

FINANCE ACCOUNTS

Audited Financial Statements of the Exchequer

For the Financial Year 1st January 2022 to 31st December 2022

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

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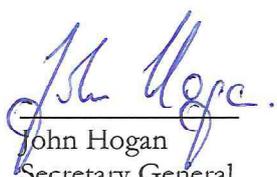
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Statement of Accounting Policies and Principles

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 and the Sundry Moneys Account. 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. The Statement relating to the Sundry Moneys Account is presented in Part Three of the accounts. Sundry moneys are amounts held pending their transfer to the Central Fund, or such other account as appropriate, on instruction from various sections in the Department of Public Expenditure, NDP Delivery and Reform and the Department of Finance or from external institutions. The account is operated on a cash basis.
7. These Accounts comprise the Central Fund Account, Statements 1.1 to 1.11, the Financial Statements of the National Debt including the Accounting Policies and the Financial Statements of the Sundry Moneys Account.

8. The reporting period is the year ended 31 December 2022.


John Hogan
Secretary General
Department of Finance
9 June 2023

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 and the Sundry Moneys Account 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, NDP Delivery 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, NDP Delivery 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. There was a credit breach on the 28 October 2022, on foot of which the Comptroller and Auditor General prepared a Section 2 report. A number of measures were introduced to strengthen controls and they are documented below.

- 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.
- For Sundry Moneys, quarterly reviews are undertaken by management of the transactions and balance on the account. No review took place at the end of Quarter 2 2022 due to staff changes but reports were produced for the remainder of the year and are current in 2023.

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 2022.

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 in a blended capacity throughout 2022.

Internal Audit

The Department has access to the internal audit service of the Department of Public Expenditure, NDP Delivery 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.

Control Weakness Section 2 of the Comptroller and Auditor General (Amendment) Act, 1993 report

In December 2022 the Comptroller and Auditor General laid a report before the Houses of the Oireachtas in respect of a Section 2 credit breach by the Department and the Central Bank. The breach occurred in October 2022. In response, I instructed a senior official to carry out a review of the circumstances that led to the breach. The review identified a number of measures that should be introduced to prevent a reoccurrence. All of the below measures have been implemented.

- All staff in the section have now been made fully aware of the Supply Services Credits that are required during the year.
- The process used to track credits has been improved whereby all users of the system will be warned when the Supply Services Grant of Credit has fallen below a certain amount (currently set at €5bn)
- The user will be prompted at the appropriate time to ensure the Vote to Complete credit is in place before the payment instruction is made.
- As is the case for Central Fund payments, the Supply Services Grant of Credit remaining limit now accompanies the payment instruction when it is sent for sign off. The limit takes into account any other prior payment instructions issued that day.
- In collaboration with OGCIO an existing report was amended to show the current Supply Services Grant of Credit limit and its usage. A similar report is in place for Central Fund Grant of Credit limits.
- All manuals, training and instructions have been amended to reflect these improvements.

In addition, following the review of a number of further changes were recommended to be introduced. All but one of these (discussions ongoing with Department of Public Expenditure, NDP Delivery and Reform in relation to supplementary estimates) have been implemented.

- During the review it was apparent that Central Fund payments operated slightly differently to supply services payments. The procedures for both have now been aligned.
- A new “four eyes” approach to the management of credits was agreed between the Department and the Central Bank. A new Service Level Agreement reflecting these changes was signed in April 2023 between the two organisations.
- The current process for supplementary estimates and the required increase in Grant of Credit limit is dealt with in December following the publication of the Appropriations Bill. We are engaging with D/PENDPR to formalize a process whereby the Grant of Credits are sought when a supplementary estimate is approved by the Dáil.


John Hogan
Secretary General
Department of Finance
9 June 2023



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 2022 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 Central Fund receipts and issues and guaranteed liabilities, the financial statements of the national debt and the financial statements of the sundry moneys account.

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 2022.

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.

Special report on unauthorised release of funds from the Central Fund of the Exchequer

The statement on internal financial control discloses that there was an unauthorised release of funds in October 2022. I presented a report to Dáil Éireann in December 2022, under Section 2 of the Comptroller and Auditor General (Amendment) Act 1993, which sets out the details regarding this matter.

Seamus McCarthy
Comptroller and Auditor General

12 June 2023

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 2022

	Statement No.	€000	2022 €000	€000	2021 €000
Current Receipts:					
Tax Revenue	1.1		83,129,540		68,409,973
Non-Tax Revenue	1.2		<u>2,438,234</u>		<u>2,529,191</u>
			85,567,774		70,939,164
Less Current Payments:					
Issues for Voted Expenditure - Current	1.3	61,974,062		61,691,291	
Non-Voted Issues - Service of National Debt	2.1	3,840,771		3,745,039	
Payments charged to Central Fund in respect of Salaries, Allowances, Pensions etc.	1.4	55,868		49,459	
Payments to European Union	1.5	3,557,421		3,506,528	
Other non-voted Expenditure	1.6	312,036	<u>69,740,158</u>	313,452	<u>69,305,769</u>
Surplus/(Deficit) on Current Account			<u>15,827,616</u>		<u>1,633,395</u>
Capital Receipts:					
Gaeltacht Loans Repaid		-		2	
Loans Repaid	1.7	3,474,085		10,382,091	
Receipts from European Union	1.9	276,670		645,056	
Other Receipts	1.2	1,455,222	<u>5,205,977</u>	273,818	<u>11,300,967</u>

CENTRAL FUND ACCOUNT

Account of Receipts and Payments for year ended 31 December 2022 - Continued

	Statement No.	€000	2022 €000	€000	2021 €000
Less Capital Payments:					
Issues for Voted Expenditure – Capital	1.3	10,865,822		9,887,721	
Non-Voted (payments charged directly under particular legislation) -					
Loans Issued	1.7	3,161,880		10,394,216	
Investment in International Bodies	1.8 (B)	20,507		23,403	
Other Payments	1.10	2,000,224	16,048,433	1,254	20,306,594
(Deficit) on Capital Account			<u>(10,842,456)</u>		<u>(9,005,627)</u>
Exchequer Surplus/(Deficit)			<u><u>4,985,160</u></u>		<u><u>(7,372,232)</u></u>
Source and Application of Funds					
Net					
(Borrowing)/Repayment and Other Balances	2.3	7,783,405		(17,320,494)	
Increase/(Decrease) in Exchequer Balances and Commercial Deposits	2.2	(2,798,245)		9,948,262	
			<u><u>4,985,160</u></u>		<u><u>(7,372,232)</u></u>

PART ONE
FINANCIAL STATEMENTS OF CENTRAL FUND RECEIPTS AND ISSUES
AND
GUARANTEED LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT 1.1

Current: Tax Revenue

	2022	2021
	€000	€000
Income Tax	30,727,506	26,666,648
Value Added Tax	18,600,951	15,441,097
Excise Duty	5,441,056	5,838,708
Corporation Tax	22,642,574	15,324,426
Stamps	1,824,005	1,482,820
Customs	636,400	526,136
Capital Acquisitions Tax	605,320	581,332
Capital Gains Tax	1,747,406	1,641,680
Training and Employment Levy	6	49
Motor Tax Receipts	904,316	907,077
Total	83,129,540	68,409,973

STATEMENT 1.2

Non-Tax Revenue - Current and Capital				
	Current		Capital	
	2022	2021	2022	2021
	€000	€000	€000	€000
Central Bank Surplus Income	1,067,573	665,702	-	-
Money arising from the issue of coins ¹	11,695	19,918	-	-
Yield from National Lottery ²	257,933	289,709	-	-
Commission for Communications Regulation Surplus	-	27,348	-	-
National Asset Management Agency Surplus Income	500,000	1,000,000	-	-
Receipts from National Treasury Management Agency in respect of the Carbon Fund Act, 2007	-	-	-	1,727
Interest received on loans	3,907	2,812	-	-
Share Dividends	199,411	151,821	-	-
Receipts collected by Government Departments and Offices³				
Agriculture, Food and the Marine ⁴	1,000	3,554	-	-
Children, Equality, Disability, Integration and Youth	8,248	6,403	99	859
Enterprise, Trade and Employment	-	13,646	100,104	11,855
Environment, Climate and Communications	249,609	185,045	-	-
Finance Group	-	1	-	-
Further and Higher Education, Research, Innovation and Science	2,002	155	-	-
Housing, Local Government and Heritage	149	3,230	98	6,223
Justice	691	15,648	-	-
Office of the Ombudsman	-	86	-	-
Office of the Revenue Commissioners	1,374	2,647	-	-
Property Registration Authority	75,588	71,381	-	-

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 2022, the net proceeds of coin issue, together with expenses, resulted in surplus of €11,694,798 paid to the Exchequer. The Central Bank paid a further €2.2m to the Exchequer in February 2023 following a further reconciliation on their side.

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.

⁴ This receipt was received from Horse Racing Ireland.

STATEMENT 1.2

Non-Tax Revenue - Current and Capital - Continued				
	Current		Capital	
	2022	2021	2022	2021
	€000	€000	€000	€000
Social Protection	-	16	-	-
Transport	9,706	3,517	20	4,552
Office of Public Works	-	12,042	-	-
Other Receipts				
Monies received under various Acts	2,115	5,576	-	-
Voluntary salary and pension surrenders	849	935	-	-
Pension Related Deductions from certain bodies ⁵	2,592	1,101	-	-
NTMA Public Service Pension Levy	-	163	-	-
European Investment Bank	-	521	-	-
Nursing Home Support Scheme	43,783	42,438	-	-
Sale of shares in BOI ⁶	-	-	590,246	248,587
Sale of AIB shares ⁷	-	-	701,426	-
AIB share buyback programme ⁸	-	-	63,219	-
Miscellaneous	9	3,776	10	15
Total	2,438,234	2,529,191	1,455,222	273,818

⁵ 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.

⁶ The Bank of Ireland share trading plan was launched in June 2021 which resulted in the disposal of 150.4m of the Minister's ordinary shares in the Bank generating €838,833,000 of proceeds which were returned to the Exchequer.

⁷ These are proceeds from two share sales in AIB by the Minister for Finance which took place in June 2022 (€304.77m) and again in November 2022 (€396.65m). These disposals of the Irish State's shareholding in AIB took place by way of accelerated bookbuild transactions in both instances and the proceeds were returned to the Exchequer. A further €286m was received in January 2023.

⁸ These are proceeds from the Minister for Finance's (on behalf of the Irish State) participation on a proportionate basis in AIB's share buyback programme.

STATEMENT 1.3

Issues For Voted Expenditure - Current and Capital ¹

Vote No.	Service	Current		Capital	
		2022 €000	2021 €000	2022 €000	2021 €000
1	President's Establishment	3,745	3,734	-	-
2	Department of the Taoiseach	32,253	37,560	-	-
3	Office of the Attorney General	19,532	16,161	-	-
4	Central Statistics Office	99,793	60,113	-	-
5	Office of the Director of Public Prosecutions	50,049	44,896	-	-
6	Office of the Chief State Solicitor	43,964	39,836	-	-
7	Office of the Minister for Finance	38,586	35,212	547	290
8	Office of the Comptroller and Auditor General	8,530	6,632	-	-
9	Office of the Revenue Commissioners	413,947	399,272	18,927	31,600
10	Tax Appeals Commission	2,940	2,607	-	-
11	Office of the Minister for Public Expenditure and Reform	43,433	39,164	383	20
12	Superannuation and Retired Allowances	268,934	277,075	-	-
13	Office of Public Works	294,289	289,043	248,978	189,300
14	State Laboratory	10,667	10,062	-	-
15	Secret Service	1,000	1,000	-	-
16	Valuation Office	11,156	10,145	3,772	1,386
17	Public Appointments Service	16,749	18,035	1,681	-
18	National Shared Service Office	56,562	41,319	3,175	7,532
19	Office of the Ombudsman	10,843	10,049	-	-
20	Garda Síochána	1,851,453	1,747,742	171,214	118,302
21	Prison Service	369,028	349,338	32,036	30,316
22	Courts Service	65,813	69,474	59,783	56,393
23	Property Registration Authority	31,195	30,113	183	477
24	Justice	363,353	324,528	29,523	51,220
25	Irish Human Rights and Equality Commission	7,420	6,570	-	18
26	Education	8,647,605	7,897,478	1,119,204	987,807
27	International Co-operation	631,664	570,451	615	678
28	Foreign Affairs	300,442	209,882	16,609	6,042
29	Environment, Climate and Communications	1,734,112	119,420	564,116	554,795

STATEMENT 1.3

Issues For Voted Expenditure - Current and Capital - Continued¹					
Vote No.	Service	Current		Capital	
		2022 €000	2021 €000	2022 €000	2021 €000
30	Agriculture, Food and the Marine	1,125,739	1,088,738	303,529	298,274
31	Transport	951,410	927,633	2,543,719	2,477,689
32	Enterprise, Trade and Employment	260,951	261,005	517,948	690,036
33	Tourism, Culture, Arts, Gaeltacht, Sport and Media	794,827	711,314	192,805	151,747
34	Housing, Local Government and Heritage	2,598,502	2,841,560	2,946,483	2,382,446
35	Army Pensions	273,055	255,226	-	-
36	Defence	648,234	625,589	141,700	141,700
37	Social Protection	12,416,155	17,693,214	14,279	14,284
38	Health	21,931,884	20,272,560	1,156,283	1,040,014
39	Office of Government Procurement	17,549	16,552	245	265
40	Children, Equality, Disability, Integration and Youth	2,634,691	1,755,982	65,268	29,658
41	Policing Authority	3,324	2,867	-	-
42	Rural and Community Development	181,703	130,561	149,505	133,764
43	Office of the Government Chief Information Officer	20,820	19,170	21,957	3,580
44	Data Protection Commission	16,805	14,439	-	-
45	Further and Higher Education, Research, Innovation and Science	2,669,356	2,407,970	541,355	488,088
Total Exchequer Issues - Voted Current & Capital Expenditure		61,974,062	61,691,291	10,865,822	9,887,721

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.

	2022	2021
	€000	€000
Annuities, Pensions, etc. of former Constitutional, Ministerial and Judicial Office-holders ¹	21,731	17,729
Salaries and Allowances for Constitutional Office-holders ²	855	844
Judicial Salaries ³	33,282	30,886
Total	55,868	49,459

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, Cathaoirligh of the Seanad, Leaschathaoirligh 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

	Current	
	2022	2021
	€000	€000
To European Union Budget		
Customs Duties ¹	482,219	389,951
VAT related payments ²	323,101	286,428
GNI (Gross National Income) related payments ²	2,555,365	2,684,386
Plastic based contributions ³	196,736	145,763
Total	3,557,421	3,506,528

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 2022, the net effect of the agreements was to increase Ireland's European Budget customs duties payments by approximately €92 million (€155 million in 2021). In 2021, Ireland made a payment of the estimated loss of Irish TOR €30,367,070 in relation to imports of undervalued textiles and footwear from the Peoples Republic of China. In 2023, following an ECJ judgement in the C-213/19 Commission vs UK, the Commission has applied the same parameters for all Member States as indicated by the CJEU and as implemented by the Commission regarding the UK. For Ireland this results in a deduction from a traditional own resources payment of €9,773,845 in 2023.

b) The Custom Duties also include the following elements; The Commission's Directorate-General for Trade identified three possible customs debts in 2021 relating to declarations for the years 2016 and 2017 against three companies as a result of suspected misclassification amounting to a total net of collection costs (20%) of €3,000 incurring late payment interest of €1,000.

² a) In 2022, Ireland's VAT-based payments amounted to c. €323 million, an increase of c. €37 million compared to the c. €286 million paid in 2021. This figure relates to a larger VAT base in 2022, as compared with 2021.

b) Ireland's GNI payment amounted to c. €2,555 million in 2022, a decrease of c. €129 million on the c. €2,684 million paid in 2021. This decrease is in part due to the implementation of the new 2021-2027 Multiannual Financial Framework in 2021. 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 Denmark, Germany, Netherlands, Austria, Sweden Rebate. The 2022 GNI figure includes an adjustment of €22.5 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 Ireland'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

	2022	2021
	€000	€000
Houses of the Oireachtas Commission (Amendment) Act 2015	137,195	132,694
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	7,992	7,613
Payments to qualified parties under Section 17 of Electoral Act, 1997	5,920	5,837
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	955	895
Returning Officers' Expenses under the Electoral/Referendum Acts, 1992 - 2015 ²	2,266	1,986
Reimbursement of candidates' election expenses under the Electoral Act, 1997	80	1,701
Election Postal Charges	-	1,499
Payments to International Development Association ³	28,160	24,660
Asian Development Fund ⁴	3,142	3,978
African Development Fund ⁵	8,128	8,128
Council of Europe Development Bank	17	17
Bretton Woods Amendment Act ⁶	6,552	-
Central Fund Liabilities for pension costs of former Civil Servants in commercial state companies ⁷	88,495	95,479

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

² Returning Officer expenses for 2022 were €2.266m as a result of the Trinity Seanad Bye Election, this includes An Post postal charges of €1.429m.

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 A refund of the Central Bank of Ireland's share of IMF managed accounts.

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

	2022	2021
	€000	€000
Pension Insolvency Payments Scheme (PIPS) ⁸	4,826	4,957
Payments to Department of Social Protection under Section 48B of the Pensions Act, 1990 ⁹	6,708	6,910
Securities Market Programme Payment ¹⁰	10,870	16,450
Irish Fiscal Advisory Council	730	648
Total	312,036	313,452

⁸ The Pension Insolvency Payment Scheme (PIPS) was introduced on 1st February, 2010 to assist the former employees of companies that became insolvent and where their defined benefits pension scheme was in deficit. Under PIPS, the trustees of a defined benefit scheme can pay a sum to the Exchequer to recover the cost of paying the pensions of retired members instead of buying annuities. The balance of scheme funds then reverts to deferred members. The Exchequer has been able to provide pensions at a lower cost than would a commercial enterprise. In that way PIPS reduces the pensions shortfall facing ex-employees while being cost neutral to the Exchequer.

⁹ 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 2022.

¹⁰ Payments made under the Central Bank Act, 2014 in relation to the Securities Market Programme (SMP) measure for Greece.

STATEMENT 1.7

Capital: Loan Transactions

Body/Fund	Outstanding at 31 December 2022 €000	Loans Issued 2022 €000	Loans Repaid 2022 €000	Outstanding at 31 December 2021 €000
Department of Agriculture, Food and the Marine				
European Agricultural Guarantee Fund	670,000	670,000	655,000	655,000
Department of Finance				
EU Stability Support to Greece	309,696	-	13,029	322,725
Insurance Compensation Fund ¹	159,794	-	184,900	344,694
Advances to PMG Supply Account under the Appropriation Act 2022	-	-	241,156	241,156
Advances to An Post	30,000	-	-	30,000
Advances to Uisce Éireann ²	613,499	111,880	-	501,619
Department of Social Protection				
Social Insurance Fund ³	-	2,380,000	2,380,000	-
Department of Transport				
Coras Iompair Éireann ⁴	12,511	-	-	12,511
Total	1,795,500	3,161,880	3,474,085	2,107,705

¹ The amount of interest accrued at 31 December 2022 is €220 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 Uisce Éireann from the Minister for Finance was implemented in June 2020. The purpose of this loan was to repay Uisce Éireann'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 Uisce Éireann 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 Ostlanna 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 2022 €000	Shareholding acquired 2022 €000	Shareholding disposed 2022 €000	Shareholding at 31 December 2021 €000
Agriculture, Food and the Marine				
Coillte CGA	795,060	-	-	795,060
Irish National Stud Company Ltd ¹	20,000	6,231	-	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
Uisce Éireann ²	324,000	-	-	324,000

¹ In December 2022 the Department of Agriculture Food and the Marine purchased 4.9m shares in Irish National Stud Company for €6.2m. The holdings were registered in Jan 2023 in the name of the Minister for Public Expenditure, NDP Delivery and Reform.

² On Uisce Éireann'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 2022, the par value of the Minister for Finance's shareholding in Uisce Éireann was €3.25 (325 "B" shares X €0.01 par value). The Minister for Finance's shareholding ceased on 1 January 2023 Pursuant to the Water Services (Amendment) Act 2022 (the "Act"), on 1 January 2023 Uisce Éireann was separated from Ervia to become a standalone State company and, as part of this separation, the Ministerial shareholding arrangements in Uisce Éireann were amended. Pursuant to section 6 of the Act, the shares in Uisce Éireann issued to Ervia, the Minister for Housing, Local Government and Heritage, and the Minister for Finance were cancelled and Uisce Éireann ceased to be a subsidiary of Ervia. In accordance with the Act, no consideration was payable in respect of the cancellation of these shares. At the same time, new shares in Uisce Éireann were issued to the Minister for Public Expenditure, NDP Delivery and Reform and the Minister for Housing, Local Government and Heritage, meaning that Uisce Éireann is now wholly owned by those two Ministers. The Minister for Finance no longer holds any shares in Uisce Éireann.

STATEMENT 1.8(A)

Capital: Share Capital acquired in Irish Companies - Continued

Department/Body	Shareholding at 31 December 2022 €000	Shareholding acquired 2022 €000	Shareholding disposed 2022 €000	Shareholding at 31 December 2021 €000
Finance				
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank – in liquidation) ³	4,123,064	-	-	4,123,064
Permanent TSB Group ⁴	2,161,498	-	-	2,161,498
Strategic Banking Corporation of Ireland (SBCI) ⁵	85,000	-	-	85,000
Home Building Finance Ireland (HBFI) ⁶	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
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	7,962,535	6,231	-	7,956,304

³ 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 16th September 2022 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.

⁴ 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 2022 was €0.616 billion. Due to a share issuance in 2022 the State's holding has reduced by 12.5% from 74% to 62.4%.

⁵ 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.

⁶ 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.

STATEMENT 1.8(B)

Capital: Investments in International Bodies under International Agreements

	Shareholding at 31 December 2022 ¹ €000	Cost of Shares Acquired 2022 €000	Disposal of Shares 2022 €000	Shareholding at 31 December 2021 ¹ €000
International Bank for Reconstruction and Development ²	70,587	5,085	-	62,064
International Finance Corporation Act, 1958 ³	19,110	4,166	-	14,272
European Bank for Reconstruction and Development ⁴	18,780	-	-	18,780
European Investment Bank	146,220	-	-	146,404
International Common Fund for Commodities ⁴	529	-	-	529
Multilateral Investment Guarantee Agency ⁴	877	-	-	826
European Financial Stability Facility ⁴	453	-	-	453
European Stability Mechanism	1,270,800	-	-	1,270,800
Council of Europe Development Bank ⁵	15,261	-	-	15,261
Asian Development Bank ⁶	22,595	-	-	22,367
Asian Infrastructure Investment Bank ⁷	24,657	-	-	23,220
African Development Bank ⁸	91,048	11,256	-	88,678
Total	1,680,917	20,507	-	1,663,654

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 In June 2019, the Minister for Finance agreed to take up 847 shares allocated to Ireland under IBRD's 2018 SCI and GCI. This will amount to a paid-in capital contribution to the IBRD of US\$24,973,857.70 payable over 5 years - US\$1,226,134 per annum for the SCI and US\$3,768,637 per annum for the GCI.

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 2022. Any changes in value relate to exchange rate fluctuations.

⁵ 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

⁶ In June 2011, Ireland agreed to participate in the Fifth General Capital Increase of the Asian Development Bank (ADB) at a cost of approximately €8.3m 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.

⁷ Ireland became a member of the Asian Infrastructure 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.

⁸ 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. In July of 2020, Ireland took up the full shareholding allocated to it under the African Development Bank's Capital Increase GCI- VII (3949 paid in shares). In June 2022, the AfDB approved Ireland's request to subscribe for 317 additional shares in the Bank, at the cost of €236,193 with the first instalment of €118,096 paid in October 2022.

STATEMENT 1.9

Capital: Receipts from the European Union		
	2022	2021
	€000	€000
European Regional Development Fund	-	283,397
Brexit Reserve ¹	276,670	361,659
Total	276,670	645,056

¹ 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 allocation methodology for each member state's share of the BAR was determined by three main factors:

- (i) the value of fish caught in the UK exclusive economic zone,
- (ii) the importance of trade with the UK, and
- (iii) a factor linked to the population of maritime border regions with the UK.

The BAR regulation came into effect on 11th October 2021, with Ireland's first payment received on the 15th December 2021 for €362 million and the second payment received on the 2nd of May 2022 for €277 million. The final disbursement of €164 million of this pre-financing was received in April 2023 bringing the total pre-financing to €803 million. The amount received in April 2023 (€164 million) was originally scheduled to be €282 million however this amount was reduced by €118 million which then formed part of a further €150 million to be transferred to the recovery and resilience plan in line with a legislative change at EU level (2021/1803) which enabled Member States to transfer some of their BAR allocation over to the recovery and resilience plan.

STATEMENT 1.10

Capital: Other Non-Voted Expenditure

	2022	2021
	€000	€000
Payments under other Acts		
European Guarantee Fund	43	7
Carbon Fund Act, 2007	-	1,247
5 th EU AML Directive ¹	181	-
National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019 ²	2,000,000	
Total	2,000,224	1,254

¹ Costs pertain to the development of a register of beneficial ownership of bank accounts and safe deposit boxes as required by 5AMLD.

² Budget 2023 provided for a total transfer to the 'National Reserve Fund' in 2022 of €2 billion and in 2023 of €4 billion split between the regular €500 million transfer as provided for under the 2019 Act in both years, and an additional €1.5bn in 2022 and €3.5bn in 2023.

STATEMENT 1.11

Guaranteed Liabilities

At 31 December 2022 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 €7.217 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 2022 €000	Changes in Guaranteed Liabilities in 2022 €000	Amounts Outstanding at 31 December 2021 €000
Finance			
ACP-EEC Convention of Lomé (contracts of Guarantee between State and European Investment Bank) Act, 1976 ¹	9,363	1,167	8,196
Strategic Banking Corporation of Ireland ²	111,429	(75,238)	186,667
European Guarantee Fund ³	164,731	-	164,731
Enterprise, Trade and Employment			
Credit Guarantee Act, 2012 ⁴	410,442	14,585	395,857
Housing, Local Government and Heritage			
Housing Finance Agency plc. ⁵	6,518,955	302,318	6,216,637
Transport			
Package Travel Directive ⁶	2,349	(7,068)	9,417
Total	7,217,269	235,764	6,981,505

¹ The amount of €9.36 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%. 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 €410 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 2022. The maximum exposure on claims against Live Lending was €157,918 under CGS 2012-15, €545,557 under CGS 2017 and €409,739,365 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 was €2 billion. The Covid-19 CGS scheme closed on 30th June 2022.

⁵ At 31 December 2022, the NTMA held €3.01 billion (2021: €1.665 billion) of Housing Finance Agency guaranteed notes. These balances are included in the National Debt financial statements (see note 12).

⁶ The amount of €2.3 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 2022

STATEMENT 2.1 - NATIONAL DEBT OF IRELAND

Service of National Debt	Year Ended 31 December 2022		
	Note	2022 €m	2021 €m
Net Interest Paid on Gross National Debt	3	3,589	3,482
Net Interest Paid on Cash and Other Financial Assets	4	112	112
Fees and Operating Expenses	5	140	151
Total Debt Service Cost		3,841	3,745

STATEMENT 2.2 - NATIONAL DEBT OF IRELAND

National Debt Statement

Year Ended 31 December 2022

	Note	2022 €m	2021 €m
Medium/Long Term Debt			
Irish Government Bonds	6	146,565	154,105
EU Programme Loans	7	40,911	40,911
Other Medium/Long Term Debt	8	<u>7,850</u>	<u>7,653</u>
		195,326	202,669
Short Term Debt			
Short Term Paper	9	9,910	9,766
Borrowings from Ministerial Funds	10	<u>5,991</u>	<u>5,099</u>
		15,901	14,865
State Savings Schemes			
State Savings Products	11	<u>20,009</u>	<u>19,643</u>
Gross National Debt		231,236	237,177
Cash at Central Bank of Ireland	12.1	(23,306)	(27,474)
Other Financial Assets	12.2	<u>(3,045)</u>	<u>(1,675)</u>
Net National Debt	13	<u>204,885</u>	<u>208,028</u>

STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

National Debt Cash Flow Statement		Year ended 31 December 2022	
	Note	2022 €m	2021 €m
Movement in Exchequer Cash Balances:			
Balance at 1 January	12.1	27,474	17,362
(Increase)/Decrease in Other Financial Assets	12.2	(1,370)	163
Net (Repayment)/Borrowing of Debt (see below)		<u>(7,783)</u>	<u>17,321</u>
Exchequer Surplus/(Deficit)		18,321	34,846
		4,985	(7,372)
Balance at 31 December	12.1	<u>23,306</u>	<u>27,474</u>
Net Borrowing / (Repayment) of Debt		2022 Net¹	2021 Net
		€m	€m
Medium/Long Term Debt			
Irish Government Bonds	6	(9,403)	16,902
EU and UK Bilateral Loans	7	-	(505)
Other Medium/Long Term Debt	8	197	3,573
Short Term Debt			
Short Term Paper	9	165	(4,235)
Borrowings from Ministerial Funds	10	892	771
State Savings Schemes			
State Savings Products	11	366	815
Net (Repayment)/Borrowing of Debt		<u>(7,783)</u>	<u>17,321</u>

¹ The amounts represent the net repayment or borrowing 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 (which reflect only the principal amount of the debt) may not agree to the net repayment or borrowing of debt outlined above.

STATEMENT 2.4 - NATIONAL DEBT OF IRELAND

Statement of Movement in Net National Debt		Year ended 31 December 2022	
	Note	2022 €m	2021 €m
Net National Debt at 1 January	13.3	208,028	200,282
(Decrease)/Increase in Net National Debt		(3,143)	7,746
Net National Debt at 31 December	13.3	<u>204,885</u>	<u>208,028</u>
(Decrease)/Increase in Net National Debt represented by:			
Exchequer (Surplus)/Deficit		(4,985)	7,372
Effect of Foreign Exchange Rate Movements		(22)	(26)
Adjustment for Inflation Linked Bonds		99	51
Net Discount on Medium/Long Term Debt		1	6
Net Discount/(Premium) on Bond Issuances		294	(931)
Loss on Cancellations		<u>1,470</u>	<u>1,274</u>
		<u>(3,143)</u>	<u>7,746</u>

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements

1. Background

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

National debt is defined by Section 1 of the Act as the debt outstanding for the time being of the Exchequer. For the purpose of the financial statements, this is Gross National Debt 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 (“CBI”), 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 2022, 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 Net National Debt. For liabilities where the redeemable par value is linked to inflation, the increase or reduction to the liability due to movements in inflation is accounted for through the Statement of Movement in Net National Debt.

2.3 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

	2022	2021
	€m	€m
Interest Paid on Medium/Long Term Debt		
Irish Government Bonds	2,505	2,446
EU and UK Bilateral Loans	659	764
Schuldscheine Loans	35	35
Medium/Long Term Notes	34	24
European Investment Bank	19	18
Derivatives hedging Medium/Long Term Debt	8	38
SURE Loan	6	-
Council of Europe Development Bank	1	1
	<u>3,267</u>	<u>3,326</u>
Interest Paid/(Received) on Short Term Debt		
Ways & Means: Post Office Savings Bank Fund ¹	146	-
Euro Commercial Paper	21	(4)
Exchequer Notes	4	(1)
Central Treasury Notes	1	-
Irish Treasury Bills	(13)	(25)
	<u>159</u>	<u>(30)</u>
Interest Paid on State Savings Schemes		
10 Year National Solidarity Bonds	78	68
Savings Certificates	49	83
Prizes in respect of Prize Bonds	16	16
Savings Bonds	9	10
4 Year National Solidarity Bonds	6	4
Instalment Savings	5	5
	<u>163</u>	<u>186</u>
Total Net Interest Paid on Gross National Debt	<u><u>3,589</u></u>	<u><u>3,482</u></u>

4. Net Interest Paid on Cash and Other Financial Assets

	2022	2021
	€m	€m
Interest Paid on Cash at Central Bank of Ireland	128	122
Interest Received on Other Financial Assets	(16)	(10)
	<u>112</u>	<u>112</u>

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

¹ In 2022, the Post Office Savings Bank Fund charged interest on the Ways & Means advances to the Exchequer.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

5. Fees and Operating Expenses	2022	2021
	€m	€m
EU and UK Bilateral Loans	28	39
Prize Bonds	14	13
Government Bonds and Other Expenses	8	23
Savings Certificates	8	9
10 Year National Solidarity Bonds	7	6
Savings Bonds	3	3
4 Year National Solidarity Bonds	2	2
Instalment Savings	1	1
	<u>71</u>	<u>96</u>
Agency Operating Expenses ¹	69	55
	<u>140</u>	<u>151</u>

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

6. Irish Government Bonds	2022	2021
	€m	€m
Conventional Bonds		
Fixed Rate Bonds	142,489	147,111
Floating Rate Bonds	2,534	5,534
Amortising Bonds	380	397
	<u>145,403</u>	<u>153,042</u>
Inflation Linked Bonds	<u>1,162</u>	<u>1,063</u>
Total Irish Government Bonds	<u>146,565</u>	<u>154,105</u>

Fixed Rate Bonds:

The net year-on-year reduction in fixed rate bonds of €4.6 billion comprises of bond issuance of €7.1 billion (excluding repurchase agreements) offset by redemptions of €11.8 billion. 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. New issuance under the framework for 2022 was €Nil (2021: €0.8 billion). Since year-end 2022, the Agency has raised €3.5 billion through the syndicated sale of a new 20-year ISGB maturing in October 2043.

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 2022, the Agency bought back and cancelled €3.0 billion (2021: €2.0 billion) of the Floating Rate Bonds from the CBI at a premium of €1.47 billion (2021: €1.27 billion). The premium paid to buy back these bonds reflects the change in their fair value since they were issued in 2013. The outstanding nominal balance of the Floating Rate Bonds therefore reduced to €2.53 billion at year-end 2022 (2021: €5.53 billion).

Since year-end 2022, the Agency bought and cancelled a further €1.0 billion of the Floating Rate Bonds.

¹ 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)

Inflation Linked Bonds:

Year-on-year movement on the Inflation Linked Bonds is as a result of the increase in the redeemable par value of the bonds in issue due to movements in inflation in the period.

7. EU Programme 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 are as follows:

Lender	2022	Weighted Average Residual Maturity	2021	Weighted Average Residual Maturity
	€m	Years	€m	Years
European Financial Stability Facility	18,411	10.1	18,411	11.1
European Financial Stabilisation Mechanism	22,500	7.9	22,500	8.9
Total	40,911		40,911	

8. Other Medium/Long Term Loans

	2022	2021
	€m	€m
Medium/Long Term Notes	3,071	2,871
EU SURE Loan	2,473	2,473
European Investment Bank	1,665	1,665
Schuldscheine Loans	602	602
Council of Europe Development Bank	34	37
Other Medium/Long Term Loans	5	5
	7,850	7,653

9. Short Term Paper

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

	2022	2021
	€m	€m
Exchequer Notes	7,521	3,916
Central Treasury Notes	2,389	984
Irish Treasury Bills	-	3,009
European Commercial Paper Programme	-	1,857
	9,910	9,766

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.

	2022	2021
	€m	€m
Post Office Savings Bank Fund	3,888	3,075
Surplus Public Expenditures Monies Account (note 17)	2,103	2,024
	5,991	5,099

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

11. State Savings Schemes	2022	2021
	€m	€m
Savings Certificates	5,903	6,087
10 Year National Solidarity Bonds	4,859	4,722
Prize Bonds	4,693	4,440
Savings Bonds	2,417	2,383
4 Year National Solidarity Bonds	1,586	1,466
Instalment Savings	549	543
Savings Stamps	2	2
	<u>20,009</u>	<u>19,643</u>

Amounts shown in respect of Savings Certificates, Instalment Savings, Savings Bonds, Solidarity Bonds and Prize Bonds include €3 million (2021 €1 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 €349 million (2021: €284 million), being the estimate of the amount of accrued interest at year end 2022 in respect of Savings Bonds, Savings Certificates, 10 Year National Solidarity Bonds, 4 Year National Solidarity Bonds and Instalment Savings.

12. Cash and Other Financial Assets

	2022	2021
	€m	€m
12.1 Exchequer Cash Balances at the Central Bank of Ireland		
Exchequer Account and CSRA ¹	<u>23,306</u>	<u>27,474</u>
12.2 Other Financial Assets		
Housing Finance Agency Guaranteed Notes	3,010	1,665
Treasury Bills	25	-
SBCI Guaranteed Notes	<u>10</u>	<u>10</u>
	3,045	1,675

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

Treasury Bills represent investments in European Treasury Bills issued by other debt agencies.

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 2022, €20.1 billion (2021:€16.1 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 2022 was Nil (2021:Nil). The Agency held no other foreign currency cash balances.

¹ The Balance held in the CSRA was €204k at year end 2022 (2021: €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 National Debt portfolio, makes the management of risk a central and critical element of the Agency's business. The principal categories of risk arising from the Agency's National Debt activities are liquidity, market, counterparty credit and operational risk.

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. 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	
	2022	2021
	€m	€m
Debt Instruments		
Euro	231,236	235,320
US Dollar	-	1,894
AUS Dollar	-	73
	<u>231,236</u>	<u>237,287</u>
Foreign Currency and Swap Contract		
Euro	-	1,861
US Dollar	-	(1,898)
AUS Dollar	-	(73)
	-	<u>(110)</u>
Gross National Debt	<u>231,236</u>	<u>237,177</u>
Cash and other financial assets		
Euro	<u>(26,351)</u>	<u>(29,149)</u>
Net National Debt	<u>204,885</u>	<u>208,028</u>

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements – Continued

13. Risk Management - continued

13.3 Net National Debt – Maturity Profile

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

2022 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	7,207	38,500	57,004	43,854	146,565
EU Programme Loans	2,000	6,200	17,364	15,347	40,911
Other Medium & Long Term Debt	8	1,801	1,048	4,993	7,850
Short Term Debt ¹	14,636	1,265	-	-	15,901
State Savings ²	8,786	8,526	2,695	2	20,009
Gross National Debt	32,637	56,292	78,111	64,196	231,236
Cash at Central Bank of Ireland	(23,306)	-	-	-	(23,306)
Other Financial Assets	(25)	(225)	(620)	(2,175)	(3,045)
Cash and Other Financial Assets	(23,331)	(225)	(620)	(2,175)	(26,351)
Net National Debt	9,306	56,067	77,491	62,021	204,885
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 Programme 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 ¹	13,600	1,265	-	-	14,865
State Savings ²	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

¹ €1.3 billion 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.

² State savings maturities are based on contracted maturity information provided by An Post for year-end 2022.

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 Gross 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.

	2022		2021	
	Nominal €m	Fair Value €m	Nominal €m	Fair Value €m
Interest Rate Swaps	236	2	472	(12)
Currency Swaps and Foreign Exchange Contracts	-	-	1,971	102
	236	2	2,443	90

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 and to IBRC (in liquidation). Accordingly it may enter into derivative transactions with NAMA and IBRC. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of foreign exchange rate contracts transacted with IBRC outstanding at year-end 2022 was €0.06 billion (2021: €0.09 billion). There were no such derivative transactions outstanding at the end of 2021 or 2022 with NAMA.

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.

	2022	2021
	€m	€m
Balance at 1 January	96	-
Cash Collateral received from counterparties	656	648
Cash Collateral paid to counterparties	(742)	(300)
	<u>10</u>	<u>348</u>
Net Exchequer Funding during the Year	-	(252)
Balance at 31 December	<u><u>10</u></u>	<u><u>96</u></u>

Note:	2022	2021
	€m	€m
Exchequer Funding at 31 December (note 12)	-	-
Net Collateral Posted to Counterparties at 31 December	-	-

The collateral account at the CBI had a surplus balance at €10 million at year end. 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 and IBRC. At year-end 2022, IBRC had posted collateral of €10 million (2021: €13 million) to the Agency as part of this agreement. There was no collateral posted by NAMA at the end of 2021 or 2022.

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 NAMA (in accordance with sections 52 and 235 of the National Asset Management Agency Act, 2009 and Statutory Instrument No. 203/2010) and 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

	2022 €m	2021 €m
Balance at 1 January	-	-
Receipts		
Derivative Transactions	756	608
Interest on Cash and Other Financial Assets	16	10
	<u>772</u>	<u>618</u>
Payments		
Derivative Transactions	(756)	(608)
Interest on Net National Debt	(1)	(1)
Transfer to Exchequer Account	(15)	(9)
	<u>(772)</u>	<u>(618)</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 2022 €m	Net 2021 €m
NAMA Related Derivatives	2	(2)	-	-
IBRC Related Derivatives	754	(754)	-	-
	<u>756</u>	<u>(756)</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.

2022	National Loans Advance Interest Account €m	National Loans (Winding Up) Account €m	Unclaimed Dividends Account €m
Balance at 1 January	30	3	3
Receipts	20	-	-
Payments	(40)	-	-
Balance at 31 December	10	3	3

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

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 Net National Debt (note 12).

Surplus Public Expenditure Monies Account	2022	2021
	€m	€m
Balance at 1 January	2,024	1,723
Receipts	28,238	20,581
Payments	(28,159)	(20,280)
Balance at 31 December (note 10)	2,103	2,024

18. Events after the end of reporting period

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

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

19. Approval of Financial Statements

The financial statements were approved by the Agency on 4 May 2023.

PART THREE
FINANCIAL STATEMENTS OF THE SUNDRY MONEYS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

**Statement 3.1 Statement of receipts and payments and closing balance for the
year ended 31 December 2022**

	2022	2021
	€'000	€'000
Amounts received	548,101	601,765
Payments		
To the Central Fund	(508,305)	(691,124)
To other accounts	(164)	(233)
Movement on account in year	39,632	(89,592)
Balance at 1 January	155,568	245,160
Balance at 31 December	195,200	155,568

Notes To The Financial Statements

1. Accounting Policies

The Sundry Moneys Account records the transactions and balances of sundry amounts held for a period before their transfer to the Central Fund, or such other account as appropriate, pending instruction from various sections in the Department of Public Expenditure NDP Delivery and Reform and the Department of Finance or from external Institutions. The Account is presented on a cash basis.

2. Analysis of closing balance

	Balance at 31.12.2022	Balance at 31.12.2021
	€'000	€'000
Amounts received in prior years	2,890	544
Amounts received in Quarter 1	5,051	909
Amounts received in Quarter 2	57,198	381
Amounts received in Quarter 3	18,519	186
Amounts received in Quarter 4	111,542	153,548
Closing Balance	195,200	155,568

3. Analysis of material transactions in account in year ¹

	Balance at 31.12.2022	Payments to other accounts in 2022	Payments to the Central Fund in 2022	Amounts received in 2022	Balance at 31.12.2021
	€000	€000	€000	€000	€000
Children, Equality, Disability, Integration and Youth	11,317	-	8,347	11,306	8,358
Commission for Communications Regulation	23,392	-	-	23,392	-
Courts Service	8,594	-	547	8,594	547
Data Protection Commission	18,404	-	-	17,529	875
Education	684	-	-	-	684
Eirgrid	4,000	-	-	4,000	-
Enterprise, Trade and Employment	1,804	-	100,110	1,688	100,226
Environment, Climate and Communications	46,592	-	249,625	260,360	35,857
ESB	-	-	121,687	121,687	-
European Commission	68,955	-	13,029	77,641	4,343
Finance	522	-	-	448	74
Further and Higher Education, Research, Innovation and Science	3,040	-	2,002	3,040	2,002
Garda Siochana	5,350	-	-	5,350	-
Horse Racing Ireland	-	-	1,000	-	1,000
Houses of the Oireachtas Commission	84	164	518	714	52
Housing, Local Government and Heritage	565	-	286	565	286
Office of the Revenue Commissioners	37	-	1,374	1,301	110
Transport	-	-	9,746	9,746	-
Other	1,860	-	34	740	1,154
Closing Balance	195,200	164	508,305	548,101	155,568

¹ Payments in excess of €500,000 are presented.

4. Balance at 31 December

The balance at the Sundry Moneys Account at 31 December was held in the PMG Supply Account at Danske Bank.