24,660	28,620
Asian Development Fund ⁴	3,978	4,364
African Development Fund ⁵	8,128	8,128
Council of Europe Development Bank	17	16
Payments to PSE Kinsale Energy Ltd ⁶	-	3,074
Central Fund Liabilities for pension costs of former Civil Servants in commercial state companies ⁷	95,479	12,027

¹ Details of annual allowances to parliamentary leaders of qualifying parties are available on the Department of Finance website.

² In November 2021 a settlement agreement for €1,951,409 was signed by An Post and DPER with respect to outstanding costs associated with the Litir Um Thoghcháin service for the 2016 General Election. Of this, €1,491,789 was paid from the Central Fund, which was the difference between what was paid by DPER and what was billed by An Post for delivery of the service. DPER paid the balance of €459,620, of which €367,369.79 related to late penalty interest and charges thereon and €92,250 was a contribution to costs of arbitration.

³ Payments made under the International Development Association Act, 1960 towards the replenishment of the resources of the Association, which is the concessionary lending body of the World Bank Group.

⁴ Payments made under the Development Banks Act 2005 in respect of replenishments of the Asian Development Fund (ADF XI & ADF 12).

⁵ Payments to the African Development Fund are authorised under the Finance (African Development (Bank and Fund) and Miscellaneous Provisions) Act 2018.

⁶ No payments were made to PSE Kinsale Energy Ltd in 2021 due to cessation of production at the Kinsale and Seven Heads gasfield in July 2020

⁷ Pension payments in respect of pre-vesting day employees at Eircom, An Post and Coillte.

STATEMENT 1.6

Current: Other Non-Voted Expenditure - Continued

	2021	2020
	€000	€000
Pension Insolvency Payments Scheme (PIPS)	4,957	5,092
Payments to Department of Social Protection under Section 48B of the Pensions Act, 1990 ⁸	6,910	4,957
Securities Market Programme Payment ⁹	16,450	26,910
Irish Fiscal Advisory Council	648	731
Central Bank Coin Issue ¹⁰	-	11,851
Total	313,452	290,376

⁸ Government Decisions of 9/12/14 and 24/3/15 accepted recommendations of payments of a cash lump sum by way of compensation to each deferred member of the Waterford Crystal Factory and staff schemes. This figure also includes ongoing pension payments paid in 2021.

⁹ Payments made under the Central Bank Act, 2014 in relation to the Securities Market Programme (SMP) measure for Greece.

¹⁰ Section 14A of the Economic and Monetary Union Act, 1998 (as inserted by Section 137 of the Finance Act, 2002) provides for the net proceeds from the issue of coin to be passed directly to the Exchequer as directed by the Minister for Finance. Where the net proceeds of coin issue, together with expenses, result in a net cost to the Central Bank, the Minister reimburses the Central Bank, as was the case in 2020.

STATEMENT 1.7

Capital: Loan Transactions				
Body/Fund	Outstanding at 31 December 2021 €000	Loans Issued 2021 €000	Loans Repaid 2021 €000	Outstanding at 31 December 2020 €000
Department of Agriculture, Food and the Marine				
European Agricultural Guarantee Fund	655,000	655,000	670,000	670,000
Department of Finance				
EU Stability Support to Greece	322,725	-	21,715	344,440
Insurance Compensation Fund ¹	344,694	-	69,000	413,694
Advances to PMG Supply Account under the Appropriation Act	241,156	241,156	253,376	253,376
Advances to An Post	30,000	-	-	30,000
Advances to Irish Water ²	501,619	130,060	-	371,559
Department of Social Protection				
Social Insurance Fund ³	-	9,368,000	9,368,000	-
Department of Transport				
Coras Iompair Éireann ⁴	12,511	-	-	12,511
Total	2,107,705	10,394,216	10,382,091	2,095,580

¹ The amount of interest accrued at 31 December 2021 is €209 million. No interest has been received from the Insurance Compensation Fund to date.

² Following Government Decision S180/20/10/1277D, a Central Fund loan agreement to Irish Water from the Minister for Finance was implemented in June 2020. The purpose of this loan was to repay Irish Water's existing non-domestic commercial debt and to fund its future non-domestic water sector borrowing requirements. The loan agreement details seven facilities, the last of which has an availability period of the period from and including 31 January 2024 to and including 1 December 2024. The termination date of the last facility is 30 November 2034, by which time Irish Water shall repay the loans made to it in full.

³ Under section 9 (as amended) of the Social Welfare Consolidation Act 2005, the Minister for Finance may advance moneys from the Central Fund to the Social Insurance Fund for cashflow support.

⁴ Amounts of £6,000,000 (€7.6 million) and £3,853,000 (€4.9 million) were provided by the Exchequer in 1983 and 1984 as non-repayable non-interest bearing advances for transfer to Oslanna Iompair Éireann in order to assist that company to discharge its liabilities.

STATEMENT 1.8(A)

Capital: Share Capital acquired in Irish Companies

Department/Body	Shareholding at 31 December 2021 €000	Shareholding acquired 2021 €000	Shareholding disposed 2021 €000	Shareholding at 31 December 2020 €000
Agriculture, Food and the Marine				
Coillte CGA	795,060	-	-	795,060
Irish National Stud Company Ltd	13,769	-	-	13,769
Murphy's Irish Seafood (formerly Fastnet Mussels Ltd)	19	-	-	19
Kush Seafarms Ltd	19	-	-	19
Environment, Climate and Communications				
An Post	68,239	-	-	68,239
Bord na Móna plc	78,664	-	-	78,664
EirGrid	38	-	-	38
Irish National Petroleum Corporation	0.003	-	-	0.003
National Oil Reserves Agency	0.001	-	-	0.001
Housing, Local Government and Heritage				
Housing Finance Agency plc	39	-	-	39
National Building Agency Ltd	0.2	-	-	0.2
Irish Water ¹	324,000	-	-	324,000
Finance				
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank – in liquidation) ²	4,123,064	-	-	4,123,064
Permanent TSB Group ³	2,161,498	-	-	2,161,498
Strategic Banking Corporation of Ireland (SBCI) ⁴	85,000	-	-	85,000

¹ On Irish Water's incorporation, 1 "A" share with a par value of €0.01 was issued to its parent company, Ervia, and the Minister for Finance and the Minister for Housing, Planning and Local Government were each issued 1 "B" share with a par value for each share of €0.01. In 2015, arising from the conversion of €54m of convertible debt into equity, the Ministers were each issued 54 "B" shares of par value of €0.01 each (combined par value of €1.08), with associated share premium of €53,999,998.92 created. In 2017, a further 270 "B" shares of €0.01 (combined par value of €5.40) were issued to each of the Ministers (540 "B" shares in total issued) in return for €270m, with associated share premium of €269,999,994.60 created. Therefore, at 31 December 2021, the par value of the Minister for Finance's shareholding in Irish Water was €3.25 (325 "B" shares X €0.01 par value).

² S.I. 36/2013 of 7 February 2013, pursuant to Section 4 of the Irish Bank Resolution Corporation Act, 2013, provided for the winding up of Irish Bank Resolution Corporation Limited (IBRC). This reflects the share capital of the IBRC in their 2012 interim report for the six months to the 30 June 2012 (the last report which the IBRC published prior to its liquidation in February 2013). Section 262 of the Companies Act 1963 (requiring accounts to be prepared and filed) was dis-applied by the IBRC Act so while there is no requirement to file accounts for the IBRC (in Special Liquidation), the Special Liquidators have provided a copy of their most recent Progress Update Report, which was published on 1st July 2021 on the Department of Finance website. The final position in relation to the Minister's shareholding in IBRC may vary from the current valuation recorded in the financial statements, following the liquidation.

³ The shareholding disclosed represents the value of the shareholding at the date of acquisition whereas the market value of the shareholding in the Permanent TSB Group at 31 December 2021 was €0.545 billion.

⁴ The SBCI received its original €10 million of share capital from the National Pension Reserve Fund (NPRF) now the Ireland Strategic Investment Fund (ISIF). In early 2017, the SBCI obtained Ministerial approval to draw down and convert €25 million of an ISIF loan facility to share capital and the Minister for Finance subscribed to these shares. In September 2020, the SBCI obtained Ministerial approval to increase its share capital by €50 million, from €35 million to €85 million. The additional share capital was paid for by converting €50 million of an ISIF loan facility.

STATEMENT 1.8(A)

Capital: Share Capital acquired in Irish Companies - Continued

Department/Body	Shareholding at 31 December 2021 €000	Shareholding acquired 2021 €000	Shareholding disposed 2021 €000	Shareholding at 31 December 2020 €000
Finance - continued				
Home Building Finance Ireland (HBFI) ⁵	20,000	-	-	20,000
Transport				
daa	186,337	-	-	186,337
Shannon Group	38	-	-	38
Irish Aviation Authority	22,675	-	-	22,675
Dublin Port Company	14,464	-	-	14,464
Galway Harbour Company ⁶	-	-	8,927	8,927
Port of Cork Company	22,518	-	-	22,518
Port of Waterford Company	18,676	-	-	18,676
Shannon Foynes Port Company	22,187	-	-	22,187
Total	7,956,304	-	8,927	7,965,231

⁵ HBFI received €20 million of share capital from the ISIF in 2018. In addition, they entered into a €730 million loan facility with ISIF in early 2019. No Central Fund contribution is involved.

⁶ National Port Policy published in 2013 provided that the five designated Ports of Regional Significance would be transferred to local authority control. The Harbours Act 2015 provides the necessary legislative framework for transfer. The Act provides for two models of transfer: (1) the transfer and dissolution of the company and (2) the transfer of the shareholding in the company. Ownership of all shares in the share capital of Galway Harbour Company transferred to Galway City Council on 1 January 2021.

STATEMENT 1.8(B)

Capital: Investments in International Bodies under International Agreements

	Shareholding at 31 December 2021 ¹ €000	Cost of Shares Acquired 2021 €000	Disposal of Shares 2021 €000	Shareholding at 31 December 2020 ¹ €000
International Bank for Reconstruction and Development ²	62,064	4,362	-	53,210
International Finance Corporation Act, 1958 ³	14,272	3,629	-	9,734
European Bank for Reconstruction and Development ⁴	18,780	-	-	18,780
European Investment Bank	146,404	-	-	146,404
International Common Fund for Commodities ⁴	529	-	-	529
Multilateral Investment Guarantee Agency ⁴	826	-	-	762
European Financial Stability Facility ⁴	453	-	-	453
European Stability Mechanism ⁵	1,270,800	-	-	1,270,800
Council of Europe Development Bank ^{4,6}	15,261	-	-	15,261
Asian Development Bank ^{4,7}	22,367	-	-	21,244
Asian Infrastructure Investment Bank ⁸	23,220	4,562	-	21,432
African Development Bank ⁹	88,678	10,850	-	38,084
Total	1,663,654	23,403	-	1,596,693

¹ All shareholding amounts represent the actual shareholdings at the relevant dates. Shareholdings denominated in US dollars are stated in Euro at the exchange rates prevailing at the relevant dates except in the case of the International Common Fund for Commodities where any repayment of the shares purchased in US Dollars would be made in Euro at the exchange rates prevailing at the time the shares were purchased.

² Payments made under the Bretton Woods Agreement Act, 1957-2012.

³ In 2020, Ireland was allocated an additional 8,546 shares under Resolution No. 270 (2018 Conversion of Retained Earnings and General Capital Increase).

⁴ There were no new shares acquired in these institutions in 2021. Any changes in value relate to exchange rate fluctuations

⁵ As a result of the end of the temporary correction periods of the contribution key in respect of Malta and Slovakia, Ireland received refunds of ESM paid in capital of €0.2 million in January 2020 and €2.1 million in December 2020 respectively. Ireland's ESM shareholding was reduced by the amount of these refunds.

⁶ The amount of €15.261 million is made up of the actual shareholding of €5.362 million and the €9.898 million paid as a contribution to a share of the reserves of the Bank.

⁷ In June 2011, Ireland agreed to participate in the Fifth General Capital Increase of the Asian Development Bank (ADB) at a cost of approximately €8.3 million over a ten-year period. The subscription was paid in five equal annual instalments each of which consist of a cash payment and a promissory note. The promissory notes were encashed sequentially on an annual basis in the period 2016-2020 following the final cash payment in 2015. The final promissory note was encashed in April 2020.

⁸ Ireland became a member of the Asian Infrastructure Investment Bank (AIIB) in October 2017. As per the conditions of membership agreed with the Bank, Ireland subscribed to paid-in capital totalling \$26.3 million to be paid in equal annual instalments commencing in 2017. The fifth annual instalment was paid in October 2021.

⁹ Ireland became a member of the African Development Bank (AfDB) in April 2020. In December 2018, Ireland agreed to subscribe the maximum initial subscription to the AfDB including paid in capital of approximately €40 million to be paid in equal annual instalments over 8 years. The first instalment was paid in April 2020. In July 2020, Ireland took up the full shareholding allocated to it under the African Development Bank's Capital Increase GCI-VII (3,949 paid in shares). Opting to participate increased Ireland's paid-up capital from approx. €40 million over 8 years to approx. €90 million over the same period. The first instalment of just over €6m to GCI-VII was made in January 2021.

STATEMENT 1.9

Capital: Receipts from the European Union		
	2021	2020
	€000	€000
European Regional Development Fund ¹	283,397	24,888
Brexit Reserve ²	361,659	-
Trans European Network	-	282
Total	645,056	25,170

¹ Includes €113m received from the European Commission in December 2020. This was lodged to the Exchequer in January 2021, and so is accounted for as a receipt in the 2021 Accounts. This also affects the level of receipts recorded for 2020.

² The Brexit Adjustment Reserve (BAR) is an EU instrument which was established to help counter the adverse economic and social consequences of Brexit in the sectors and Member States that are worst affected. The BAR regulation came into effect on 11th October 2021, with Ireland's first payment received on the 15th December 2021.

STATEMENT 1.10

Capital: Other Non-Voted Expenditure

	2021	2020
	€000	€000
Payments under other Acts		
European Guarantee Fund	7	-
Carbon Fund Act, 2007	1,247	380
Total	1,254	380

STATEMENT 1.11

Guaranteed Liabilities

At 31 December 2021 the Government had guaranteed, under specific legislation, the due payment of obligations in respect of liabilities of which the principal or capital value outstanding was €6.984 billion. The individual amounts represent capital raised and commitments entered into in accordance with the relevant statutes.

Relevant Department and Nature of Liability	Amounts Outstanding at 31 December 2021 €000	Changes in Guaranteed Liabilities in 2021 €000	Amounts Outstanding at 31 December 2020 €000
Finance			
ACP-EEC Convention of Lomé (contracts of Guarantee between State and European Investment Bank) Act, 1976 ¹	8,196	338	7,858
Strategic Banking Corporation of Ireland ²	186,667	(163,333)	350,000
European Guarantee Fund ³	167,493	167,493	-
Enterprise, Trade and Employment			
Credit Guarantee Act, 2012 ⁴	395,857	315,790	80,067
Housing, Local Government and Heritage			
Housing Finance Agency plc. ⁵	6,216,637	1,236,917	4,979,720
Transport			
Package Travel Directive ⁶	9,417	(7,876)	17,293
Total	6,984,267	1,549,329	5,434,938

¹ The amount of €8.196 million represents Ireland's share of the EU guarantee of loans from the European Investment Bank to African, Caribbean and Pacific (ACP) countries under the conventions of Lomé and Cotonou. These conventions are financial and political frameworks for cooperation between the EU and the ACP countries.

² The Strategic Banking Corporation of Ireland (SBCI) is a company limited by shares and wholly owned by the Minister for Finance. Section 18 of the SBCI Act 2014 gives the Minister for Finance the authority to guarantee any moneys borrowed by the SBCI up to a maximum of €4 billion. This is measured as an aggregate of all guarantees outstanding at any given time (accrued interest does not count towards this maximum amount).

³ The European Guarantee Fund (EGF) is a Covid-19 Crisis Support instrument established to support investments in the corporate sector. Contributions to the EGF are in the form of guarantees provided by Member States on a pro-rata basis based on their shareholding in the EIB. Ireland's shareholding in the EIB is 0.676%, therefore our liability to the guarantee is capped at EUR 164,731,513.20 million. The Financial Provision (Covid-19) Bill 2020 was enacted on 17 July 2020 to enable Ireland to participate in the EGF.

⁴ The Credit Guarantee Acts allow the Minister for Enterprise, Trade and Employment to provide partial Guarantees to banks in respect of lending to employment-creating firms. The amount of €395,857 million represents the maximum exposure on claims against remaining Live Lending on the Credit Guarantee Scheme (CGS) including cases sanctioned and paying premium but Guarantee Start Dates not notified to the Operator, as at 31 December 2021. The maximum exposure on claims against Live Lending was €187,323 under CGS 2012-15, €645,378 under CGS 2017 and €395,024,770 under COVID-19 CGS 2020. The SBCI manages the Credit Guarantee Scheme. This guarantee if invoked is paid by the State (the "Guarantor") to the Lender on the unrecovered amounts in the event of a borrower defaulting on the Scheme Facility repayments. Under these Acts and Schemes, the limit on Guarantees which can be issued under CGS 2012-15 and CGS 2017 in any one year is €150 million, while the total limit on Guarantees under COVID-19 CGS is €2 billion.

⁵ At 31 December 2021, the NTMA held €1.665 billion (2020: €1.586 billion) of Housing Finance Agency guaranteed notes. These balances are included in the National Debt financial statements (see note 12).

⁶ The amount of €9.4 million relates to State guaranteed Refund Credit Notes issued by travel providers following the impact of COVID-19 on the travel industry. The notes were established under the Transport (Tour Operators and Travel Agents) Act 1982 (Disbursements from Fund) Regulations 2020 (S.I. 218 of 2020).

PART TWO
FINANCIAL STATEMENTS OF THE NATIONAL DEBT OF IRELAND
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT 2.1 - NATIONAL DEBT OF IRELAND

Service of National Debt	Year Ended 31 December 2021		
	Note	2021 €m	2020 €m
Net Interest Paid on Gross National Debt	3	3,482	4,400
Net Interest Paid on Cash and Other Financial Assets	4	112	115
Fees and Operating Expenses	5	151	161
Total Debt Service Cost		3,745	4,676

STATEMENT 2.2 - NATIONAL DEBT OF IRELAND

National Debt Statement

Year Ended 31 December 2021

	Note	2021 €m	2020 €m
Medium/Long Term Debt			
Irish Government Bonds	6	154,105	136,809
EU and UK Bilateral Loans	7	40,911	41,393
Other Medium/Long Term Loans	8	<u>7,653</u>	<u>4,097</u>
		202,669	182,299
Short Term Debt			
Short Term Paper	9	9,766	14,027
Borrowings from Ministerial Funds	10	<u>5,099</u>	<u>4,328</u>
		14,865	18,355
State Savings Schemes			
State Savings Products	11	<u>19,643</u>	<u>18,828</u>
Gross National Debt		237,177	219,482
Cash at Central Bank of Ireland	12.1	(27,474)	(17,362)
Other Financial Assets	12.2	<u>(1,675)</u>	<u>(1,838)</u>
National Debt	13	<u>208,028</u>	<u>200,282</u>

STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

National Debt Cash Flow Statement		Year ended 31 December 2021	
	Note	2021 €m	2020 €m
Movement in Exchequer Balances:			
Balance at 1 January	12.1	17,362	16,502
Decrease in Other Financial Assets	12.2	163	196
Net Borrowing of Debt (see below)		<u>17,321</u>	<u>12,981</u>
Exchequer (Deficit)/Surplus		34,846	29,679
		(7,372)	(12,317)
Balance at 31 December	12.1	<u>27,474</u>	<u>17,362</u>
		2021 Net¹	2020 Net¹
Net Borrowing / (Repayment) of Debt		€m	€m
Medium/Long Term Debt			
Irish Government Bonds	6	16,902	6,926
EU and UK Bilateral Loans	7	(505)	(1,876)
Other Medium/Long Term Loans	8	3,573	1,508
Short Term Debt			
Short Term Paper	9	(4,235)	4,085
Borrowings from Ministerial Funds	10	771	1,310
State Savings Schemes			
State Savings Products	11	815	1,028
Net Borrowing of Debt		<u>17,321</u>	<u>12,981</u>

¹ The amounts represent the net borrowing or repayment of debt (inclusive of premiums and discounts paid at issue / repayment) together with the rollover of debt and related hedging transactions. As a result, the movements of outstanding balances in notes 6 to 9 may not agree to the net borrowing of debt outlined above.

STATEMENT 2.4 - NATIONAL DEBT OF IRELAND

Statement of Movement in National Debt		Year ended 31 December 2021	
	Note	2021 €m	2020 €m
Net National Debt at 1 January	13	200,282	188,194
Increase in Net National Debt		7,746	12,088
Net National Debt at 31 December	13	<u>208,028</u>	<u>200,282</u>
Increase in Net National Debt represented by:			
Exchequer Deficit/(Surplus)		7,372	12,317
Effect of Foreign Exchange Rate Movements		(26)	(55)
Adjustment for Inflation Linked Bonds		51	(15)
Net Discount on Medium/Long Term Loans		6	10
Net Discount/(Premium) on Bond Issuances and Gain/Loss on Cancellations		343	(169)
		<u>7,746</u>	<u>12,088</u>

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements

1. Background

Under the National Treasury Management Agency Act, 1990, The National Treasury Management Agency (“the Agency”) performs borrowing and National Debt Management functions on behalf of the Minister for Finance. 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 and Net National Debt is presented as the net debt incurred by the Exchequer after taking account of cash and other financial assets.

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 disclosure notes (notes 14.2, 16 and 17) in relation to the Credit Support Annex (CSA) Collateral Account, the National Loans Advance Interest Account, the National Loans (Winding Up) Account, the National Treasury Management Agency (Unclaimed Dividends) Account and the Surplus Public Expenditure Monies Account. As these are operational accounts at the Central Bank of Ireland, setup for specific purposes outside of the Exchequer Account, the related cash balances are not included with the Cash at Central Bank of Ireland on the National Debt Statement.

2. Basis of Preparation

The financial statements have been prepared for the year ended 31 December 2021, 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 and other agencies. These guarantees are not included in these financial statements.

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

2.1 Receipts and Payments

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

2.2 Liability Valuation

Debt balances are recorded in the National Debt Statement at their redeemable par value. Where medium or long term debt is issued or cancelled at a premium or discount to its redeemable par value, the total consideration is reported within the Exchequer balance on the National Debt. The premium or discount is then reflected through the Statement of Movement in National Debt. For liabilities where the redeemable par value is linked to inflation, the increase or reduction to the liability due to movements in inflation is accounted for through the Statement of Movement in National Debt.

2.3 Derivatives

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

2.4 Foreign Currencies

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

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

3. Net Interest Paid on Gross National Debt

	2021	2020
	€m	€m
Interest Paid on Medium/Long Term Debt		
Irish Government Bonds	2,446	3,179
EU and UK Bilateral Loans	764	817
Derivatives hedging Medium/Long Term Debt	38	99
Schuldscheine Loans	35	35
Medium/Long Term Notes	24	12
European Investment Bank	18	18
Council of Europe Development Bank	1	1
	<u>3,326</u>	<u>4,161</u>
Interest (Received)/Paid on Short Term Debt		
Irish Treasury Bills	(25)	(18)
Euro Commercial Paper	(4)	13
Exchequer Notes	(1)	(7)
	<u>(30)</u>	<u>(12)</u>
Interest Paid on State Savings Schemes		
Savings Certificates	83	75
10 Year National Solidarity Bonds	68	127
Prizes in respect of Prize Bonds	16	19
Savings Bonds	10	10
Instalment Savings	5	8
4 Year National Solidarity Bonds	4	12
	<u>186</u>	<u>251</u>
Total Net Interest Paid on Gross National Debt	<u><u>3,482</u></u>	<u><u>4,400</u></u>

4. Net Interest Paid on Cash and Other Financial Assets

	2021	2020
	€m	€m
Interest Paid on Cash at Central Bank of Ireland	122	126
Interest Received on Other Financial Assets	(10)	(11)
	<u>112</u>	<u>115</u>

Interest paid on cash balances represents the prevailing negative interest rates charged by the Central Bank of Ireland on cash balances held.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

5. Fees and Operating Expenses	2021	2020
	€m	€m
EU and UK Bilateral Loans	39	34
Government Bonds and Other Expenses	23	28
Prize Bonds	13	13
Savings Certificates	9	9
10 Year National Solidarity Bonds	6	6
Savings Bonds	3	3
4 Year National Solidarity Bonds	2	2
Instalment Savings	1	1
	<u>96</u>	<u>96</u>
Agency Operating Expenses ²	55	65
	<u>151</u>	<u>161</u>

The fees on the Gross National Debt principally include service fees on long-term loans (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 service fees in relation to State Savings products.

6. Irish Government Bonds

	2021	2020
	€m	€m
Fixed Rate Bonds	147,111	127,946
Floating Rate Bonds	5,534	7,534
Index Linked Bonds	1,063	912
Amortising Bonds	397	417
	<u>154,105</u>	<u>136,809</u>

Floating Rate Bonds – Settlement of IBRC Promissory Notes:

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

During 2021, the Agency bought back and cancelled €2.0 billion (2020: €1.0 billion) of the Floating Rate Bonds from the CBI at a premium of €1.27 billion (2020: €0.65 billion). The outstanding nominal balance of the Floating Rate Bonds therefore reduced to €5.53 billion at year-end 2021 (2020: €7.53 billion).

Since year-end 2021, the Agency bought and cancelled a further €1.0 billion of the Floating Rate Bonds.

Sovereign Green Bond:

Included within fixed rate bonds is €6.9 billion from Ireland’s inaugural sovereign green bond issuance in accordance with the Irish Sovereign Green Bond (ISGB) Framework. This includes a further €0.8 billion of new issuance under the framework in 2021.

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

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

7. EU and UK Bilateral Loans

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

The liabilities outstanding under the Programme, taking into account the effect of currency hedging transactions, are as follows:

Lender	2021 €m	Weighted Average Residual Maturity Years	2020 €m	Weighted Average Residual Maturity Years
European Financial Stability Facility	18,411	11.1	18,411	12.1 Years
European Financial Stabilisation Mechanism	22,500	8.9	22,500	7.9 Years
United Kingdom Treasury	-	-	482	0.2 Years
Total	40,911		41,393	

In March 2021, the final £0.4bn tranche of the UK Bilateral Loan was repaid.

An agreement was reached in 2013 to extend the EFSF and EFSM loans. In respect of the EFSM loans, the revised maturity dates are only determined as they reach their original maturity dates. The weighted average residual maturity of the EFSM loan reflects the maturity extensions agreed to date. The EFSM loan includes €3 billion that was extended in 2021 to a revised maturity date of 2036.

8. Other Medium/Long Term Loans

	2021 €m	2020 €m
Medium/Long Term Notes	2,871	2,010
EU SURE Loan	2,473	-
European Investment Bank	1,665	1,440
Schuldscheine Loans	602	602
Council of Europe Development Bank	37	40
Other Medium/Long Term Loans	5	5
	7,653	4,097

In March 2021, a €2.5bn loan was drawn down from the European Commission for funding under the Support to mitigate Unemployment Risks in an Emergency (SURE). The SURE loan is intended to support Member States in dealing with the employment impact of the COVID19 pandemic.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

9. Short Term Paper

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

	2021	2020
	€m	€m
Exchequer Notes	3,916	4,761
Irish Treasury Bills	3,009	3,760
European Commercial Paper Programme	1,857	4,876
Central Treasury Notes	984	630
	<u>9,766</u>	<u>14,027</u>

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 sweep where available monies are transferred to the Exchequer Account and are repayable as required.

	2021	2020
	€m	€m
Post Office Savings Bank Fund	3,075	2,605
Surplus Public Expenditures Monies Account (note 17)	2,024	1,723
	<u>5,099</u>	<u>4,328</u>

11. State Savings Schemes

	2021	2020
	€m	€m
Savings Certificates	6,087	6,237
10 Year National Solidarity Bonds	4,722	4,332
Prize Bonds	4,440	4,101
Savings Bonds	2,383	2,402
4 Year National Solidarity Bonds	1,466	1,226
Instalment Savings	543	528
Savings Stamps	2	2
	<u>19,643</u>	<u>18,828</u>

Amounts shown in respect of Savings Certificates, Instalment Savings, Savings Bonds, Solidarity Bonds and Prize Bonds include €1 million (2020: €19 million) cash balances held by An Post, Permanent TSB and the Prize Bond Company. An Post and the Prize Bond Company act as registrars for the respective schemes. As the National Debt financial statements are prepared on a cash basis, the liabilities do not include the sum of €284 million (2020: €270 million), being the estimate of the amount of accrued interest at end 2021 in respect of Savings Bonds, Savings Certificates, 10 Year National Solidarity Bonds, 4 Year National Solidarity Bonds and Instalment Savings.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

12. Cash and Other Financial Assets

	2021	2020
	€m	€m
12.1 Cash at Central Bank of Ireland		
Exchequer Account and CSRA ³	27,474	17,362
12.2 Other Financial Assets		
Collateral Funding (note 14.2)	-	252
SBCI Medium Term Guaranteed Notes	10	-
Housing Finance Agency Guaranteed Notes	1,665	1,586
	<u>1,675</u>	<u>1,838</u>

Cash is placed as collateral with counterparties arising from the requirements under Credit Support Annexes in respect of certain derivative transactions. These balances, and access to the related cash collateral, change on a daily basis and are dependent on the market value of these derivatives (See Note 14.2).

The Housing Finance Agency and SBCI guaranteed notes may not be readily realisable dependent on market conditions.

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 2021, €16.1 billion (2020:€45.7 billion) of receipts and payments were processed through the foreign currency clearing accounts. The cashflows predominantly related to short-term debt activities in non-euro currencies.

The balances held in these accounts at end December 2021 was Nil (2020:Nil). The Agency held no other foreign currency cash balances.

³ The Balance held in the CSRA was €216k at year end 2021 (2020: €216K). The Exchequer and CSRA (note 15) accounts are held at the CBI.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

13. Risk Management

13.1 Risk Management Framework

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

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

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

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

The second line of defence, which includes the Agency's Risk, Compliance and other control functions, is independent of first line management and operations and its role is to challenge decisions that affect the organisation's exposure to risk and to provide comprehensive and understandable reporting on 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 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 Head of Risk (Financial, Investment and Enterprise) respectively, to assess their effectiveness.

Management Committees

Enterprise Risk Management Committee (ERMC)

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

Counterparty Credit Risk Committee (CCRC)

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

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

13.1 Risk Management Framework - continued

Market and Liquidity Risk Committee (MLRC)

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

Operational Risk and Control Committee (ORCC)

The ORCC reviews and recommends to the ERM 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 ERM.

Principal Risks

Liquidity Risk

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

Market Risk

Market risk is the risk of loss or increased costs resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates or other market prices. The Agency must have regard both to the short-term and long-term implications of its transactions given its task of managing not only the immediate fiscal debt service costs but also the present value of all future payments of principal and interest. The exposure to interest rate and currency risk is controlled by managing the interest rate and currency composition of the portfolio in accordance with the Agency's risk appetite. Specific limits are in place to control market risk; exposures against these limits are reported regularly to senior management. As conditions in financial markets change, the appropriate interest rate and currency profile of the portfolio is reassessed in line with periodic limit reviews. The Agency seeks to achieve the best trade-off between cost and risk over time and has in place a hedging programme to manage interest rate and exchange rate risks and to protect the Exchequer from potential volatility in future years. More information on the use of derivatives is set out in Derivatives (note 14).

Counterparty Credit Risk

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

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

13.1 Risk Management Framework - continued

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	
	2021 €m	2020 €m
Debt Instruments		
Euro	206,171	197,443
US Dollar	1,894	2,174
AUS Dollar	73	-
Pound Sterling	-	471
	208,138	200,088
Foreign Currency and Swap Contract		
Euro	1,861	2,845
US Dollar	(1,898)	(2,180)
AUS Dollar	(73)	-
Pound Sterling	-	(471)
	(110)	194
National Debt	208,028	200,282

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

13. Risk Management - continued

13.3 National Debt – Maturity Profile

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

2021 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	11,937	38,251	59,568	44,349	154,105
EU and UK Bilateral Loans	-	7,200	13,170	20,541	40,911
Other Medium & Long Term Debt	8	1,600	1,249	4,796	7,653
Short Term Debt ⁴	13,600	1,265	-	-	14,865
State Savings ⁵	7,718	9,233	2,690	2	19,643
Gross National Debt	33,263	57,549	76,677	69,688	237,177
Cash at Central Bank of Ireland	(27,474)	-	-	-	(27,474)
Other Financial Assets	-	(85)	(140)	(1,450)	(1,675)
Cash and Other Financial Assets	(27,474)	(85)	(140)	(1,450)	(29,149)
Net National Debt	5,789	57,464	76,537	68,238	208,028
2020 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	279	38,436	53,665	44,429	136,809
EU and UK Bilateral Loans	3,483	5,200	10,270	22,440	41,393
Other Medium & Long Term Debt	8	328	849	2,912	4,097
Short Term Debt	17,090	1,265	-	-	18,355
State Savings	7,713	8,451	2,662	2	18,828
Gross National Debt	28,573	53,680	67,446	69,783	219,482
Cash at Central Bank of Ireland	(17,362)	-	-	-	(17,362)
Other Financial Assets	(823)	-	(215)	(800)	(1,838)
Cash and Other Financial Assets	(18,185)	-	(215)	(800)	(19,200)
Net National Debt	10,388	53,680	67,231	68,983	200,282

⁴ A portion of the borrowings from the Post Office Savings Bank Fund (Borrowings from Ministerial Funds) is not considered repayable on demand and as such, is categorised in the maturity profile as repayable in the period 1-5 years.

⁵ State savings maturities are based on contracted maturity information provided by An Post for year-end 2021.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

14. Derivatives

14.1 Derivatives

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

	31 December 2021		31 December 2020	
	Nominal €m	Fair Value €m	Nominal €m	Fair Value €m
Interest Rate Swaps	472	(12)	3,131	(51)
Currency Swaps and Foreign Exchange Contracts	1,971	102	2,845	(200)
	2,443	90	5,976	(251)

The Agency provides treasury services to the National Asset Management Agency (“NAMA”) under section 52 and 235 of the National Asset Management Agency Act, 2009. Accordingly it may enter into derivative transactions with NAMA. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of currency swaps and foreign exchange rate contracts transacted with NAMA outstanding at year-end 2021 was €Nil (2020: €0.02 billion).

The Agency also provides treasury services to IBRC (in liquidation) and accordingly may enter into derivative transactions with IBRC. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of foreign exchange rate contracts transacted with IBRC outstanding at end 2021 was €0.09 billion (2020: €0.11 billion).

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

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

14. Derivatives - continued

14.2 Credit Support Account

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

	2021	2020
	€m	€m
Balance at 1 January	-	-
Cash Collateral received from counterparties	648	1,509
Cash Collateral paid to counterparties	(300)	(1,665)
	<u>348</u>	<u>(156)</u>
Increase/(Decrease) in Exchequer Funding during the Year	(252)	156
Balance at 31 December	<u>96</u>	<u>-</u>

Note:	2021	2020
	€m	€m
Net Exchequer Funding during the Year (note 12)	-	252
Net Collateral Posted to Counterparties at 31 December	-	(252)

The collateral account at the CBI had a surplus balance at €96m at year end. This surplus mirrors the positive net position of derivatives reported as part of the National Debt Statement at year-end 2021. Under the cash basis of accounting, cash collateral received and any related payables do not form part of the National Debt Statement.

The Agency has entered into a Collateral Posting Agreement with NAMA. At year-end 2021, NAMA had posted collateral of €Nil (2020: €3 million) to the Agency as part of this agreement.

The Agency has also entered into a Collateral Posting Agreement with IBRC. At year-end 2021, IBRC had posted collateral of €13 million (2020: €10 million) to the Agency as part of this agreement.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

15. Capital Services Redemption Account (CSRA)

15.1 Background

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

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

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

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

15.2 Movement in the Account for the Year

	2021 €m	2020 €m
Balance at 1 January	-	-
Receipts		
Derivative Transactions	608	986
Interest on Cash and Other Financial Assets	10	12
	<u>618</u>	<u>998</u>
Payments		
Derivative Transactions	(608)	(986)
Interest on National Debt	(1)	(1)
Transfer to Exchequer Account	(9)	(11)
	<u>(618)</u>	<u>(998)</u>
Balance at 31 December	<u>-</u>	<u>-</u>

15.3 Derivative Transactions undertaken for IBRC and NAMA

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

	Receipts €m	Payments €m	Net 2021 €m	Net 2020 €m
NAMA Related Derivatives	48	(48)	-	-
IBRC Related Derivatives	560	(560)	-	-
	<u>608</u>	<u>(608)</u>	<u>-</u>	<u>-</u>

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

16. 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.

2021	National Loans Advance Interest Account €m	National Loans (Winding Up) Account €m	Unclaimed Dividends Account €m
Balance at 1 January	16	3	3
Receipts	36	-	-
Payments	(22)	-	-
Balance at 31 December	30	3	3

2020	National Loans Advance Interest Account €m	National Loans (Winding Up) Account €m	Unclaimed Dividends Account €m
Balance at 1 January	38	3	3
Receipts	27	-	-
Payments	(49)	-	-
Balance at 31 December	16	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.

17. 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 and forms part of the borrowing from Ministerial Funds on the National Debt. The related cash receipts are included within the Exchequer Account balance on the National Debt (note 12).

Surplus Public Expenditure Monies Account	2021 €m	2020 €m
Balance at 1 January	1,723	878
Receipts	20,581	8,273
Payments	(20,280)	(7,428)
Balance at 31 December (note 10)	2,024	1,723

18. Events after the end of reporting period

The outbreak of the war in Ukraine on 24 February 2022 has impacted global financial markets including government bond yields. As neither the duration nor the scope of the impact can be predicted, the overall financial and fiscal impact cannot be estimated at this time.

The buy-back and cancellation of floating rate bonds after the end of the reporting period are detailed in Note 6.

19. Approval of Financial Statements

The financial statements were approved by the Agency on 3 May 2022.

