

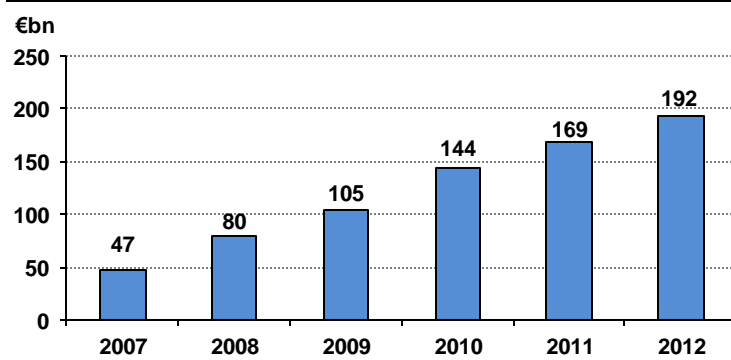
## 2 Government Debt

- 2.1 Revenues from taxation and other charges represent the primary source of State funding. The State also engages in a range of borrowing activities to supplement this funding. This report outlines the trend and composition of the debt funding and the cost of debt service. It also outlines developments in relation to Ireland's return to the sovereign debt market.

### General Government Debt

- 2.2 The most comprehensive measure of government debt is General Government Debt (GGDebt), an internationally standardised measure of debt which all EU countries are legally obliged to use for their twice-yearly reporting of government deficit and debt under the Maastricht Treaty. The GGDebt is defined by EU regulations as the total gross debt at nominal value outstanding at the end of the year of the consolidated general government sector — that is, the total gross debt owed by all government bodies to third parties outside government.<sup>1</sup> Debt that one government body owes another does not count towards the GGDebt.
- 2.3 In Ireland, the general government sector includes most public sector bodies, but not the publicly owned banks, NAMA Investment Ltd, and those commercially-operated State companies which cover a majority of their operating costs through sales. The composition of the GGDebt is set out in Figure A1 in Annex A.
- 2.4 The GGDebt stood at approximately €192 billion at the end of 2012 — an increase of almost 14% since 2011. The significant upward trend in GGDebt since 2007 is set out in Figure 2.1.

**Figure 2.1 Trend in General Government Debt, 2007 to 2012<sup>a</sup>**



Source: Annex A, Figure A1

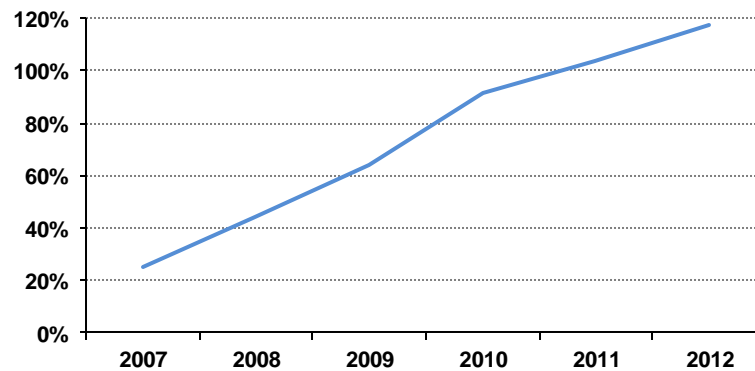
Note: a The GGDebt calculation is a statistical process. Consequently, amounts are subject to revision.

<sup>1</sup> Specifically, GGDebt is defined as the consolidated liabilities of the general government sector in the following European System of Accounts 1995 (ESA95) categories: currency and deposits; securities other than shares excluding financial derivatives; and loans.

## GGDebt as a proportion of GDP

- 2.5 The ratio of GGDebt to gross domestic product (GDP) is a standard sustainability measure applied for the purposes of comparison across the EU. The GGDebt as a proportion of GDP rose from 25% in 2007 to 117% of GDP in 2012 (see Figure 2.2).

**Figure 2.2 GGDebt as a proportion of GDP, 2007 to 2012**



Source: Annex A, Figure A2

- 2.6 The overall government debt to GDP of the Euro area (EA17) was 91% at end 2012. The GGDebt for EU27 area was 85%.<sup>1</sup> At the end of 2012, the lowest ratios of government debt to GDP were recorded in Estonia (10%), Bulgaria (19%) and Luxembourg (21%). Just six member states recorded an improvement in their government debt relative to GDP in 2012.<sup>2</sup>

## Gross National Debt

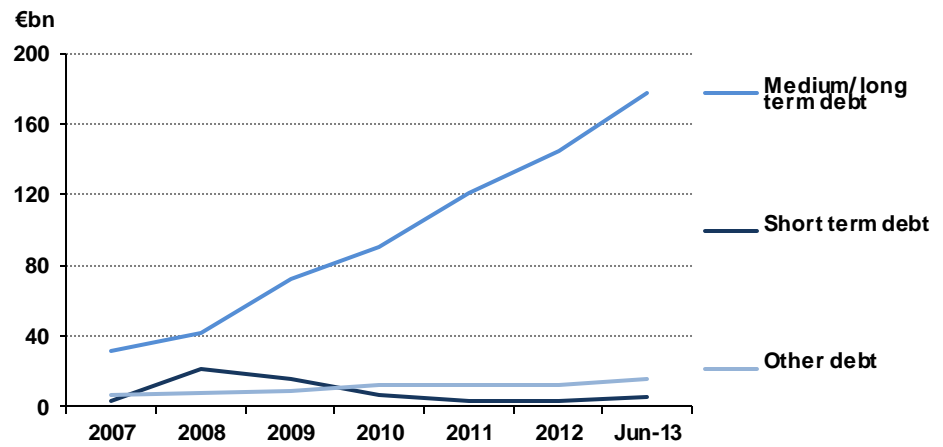
- 2.7 The largest component of the GGDebt is the gross national debt, which is debt arising from borrowings of the Exchequer, undertaken by the National Treasury Management Agency (the Agency). This stood at €161.5 billion at the end of 2012. From end 2012 to end June 2013, this increased by a further 24% to €199.7 billion.<sup>3</sup>
- 2.8 Figure 2.3 illustrates the trends in the major components of gross national debt from 2007 to end June 2013.

<sup>1</sup> The EU27 represents all member States in the EU including those that have not adopted the Euro currency. There are now 28 countries in the EU since Croatia joined in July 2013. See Annex A, Figure A3.

<sup>2</sup> Denmark, Greece, Latvia, Poland, Hungary and Sweden.

<sup>3</sup> End June 2013 figures have not been audited.

**Figure 2.3 Gross National Debt at redeemable par values, 2007 to 2012 (year-end) and at end June 2013**

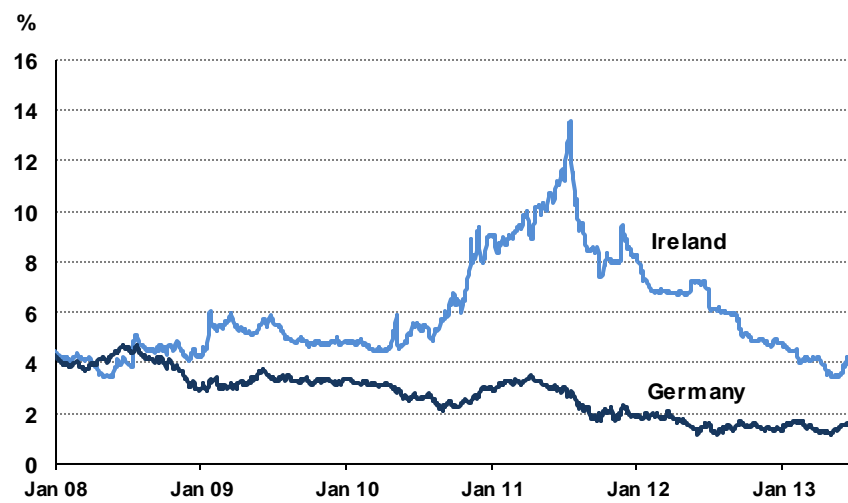


Source: Annex A, Figure A4

**Debt Market**

- 2.9 The yield on Irish government bonds is a key determinant of when Ireland can borrow in the market.<sup>1</sup> The yield on Irish debt compared to those of Germany, began to diverge substantially from mid-2010 (see Figure 2.4). As a result, from September 2010 to July 2012, the Agency did not actively seek new funding in the bond markets.
- 2.10 In July 2012, the Agency returned to the short-term debt market with an auction of three-month treasury bills. The Agency held a total of eleven such auctions by end July 2013, issuing €500 million by competitive auction on each occasion. The annualised yield at the first auction in 2012 was 1.8% and had reduced to 0.2% by the July 2013 auction.

**Figure 2.4 Irish and German ten-year bond yields, 2008 to June 2013**



Source: National Treasury Management Agency (Bloomberg and NTMA calculations)

Note: Where a ten year Irish bond yield is not available, a synthetic yield is derived from yields on other Irish government bonds for that period.

<sup>1</sup> The yield is the return investors will receive for holding the bonds.

- 2.11** During 2012, the Agency also re-entered the bond market. Details of developments are outlined below.

### ***Medium and Long Term Debt***

- 2.12** Medium and long-term debt at end June 2013 accounted for 89% of the gross national debt. It comprised mainly borrowings in the form of government bonds<sup>1</sup> (€115.5 billion) and loans under the EU-IMF Programme of Financial Support for Ireland which was agreed in late 2010 (€61.6 billion).<sup>2</sup>

### ***Fixed Rate Bonds***

- 2.13** Since market re-entry the following bond sales have taken place
- €2.894 billion (nominal value) of a new 5.5% treasury bond maturing in 2017 sold at a yield of 5.9% on 26 July 2012
  - €1.299 billion (nominal value) of an existing 5% treasury bond maturing in 2020 sold at a yield of 6.1% on 26 July 2012
  - €2.5 billion (nominal value) of a 5.5% treasury bond maturing in 2017 sold at a yield of 3.316% on 8 January 2013
  - €5 billion of a new 10-year bond maturing in 2023 sold at a yield of 4.15% on 13 March 2013.
- 2.14** In December 2012 and March 2013, the Agency cancelled a total of €1 billion of the 5% bond due to mature on 18 April 2013. In July 2013, it cancelled €750 million of the 4% bond due to mature on 15 January 2014.
- 2.15** During 2012, the Agency also offered investors the opportunity to exchange existing holdings of shorter—dated bonds into bonds with longer maturities. As a result, the maturity of €3.53 billion of bonds (due to mature in 2014) was extended by one year to 2015 and a further €1.04 billion of existing holdings of bonds (due to mature in 2013 and 2014) were exchanged for bonds with longer maturities (2017 and 2020).

<sup>1</sup> At end June 2013, government bonds comprised of fixed rate bonds, floating rate bonds and amortising bonds.

<sup>2</sup> The Government agreed, on 28 November 2010, to a three-year financial support programme from the International Monetary Fund (IMF), the European Commission and the European Central Bank (ECB).

<sup>3</sup> A tap issue is a bond issue announced one hour in advance on Bloomberg indicating the nature, price and size of the amortising bonds. The offer is usually available for only two hours.

### ***Amortising Bonds***

- 2.16** On 23 August 2012, the Agency issued a new product — amortising bonds via a 'tap' issue.<sup>3</sup> Amortising bonds make equal annual payments (comprising principal and interest) over their lifetime, and are designed to meet the needs of the pension industry. The average yield achieved was 5.91% and the final maturity terms were between 15 and 35 years. Of the government bonds in issue at end 2012, just over €1 billion related to amortising bonds. This rose to just over €1.2 billion by end June 2013.

### ***Impact of promissory note activity on national debt***

- 2.17** The level of government bonds in issue increased at end March 2012 when bonds were issued to meet a promissory note payment of €3.06 billion due to Irish Bank Resolution Corporation Limited (IBRC). As the market price of the bonds at the time was just over €88 per €100 nominal, the Agency issued bonds with a nominal value of €3.46 billion in order to meet the payment. The yield on the bonds and, therefore, the effective interest rate on the repayment of the €3.06 billion, was just over 6.8%.

- 2.18** The level of government bonds increased again in February 2013, as a result of the liquidation of IBRC.<sup>1</sup> The promissory notes held by the Central Bank of Ireland as collateral for lending to IBRC were replaced with government bonds on 8 February 2013. For this purpose, eight new floating rate bonds with a total value of €25.034 billion were issued by the Agency to the Central Bank of Ireland with maturities ranging from 25 to 40 years. The first of these bonds is due to mature in 2038 and the remaining bonds are due to mature every two years thereafter between 2041 and 2053. The bonds will pay interest every six months (June and December) based on the 6-month Euribor interest rate plus a fixed interest margin which averages 2.63% across the eight issues (between 2.50% and 2.68%).

#### *EU-IMF Programme of Financial Support*

- 2.19** Ireland's EU-IMF programme provides for total funding of €85 billion, made up of €17.5 billion from the State's own resources, and €67.5 billion from EU facilities, the IMF and bilateral loans. The nominal debt liability outstanding at end June 2013 was almost €61.6 billion as set out in Figure 2.5.<sup>2</sup> This represents 91% of the external funding available.

**Figure 2.5 EU-IMF Programme of Financial Support for Ireland, December 2012 and end June 2013<sup>a</sup>**

Lender	December 2012		End June 2013	
	€ million	Average term (years) <sup>b</sup>	€ million	Average term (years) <sup>b</sup>
IMF	19,030	7.5	21,106	7.5
EFSF <sup>c</sup>	12,214	11.7	14,614	20.8
EFSM	21,700	12.4	21,700	12.4
Bilateral loans <sup>d</sup>	2,954	7.5	4,142	7.5
<b>Total</b>	<b>55,898</b>	<b>10.3</b>	<b>61,562</b>	<b>12.4</b>

Source: National Treasury Management Agency

Notes: a The balances are stated net of currency hedging transactions.

b Weighted average term from date of drawdown.

c The EFSF figures are shown net of a prepaid margin of €530 million. (The total aggregate liability including the prepaid margin at end June 2013 was €62.09 billion).

d The bilateral loans are with the United Kingdom, Denmark and Sweden.

1 On 7 February 2013, joint special liquidators were appointed to IBRC.

2 While the nominal liability at end June 2013 was €61.6 billion, the Exchequer draw down was €61.4 billion after adjustment for below par issuance, deduction of the pre-paid margin and the effect of foreign exchange transactions.

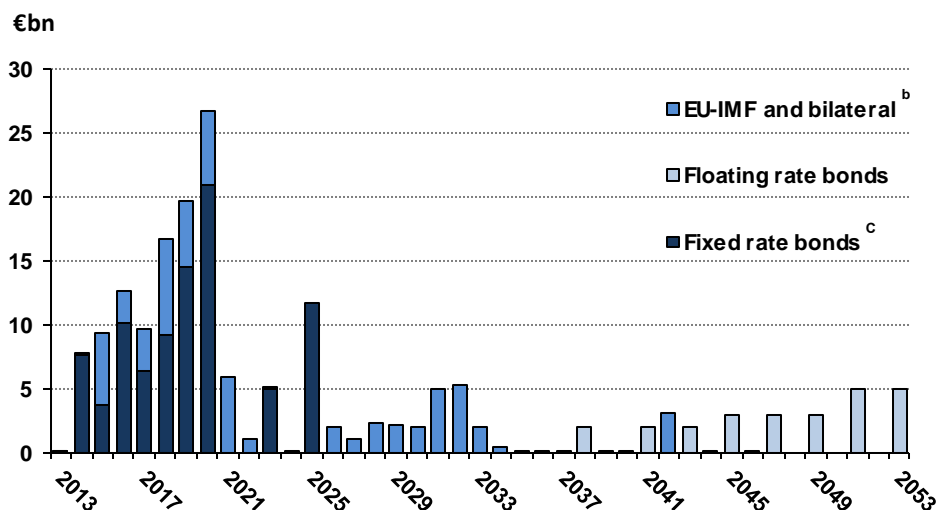
3 Fixed rate debt also includes EFSF loans disbursed as part of the EFSF's pooled funding mechanism. The cost of these EFSF pooled loans is related to the EFSF's cost of funds in managing the pool and can change from time to time.

- 2.20** In 2011, an agreement was reached to reduce the interest margins and extend maturities for loans granted by the European Financial Stability Facility (EFSF) and European Financial Stabilisation Mechanism (EFSM). Subsequently, the interest margins on the bilateral loans were also reduced. In April 2013, EU and euro area Finance Ministers agreed in principle to extend further the weighted average life of borrowings under both the EFSF and the EFSM. The revised maturity dates of the EFSF loans were agreed in June 2013 and are reflected in Figure 2.5. While the revised maturity dates of individual EFSM loans will only be determined as they approach their original maturity dates, it is not expected that Ireland will have to refinance any of its EFSM loans before 2027.
- 2.21** The all-in fixed euro equivalent cost estimated by the Agency (which takes account of related hedging) on the programme loans as at end June 2013, was 3.2%. €51.9 billion of the total €61.6 billion was at fixed rates and the balance at floating rates.<sup>3</sup>

### Maturity Profile

- 2.22** Medium and long term debt has various maturity dates. At end June 2013, the residual maturity of fixed rate government bonds in issue ranged from under one year to 12 years while the maturity of amortising bonds ranged from 14 to 34 years and the maturity of floating rate bonds ranged from 25 to 40 years. The longest maturity for borrowing under the EU-IMF programme is currently just over 29 years.
- 2.23** Figure 2.6 shows the residual maturity profile of government bonds (fixed rate, amortising and floating rate) and funding under the EU-IMF programme (totalling €177 billion) at end June 2013.

**Figure 2.6 Residual maturity profile of government bonds and EU-IMF programme funding held at end June 2013<sup>a</sup>**



Source: Annex A, Figure A5

- Notes:
- a The EU-IMF Programme balances are shown net of currency hedging transactions where relevant.
  - b EU-IMF loans reflect maturity extensions agreed in June 2013.
  - c Fixed rate bonds include amortising bonds.

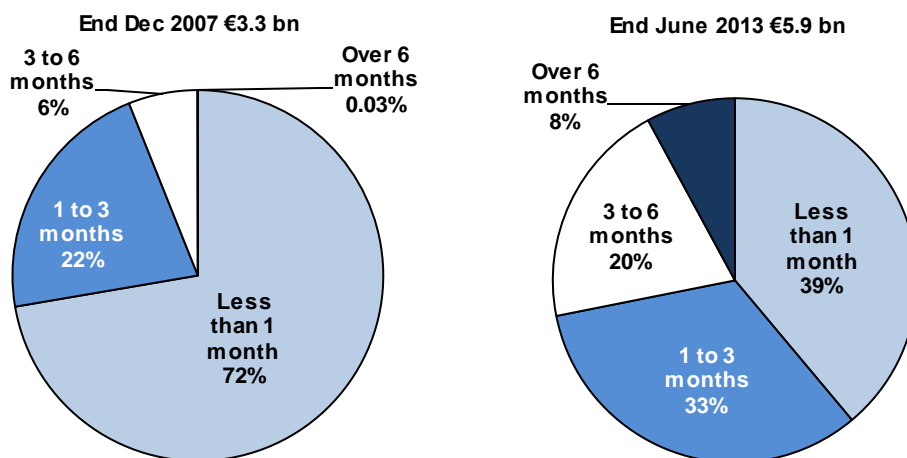
### Short Term Debt

- 2.24** Short-term debt is debt with an original maturity of less than one year. At end June 2013, short-term debt comprised mainly borrowings in the form of exchequer notes, treasury bills and the Euro commercial paper programme. At end 2011, NAMA held 79% of the total short-term debt in issue in the form of exchequer notes (€2.3 billion). However at end 2012, NAMA did not hold any exchequer notes.
- 2.25** Figure 2.7 compares the maturity profile of short-term debt at end 2007 and end June 2013.

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**Figure 2.7 Maturity profile of short term debt, December 2007 and end June 2013**


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Source: Annex A, Figure A6

## Promissory Notes

- 2.26** In 2010, as part of the process of bank capitalisation, the Minister for Finance issued promissory notes to the value of €30.85 billion to IBRC and the Educational Building Society (EBS).<sup>1</sup> The net effect of this measure was to create State debt outside the Agency-managed gross national debt. At the end of 2012, the outstanding nominal value of the promissory notes was €25.3 billion.
- 2.27** The State did not have an immediate outlay of cash when it issued the promissory notes. Under the terms of the notes, instalments equal to 10% of the amounts outstanding at 31 December 2010 were to be made annually on set dates.<sup>2</sup> Interest accrues on the amounts outstanding. The first payments were made from the Central Fund in 2011.
- 2.28** The instalments in 2012 were met by two transactions
- The Agency issued bonds maturing in 2025 with a nominal value of €3.46 billion to meet the payment of €3.06 billion due to IBRC.
  - €25 million was paid out of the Central Fund in respect of the promissory notes issued to the EBS.

## IBRC Liquidation

- 2.29** On 7 February 2013, the Irish Bank Resolution Corporation Act 2013 was passed and joint special liquidators were appointed to IBRC. When the liquidators were appointed the Central Bank of Ireland became the beneficial owner of collateral used by IBRC for lending from the Central Bank of Ireland which included the promissory notes.
- 2.30** The floating rate bonds issued by the Agency as a replacement for the promissory notes were valued at €25.034 billion, which was equivalent to the nominal value of the promissory notes.

<sup>1</sup> Promissory notes were issued to three institutions – Anglo Irish Bank, Irish Nationwide Building Society (INBS) and EBS. Anglo and INBS were subsequently merged into IBRC.

<sup>2</sup> Payments were due on 31 March to IBRC and 17 June to EBS (or on the next business day when these dates are not business days).

- 2.31** The Central Bank of Ireland is now the beneficial owner of the bonds issued to meet the 2012 IBRC promissory note instalment and also the bonds issued in February 2013 to replace the IBRC promissory notes. These are held by the Central Bank of Ireland in a special portfolio and can be sold when financial stability conditions permit.
- 2.32** The nominal value of the promissory notes outstanding at 30 June 2013 was €214 million. These relate to EBS. The movement in the nominal value of promissory notes between 2010 and June 2013 is outlined in Figure 2.8.

**Figure 2.8 Nominal value of banking-related promissory notes as at 17 June 2013**

	IBRC €m	EBS €m	Total €m
Value of promissory notes issued	30,600	250	30,850
Payments in 2011 <sup>a</sup>	(3,060)	(25)	(3,085)
Nominal value at end 2011	28,094	239	28,333
Payments in 2012 <sup>a</sup>	(3,060)	(25)	(3,085)
Nominal value at end 2012	25,034	227	25,261
Payments in 2013 <sup>a</sup>	—	(25)	(25)
Cancellations in 2013 <sup>b</sup>	(25,034)	—	—
<b>Nominal value at June 2013</b>	<b>—</b>	<b>214</b>	<b>214</b>

Source: Department of Finance

- Notes: a There was an interest holiday on the IBRC promissory notes between 1 January 2011 and 31 December 2012. Where relevant, the payments made include an element of principal and interest. The nominal value of promissory notes reduced by the principal element of the payment each year.
- b The cancellation relates to the issue of floating rate bonds to replace the IBRC promissory notes.

## Debt Service Costs

- 2.33** The debt service cost disclosed in the Agency's accounts for 2012 is almost €6.5 billion when measured on a cash basis. However, when account is taken of a transfer of €646 million from current funds to a statutory sinking fund, the servicing outlay was €5.8 billion.<sup>1</sup>
- 2.34** Measurement of debt service costs on a cash basis masks the effect of servicing obligations which had accrued by year end but remained to be discharged. When the debt service cost is measured on an accruals basis, the servicing cost for 2012 was €6.3 billion.<sup>2</sup> The equivalent cost for 2011 was €5.3 billion — a 19% increase year-on-year.
- 2.35** The gross national debt increased by 284% between 2007 and 2012. The cost of servicing the debt, when measured on an accruals basis, rose by a similar rate in the same period from €1.6 billion to €6.3 billion.

<sup>1</sup> The sinking fund is used to repay debt.

<sup>2</sup> The accruals basis recognises the costs incurred rather than those paid and does not take account of sinking fund movements.

### **Average Cost of Borrowing**

- 2.36** At end June 2013, three components accounted for over 96% of the gross national debt.
- Government bonds accounted for 58% of the gross national debt. Fixed rate bonds and amortising bonds accounted for almost 45% of the debt at an average interest rate of 4.79%.<sup>1</sup> The floating rate bonds accounted for 13% at an interest rate of 2.95% at the time of the first interest payments in June 2013.<sup>2</sup>
  - Borrowing under the EU-IMF programme accounted for just under one third of the gross national debt. The estimated all-in fixed euro equivalent cost at end June 2013, after taking account of hedging costs, was 3.2%.
  - State savings schemes accounted for just over 7% of the borrowings. The two biggest schemes (savings bonds and savings certificates - accounting for almost 75% of those borrowings) had maximum interest rates of between 1.32% and 2.11% for new investments down from 3.23% and 3.53% in 2011.
- 2.37** The Agency estimates that the weighted average cost of servicing the gross national debt was 3.8% at end June 2013. At that date, around 80% of debt was at fixed rates, including debt where hedging had been undertaken. The balance of the debt was at floating interest rates.
- 2.38** The interest rate on the remaining EBS promissory notes is a fixed rate of 5.46%.

### **Cash and Other Financial Assets**

- 2.39** Ireland's national debt is defined by the Agency as the gross national debt incurred by the Exchequer, less cash balances and other financial assets.
- 2.40** Cash and other financial assets totalled €23.8 billion at end 2012 and at end June 2013, their combined value was €30.6 billion (see Figure 2.9). This reflects an increase of over 28% since end 2012. The Agency has said that it is the stated intention to have twelve to fifteen-months of advance funding in place when the EU-IMF Programme reaches its conclusion at the end of 2013.

<sup>1</sup> This is the nominal interest rate which differs from the yield.

<sup>2</sup> This equates to an interest rate of six month euribor plus an average margin of 263 basis points.

**Figure 2.9 Cash and other financial assets, 2007 to 2012 and end June 2013<sup>a</sup>**

	2007	2008	2009	2010	2011	2012	Jun-13
	€m	€m	€m	€m	€m	€m	€m
Exchequer account	3,997	21,269	21,026	11,399	13,099	15,280	14,077
Capital Services Redemption Account	—	—	—	600	—	—	59
Housing Finance Agency commercial paper	—	—	—	3,585	3,848	3,982	3,869
Bank deposits (including collateralised deposits)	490	790	790	580	30	3,020	10,064
Non-Irish treasury bills	—	—	—	—	—	1,045	1,991
Collateral deposited with counterparties	—	—	—	—	715	523	585
<b>Total</b>	<b>4,487</b>	<b>22,059</b>	<b>21,816</b>	<b>16,164</b>	<b>17,692</b>	<b>23,850</b>	<b>30,645</b>

Source: National Treasury Management Agency

Note: a End June 2013 figures have not been audited.

**2.41** While €19.3 billion of the €23.8 billion in cash and other financial assets held at end 2012 was available to the State immediately or at short notice, €3.98 billion of Housing Finance Agency guaranteed notes were not readily realisable. €523 million used to fund collateral deposited with derivative counterparties under credit support agreements, while not readily realisable, will be realised with changes in the market value of related derivatives or as the derivatives mature.

**2.42** At end June 2013, almost 46% of cash and other financial assets were held as cash on deposit in the Central Bank. Cash balances held in the Exchequer account at the Central Bank are rewarded at the Euro Overnight Index Average rate (EONIA). The average EONIA rate in June 2013 was 0.09%.

**2.43** At end June 2013, the Agency had invested a portion of available cash balances in short term bank deposits, (including collateralised deposits) and non-Irish Treasury Bills. These investments earn a higher rate of return than EONIA but may also carry a higher risk.

### **Bank Deposits**

**2.44** At end 2012, the Agency held bank deposits (including collateralised deposits) of over €3 billion in Irish financial institutions. By end June 2013, the level of deposits had increased to over €10 billion.

**2.45** The Agency has said that, in order to manage counterparty credit risk, it may receive collateral such as government bonds for cash placed on deposit. The Agency increased its collateralised deposits to almost €6.2 billion by end June 2013. At end June 2013, the overall weighted average maturity remaining on these deposits was 45 days.

### **Non-Irish Treasury Bills**

**2.46** At end 2012 the Agency held over €1 billion in non-Irish treasury bills with remaining maturities of between 45 and 150 days.

### ***Collateral Deposited with Derivative Counterparties***

- 2.47** In order to mitigate the risk of counterparty default in derivative transactions and to optimise market access, the Agency enters into credit support arrangements with its market counterparties. The party to a portfolio of derivative contracts who is 'out of the money', is required to deposit collateral with its counterparty. As a result, €523 million was deposited as collateral with derivative counterparties at the end of 2012.<sup>1</sup>
- 2.48** The transfer of collateral is subject to an obligation on the part of the counterparty to return collateral in line with changes in market values or under certain circumstances such as a default or termination of contracts and upon maturity. The provider of collateral is entitled to deposit interest on cash balances posted. The Agency established a bank account in the Central Bank in 2010 to facilitate these transactions. Since then, when required, the account is funded by the Exchequer.
- 2.49** In addition to undertaking hedging transactions relating to the national debt, the Agency is the counterparty for the derivative positions of the National Asset Management Agency (NAMA). In March 2012, the Agency entered into an agreement with NAMA under which NAMA may be required to post collateral. In June 2012, NAMA made its first collateral posting under this agreement. The amount posted by NAMA at end 2012 was €1.15 billion. By end June 2013 this had reduced to € 916 million.

### **Conclusions**

- 2.50** The GGDebt has been increasing rapidly year-on-year since 2007. It increased by almost 14% in 2012 to €192 billion. The ratio of GGDebt to GDP has also risen rapidly from 25% of GDP at end-2007 to 91% in 2010 and to 117% in 2012.
- 2.51** The main component of the GGDebt is cumulative borrowing undertaken by the Agency on behalf of the State. At end 2012, this borrowing totalled €161.5 billion compared with €136.8 billion at end 2011. The increase in gross national debt of €24.7 billion (18%) was applied as follows
- €14.9 billion to fund the exchequer deficit
  - €3.5 billion to meet the payment due on IBRC promissory notes
  - €6.2 billion increase in cash and other financial assets
  - €0.1 billion for other factors including some differences between the proceeds of borrowing and the nominal liability of those borrowings.
- 2.52** At end June 2013, the gross national debt had risen to almost €200 billion. Two thirds of the increase was due to the cancellation of the promissory notes provided to IBRC and their replacement with floating rate bonds issued by the Agency (€25 billion). The balance was mainly due to further EU-IMF Programme drawdowns and the issue of fixed rate and amortising bonds as well as short term debt.
- 2.53** The nominal value of promissory notes at end June 2013 was €0.2 billion in respect of EBS.
- 2.54** The Agency estimates that the weighted average cost of servicing the gross national debt was 3.84% at end June 2013 (4.1% in 2011). At end June 2013, around 80% of the debt was at fixed rates, including debt where hedging had been undertaken. The rest of the debt was at floating interest rates.

<sup>1</sup> This is the net of collateral posted of €1.954 billion and collateral received from NAMA of €1.15 billion and other counterparties of €281 million.

- 2.55** At end 2012, the Agency held cash and other financial assets of €23.8 billion. By end June 2013 this had risen by over 28% to €30.6 billion and included
- cash in the Central Bank Exchequer account of €14.1 billion
  - deposits (including collateralised deposits) of €10.1 billion with commercial banks
  - non-Irish treasury bills of almost €2 billion.
- 2.56** The significant increase in cash and other assets is driven by the State's intention to have sufficient advance funding in place by end 2013 to cover twelve to fifteen months of Exchequer financing needs when the EU-IMF Programme comes to an end. The return on cash and related assets is lower than the average cost of borrowing. As a result there is a cost associated with maintaining high levels of cash balances.
- 2.57** No specific monetary limit on the level of advance Exchequer funding is set by the Minister for Finance.

## Annex A

Figure A1 Composition of General Government Debt at year-end, 2007 to 2012

	2007	2008	2009	2010	2011	2012
	€m	€m	€m	€m	€m	€m
<b>Central Government – Exchequer</b>						
Gross national debt	42,047	72,457	96,968	109,609	136,774	161,482
Less liabilities to other central government bodies, local authorities and VECs	(2,943)	(3,275)	(2,413)	(2,472)	(2,634)	(2,336)
Adjustment for nominal value of debt <sup>a</sup>	23	489	55	72	4	6
European Financial Stability Fund Prepaid Margin	—	—	—	—	530	530
Liability for coinage in circulation	653	697	674	673	694	670
Accrual adjustment <sup>b</sup>	780	653	346	368	464	560
Other adjustments <sup>c</sup>	4	3	14	(8)	154	1,440
Promissory notes	—	—	—	30,850	28,333	25,261
Exchequer contribution	40,564	71,024	95,644	139,092	164,319	187,613
<b>Other Central Government</b>						
Post Office Bank Fund Deposits	1,303	1,770	1,892	2,330	2,512	2,770
Non-commercial State Bodies <sup>d</sup>	586	875	795	543	569	492
Westlink Buy-Out	-	560	510	460	410	360
Other Central Government contribution	1,889	3,205	3,197	3,333	3,491	3,622
<b>Housing Finance Agency</b>						
Gross debt	4,338	4,992	4,941	4,512	4,414	4,501
Less liabilities to central government bodies and local authorities	(523)	(487)	(212)	(3,832)	(4,030)	(4,166)
Housing Finance Agency contribution	3,815	4,505	4,729	680	384	335
<b>Local Government</b>						
Gross debt	4,744	5,403	5,660	5,617	5,448	5,358
Less liabilities to Housing Finance Agency and other central government bodies	(3,862)	(4,534)	(4,686)	(4,558)	(4,416)	(4,469)
Local Government contribution	882	869	974	1,059	1,032	889
<b>Total<sup>e</sup></b>	<b>47,150</b>	<b>79,603</b>	<b>104,544</b>	<b>144,164</b>	<b>169,226</b>	<b>192,459</b>

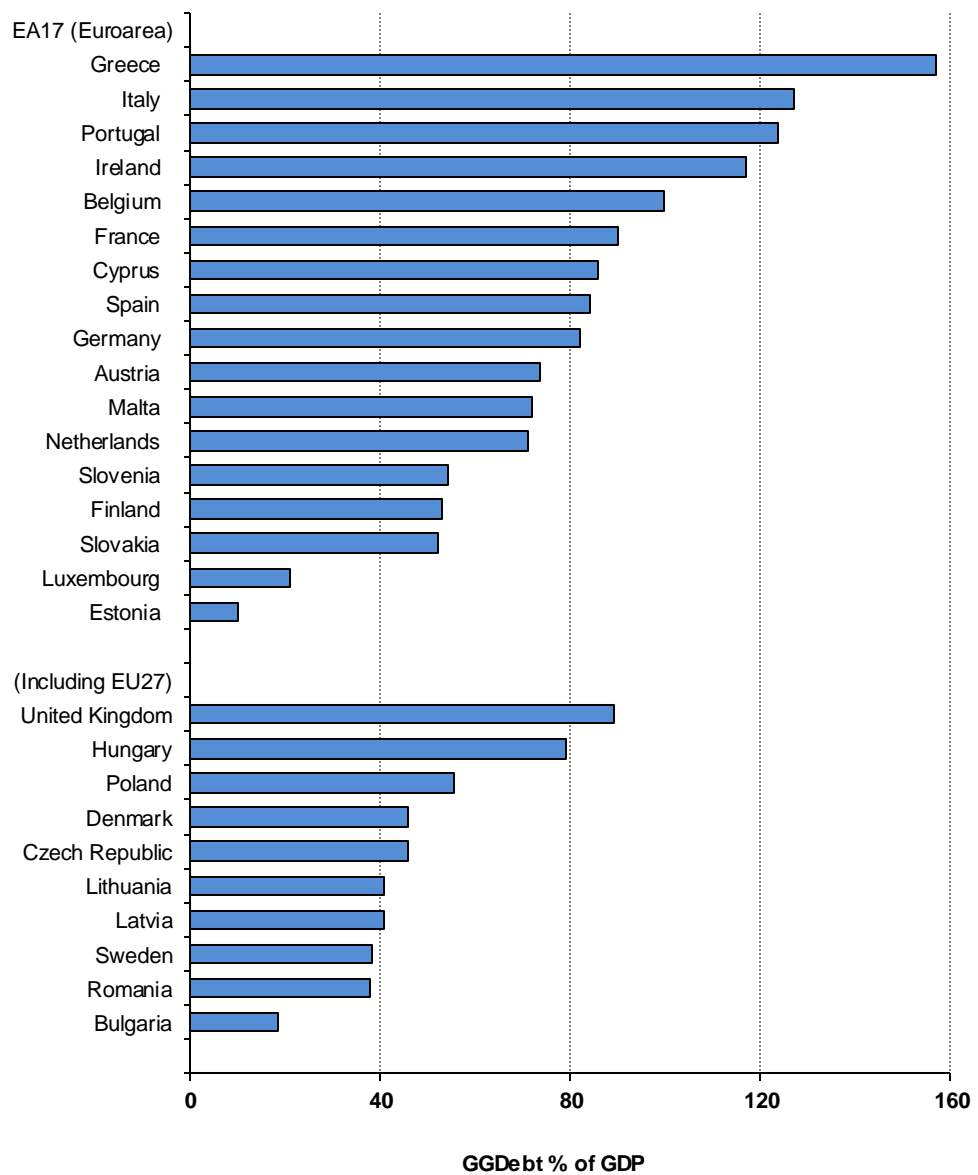
Source: Central Statistics Office

- Notes:
- a GGDebt reported to the EU is stated at nominal values. Certain debt, such as commercial paper, is issued at a discount to its nominal value, but the nominal value is reported for GGDebt purposes.
  - b Small Savings Reserve Fund and national loans advance interest.
  - c Repurchase agreements, collateral and OPW contracts.
  - d Including voluntary hospitals and HSE.
  - e This excludes other exchequer liabilities including commitments in respect of public private partnership contracts in place at year end and accrued pension entitlements.

**Figure A2 GGDebt as a proportion of GDP, 2007 to 2012**

Ratio	2007	2008	2009	2010	2011	2012
	€m	€m	€m	€m	€m	€m
GGDebt	47,150	79,603	104,544	144,164	169,226	192,459
GDP	189,655	180,249	162,284	158,097	162,600	163,938
GGDebt: GDP	25%	44%	64%	91%	104%	117%

Source: Central Statistics Office

**Figure A3 Eurozone GGDebt as a proportion of GDP, 2012<sup>a</sup>**

Source: European Commission Eustat news release euro indicators - 22 July 2013

Note: a Details are not available for Croatia.

**Figure A4 Cumulative borrowing at redeemable par values, at year ended 2007 to 2012 and end June 2013<sup>a</sup>**

	2007	2008	2009	2010	2011	2012	End June 2013
	€m	€m	€m	€m	€m	€m	€m
<b>Medium/ long term debt<sup>b</sup></b>							
Government bonds	30,947	41,863	70,858	90,102	85,310	87,853	115,465
EU-IMF programme funding <sup>c</sup>	—	—	—	—	34,629	55,898	61,562
Other	615	483	670	673	673	772	772
Short term debt <sup>d</sup>	3,286	21,783	16,261	6,972	2,920	2,690	5,905
Borrowings from other State funds <sup>e</sup>	2,258	2,605	1,783	1,524	1,696	786	1,094
State savings schemes <sup>f</sup>	4,941	5,723	7,396	10,338	11,546	13,483	14,859
<b>Gross national debt</b>	<b>42,047</b>	<b>72,457</b>	<b>96,968</b>	<b>109,609</b>	<b>136,774</b>	<b>161,482</b>	<b>199,657</b>

Source: National Treasury Management Agency

- Notes:
- a End June 2013 figures have not been audited.
  - b Original maturities of more than one year.
  - c The balances are stated net of currency hedging transactions.
  - d Original maturities of one year or less.
  - e The main element of this borrowing relates to the Post Office Savings Bank Fund.
  - f Maturities up to ten years.

**Figure A5 Residual maturity profile of government bonds, at year ended 2007 to 2012 and end June 2013<sup>a</sup>**

Duration	2007	2008	2009	2010	2011	2012	End June 2013
	€m	€m	€m	€m	€m	€m	€m
Under 5 years	5,939	15,931	25,687	28,298	33,670	30,548	27,929
5 to 10 years	11,928	11,857	29,296	53,520	43,356	44,733	49,784
Over 10 years	13,080	14,075	15,875	8,284	8,284	12,572	37,752
<b>Total</b>	<b>30,947</b>	<b>41,863</b>	<b>70,858</b>	<b>90,102</b>	<b>85,310</b>	<b>87,853</b>	<b>115,465</b>

Source: National Treasury Management Agency

- Note:
- a End June 2013 figures have not been audited.

**Figure A6 Maturity profile of short-term debt, end December 2007 to 2012 and end June 2013<sup>a</sup>**

<b>Duration</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>End June 2013</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>
Less than one month	2,376	3,880	4,561	2,186	2,796	1,147	2,297
One to three months	711	5,518	8,628	3,286	106	1,417	1,947
Three to six months	198	5,803	2,913	1,392	18	93	1,194
Over six months	1	6,582	159	108	—	33	467
<b>Total</b>	<b>3,286</b>	<b>21,783</b>	<b>16,261</b>	<b>6,972</b>	<b>2,920</b>	<b>2,690</b>	<b>5,905</b>

Source: National Treasury Management Agency

Note: a End June 2013 figures have not been audited.