



National Treasury
Management Agency

Annual Report & Accounts 2017



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Contents

Introduction

Chairperson's Statement	2
Chief Executive's Review	4

Business Review

Funding and Debt Management	6
Ireland Strategic Investment Fund	16
National Development Finance Agency	28
NewERA	32
State Claims Agency	40

Governance and Corporate Information

Agency Members	48
Governance Statement and Agency Members' Report	50
Committee Reports	55
Risk Management	58
Management Team	61

Financial Statements	63
-----------------------------	-----------

Portfolio of Investments – ISIF	181
--	------------

NTMA 2017

At a Glance

The NTMA is a State body which provides asset and liability management services to Government. Its purpose is to manage public assets and liabilities commercially and prudently. The NTMA operates across five separate business units: Funding and Debt Management, the Ireland Strategic Investment Fund, the National Development Finance Agency, NewERA and the State Claims Agency.

Business Unit

Funding and Debt Management

Ireland Strategic Investment Fund

Description

The NTMA is responsible for borrowing on behalf of the Government and managing the National Debt in order to ensure adequate liquidity for the Exchequer and to optimise debt service costs over the medium term.

The NTMA controls and manages the Ireland Strategic Investment Fund (ISIF) which has a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State.

Key Figures

BOND ISSUANCE

€17bn

total bond issuance during 2017. Of this, €16.2bn was in benchmark bonds with the balance in private placements. The benchmark bonds were issued at a weighted average yield of 0.89% and a weighted average maturity of 12.4 years.

IRELAND'S FIRST SOVEREIGN INFLATION-LINKED BOND

€610m

sold by private placement, maturing in 2040.

FALLING DEBT SERVICE COSTS

€6.1bn

interest paid on National Debt compared with €6.7bn in 2016 – a decline of almost 10%.

INVESTING IN IRELAND

€667m

committed during 2017, bringing the total ISIF commitment to €3.3bn.

CO-INVESTMENT

€9.1bn

the total committed to Ireland including co-investment by private sector partners – a multiple of 2.7 times the ISIF commitment.

INVESTMENT RETURN AND ECONOMIC IMPACT

4.3%

investment return in 2017, with ISIF capital supporting over 1,800 Irish companies/projects and, directly and indirectly, over 30,000 jobs.

 [Read more page 6](#)

 [Read more page 16](#)

National Development Finance Agency

Acting as the National Development Finance Agency (NDFA), the NTMA provides financial advisory, procurement and project delivery services to State authorities on public infrastructure projects.

NewERA

Through NewERA, the NTMA provides a dedicated centre of corporate finance expertise to Government, providing financial advice to Ministers regarding their shareholdings in major commercial State bodies.

State Claims Agency

Acting as the State Claims Agency (SCA), the NTMA manages claims brought against 146 State authorities, including the State itself. It also provides risk management services, advising and assisting State authorities in minimising their claims exposures.

PPP PROGRAMME

€1.5bn

the estimated total capital value of a range of education, health, justice and housing PPP projects being delivered by the NDFA.

DIVIDENDS

€232m

in combined dividends were received by the Exchequer from bodies within the NewERA Portfolio in 2016/17.

ESTIMATED OUTSTANDING LIABILITY

€2.7bn

from over 9,900 active claims being managed at end-2017.

SOCIAL HOUSING PPP

534

housing units to be delivered in Social Housing PPP Bundle 1, tendered in 2017.

ADVICE - DEBT FINANCING

€1.9bn

the value of debt financing-related requests from bodies within the NewERA Portfolio on which it provided financial analysis and recommendations in 2017.

MANAGING CLAIMS

€303m

the cost of resolving and managing ongoing active claims in 2017 – a saving of 23% against the independent actuarial assessment of €391m.

REFINANCING

€8m

in savings to the State from the successful refinancing of the Dublin Waste to Energy PPP project at Poolbeg.

ADVICE - CAPITAL EXPENDITURE

€2.1bn

the value of capital expenditure requests from bodies within the NewERA Portfolio on which it provided financial analysis and recommendations in 2017.

REDUCING LEGAL COSTS

€55.2m

the amount for which bills of costs received from third parties were settled in 2017 – a reduction of 48% on the €106.9m claimed.

 [Read more page 28](#)

 [Read more page 32](#)

 [Read more page 40](#)



Chairperson's Statement

2017 witnessed a strong performance across the NTMA as we continued our commercial, yet prudent strategic approach to the discharge of our business mandates.

In the area of funding and debt management, we continued our strategy of taking advantage of favourable market conditions, where possible, through pre-funding, lengthening the maturity profile of the debt and smoothing out future redemptions. A noteworthy development in 2017 was the repayment of the remainder of our IMF funding and the bilateral loans from Sweden and Denmark, and their replacement with cheaper market funding. Our strategy provides significant insurance against the possibility of rising interest rates in the coming years. The weighted average maturity of Ireland's long-term marketable and official debt is estimated at a healthy 11.2 years at end-2017.

The ISIF earned an investment return of 4.3% in 2017 – a very satisfactory return in the current low interest rate environment, given that the majority of the ISIF assets are conservatively invested globally, pending their deployment in Ireland. Since its inception in late 2014, the ISIF has witnessed a significant improvement in the Irish economy and, consequently, a materially altered environment for investment. The ISIF investment strategy is currently being reviewed in consultation with the Minister for Finance and Public Expenditure and Reform.

The State Claims Agency's remit has grown in recent years, with an increased number of claims under management and a significant and growing estimated outstanding liability in respect of claims, some €2.7bn at end-2017. To increase our strategic focus in this area and to maximise the expertise available to us, the Board has established an SCA Strategy Committee to provide advice and guidance on strategic and policy issues with regard to the State Claims Agency. In addition to Board and management representation, the Committee has four external members with extensive expertise at a senior level in clinical practice, legal practice, risk management and the public service. Since its establishment in August 2017, the Committee has already proved of considerable assistance to the Board in the consideration of particular strategic and policy issues.

During 2017, the NTMA operated against the supportive backdrop of a domestic economy which continued its strong and broad-based growth and also an improved economic performance at a wider eurozone level. Despite this, there can be little doubt that the risks faced by the NTMA in its funding and investment mandates have increased over the last 12 months. This is due to a number of factors including the potential impact of Brexit on the economy, our dependence on the performance of the US economy – in particular its information technology sector, potential knock-on effects in Ireland from US corporate tax reform and the impact of ECB monetary policy. The anticipated withdrawal of quantitative easing in the eurozone represents an obvious risk. These increased risks and their implications for our business strategies will form an increasing area of focus for the Board and management through the course of 2018 and beyond.

I would like to thank my fellow Board members and the members of our committees for their dedication and commitment throughout 2017 and I look forward to their continued support in the year ahead. Finally, on behalf of the Board, I would like to thank the management team and staff, led by Conor O'Kelly, for their efforts and contribution over the past year.



Willie Walsh

Chairperson

29 May 2018



Chief Executive's Review

2017 represented a very active year for the NTMA as we issued €17bn in long-term debt at low yields and committed almost €700m in ISIF funding to investments in the domestic economy. The year also saw continued growth in the number and complexity of corporate finance advisory assignments requested of NewERA.

The NTMA issued €16.2bn of benchmark bonds during 2017, at a weighted average yield of 0.89% and a weighted average maturity of 12.4 years. A number of private placements, including Ireland's first ever sovereign inflation-linked bond, brought the total long-term issuance to €17bn. While our original stated funding range for the year was €9bn to €13bn, additional issuance was undertaken in order to fund the early repayment of loans from the IMF, Sweden and Denmark. The low interest rate environment that has pertained over the last number of years due to the ECB's quantitative easing programme has provided major benefits to bond issuers and Ireland has taken advantage of this. Over the 2015-2017 period, the NTMA has issued close to €40bn in new benchmark bond funding at a weighted average yield of just over 1% and a weighted average maturity of almost 14 years.

While our strategic approach of lengthening the maturity of our debt and locking in low borrowing costs affords us significant protection against the possibility of rising interest rates, our debt level remains high in absolute terms at over €200bn as a legacy of the financial crisis. Although our General Government Debt (GGD) to GDP ratio looks positive after falling from 120% at peak to 68% at end-2017, investors now place more emphasis on our absolute debt and other measures. For example, interest costs on the General Government Debt comprised 7.6% of Government revenue in 2017 compared with an EU average of 4.4%.

The investment gains generated by the ISIF – €674m in value since inception in December 2014 – demonstrate a very satisfactory performance in the current low interest rate environment. The ISIF committed €667m to 23 separate investments in 2017 including significant commitments in the areas of housing, connectivity, renewable energy, SMEs, food and agriculture, technology, and life sciences. The ISIF has also been very effective as a catalyst for private sector investment in Ireland. The €3.3bn committed by the ISIF to Irish investments from inception to end-2017 has been augmented by private sector co-investment to bring the total amount committed to Ireland as a result of ISIF activity to €9.1bn.

2017 saw substantial progress on the NDFA's Primary Care Centres and Courts PPPs with a number of facilities becoming operational and the remainder scheduled for completion in 2018. Construction has now commenced on the delayed Dublin Institute of Technology Grangegorman PPP. In addition, the NDFA is working on a bundle of three social housing PPPs with the objective of opening up an additional funding channel for social housing.

Work is also underway to complete delivery of Schools PPP Bundle 5, which will provide 4,870 student places across four sites. This project has been impacted by the liquidation of Carillion plc in January 2018 and the PPP Company and the project funders are currently working through a revised plan to complete the project as expeditiously as possible.

2017 saw further growth in the number and complexity of corporate finance advisory assignments requested of NewERA in relation to State companies outside its core remit and other projects with a significant corporate finance element. Following an agreement put in place during 2017 with the Department of Transport, Tourism and Sport, NewERA is providing ongoing financial and commercial advice on key State companies in the transport sector. During 2017, NewERA also provided advice in other sectors including a financial review and analysis of An Post's strategic and funding plan and the Vhi's strategic

and financial plan. In April 2018, An Post was added to the list of State bodies designated within NewERA's core remit.

The value of the estimated outstanding liability in respect of claims being managed by the SCA grew by €500m from €2.2bn to €2.7bn between end-2016 and end-2017. The value of the estimated outstanding liability is driven by clinical claims, primarily the high cost of settling catastrophic brain-injury infant cases. Clinical claims continue to represent the main focus for the SCA. A number of statutory changes, expected to be commenced in 2018, should be noted here. The introduction of regulations for Pre-Action Protocols should serve to dramatically reduce the timeline between the receipt of and settlement of medical negligence cases and remove the more adversarial elements of the tort system as it applies to such cases. The introduction of Periodic Payment Orders as an alternative to lump sum awards of damages will enable catastrophically injured victims' needs to be met with more certainty.

A priority issue for the SCA is the resolution of cases arising from the National Cancer Screening Services relating to women who have been diagnosed with cervical cancer, in line with the principles outlined by the Government. The SCA is seeking to expedite the resolution of these cases in a sensitive manner, working co-operatively with the co-defendant laboratories, utilising mediation wherever possible and placing a high priority on treating the people who have made the claims, and their families, with dignity and compassion.

The NTMA has worked closely with the Department of Finance and with Apple on the escrow fund in relation to the alleged Apple State aid recovery process. During 2017, the Minister delegated to the NTMA the conduct of the procurement process to appoint an escrow agent and custodian and investment managers for the escrow fund. The NTMA was also tasked with negotiating the investment policy for the fund with Apple, subject to the approval of the Minister. The collection of the alleged State aid from Apple commenced in May 2018 with the first of a series of phased payments to the escrow fund.

As I have noted previously, our success in achieving our corporate and business goals is wholly dependent on the quality and dedication of our people and it is essential that we can attract, develop and retain high quality employees. Irish workplaces have changed profoundly in recent years and as employers we need to recognise these changes. It is important that we develop a diverse and inclusive working environment that respects difference and values a range of experiences and perspectives in addressing the challenges we face.

In conclusion, I would like to thank all my colleagues for their contribution to the organisation during the past year. Your expertise, commitment and drive are helping to produce significant long-term value for the State. I would also like to take this opportunity to thank the Chairperson, Board and our committee members for the support, challenge and counsel they have provided to us over the past twelve months.



Conor O'Kelly
Chief Executive

29 May 2018

BUSINESS REVIEW

Funding and Debt Management

The NTMA is responsible for borrowing on behalf of the Government and managing the National Debt in order to ensure liquidity for the Exchequer and to minimise the interest burden over the medium term.

Issuing Longer-Dated Debt

TOTAL BOND ISSUANCE

€17bn



€17bn total bond issuance during 2017. Of this, €16.2bn was in benchmark bonds with the balance in private placements. The benchmark bonds were issued at a weighted average yield of 0.89% and a weighted average maturity of 12.4 years.

IRELAND'S FIRST SOVEREIGN INFLATION-LINKED BOND

€610m



In April 2017, the NTMA issued Ireland's first sovereign inflation-linked bond, selling €610m by private placement, maturing in 2040.

SAVING FOR THE EXCHEQUER

€150m



Early repayment of the remaining IMF and Swedish and Danish bilateral loan facilities in 2017 and their replacement with market funding will generate estimated savings of €150m for the Exchequer.

AVERAGE MATURITY

11.2 Years



The weighted average maturity of Ireland's long-term marketable and official debt is estimated at 11.2 years at end-2017.

Debt Service Costs Lower



€6.1bn

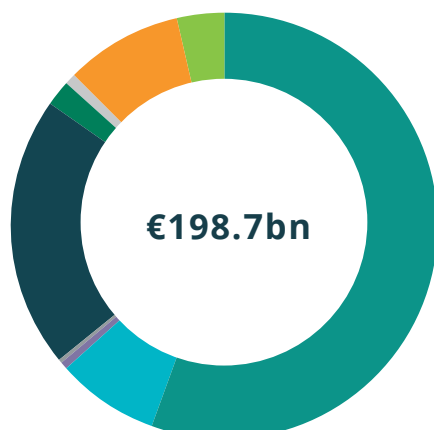
Interest on the National Debt fell to €6.1bn in 2017, a decline of almost 10% compared to 2016 and close to 20% below the 2014 peak.



12%

Interest costs accounted for 12% of Exchequer tax revenue in 2017, compared with 14% in 2016.

Gross National Debt at End-2017



€110.8bn	Fixed Rate Treasury Bonds
€15.5bn	Floating Rate Bonds
€0.6bn	Amortising Bonds
€0.6bn	Inflation-Linked Bonds
€40.9bn	EU Loans
€4.0bn	UK Bilateral Loan
€1.9bn	Other Medium & Long-Term Debt
€17.3bn	State Savings
€7.0bn	Short-Term Debt

Figures may not total due to rounding.

Funding and Debt Management (continued)

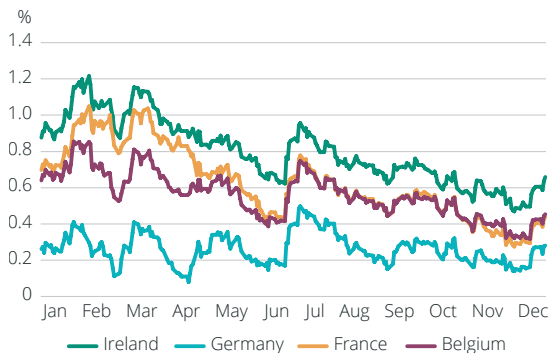
MARKET REVIEW

The further strength and recovery of the Irish economy continues to be viewed favourably by investors in Irish Government bonds. This progress, along with credit rating upgrades and the ongoing ECB quantitative easing measures, were positive influences on the Irish bond market throughout 2017.

The yield on Ireland's 2026 bond started the year at close to 0.90% and rose to a peak of 1.22% in February. The early months of the year saw increased volatility and higher yields, before a reduction in perceived risk from the French presidential election led yields lower. The summer months were influenced by uncertainty over Brexit negotiations, leading to an uptick in yields. However, yields resumed their downward trend in the second half of the year, influenced by the announced ECB extension of the quantitative easing programme, albeit at a reduced pace. This saw Ireland's 2026 bond closing the year at 0.66%.

In 2017, Ireland's 2026 bond yield tightened from a high of over 90 basis points above the German equivalent, to almost 40 basis points by year-end. It was trading 20 basis points higher than France and Belgium at year-end. Irish Government bond yields are now viewed as closely correlated with these countries.

2026 Government Bond Yields



Source: Bloomberg

ECB Quantitative Easing

The ECB introduced quantitative easing measures in March 2015. The programme, whereby national central banks purchase government bonds in the secondary market, is officially known as the Public Sector Purchase Programme (PSPP). Between March 2015 and December 2017, the ECB purchased €1.9 trillion in eurozone public sector bonds. Irish Government bonds accounted for just over €25bn of this. The PSPP has been extended until at least September 2018, although at a reduced level. Monthly purchases under ECB programmes, reduced from a peak of €80bn to €60bn from April 2017, and were further reduced to €30bn per month from January 2018.

FUNDING ACTIVITY

Long-Term Funding

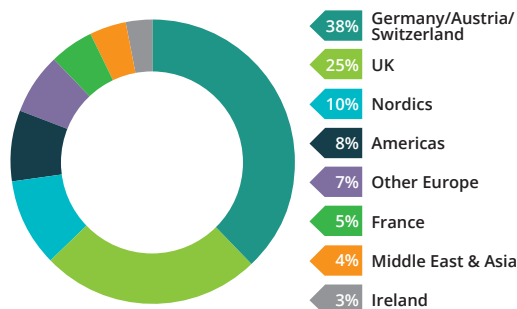
The NTMA completed a total of €17bn of long-term issuance during 2017. Of this, €16.2bn was in benchmark bonds. These had a weighted average yield of 0.89% and a weighted average maturity of 12.4 years. In addition, Ireland's first inflation-linked bond was issued by private placement in April 2017, raising €610m. Two further private placements of long-dated bonds of €100m each were also completed during the year.

The NTMA's original stated funding range for the year was €9bn to €13bn. However, additional issuance was undertaken to fund the early repayment of loans from the IMF, Sweden and Denmark totalling €5.5bn. This will reduce the Exchequer debt service bill by an estimated €150m over the otherwise remaining term of the loans.

This issuance contributed further to the NTMA's strategy of locking in low interest rates and longer maturities. Over the 2015-2017 period, the NTMA issued almost €40bn in new benchmark bond funding at a weighted average yield of just over 1% and a weighted average maturity of almost 14 years.

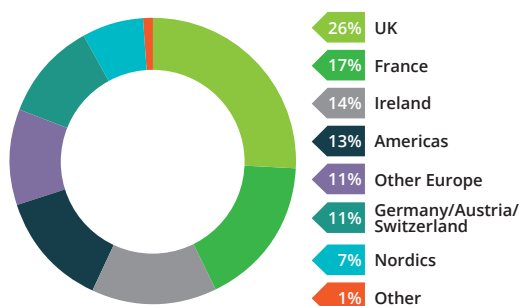
The NTMA undertook two bond syndications in 2017. The first was a new 20-year bond issued in January, with €4bn being sold at a yield of 1.73%. There was strong interest, with overseas investors taking 97% of the amount issued. Purchases were spread across a range of investor types including fund managers, banks, pension and insurance funds and central banks.

20-Year Bond Syndication by Geographic Area



The second syndication of the year took place in October. This was a new 5-year bond issued to fund the early repayment of loans from the IMF, Sweden and Denmark, with €4bn being sold at a negative yield of -0.01%. Again, there was strong interest from a broad range of investors with overseas investors taking over 85% of the issue.

5-Year Bond Syndication by Geographic Area



The NTMA also held seven bond auctions during the year, raising almost €8.2bn. These were all dual bond auctions, with a choice of two bonds on offer in each auction.

NTMA Bond Auctions 2017

Bond Name	Auction Size €m*	Yield %	Bid-Cover Ratio
9 February			
0.8% Treasury Bond 2022	600	0.09	2.0
1% Treasury Bond 2026	650	1.03	2.0
9 March			
1% Treasury Bond 2026	850	1.05	1.7
2% Treasury Bond 2045	400	2.19	2.0
12 April			
3.9% Treasury Bond 2023	633	0.20	1.8
1% Treasury Bond 2026	805	0.94	1.6
8 June			
1% Treasury Bond 2026	805	0.72	2.3
2% Treasury Bond 2045	345	1.92	1.8
13 July			
0.8% Treasury Bond 2022	500	-0.01	2.3
2% Treasury Bond 2045	250	1.95	2.1
14 September			
1% Treasury Bond 2026	554	0.69	2.6
1.7% Treasury Bond 2037	518	1.65	1.7
9 November			
1% Treasury Bond 2026	800	0.54	2.0
2% Treasury Bond 2045	450	1.70	1.5

*includes proceeds of non-competitive auctions.

Ireland's first inflation-linked bond was issued in April 2017, raising €610m.

The bond was issued as a private placement. It will mature in April 2040 and has an annual coupon of 0.25%. The interest payments and principal repayment are linked to the Eurostat Harmonised Index of Consumer Prices (HICP) for Ireland, excluding tobacco.

The demand for this bond came from investors who have Irish inflation-linked liabilities. In the past, they may have used inflation-linked bonds issued by other eurozone members as a substitute.

The decision to issue an inflation-linked bond for the first time is in line with the NTMA's stated intention to diversify its issuance over the long term and increase the pool of investors in Irish bonds. Inflation-linked bonds attract a different source of investor demand from the fixed-rate bonds that are the mainstay of the NTMA's issuance.

Early Repayment of IMF, Sweden and Denmark Loans

In December 2017, Ireland completed the early repayment of the full outstanding IMF loan facility and the bilateral loans from Sweden and Denmark. An amount of SDR3.8bn¹ (c. €4.5bn) was repaid to the IMF, while €1bn was repaid in respect of the bilateral loans from Sweden (€0.6bn) and Denmark (€0.4bn). This early repayment reduces the Exchequer debt service bill, by an estimated €150m over the otherwise remaining term of the loans.

As part of the EU-IMF Programme of Financial Support entered into in late 2010, Ireland borrowed SDR19.5bn (c. €22.5bn) from the IMF. The NTMA repaid early SDR15.7bn (just over €18bn) over the period December 2014 to March 2015. With these further early repayments, the IMF loan facility has been fully repaid ahead of schedule.

The remaining Programme related debt is as follows:

- European Financial Stabilisation Mechanism (EFSM): €22.5bn
- European Financial Stability Facility (EFSF): €18.4bn
- UK Bilateral Loan: £3.2bn (c. €4bn)

In 2017, the NTMA bought back approximately €2bn of bonds due to mature in 2018-2020. This reduction in the volume of near-term debt maturities, replacing them with longer-dated bonds, contributes to the strategy of locking in low interest rates and lengthening the maturity of the debt.

A total of €4bn nominal of Floating Rate Bonds held by the Central Bank were also bought back during 2017. These were replaced with medium to long-term fixed rate market funding. The total outstanding balance of the Floating Rate Bonds stood at €15.5bn at end-2017, compared with €25bn originally issued in 2013.

¹ The SDR is an international reserve asset created by the IMF. The value of the SDR is based on a basket of five major currencies—the US dollar, the euro, the Chinese renminbi (RMB), the Japanese yen, and the British pound sterling.

Funding and Debt Management (continued)

Short-Term Funding

The NTMA broadened its short-term issuance base by both maturity and volume in 2017. There was €2bn in Treasury Bills outstanding at end-2017, an increase from €1bn at end-2016. Four auctions were held during the year, each with a 12-month maturity.

The NTMA also maintained Ireland's Multi-Currency Euro Commercial Paper (ECP) programme in 2017. Total turnover in ECP during the year was €5.5bn and there was €0.5bn outstanding at end-2017.

As a result of the ECB's expansionary monetary policies and the low interest rate environment, the NTMA was able to issue all Treasury Bills and ECP at negative euro-equivalent interest rates in 2017. Short-term debt was also issued in the form of Exchequer Notes and Central Treasury Notes, mainly to domestic institutional investors.

State Savings

State Savings is the brand name applied by the NTMA to the range of Irish Government savings products offered to personal savers. During 2017, there were net inflows of €0.3bn into the State Savings products. At end-2017, the total amount outstanding in fixed rate products and prize bonds was €17.3bn. When deposit accounts are included, this brings the year-end total to €20.4bn.

State Savings Products

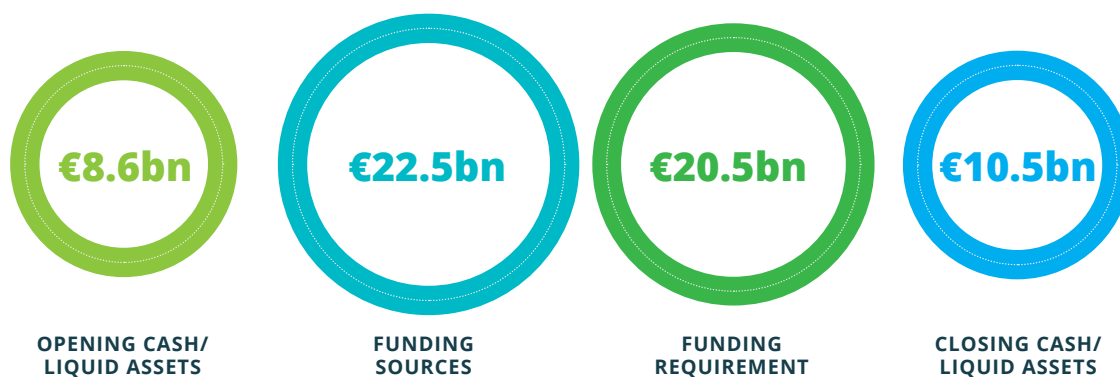
	Total Outstanding at End-2017 €m	Net Inflow/ (Outflow) in 2017 €m
Savings Bonds	3,250	(497)
National Solidarity Bonds	4,343	194
Savings Certificates	6,026	118
Instalment Savings	503	5
Prize Bonds	3,170	278
Deposit Accounts	3,121	200
Total	20,413	298

Figures may not total due to rounding.

Exchequer Funding Sources and Requirements 2017

The Exchequer had cash and other short-term liquid assets of €10.5bn at end-2017 (up from €8.6bn at end-2016). 2017 bond issuance, including the inflation-linked bond, raised €17bn, while other funding sources totalled €5.5bn. This included the proceeds of the Government's sale of part of its shareholding in AIB, short-term paper and State Savings products.

This funding was applied to fund an Exchequer Borrowing Requirement (excluding the AIB share sale proceeds) of €1.5bn, bond maturities of €6.2bn, the early repayment of EU/IMF Programme loans as well as Floating Rate Bond purchases and fixed-rate bond switches. The funding also resulted in an increase in cash balances, reflecting a continuation of the pre-funding strategy adopted by the NTMA in advance of larger redemptions over the 2018 to 2020 period.



Figures may not total due to rounding.

The current fixed interest rate offerings for the latest issues of State Savings products are detailed below.

State Savings Interest Rates

Product	Fixed Rate Total Return %	Annual Equivalent Rate %
3-Year Savings Bond	1.0	0.33
4-Year National Solidarity Bond	2.0	0.50
5-Year Savings Certificate	5.0	0.98
6-Year Instalment Savings	5.5	0.98
10-Year National Solidarity Bond	16.0	1.50

The variable rate on the Deposit Accounts is currently 0.15%. The variable rate of interest used to determine the value of the Prize Bonds monthly prize fund was reduced in August 2017, from 0.85% to 0.50%. The top weekly prize is €50,000, except in the last weekly draw of June and December, when the top prize is €1m.

DEBT PROFILE

General Government Debt (GGD) is a measure of the total gross consolidated debt of the State. It is the standard measure used for comparative purposes across the European Union.

National Debt is the net debt incurred by the Exchequer after taking account of cash balances and other financial assets. The primary component of General Government Debt is Gross National Debt – that is the National Debt before netting off cash and financial assets. The NTMA's responsibilities relate to the management of the National Debt only.

Composition of General Government Debt at End-2017

	€bn
Government Bonds	
Fixed Rate Treasury	110.8
Floating Rate	15.5
Amortising	0.6
Inflation-Linked	0.6
Total	127.6
EU Loans	40.9
UK Bilateral Loan	4.0
Other Medium and Long-term Debt	1.9
State Savings Schemes*	17.3
Short-Term Debt	7.0
Gross National Debt	198.7
Less Exchequer Cash and other Financial Assets	13.2
National Debt	185.5
Gross National Debt	198.7
General Government Debt Adjustments	2.6
General Government Debt	201.3

Figures may not total due to rounding.

*In addition to the amounts shown in the table above, State Savings Schemes also include moneys placed by depositors in the Post Office Savings Bank (POSB) which are not an explicit component of the National Debt. These funds are mainly lent to the Exchequer as short-term advances and through the purchase of Irish Government Bonds. Taking into account the POSB Deposits, total State Savings outstanding were €20.4bn at end-2017.

Source: NTMA and Central Statistics Office

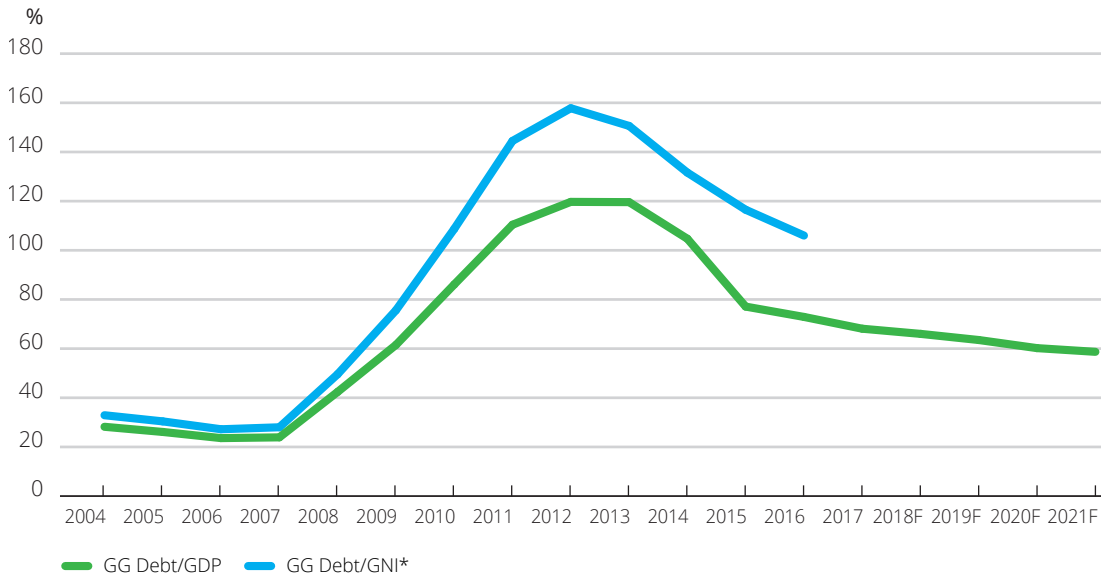
At 68%, Ireland's ratio of GGD/GDP has fallen significantly since its peak of 120%. However, the absolute level of debt remains high. Ireland's GGD at end-2017 was over €200bn.

The recent decline in the GGD/GDP ratio is primarily as a result of a sharp rise in GDP. In particular, Ireland's GDP figures from 2015 onwards are highly affected by the activities of multinational companies.

Nonetheless, there is strong underlying economic activity as evidenced by employment and consumption figures. This is a positive development which improves Ireland's debt sustainability.

Funding and Debt Management (continued)

GGD/GDP Ratio 2004-2021



Source: CSO and Department of Finance

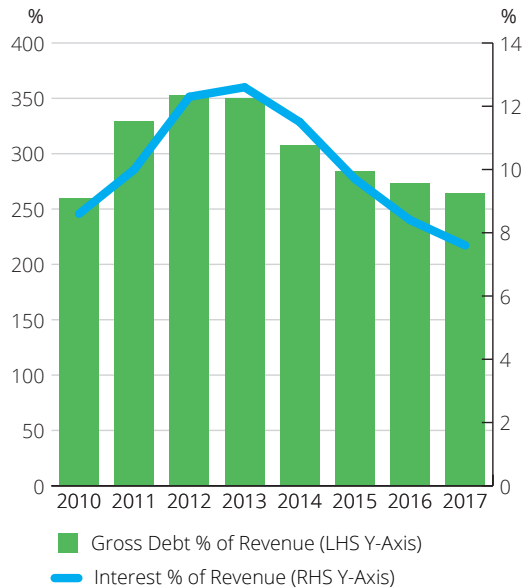
The significant impact on Ireland's GDP figures of the activities of multinational companies make the ratio of debt to GDP less reliable as an indicator of sustainability. In that context, it is worth focusing on additional metrics to obtain a clearer picture of Ireland's debt burden.

One alternative metric is General Government Debt as a percentage of Modified Gross National Income (GNI*). GNI* is a metric created by the CSO to modify GDP for the impact of multinationals' activities. The GGD/GNI* ratio fell from a peak of almost 158% in 2012 to 106% in 2016².

Other additional metrics measure debt and interest as a percentage of General Government Revenue. GGD as a percentage of revenue stood at 264% at end-2017, while interest as a percentage of revenue was 7.6%.

Whichever metric is used, Ireland's debt dynamics continued to improve in 2017.

General Government Debt and Interest Metrics 2010-2017

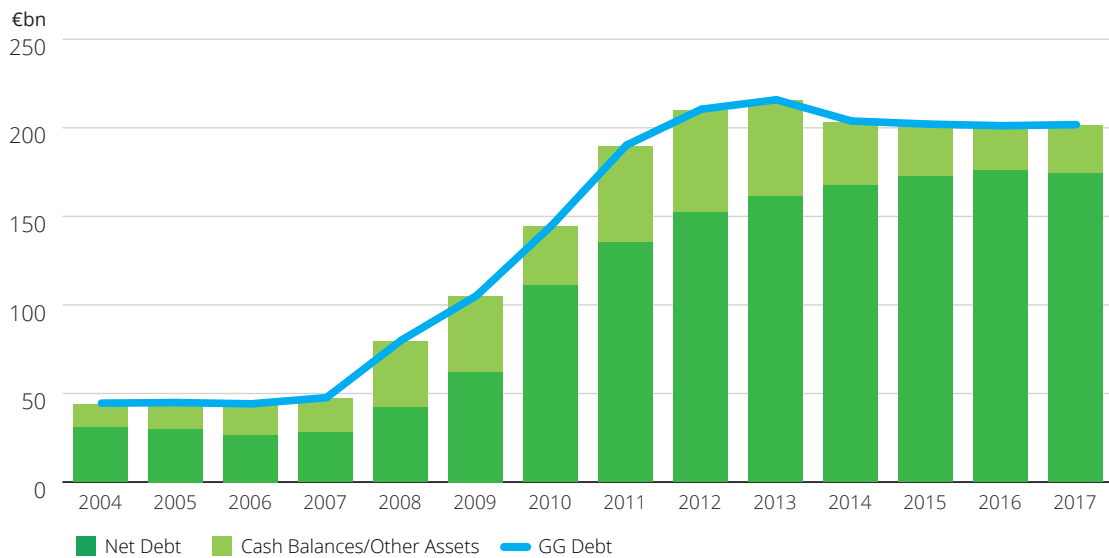


Source: NTMA and CSO

GGD is a gross measure which does not allow for the netting off of cash balances and other financial assets. However, the CSO produces an estimate of General Government Net Debt which, at end-2017, stood at €174bn or 59% of GDP. The financial assets of €27bn netted off for the purpose of calculating Net Debt include ISIF cash and non-equity investments as well as Exchequer cash and financial assets. They exclude the Government's equity stakes in the Irish banking sector, most notably AIB.

² GNI* for 2017 not available at time of finalisation of Report.

Gross and Net General Government Debt 2004-2017



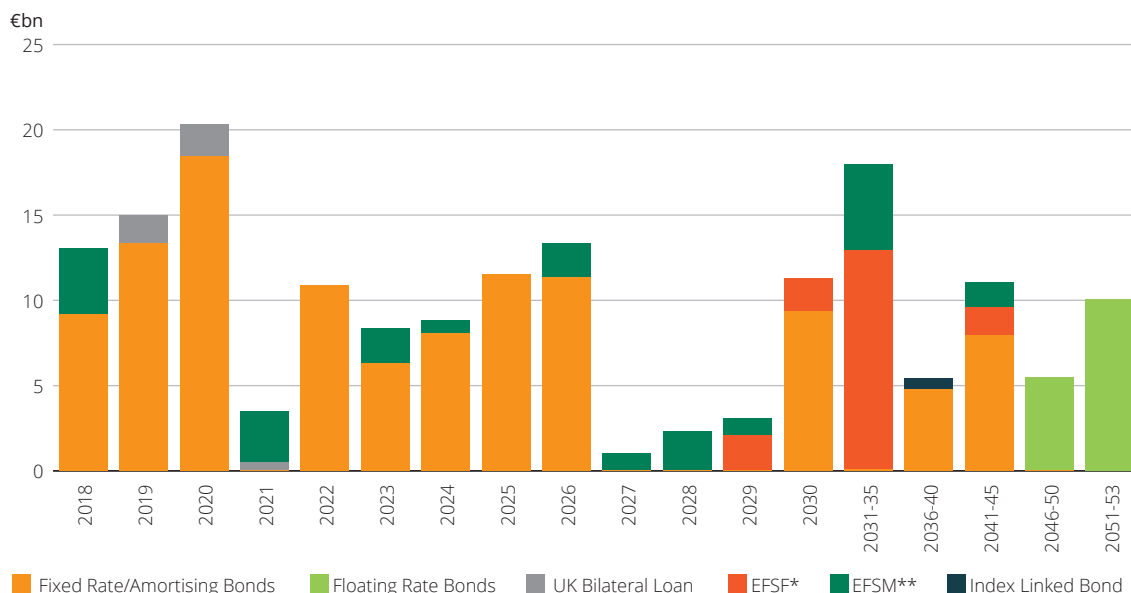
Source: CSO

The National Debt maturity profile has improved significantly in recent years. The NTMA has taken steps to reduce the refinancing risk of the large volume of debt maturities arising over the 2018-2020 period. This was achieved through a combination of bond switches, cash pre-funding and the repayment of the IMF and Swedish and Danish bilateral loan facilities. As a result, the refinancing requirement for these years has been almost cut in half. Outstanding maturities have reduced from €60bn to less than €44bn since end-November 2014. When cash balances are taken into account, this is further reduced to close to €30bn.

The weighted average maturity of Ireland's long-term marketable and official debt is estimated at 11.2 years at end-2017.

Funding and Debt Management (continued)

Maturity Profile of Ireland's Long-Term Marketable and Official Debt at End-2017



Notes:

*EFSF loans reflect maturity extensions agreed in June 2013.

**EFSM loans are also subject to maturity extensions agreed in 2013. It is not expected that Ireland will have to refinance any of its EFSM loans before 2027. However, the revised maturity dates of individual EFSM loans will only be determined as they approach their original maturity dates. The chart above reflects both original and revised maturity dates of individual EFSM loans.

DEBT SERVICE COSTS

The NTMA's primary debt management objectives are to ensure adequate liquidity for the Exchequer and to optimise debt service costs over the medium term.

The cash interest cost of the National Debt in 2017 was €6,092m, 9.6% below the corresponding figure for 2016 and close to 20% below the 2014 peak. The main reason behind the sharp reduction over this period is the early repayment of the IMF loan facility and its replacement with cheaper, long-term, market funding. The 2017 interest bill was 3.2% lower than estimated in Budget 2017 reflecting the favourable interest rate and funding environment evident throughout much of the year.

Interest on the National Debt accounted for 12.0% of Exchequer tax revenue in 2017 compared with 14.1% in 2016 and 15.3% in 2015.

IRISH GOVERNMENT BOND MARKET

At end-2017, Ireland's benchmark bond curve had a range of maturities, extending to 2045.

Irish Government Fixed Rate Treasury Bonds

Bond	Maturity Date	Outstanding End-2017 €m*
4.5% Treasury Bond 2018	18 October 2018	8,835
4.4% Treasury Bond 2019	18 June 2019	7,235
5.9% Treasury Bond 2019	18 October 2019	6,110
4.5% Treasury Bond 2020	18 April 2020	10,870
5.0% Treasury Bond 2020	18 October 2020	7,573
0.8% Treasury Bond 2022	15 March 2022	6,828
0.0% Treasury Bond 2022	18 October 2022	4,000
3.9% Treasury Bond 2023	20 March 2023	6,308
3.4% Treasury Bond 2024	18 March 2024	8,031
5.4% Treasury Bond 2025	13 March 2025	11,490
1.0% Treasury Bond 2026	15 May 2026	11,319
2.4% Treasury Bond 2030	15 May 2030	9,342
1.7% Treasury Bond 2037	15 May 2037	4,686
2.0% Treasury Bond 2045	18 February 2045	7,904

*excluding repos.

The Irish Government bond market has a strong primary dealer group, mainly international investment banks with a global reach. The 16 primary dealers have exclusive access to the Irish government bond auctions, and are required to quote continuous prices in Irish benchmark bonds.

During 2017, the NTMA reintroduced dual bond auctions, with a choice of two bonds on offer in each auction. There was also increased use of switching and repo (short-term collateralised borrowing) facilities by primary dealers. Amid regulatory and market changes, there is increased pressure on the primary dealer model. The flexibility in the NTMA's interaction with its primary dealers assists in their ability to make prices and sell Irish Government bonds.

2017 represented another positive year from a credit ratings perspective. Ireland gained rating upgrades from several rating agencies. Moody's upgraded to A2 (stable) in September, while Fitch upgraded to A+ (stable) in December. Ireland's long-term rating is now firmly in the A category with all of the major credit rating agencies. All of the agencies noted in their analysis the continuing Irish economic growth, strengthening public finances and improving metrics in the banking sector.

Ireland's Sovereign Credit Ratings at End-2017

Rating Agency	Long-term rating	Short-term rating	Outlook
Standard & Poor's	A+	A-1	Stable
Moody's	A2	P-1	Stable
Fitch Ratings	A+	F1+	Stable

The NTMA continued its extensive programme of investor relations during 2017. It held roadshows across Europe, Asia, and the United States. New centres were visited for the first time, including Madrid and Berlin. There were also positive visits to a number of central banks and sovereign wealth funds, which, following Ireland's sovereign credit rating upgrades, bought Irish bonds after a long absence.

The NTMA's strategy has been to focus on longer-term holders of Government debt, increasingly in continental Europe. While Germany and the UK remain the two key centres, Switzerland, Austria and the Nordic countries have become an increasing share of the State's bond issuance.

The Economics Team participated in numerous conferences and events over the course of the year. In addition, it produces and regularly updates the NTMA investor presentation pack. This covers topics from economic data to updates on Government funding and the banking sector.

This investor relations programme is important in developing long-term relationships with investors. It provides transparency to the market about Ireland's macroeconomic situation and the NTMA's funding plans and keeps investors informed of Ireland's credit status.

BUSINESS REVIEW

Ireland Strategic Investment Fund

The ISIF has a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State.

Investing in Ireland

2017 COMMITMENT

€667m



During 2017, the ISIF committed €667m to 23 investments that are designed to support economic activity and employment in Ireland.

TOTAL COMMITMENT

€3.3bn



The ISIF's total commitment to a broad diversified portfolio across the Irish economy amounted to €3.3bn at end-2017.

CO-INVESTMENT

€9.1bn



Co-investment from private sector partners increased the total committed to Ireland to €9.1bn – a multiple of 2.7 times the ISIF commitment.

INVESTMENT RETURN

4.3%



The ISIF generated an investment return of 4.3% in 2017.

Significant Economic Impact

1,811 COMPANIES/PROJECTS

During 2017, the ISIF supported 1,811 Irish companies/projects generating:

WAGES AND SALARIES

€948m



EXPORTS

€531m



COMBINED REVENUES

€1.9bn



JOB

30,786



30,786 jobs are supported, directly and indirectly, by ISIF investments.

GVA

€993m



ISIF investment supported the generation of Gross Value Added of €993m to the Irish economy in 2017.

RESIDENTIAL HOUSING

€526m

By end-2017, the ISIF had committed €526m to residential housing investments in response to the national housing crisis. ISIF-backed residential housing platforms have funding committed or sites acquired to deliver over 9,500 homes by 2021.

Ireland Strategic Investment Fund (continued)

In December 2014, the assets of the National Pensions Reserve Fund (NPRF) transferred to the Ireland Strategic Investment Fund (ISIF). The ISIF has a unique “double bottom line” mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. The NPRF Discretionary Portfolio was made available to the ISIF to enable it to make investments that meet this mandate. The Directed Portfolio (primarily public policy investments in AIB and Bank of Ireland) continues to be managed within the ISIF under direction from the Minister for Finance.

The ISIF’s double bottom line mandate makes it one of the few sovereign wealth funds globally with a mandate to contribute to economic activity and employment, in addition to delivering commercial returns. The ISIF is required to seek to generate a return over the long term in excess of the cost of Irish Government debt and has set a medium-term performance objective of 4% per annum.

In seeking to contribute to economic activity and employment, the ISIF’s investment focus is on additionality, or investments which build the productive capacity of the Irish economy. The ISIF’s unique characteristics – scale, flexibility across the capital structure and long-term investment horizon – mean that it can target such investments in a way that many other investors and financiers cannot. Conversely, the ISIF in its Investment Strategy seeks to avoid deadweight (crowding out willing private sector investment) and displacement (enterprises whose success comes at the expense of others within the Irish economy).

At end-2017, the value of the ISIF Discretionary Portfolio was €8.7bn and the value of the Directed Portfolio was €11.8bn.

DISCRETIONARY PORTFOLIO

Investment Strategy

In May 2015, the NTMA Board approved the ISIF Investment Strategy, following consultation with the Minister for Finance and the Minister for Public Expenditure and Reform.

ISIF INVESTMENT STRATEGY – KEY FEATURES

A Broad-Based Portfolio

- across sectors including but not limited to infrastructure, energy, water, real estate, housing, food and agriculture, technology, healthcare and finance.
- by regional location of its investments.
- by asset class including debt, mezzanine, equity and project investments.
- that seeks to achieve some transformative impact by investment in one or more “big ideas”.

Filling Investment Gaps

Utilisation of the ISIF’s key differentiating features of scale, flexibility across the capital structure, long-term investment horizon and credibility as a sovereign investment partner to fill investment gaps and enable transactions which would not otherwise easily be completed.

Co-investment

Attracting co-investment partners where possible so that the impact of ISIF investments will be multiplied in the Irish economy.

Return

Risk-adjusted rates of return appropriate to the specific characteristics of each individual investment. Overall long-term portfolio return in excess of the average cost of Government debt.

ISIF Investment Strategy – Strategic, Sustainable and Long Term

The ISIF Investment Strategy entails investment across nine investment buckets which can be grouped under three strategic drivers:



While the ISIF's direct investment volumes to date are broadly as anticipated in the Investment Strategy, it has attracted higher levels of co-investment from the private sector than envisaged and, as a result, a higher total investment commitment for ISIF-backed companies and projects. The ISIF has attracted €1.7m in private sector co-investment for every €1m invested by the ISIF, compared with an initial projection of €1m for every €1m invested.

Since its inception in late 2014, the ISIF has witnessed a significant improvement in the Irish economy and in Irish investment markets, and, consequently, a materially altered environment for investment. However, it is apparent that capital gaps still remain in critical sectors of the economy, including higher-risk capital previously provided by banks and, more generally, opportunities persist for long-term equity oriented patient capital that is needed to scale and grow businesses and markets.

It was expected that the initial ISIF Investment Strategy would change over time and that flexibility and adaptability would be critical elements of its business model. To that end, when the initial ISIF Investment Strategy was finalised in mid-2015, it was agreed that a formal review of the Strategy would take place after eighteen months and that this would include consultation with the Minister for Finance and the Minister for Public Expenditure and Reform. This review is well advanced and is expected to be concluded shortly. As part of this review, the Government

announced in *Budget 2018* the establishment of a Rainy Day Fund and Home Building Finance Ireland, both of which will be funded initially from ISIF resources.

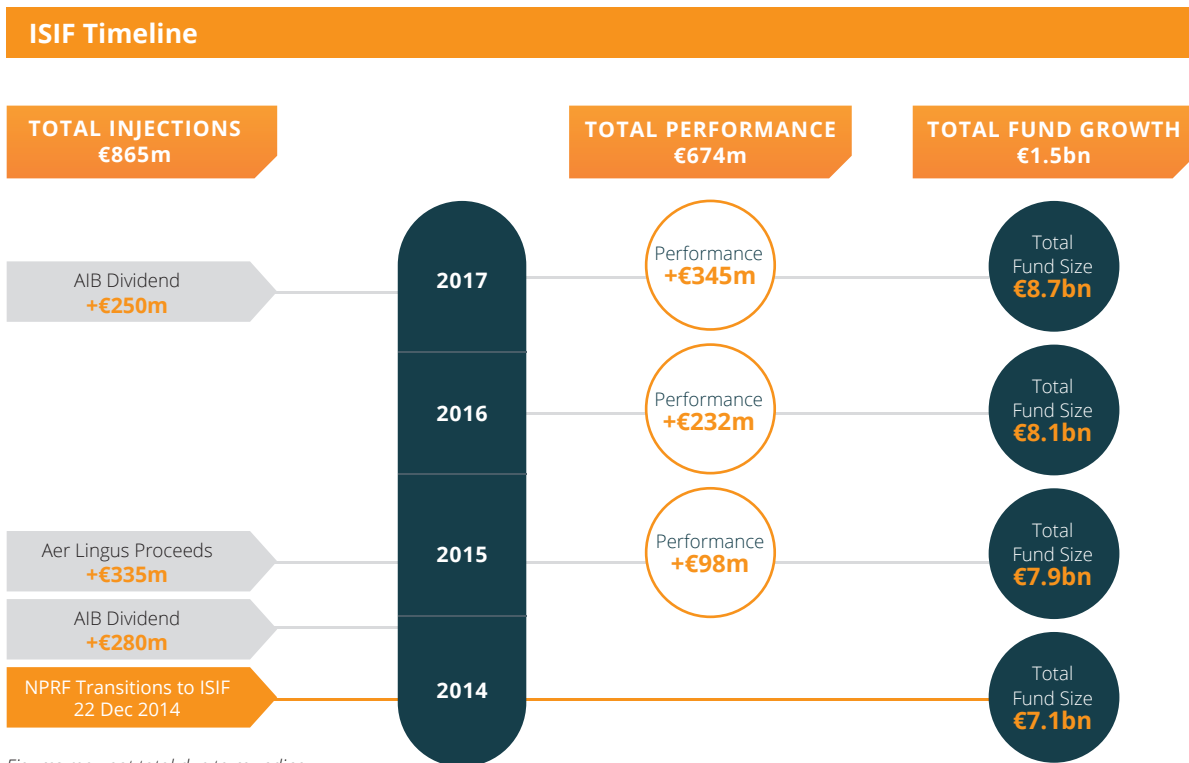
Investment Performance

The total Discretionary Portfolio value has grown since inception from €7.1bn to €8.7bn, comprised of investment gains of €674m and cash injections of €865m (AIB dividends €530m and the sale of the State's shareholding in Aer Lingus €335m).

In 2017, the ISIF generated an investment return of 4.3%, made up of 4.5% on the Irish Portfolio and 4.1% on the Global Portfolio (the Global Portfolio holds Discretionary Portfolio assets which have not yet been invested in Ireland). The Irish Portfolio benefited principally from the strong performance of its venture capital fund investments and by solid returns from infrastructure, energy and SME investments. The focus of the Global Portfolio is to ensure cash is available to fund Irish investment commitments as they materialise. Its performance was driven by its equity and absolute return investments while its significant cash and fixed income investments generated extremely low returns, in line with market conditions.

Since inception, the ISIF has generated an annualised return of 2.8% per annum, comprising a return of 7.0% per annum from the Irish Portfolio and a return of 2.2% per annum from the Global Portfolio.

Ireland Strategic Investment Fund (continued)



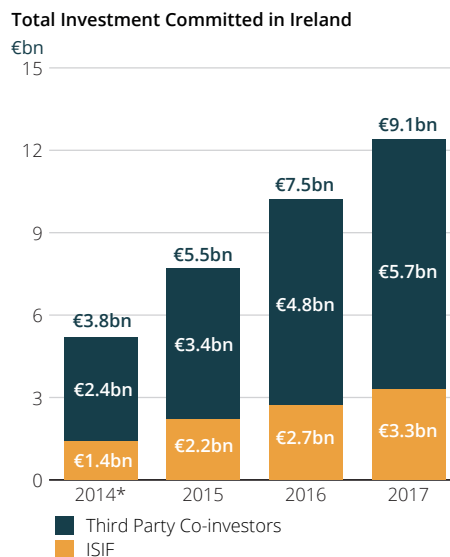
Figures may not total due to rounding.

Irish Portfolio

Including investments made by its predecessor (the NPRF), the ISIF had by end-2017 committed €3.3bn to investments consistent with its investment mandate. Including third party co-investor commitments, a total of €9.1bn had been committed to investment in Ireland.

The ISIF portfolio is diversified across all regions and many sectors of the economy and includes investments in infrastructure, energy, housing, commercial real estate, SMEs, dairy, forestry, technology, life sciences, education and international financial services.

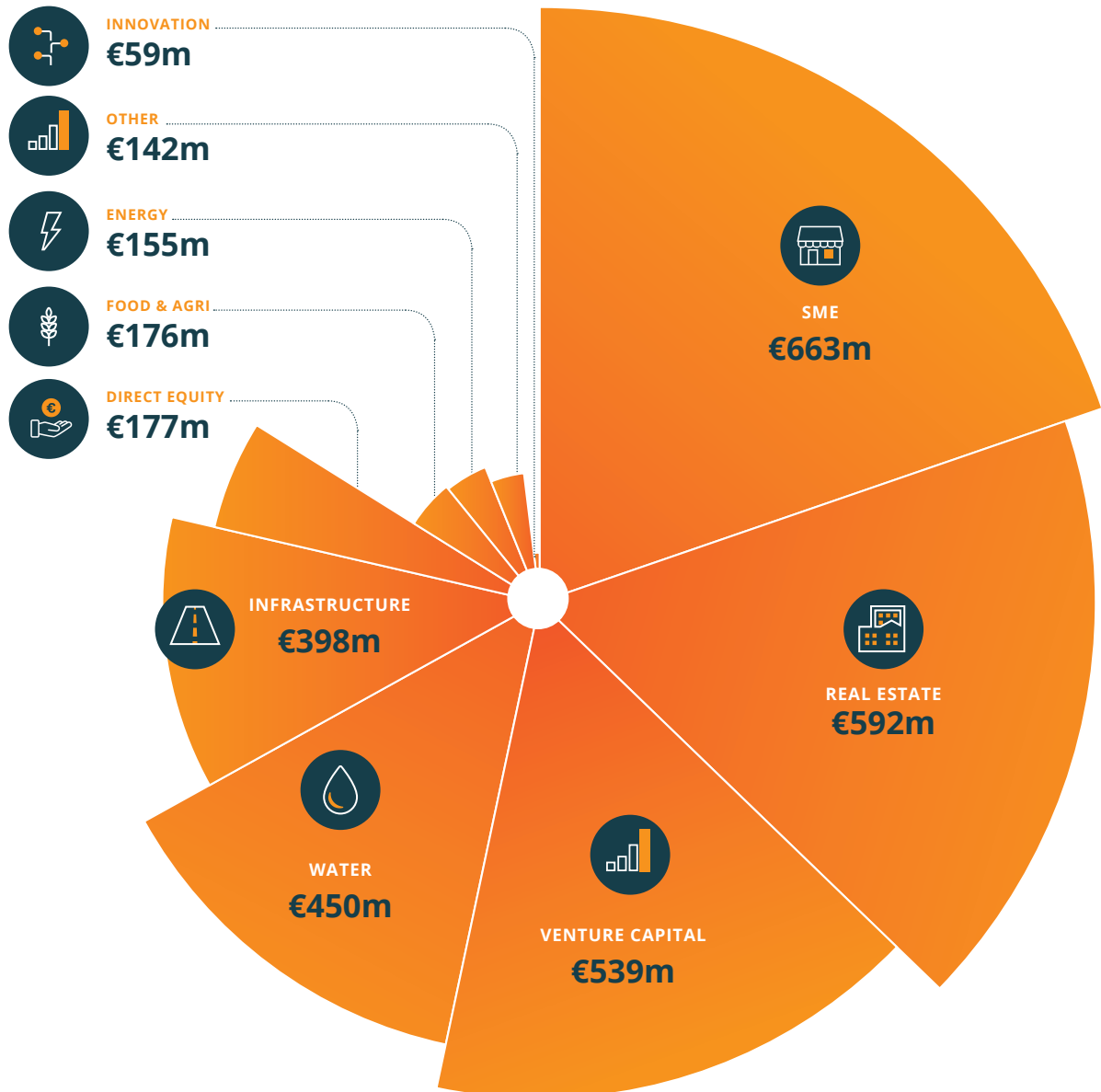
ISIF Commitments to Ireland 2014-2017



*Irish assets transferred from NPRF.

Figures may not total due to rounding.

Irish Portfolio: Capital Committed at End-2017



Of the €3.3bn committed to Ireland, €2.2bn had been drawn down at end-2017, with a market value at that date (after some income distributions) of €2.2bn.

€667m was committed by the ISIF to 23 separate investments during 2017 (average investment size of €29m).

Ireland Strategic Investment Fund (continued)

ISIF IRISH INVESTMENTS 2017

Enabling Ireland	Name	ISIF Commitment €m	Description
 Real Estate	DAD Property Fund	8	Pilot project to deliver a sustainable solution to social and affordable housing requirements.
	Cherrywood – Hines	52	Enabling infrastructure works necessary to unlock residential housing in Cherrywood SDZ.
	Man Aalto	25	Residential development debt fund, lending to smaller developers.
	Ardstone Homes (follow-on)*	5	Residential housing fund in which ISIF is a cornerstone investor.
 Infrastructure	Shannon Airport Authority	14	Fully fund essential maintenance of the runway at Shannon Airport.
	Port of Cork	18	Flexible debt funding solution to support the relocation of Port of Cork to Ringaskiddy.
	Aqua Comms (follow-on)*	3	Irish developer of fibre-optic infrastructure including a transatlantic and Ireland/UK connectivity network.
 Energy	Greencoat Renewables DAC	76	Cornerstone investor in IPO for renewable energy investor seeking to capitalise the Irish wind energy market.
Total		201	
Growing Ireland			
 SME	Muzinich	45	Fund providing growth capital to Irish SMEs and corporates.
	Insight	83	Growth stage private equity fund that will target software opportunities in Ireland and globally.
	BGF	125	Largest ever growth capital fund dedicated to Irish SMEs with over €200m to invest.
	Motive Partners	25	Specialist financial technology focused private equity fund providing growth equity to FinTech businesses.
 Direct Equity	Draper Esprit (follow on)*	12	Listed venture capital fund making diversified investments in private high growth technology companies in Ireland and UK.
	InsideSales	24	Industry leading predictive sales acceleration platform growing its European presence in Ireland.
	Kaseya	20	Supplier of complete IT management solutions for managed service providers and mid-sized companies, growing its European presence in Ireland.
	Cubic Telecom	10	Connectivity/software company that provides on-demand global connectivity for devices/vehicles via local mobile networks.
	Swrve (follow on)*	2	Global leader in high-growth sector of in-app mobile marketing.
 Food & Agriculture	Finistere	40	Partnership between ISIF and Finistere investing in start-up and early stage AgTech companies in Ireland.
	Panelto Foods	14	Large, growing indigenous prepared consumer food company.
Total		400	
Leading Edge Ireland			
 Venture Capital	Lightstone Ventures II	21	Specialist US-based venture capital fund focused on medical devices and biopharmaceuticals.
 Innovation	Nautilus Data Technologies	4	Development of a new generation of data centres, located on water.
	Illumina Ventures	21	Genomics-focused venture capital fund investing primarily in early-stage, start-up companies.
	Arch XI Overage Fund	21	Invests in transformative, industry disruptive, technology driven companies in life and physical sciences.
Total		67	
Total 2017 Investments		667	

*Additional commitment to an existing ISIF investment.

Figures may not total due to rounding.

CONNECTIVITY FUND

The Connectivity Fund was established as a sub-fund of the ISIF in 2015 to invest the €335m proceeds from the sale of the State's shareholding in Aer Lingus with the aim of enabling and enhancing Ireland's physical, virtual and energy connectivity. In 2017, the ISIF completed two new investment commitments from this sub-fund (Port of Cork and Shannon Airport) and made an increased commitment to an existing commitment, Aqua Comms, bringing total commitments from the Connectivity Fund to €93m:

- Aqua Comms: €26m equity investment, to support Ireland's first dedicated subsea fibre-optic network interconnecting New York, Dublin and London via Killala, Co. Mayo;
- daa: €35m investment in a 2028 bond issuance underpinning long-term financing for the operator of Dublin and Cork airports;
- Port of Cork: €18m junior debt facility to enable the Port of Cork to relocate from its existing constrained locations in Cork City to a redeveloped site in Ringaskiddy; and
- Shannon Airport: €14m loan facility to support the upgrade of the existing runway, a core element of Shannon Airport's capital investment programme.

Economic Impact

The ISIF seeks to allocate the majority of its capital to priority sectors and investments where the highest economic impacts are likely, while also ensuring that all investments satisfy its commercial return objectives.

The economic impact and employment supported by ISIF investment differs from traditional Government expenditure. With investment, public resources are expected to be returned with a gain at the end of the investment period; whereas with Government expenditure public resources are depleted as a result of the spending. Returned investment capital can then be recycled into additional beneficial projects.

In line with the ISIF's double bottom line mandate, a key part of the ISIF's due diligence in advance of investment is a comprehensive assessment of the additionality, displacement and deadweight of each transaction.

Post-investment, the ISIF completes a semi-annual census of all investees to collect economic impact and employment data to enable it to monitor the economic impact progress of all investments.

Additionality refers to the additional economic benefits to Gross Value Added (GVA) which are likely to arise as a result of the investment under consideration, over and above what would have taken place anyway.

Displacement refers to instances whereby the additionality created from an investment is reduced or made smaller at the overall economy level due a reduction in such benefits elsewhere in the economy.

Deadweight refers to instances whereby the economic benefits created from an investment would have been achieved in any event in the absence of intervention.

ISIF ECONOMIC IMPACT 2017



1,811

IRISH COMPANIES/PROJECTS

generated combined revenues of €1.9bn, 28% through exports.



€948m

WAGES & SALARIES

earned in 2017 by employees of these companies.



30,786

JOBS

are supported, directly and indirectly, by ISIF investments.



€993m

GVA

to the Irish economy.

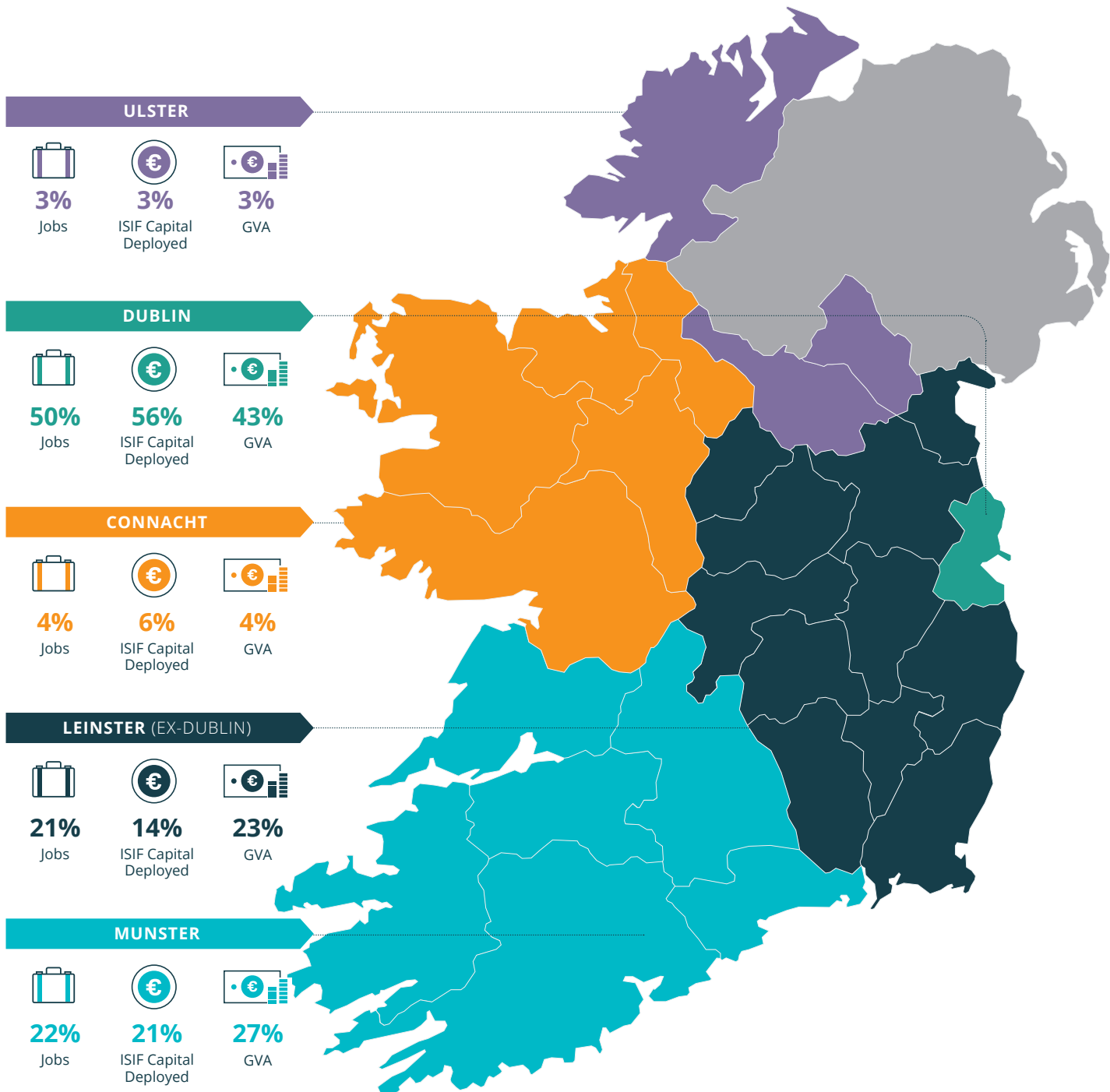


€526m

By end-2017, the ISIF had committed €526m to residential housing investments in response to the national housing crisis. ISIF backed residential housing platforms have funding committed or sites acquired to deliver over 9,500 homes by 2021.

Ireland Strategic Investment Fund (continued)

ISIF Regional Economic Impact 2017



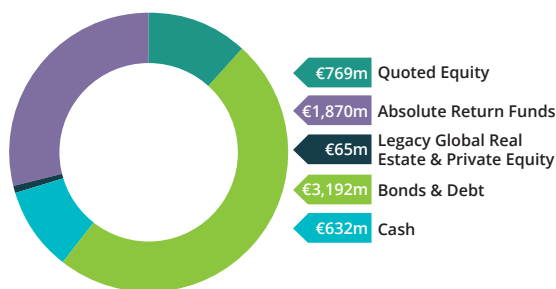
Global Portfolio

In July 2016, the NTMA completed implementation of its medium-term Global Portfolio Transition Strategy (GPTS), which is designed to position the ISIF to transition from a largely global portfolio into an Irish portfolio as investment opportunities in Ireland are executed and drawn down over a period of years. The overall focus of the GPTS is to ensure that cash is available as required for Irish investments over an indicative period of four to five years, while making a significant contribution towards the ISIF's overall investment return objective.

By design, the GPTS is a relatively low-risk multi-asset class and multi-strategy investment approach, investing across cash, fixed income, credit, equities, multi-strategy solutions and absolute return mandates through top quality external global asset managers.

The Global Portfolio's total assets at end-2017 were €6.5bn, comprising quoted equities, bonds, cash and alternative assets.

Global Portfolio Assets at End-2017



Global Portfolio Managers at End-2017

Manager	Mandate	Market Value €m	Global Portfolio %
Goldman Sachs Asset Management	Multi-Asset	1,672	26
J.P. Morgan Asset Management	Multi-Asset	1,003	15
Irish Life Investment Managers	Multi-Asset	841	13
Amundi Asset Management	Fixed Income & Cash	636	10
BlackRock Investment Management	Fixed Income	321	5
Muzinich & Co	Fixed Income	235	4
Deutsche Asset Management	Fixed Income	169	3
Acadian Asset Management	Equity	311	5
Generation Investment Management	Equity	194	3
AQR Capital Management	Absolute Return	288	4
Blackstone Alternative Asset Management	Absolute Return	226	3
Bridgewater Associates	Absolute Return	224	3
Global Real Estate Managers*	Real Estate	61	1
NTMA	Cash and Financial Assets	347	5
Total		6,528	100

*Legacy NPRF investments (14 managers).

Figures may not total due to rounding.

The ISIF's custodian, BNY Mellon, provides custody and transaction services to the NTMA. BNY Mellon is responsible for transaction settlement and the segregated holding of the ISIF's directly-owned public markets assets.

Ireland Strategic Investment Fund (continued)

Sustainability and Responsible Investment

The NTMA, as controller and manager of the ISIF believes that the Fund, as a large and long-term investor in Ireland, has a duty to actively contribute to the sustainability of the Irish economy for future generations and to encourage others to do the same. To this end, it has developed an ISIF Sustainability and Responsible Investment Strategy to protect and enhance both the value and the reputation of ISIF investments for the long term through responsible investment practices and environmental, social and governance (ESG) risk mitigation. Throughout its investment decision making processes, it aims to focus in particular on climate change risk and emissions and on governance issues.

During 2017, the ISIF appointed a number of service providers to assist in the implementation of its Sustainability and Responsible Investment Strategy.

ISIF Sustainability and Responsible Investment Service Providers

Service Provider	Service
Hermes EOS	Proxy Voting & Engagement Services
oekom/ISS – Ethix Climate Solutions	Global Portfolio Analytics/Portfolio Carbon Footprint
Environmental Resource Management (ERM)	Development of an ESG Framework for Irish Portfolio investment and monitoring

In December 2017, the ISIF published its revised Sustainability and Responsible Investment Strategy which allows for the exclusion of specific entities or categories of investment as a responsible investment tool on a limited basis. Such exclusions may be made where, having considered relevant, reliable and reasonable factual evidence, it has been reasonably concluded that investing in an entity or category of investment is not consistent with the NTMA's statutory duties concerning investments of the Fund or with its investment strategy for the discretionary assets of the Fund. Under the revised Strategy, the ISIF has excluded companies materially involved in the production and processing of coal and oil sands, the highest carbon content fossil fuels, and has re-iterated its investment decision, made in 2016, to exclude tobacco manufacturing companies. This is in addition to the exclusion of companies involved in the manufacture of cluster munitions and anti-personnel mines, which are prohibited investments under the *Cluster Munitions and Anti-Personnel Mines Act 2008*.

DIRECTED PORTFOLIO

The Directed Portfolio – primarily public policy investments in AIB and Bank of Ireland – continues to be managed within the ISIF under direction from the Minister for Finance. During the financial crisis, a total of €20.7bn was invested by the NPRF in AIB and Bank of Ireland at the direction of the Minister for Finance for public policy reasons. These assets transferred to the ISIF on the establishment of the Fund.

The figures in this section relate to investments held by the ISIF only and do not include public policy investments in Irish financial institutions made by the Minister for Finance through the Exchequer. At end-2017, the Directed Portfolio comprised:

- (i) Ordinary shares in AIB valued at the market price of €5.42 per share;
- (ii) Ordinary shares in Bank of Ireland valued at the market price of €7.12 per share; and
- (iii) €215m in cash, committed to lending to the Strategic Banking Corporation of Ireland.

In June 2017, in conjunction with the initial public offering of AIB shares, the ISIF was directed to sell 780 million shares at a price of €4.40 per share, which resulted in a reduction of the ISIF's percentage holding from 99.9% to 71.1%. €3,434m of proceeds was subsequently transferred to the Exchequer on foot of Ministerial Directions.

The Directed Portfolio had a valuation of €11.8bn at end-2017. Its return in 2017 was 19.9%. Arising from the €20.7bn invested in AIB and Bank of Ireland, cash returns on investments to date have amounted to €10.1bn while investment valuations in AIB and Bank of Ireland at end-2017 were €11.5bn, bringing the total amount (income and value) to €21.6bn.

Directed Portfolio at End-2017

	Cash Invested €bn	Cash Received €bn	End-2017 Value €bn	Shareholding at End-2017 %	Total (Income & Value) €bn
Preference Shares	1.8	3.2	-		3.2
Ordinary Shares	2.9	1.0	1.1		2.1
Bank of Ireland	4.7	4.2	1.1	13.9	5.3
Preference Shares	3.5	2.2	-		2.2
Ordinary Shares	8.7	3.7	10.5		14.1
Capital Contribution	3.8	-	-		-
AIB	16.0	5.9	10.5	71.1	16.3
Total Bank Investments	20.7	10.1	11.5		21.6
Cash to SBCI			0.2		
Total Directed Portfolio			11.8		

Figures may not total due to rounding.



BUSINESS REVIEW

National Development Finance Agency

The NDFFA provides financial advisory, procurement and project delivery services to State authorities on public infrastructure projects.

Delivering PPPs

€1.5bn CAPITAL VALUE

The NDFA, in partnership with its client Departments and agencies is supporting delivery of education, health, justice and housing PPP projects with an estimated total capital value of €1.5bn.



PRIMARY CARE CENTRES

14

Four of the 14 new healthcare centres under the Primary Care Centres PPP, Ireland's first healthcare PPP, were completed in 2017 with the remainder to become operational in 2018.



COURTHOUSES

7

Construction continued across the Courts PPP which involves the development of new courthouses and the refurbishment and extension of existing courthouses in seven locations; three of the courthouses were completed in 2017 with the remainder to follow in 2018.



SOCIAL HOUSING

534

The tender competition for Social Housing PPP Bundle 1 (534 housing units) commenced in 2017 and work is ongoing to prepare Bundles 2 and 3 to go to market.

Providing Financial Advice

€5.5bn CAPITAL VALUE

The NDFA is providing financial advice on infrastructural projects, including PPPs, with an estimated total capital value of €5.5bn.



SAVINGS TO THE STATE

€8m

The Dublin Waste to Energy PPP project at Poolbeg, Dublin, was successfully refinanced in 2017, realising over €8m in savings to the State.



HOUSING

The NDFA is providing advice in relation to a number of housing projects including social housing lease and mortgage-to-rent schemes and use by local authorities of their land banks to accelerate delivery of social, affordable and private housing.



GORT TO TUAM

N17/N18

The N17/N18 Gort to Tuam PPP scheme, the largest in the current roads PPP programme, opened in September 2017. The NDFA acts as financial advisor to Transport Infrastructure Ireland across the roads PPP programme.

National Development Finance Agency (continued)

The NTMA is designated as the National Development Finance Agency (NDFA) when providing financial advice to State authorities undertaking major public investment projects with a capital value of more than €20m and when procuring and delivering Public Private Partnership (PPP) projects in sectors other than transport and the local authorities.

DELIVERY OF PPP PROJECTS

The procurement and delivery of approved PPP projects was a key focus of the NDFA's activity in 2017. The NDFA, in partnership with its client Departments and agencies, is responsible for delivery of education, health, justice and housing PPP projects with an estimated total capital value of €1.5bn. The NDFA acts as financial advisor across the entire PPP programme.

With regard to PPPs in respect of which the NDFA is responsible for delivery, four were at or near construction stage and one at market stage at end-2017. Four of the 14 healthcare centres under the Primary Care Centres PPP were completed during 2017 with the remainder scheduled to be completed in mid-2018. The Courts PPP, which involves the development of new courthouses and the refurbishment and extension of existing courthouses in seven locations, saw three sites completed in 2017 with the remainder scheduled to be completed by Q3 2018.

Completion of construction on Schools PPP Bundle 5, providing 4,870 student places across four sites, was delayed following the liquidation of Carillion plc in January 2018. The PPP Company and the project funders are

currently working through a rectification plan to complete the project as expediently as possible.

Work recommenced on the Dublin Institute of Technology Grangegorman PPP during 2017, following the judgment in favour of the Minister for Education and Skills and the NTMA in October 2016 in a case by an unsuccessful tenderer. Financial close was reached in March 2018, with the project planned to become operational in 2020.

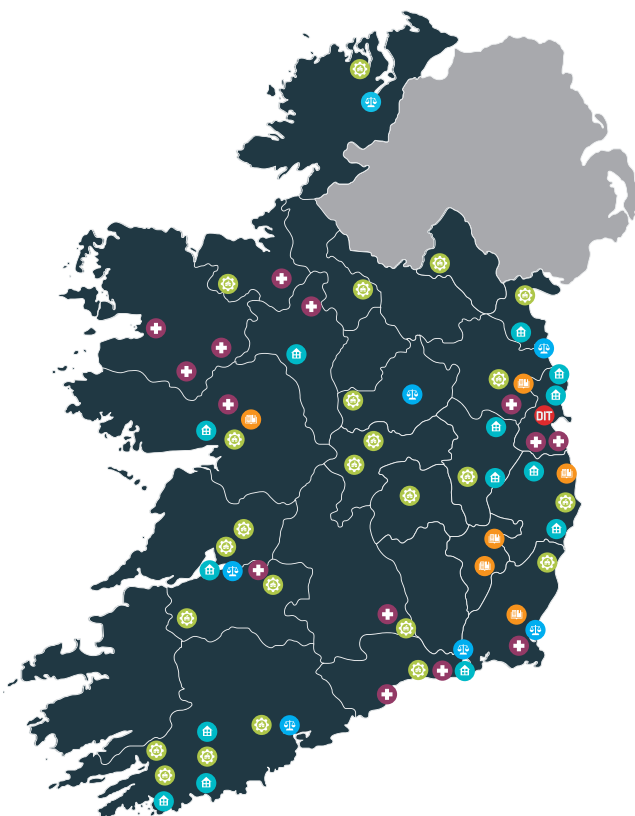
The tender competition for Social Housing PPP Bundle 1, to construct 534 housing units in the Greater Dublin area, commenced in Q4 2017 and work is ongoing to prepare Bundles 2 and 3 to go to market. The full programme envisages some 1,500 housing units across the country.

The NDFA continued to advise Transport Infrastructure Ireland in relation to its roads PPP programme. The N17/ N18 Gort to Tuam PPP scheme, the largest in the current roads PPP programme, opened in September 2017 ahead of schedule.

The NDFA also provided advice to Dublin City Council in relation to the Dublin Waste to Energy PPP project at Poolbeg, Dublin, which became operational during 2017. The project was also successfully refinanced in 2017, realising over €8m in savings to the State.

In terms of new projects, the NDFA collaborated closely with the Courts Service, the Health Service Executive and the Department of Education and Skills in the development of the next tranche of projects which includes Supreme and family law courts, community nursing units, and third level institutions.

NDFA Project Locations














1. New projects under development by the NDFA in 2017

-  Schools & Institute of Further Education
-  Primary Care Centres
-  DIT Campus at Grangegorman
-  Courthouses
-  Social Housing

2. Operational PPP Schools under NDFA contract management in 2017

-  Operational Schools

PROGRESS ON NDFA PPP PROJECTS AT END-2017

Project	Description	Status
Projects being Procured by the NDFA		
 Primary Care Centres PPP	The development of 14 new primary care centres throughout the country, designed to provide health and social care services in local communities.	Four facilities became operational in 2017 (Boyle, Ballinrobe, Tuam and Limerick City). The remainder are scheduled for completion in mid-2018.
 Courts Bundle PPP	The development of new courthouse buildings in Drogheda, Letterkenny, Limerick and Wexford and also the refurbishment and extension works to existing courthouses in Cork, Mullingar and Waterford.	Three courthouses became operational in 2017 (Drogheda, Letterkenny and Wexford). The remaining four are scheduled for completion by Q3 2018.
 Schools PPP Bundle 5	Five schools and one Institute of Further Education providing 4,870 places in Carlow, Meath, Wicklow and Wexford.	Completion delayed following liquidation of a member of the PPP Company (Carillion plc) in January 2018. The PPP Company and the project funders are currently working through a rectification plan to complete the project as expeditiously as possible.
 DIT Campus at Grangegorman PPP	The development of two quad buildings at the new DIT Campus in Grangegorman, providing 10,000 student places in applied arts, sciences and engineering.	Contract award and financial close was completed in March 2018. Following a two-year construction period, the buildings are expected to become operational in 2020.
 Social Housing PPP	Development of 1,500 social housing units in three bundles.	Bundle 1 tender competition commenced in 2017 with Bundle 2 to reach market stage in early 2018.
Projects where the NDFA is Financial Advisor		
 Motorway Service Areas	Design, construction, operation and maintenance of two service areas located on the M6 motorway east of Athlone and on the M9 motorway south of Kilcullen together with the fit-out, operation and maintenance of a third service area on the M11 motorway north of Gorey.	Expected to reach financial close in 2018.
 N17/N18 PPP	Design, construction, operation and maintenance of a new 57km stretch of motorway in Galway.	The completed road scheme was officially opened in September 2017.
 M11 PPP (Gorey to Enniscorthy)	Design, construction, operation and maintenance of a new 38km stretch of motorway in Wexford.	Construction underway, scheduled for completion in 2019.
 N25 PPP	Design, construction, operation and maintenance of the New Ross bypass.	Construction underway, scheduled for completion in 2019.
 Charlemont Street Housing Regeneration PPP	Land Swap PPP involving the delivery of 79 social housing units and community facilities in Dublin.	Construction underway, scheduled for completion in 2018.
 Dublin Waste to Energy PPP	Design, construction, operation and maintenance of a 600,000 tonne waste to energy plant.	Project became operational in 2017 and was refinanced in December 2017.

PROVISION OF FINANCIAL ADVICE

Under its statutory mandate, the NDFA provides financial advice to State authorities undertaking major public investment projects. During 2017, the NDFA provided advice in relation to a number of housing projects including social housing lease and mortgage to rent schemes. It also provided financial advisory services to local authorities in respect of the use of their land banks to accelerate delivery of social, affordable and private housing in line with Government policy.

Other projects on which the NDFA provided financial advice in 2017 included the Forensic Science Laboratory, the Secure Managed Digital Radio Network Services, the National Forensic Mental Health Services Hospital and the Cork Radiation Oncology Unit.

The NDFA also engaged with the European Investment Bank (EIB) on the provision of a direct loan to the

Exchequer, which was finalised in December 2017, of €490m for the new Children's Hospital project. This represents the EIB's largest ever financial engagement in Ireland and the largest single healthcare investment in its history.

CONTRACT MANAGEMENT SERVICES

At the request of the Department of Education and Skills, the NDFA has taken over the contract management of all operational PPP schools. At end-2017 the NDFA was managing the contracts for five schools projects covering 27 schools. Working under a Service Level Agreement, the support provided involves monitoring the relevant PPP companies in the performance of their obligations under the PPP contract, ensuring that the long-term value in these contracts is captured. The NDFA also provides contract management services for the Convention Centre, Dublin.



BUSINESS REVIEW

NewERA

NewERA provides a dedicated centre of corporate finance expertise to Government, providing financial advice to Ministers regarding their shareholdings in major commercial State bodies.

Commercial and Financial Advice

During 2017, NewERA provided financial and commercial advice to Government on a range of items relating to the State bodies it oversees:

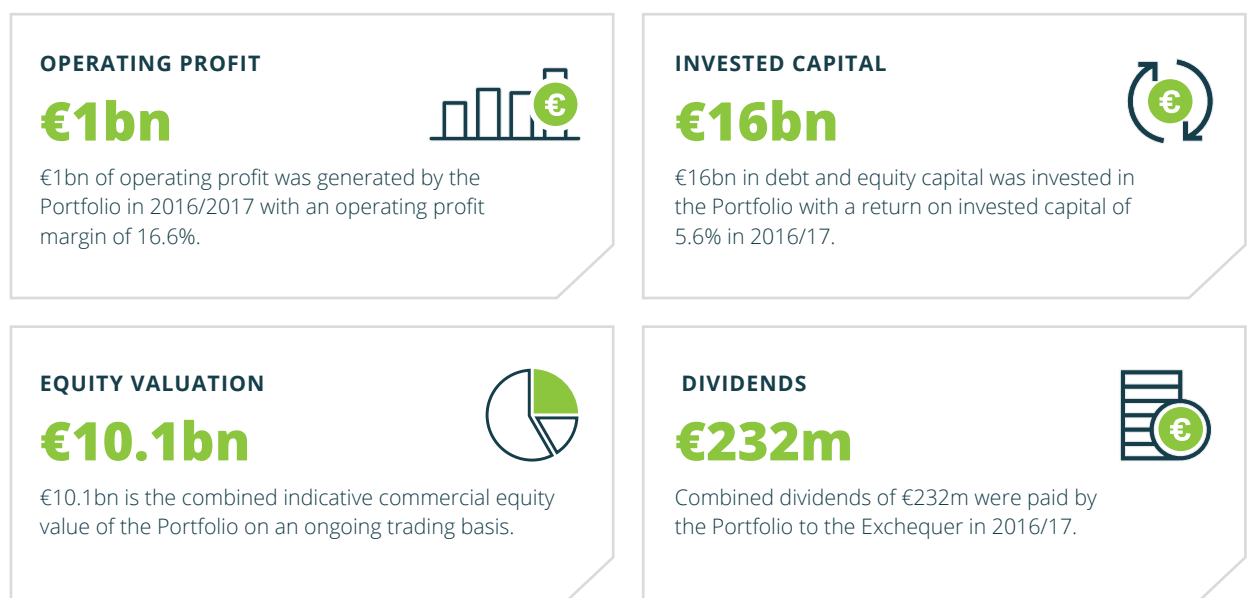


NewERA's role continued to expand during 2017 and significant assignments were undertaken at the request of Government Ministers in relation to other State companies including:



Annual Portfolio Review

NewERA published its annual review of the commercial State bodies within its Portfolio, setting out the key challenges and opportunities relating to each body in December 2017.



NewERA (continued)

NewERA's core role is to provide financial and commercial advice to Government Ministers in relation to a number of major commercial State bodies: Bord na Móna, Coillte, EirGrid, Ervia (including Gas Networks Ireland), ESB and Irish Water (the Portfolio).

These companies play a critical role in the Irish economy, including through investment in enabling infrastructure in water and energy networks. Gross investment in the form of capital expenditure was €1.5bn in 2016/2017, with 60% of this on regulated network assets (water and energy) within the State. Substantial investment is expected to continue with up to €4bn projected to be invested in the regulated energy network infrastructure in the State over the period 2017-2021 while some €13bn has been estimated by Irish Water as the required investment in order to address all known deficits in water infrastructure. *Project Ireland 2040 National Development Plan 2018-2027* also references the importance of the investment projected to be made by these bodies over the next decade.

Where specifically requested by the relevant Government Ministers, NewERA's role also extends to other State companies or assets. As a dedicated centre of financial expertise, NewERA brings an additional commercial focus to the oversight of commercial State companies.

ACTIVE OWNERSHIP

A key aim of NewERA, working with Government Departments, is to enhance the State's role as an active shareholder in the companies it owns, providing a framework for a clearer understanding of the State's objectives and financial expectations for the companies.

To help achieve these objectives, NewERA has developed a Shareholder Expectations Framework (the Framework) to facilitate greater active ownership by the State as shareholder. The Framework's purpose is to provide formal clarity and guidance to the boards of these bodies in relation to the Government's strategic priorities, policy objectives, financial performance and reporting requirements.

These are communicated to the bodies through a "Shareholder Letter of Expectation" that is issued by the relevant Government Minister. Areas in the Shareholder Letter of Expectation which are of primary focus for NewERA from a financial and commercial perspective as at end 2017 are:

- Consistent measures of financial performance, tailored to each body;
- A requirement for the relevant bodies to prepare commercial equity valuations to facilitate the measurement of total shareholder return; and
- Development of formal financial targets that typically include a capital structure target, a profitability target and a dividend target.



CORPORATE FINANCE ADVISORY SERVICES

NewERA Portfolio

During 2017, NewERA provided detailed financial analysis and recommendations (where appropriate) to Government Ministers on a total of 70 submissions for Ministerial consideration and consent, made by the bodies within its core remit. This included €1.9bn in debt financing-related requests (including bond issuance and commercial debt facilities), €1.3bn in relation to capital expenditure budget requests and €0.8bn in specific capital expenditure project requests. NewERA also worked closely with the Public Appointments Service in carrying out its advisory role with regard to board appointments.




NewERA (continued)

Additional State Companies

NewERA experienced continued growth during 2017 in the number of assignments it was requested to undertake by Government Ministers in relation to a broad range of other State companies. Ongoing financial and commercial advice was provided on the main commercial State companies in the transport sector following an agreement put in place during 2017 with the Department of Transport, Tourism and Sport.

Selected NewERA Assignments 2017: Additional State Companies






Project	Description
	Financial review and analysis of strategic and funding plan and assistance/advice provided to relevant Ministers regarding a State loan to An Post.
	Financial review and analysis of business plans of CIÉ, Bus Éireann and Irish Rail. Financial review of financing facilities of CIÉ.
	Financial review on behalf of DTTAS and DPER in context of a revised dividend policy given Dublin Port's major capital investment plans.
	Advice to DTTAS and DPER on a revised dividend policy.
	Financial analysis and advice to Minister for Health in relation to a review of Vhi's strategic and financial plan.
	Financial review and analysis of the financing structure of the Ringaskiddy redevelopment project.

Note: DTTAS: Department of Transport, Tourism and Sport, DPER: Department of Public Expenditure and Reform.

Additional Corporate Finance Assignments

There was continued growth during 2017 in the number of corporate finance advisory assignments carried out by NewERA on behalf of Government Ministers across a wide range of sectors.

Selected NewERA Assignments 2017: Additional Projects

Project	NewERA's Role
	<p>CLIMATE ACTION AND RENEWABLE ENERGY</p> <p>Provided reviews from a financial perspective of the financial modelling developed by relevant Government Departments and agencies for climate action measures for the National Mitigation Plan that was published in July 2017. Also participated in projects including support scheme for renewable heat, renewable electricity support scheme and assessment of costs and benefits of biogas and biomethane.</p>
	<p>ENERGY EFFICIENCY</p> <p>Provided financial assistance and advice in relation to a cost benefit analysis and financial structuring regarding a public lighting project. If successful, this project could reduce the energy and maintenance costs associated with the public lighting network by more than 50% and enable local authorities to meet their 2020 energy efficiency targets in full.</p>
	<p>FORESTRY</p> <p>NewERA took part in initiatives under the Government's Forestry Programme aimed at increasing investment in the sector including peatland afforestation.</p>
	<p>RUGBY WORLD CUP 2023 BID</p> <p>Provided specialist financial and commercial assistance to Government Departments in relation to certain aspects of the State's support of the bid to host Rugby World Cup 2023.</p>
	<p>MID REVIEW OF CAPITAL PLAN/NATIONAL DEVELOPMENT PLAN</p> <p>Provided assistance and input on the contribution of the commercial State sector to investment under these plans.</p>

NEWERA ANNUAL FINANCIAL REVIEW 2016/2017

NewERA published its Annual Financial Review of the commercial State bodies within its core remit in December 2017. This is available at ntma.ie/publications. The Review sets out key financial information and metrics both for the Portfolio as a whole and for each individual body.

In the context of the strategic, business and financial plans of each of the bodies, the Review also comments on a number of themes of relevance from a shareholder perspective including:

- Brexit and its possible impact on the energy sector, given the concentration of the Portfolio bodies operating in the energy sector, the range of Portfolio investments in the UK, and the extent of the Portfolio's bilateral trade with the UK;
- The delivery of investment and transformation plans for Irish Water;
- Ireland's transition to a low-carbon energy system and the role of commercial State bodies (the first National Mitigation Plan was published by the Minister for Communications, Climate Action and Environment in July 2017 and the commercial State sector has a key role to play in relation to many of the measures set out in this plan which are cross sectoral and long term in nature); and
- The Review notes that it might be helpful for the State to develop an overarching framework of principles for the ownership of and investment by State bodies.

The Review also sets out key challenges and opportunities relating to each body which gives an indication of the complex environments in which the bodies operate.

NewERA (continued)

NewERA Portfolio Companies: Overview of Key Challenges and Opportunities

	<ul style="list-style-type: none"> ■ Key challenge is to identify sustainable business growth opportunities with some potential opportunities in renewable energy. ■ Changing regulatory environment will impact on future performance.
	<ul style="list-style-type: none"> ■ Opportunity to optimise the returns on its core forestry business following refinancing and restructuring initiatives. ■ Its asset portfolio presents opportunities to realise value to facilitate financial, social and environmental returns to the State.
	<ul style="list-style-type: none"> ■ Key project is the design and development of new market systems and new electricity trading arrangements required for the new Integrated Single Electricity Market. ■ Development of Celtic Interconnector with France, which is a project of considerable complexity and scale.
	<ul style="list-style-type: none"> ■ A challenge will be to deliver its strategy within revised revenue allowance and delivery of the efficiency targets that are set out in the five year (2017-2022) regulatory price control process. ■ Actively looking at a number of growth opportunities (e.g. investigating use of compressed natural gas for large vehicles). Managing these opportunities while also being cognisant of the risk of investing in long-term infrastructure in the context of the move to a low carbon energy system will be a key long-term challenge.
	<ul style="list-style-type: none"> ■ Significant level of capital investment needed in Ireland's water infrastructure with some challenges for Irish Water in delivering its business plan targets as it competes with other State funding priorities. ■ As part of the State's future funding of Irish Water, it will be important that Irish Water retains an appropriate level of certainty and flexibility in relation to its funding arrangements to help facilitate delivery of its business plan targets for increased investment and efficiency through the regulated utility model.
	<ul style="list-style-type: none"> ■ The uncertainty and changes in the energy market will require continued cost efficiency enabling it to deliver value to its customers and shareholders and maintain its financial credit rating. ■ Decarbonisation is expected to require a significant increase in the level of investment in generation and networks infrastructure across the European electricity industry, which will present challenges and opportunities for ESB.

Financial Information

In 2016/17, the combined adjusted operating profitability of the Portfolio decreased slightly to €994m from €1,044m in 2015/16, reflecting underlying turnover decline coupled with increased depreciation charges. A significant proportion of operating profit continues to be derived from the Portfolio's regulated electricity and gas networks (2016/17: 64%, 2015/16: 58%) and power generation assets (2016/17: 25%, 2015/16: 24%).

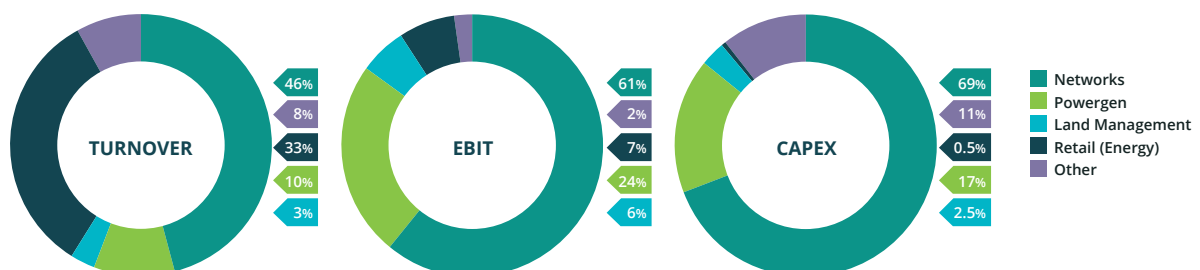
Return on Invested Capital (ROIC) decreased from 6.1% in 2015/2016 to 5.6% in 2016/17, indicative of the underlying decrease in the profitability of the Portfolio. However, this return is reasonable at Portfolio level given the challenges in some of the underlying businesses. The net gearing of the Portfolio decreased from 53% in 2015/16 to 50% in 2016/17. Total dividends of €236m were paid, of which €232m was to the Exchequer, compared to €441m paid in 2015/16. This was due to a reduction in special dividends paid, with normal dividends paid in 2016/17 of €136m (an increase of €9m on 2015/16).

Portfolio – Financial Highlights

	2016/17	2015/16	yoy Δ	5yr. avg.
KEY FINANCIAL INFORMATION	€m	€m	€m	€m
Turnover	5,982	6,100	(117)	5,885
Operating Profit	994	1,044	(50)	951
PAT (adjusted)	615	625	(10)	547
Pension Liabilities	1,029	1,009	21	1,123
Net Debt	6,989	7,421	(432)	6,864
Net Assets	6,905	6,631	274	6,731
Invested Capital	16,032	15,535	497	15,505
Gross Capex	1,498	1,572	(73)	1,448
Dividends Paid (total)	236	441	(205)	292
Commercial Equity Valuation	10,126	10,169	(43)	n/a
KEY METRICS	%	%	%	%
Operating Profit Margin	16.6	17.1	(0.5)	16.2
PAT margin	10.3	10.2	0.0	9.3
ROIC	5.6	6.1	(0.5)	5.4
Net Gearing	50.3	52.8	(2.5)	50.5

Source: Annual Reports, NewERA Analysis

Financials by Activity



Source: NewERA Analysis

BUSINESS REVIEW

State Claims Agency

The SCA manages claims brought against the State. It also provides risk management services, advising and assisting State authorities in minimising their claims exposure.

Managing a Complex and Diverse Claims Portfolio



OUTSTANDING LIABILITY

€2.7bn

The SCA was managing 9,956 active claims with an estimated outstanding liability of €2.7bn at end-2017.



MANAGING CLAIMS

€303m

The cost of resolving and managing on-going active claims in 2017 was €303m – a saving of 23% against the independent actuarial assessment of €391m.

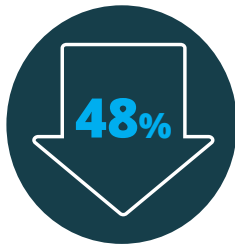


MATERNITY SERVICES CLAIMS

€1.4bn

Maternity services claims comprised €1.4bn or 70% of the total estimated outstanding clinical claims liability at end-2017. The high estimated liability associated with maternity services claims relates principally to the high cost of settling catastrophic brain-injury infant cases.

Reducing Legal Costs



In 2017, the SCA settled 440 bills of costs received from third parties for €55.2m – a reduction of 48% on the €106.9m claimed.

Enhancing Risk Management



During 2017, the SCA continued the roll-out of NIMS – a single ICT system to support the management of risk across its public service, including the healthcare sector – across State authorities. The total number of active users increased to approximately 2,000 from 800 at end-2016.

State Claims Agency (continued)

The NTMA is designated as the State Claims Agency (SCA) when managing claims against the State and State authorities and carrying out related risk management functions in order to reduce the costs of future litigation against the State.

The SCA's remit covers personal injury and third-party property damage risks and claims relating to 146 State authorities including the State itself, Government Ministers, the Attorney General, the Health Service Executive, the voluntary healthcare sector, An Garda Síochána, the Irish Prison Service, the Defence Forces and community and comprehensive schools. The SCA's Legal Costs unit manages third-party costs arising from certain Tribunals of Inquiry and claims for legal costs by parties who have successfully sued the State in respect of personal injury and other non-personal injury related actions.

CLAIMS AND LITIGATION MANAGEMENT

The SCA's claims management objective is, while acting in the best interest of taxpayers in matters of personal injury and property damage litigation, to act fairly and ethically in its dealings with people who have suffered injuries and/or damage and who take legal actions against the State or State bodies, and their families. In cases where the SCA investigation concludes that the relevant State authority bears some or all liability, it seeks to settle claims expeditiously and on fair and reasonable terms. If it considers, in individual claims or classes of claim, that the State is not liable, the SCA's policy is to defend those claims.

Active Claims

The SCA managed 9,956 active claims with an estimated outstanding liability of €2.7bn at end-2017.

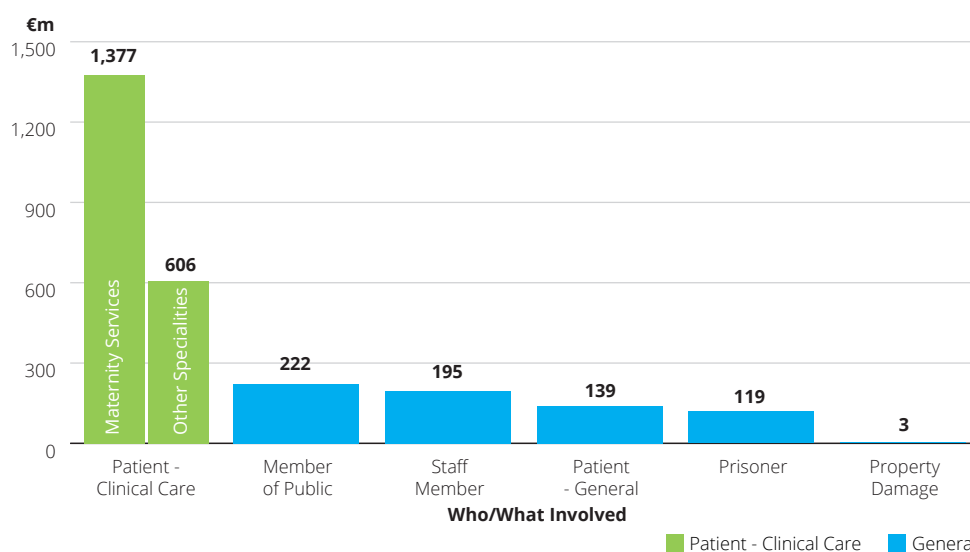
Active Claims at End-2017

	Claims	Estimated Outstanding Liability €m
Clinical	2,976	1,984
General	6,980	679
Total	9,956	2,662

Maternity services claims comprised €1.4bn or 70% of the total estimated outstanding clinical claims liability at end-2017. The high estimated liability associated with maternity services claims relates principally to the high cost of settling catastrophic brain-injury infant cases.

The total estimated outstanding liability of €2.7bn takes account of the Court of Appeal Decision in *Gill Russell v HSE*. The Court of Appeal held that the Real Rate of Return (RRR) in respect of the calculation of future care-related special damages should be 1%. It also held that the RRR in respect of all pecuniary losses should be 1.5%. The RRR used previously to calculate the estimated outstanding liability was 3%. Arising from the Court of Appeal Decision, the SCA paid "catch up" payments totalling €25m during 2017. These payments were made in respect of catastrophic injury cases, not fully resolved, where settlement had originally been agreed on a lump sum basis or by way of interim Payment Order for a defined period of time at the prevailing 3% RRR prior to the Court of Appeal decision. These cases, therefore, required to be adjusted for the effect of the lower rate by the payment of additional compensation.

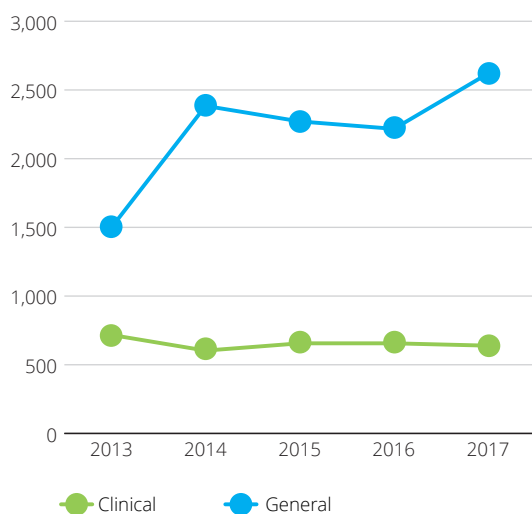
Breakdown of Estimated Outstanding Liability for Active Claims at End-2017



Figures may not total due to rounding.

The SCA received 3,259 claims and resolved 2,233 claims in 2017. There was an increase in the volume of new general claims received, driven in part by mass action claims and also by an expansion in the SCA's remit with the delegation of the management of claims relating to organisations in the voluntary disability sector to the SCA. By contrast, the volume of new clinical claims has remained relatively constant.

Clinical and General Claims Received 2013-2017



The cost of resolving and managing on-going active claims in 2017 was €303.2m compared with €251.5m in 2016. The 2017 out-turn represents a saving of 23% against the independent actuarial assessment of €391.1m.

Resolving Clinical Claims

The SCA resolves the majority of claims by negotiating a settlement, either directly with the plaintiff's legal advisors or through a process of mediation: 98% of clinical negligence cases handled by the SCA are settled without the necessity for a contested court hearing.

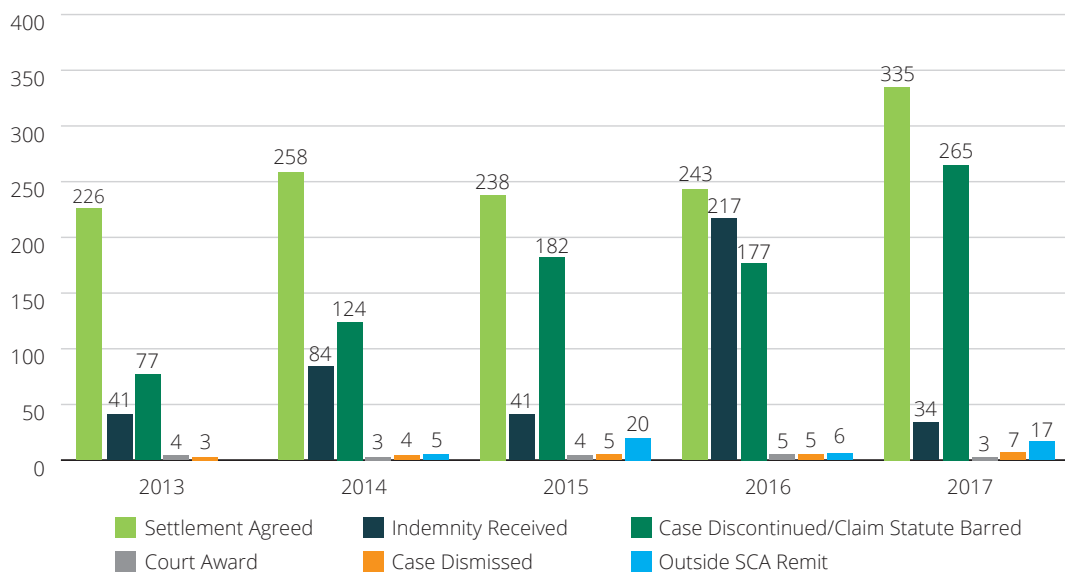
Statutory Reforms concerning the Resolution of Clinical Claims

The *Legal Services Regulation Act 2015* included three significant provisions to assist in the management of clinical negligence cases and reduce the number of cases that go to trial. These were:

- Provision for Ministerial power to make regulations for Pre-Action Protocols to facilitate timely communication between plaintiff and defendant and early identification of issues in dispute and to encourage early settlement;
- Provision that an apology by a medical practitioner does not constitute an admission of liability; and
- The Statute of Limitations period for the making of a clinical claim was increased from two to three years from the date of incident giving rise to the claim or the date of knowledge (if later).

It is expected that the regulations for Pre-Action Protocols will be introduced for medical negligence cases in 2018. This is likely to dramatically reduce the timeline between the receipt of and settlement of medical negligence cases and will also remove the more adversarial elements of the Tort system as it applies to medical negligence cases.

Clinical Claims Resolved 2013-2017 by Case Outcome



State Claims Agency (continued)

The *Civil Liability (Amendment) Act 2017* when it is commenced, will empower the courts, as an alternative to lump sum awards of damages, to make consensual and non-consensual Periodic Payment Orders to compensate injured victims in cases of catastrophic injury where long-term permanent care would be required. This will be of considerable importance to families of catastrophically brain-injured infants and adults whose injuries occurred as a result of a clinical negligence event. The introduction of Periodic Payment Orders (PPOs) guarantees that catastrophically injured victims will receive annual fixed payments in respect of care and aids and appliances thereby removing their families' worries associated with the investment of a lump-sum that it might run out prior to the plaintiff's estimated life expectancy.

Cost of Claims Resolved

Awards/settlements in respect of resolved clinical claims increased by 58% in 2017 when compared with 2016. This is principally due to the effects of catastrophic injury cases which previously settled by interim Payment Orders converting to lump-sum settlements. When these conversions are excluded, the underlying percentage increase compared with 2016 is 23%. This is principally due to the greater number of more serious claims being settled, having regard to the ageing effect of the portfolio.

Awards/settlements in respect of resolved general claims increased by 4% in 2017 when compared with 2016.

Cost of Claims Resolved 2013-2017

Clinical Claims	2013 €000	2014 €000	2015 €000	2016 €000	2017 €000
Cost for All Claims Resolved					
Awards/Settlements	35,979	44,622	45,493	54,494	86,222
Legal Fees – SCA	9,506	8,845	9,222	8,740	15,076
Legal Fees – Plaintiff	15,427	13,803	15,985	17,653	26,825
Other	1,248	1,176	1,624	1,708	2,784
Total	62,161	68,446	72,324	82,594	130,908

Average Cost per Claim Resolved

Average Awards/Settlements	103	93	93	83	130
Legal Fees – SCA	27	19	19	13	23
Legal Fees – Plaintiff	44	29	33	27	41
Other	4	2	3	3	4
Overall Average	177	143	148	126	198

General Claims	2013 €000	2014 €000	2015 €000	2016 €000	2017 €000
Cost for All Claims Resolved					
Awards/Settlements	11,249	16,161	17,195	23,657	24,715
Legal Fees – SCA	2,943	3,170	3,674	4,505	4,602
Legal Fees – Plaintiff	4,310	5,742	6,276	8,478	9,021
Other	827	881	1,017	1,233	1,312
Total	19,329	25,955	28,162	37,873	39,651

Average Cost per Claim Resolved

Average Awards/Settlements	8	11	13	15	16
Legal Fees – SCA	2	2	3	3	3
Legal Fees – Plaintiff	3	4	5	5	6
Other	1	1	1	1	1
Overall Average	13	18	21	23	25

Mass Actions

The SCA is managing a number of different mass actions against the State. Each mass action is managed by reference to a specific legal strategy, while acting fairly and ethically in dealing with people who have suffered injuries and/or damage and their families.

Active Mass Action Claims

Mass Action	Active End-2017	Received 2017	Finalised 2017
<p>In-Cell Sanitation</p> <p>These are cases taken by prisoners (current and former) against the Irish Prison Service alleging, inter alia, breach of their constitutional rights due to lack of in-cell sanitation.</p>	1,635	364	1
<p>Day School Abuse</p> <p>These are cases taken by persons who allege they were physically and/or sexually abused by persons whilst at school. Most of the cases were initiated following the ECHR Judgment in <i>Louise O'Keefe v Ireland</i>.</p>	146	9	29
<p>Shine Abuse Claims</p> <p>These are cases taken by persons who allege they were sexually assaulted by former consultant surgeon, Michael Shine, while they were patients in Our Lady of Lourdes Hospital, Drogheda and/or attending him at his private clinic.</p>	92	90	0
<p>Pandemrix/Narcolepsy</p> <p>These are cases taken by mostly infant plaintiffs alleging the development of narcolepsy and cataplexy following vaccination against the H1N1 flu virus.</p>	70	18	0
<p>Prison-Based TB</p> <p>These are cases taken by current and former prisoners and prison officers alleging testing positive for and/or contracting TB.</p>	63	5	23
<p>Lariam</p> <p>These are cases taken by current and former members of the Defence Forces, alleging severe psychosis type symptoms, following their ingestion of Lariam, an anti-malarial prophylactic drug prescribed for their use whilst on duty in sub-Saharan Africa.</p>	47	7	4
<p>Symphysiotomy</p> <p>These are cases taken by women who had a surgical, obstetrical procedure to widen their pelvis.</p>	35	0	95
<p>Thalidomide</p> <p>These are cases taken by persons born with physical disabilities whose mothers had ingested the Thalidomide preparation during pregnancy.</p>	34	0	0
<p>Metal-on-Metal Orthopaedic Implants</p> <p>These are cases taken by persons alleging personal injury having been surgically fitted with orthopaedic hip implants.</p>	22	6	14

State Claims Agency (continued)

SCA CASE OF PRECEDENCE 2017

ISABELLE SHEEHAN, A MINOR V DAVID CORR

A landmark ruling was delivered by the Supreme Court on 15 June 2017 clarifying the jurisdiction and methodology of the Taxing Master of the High Court in the assessment of solicitors' and counsels' fees. The case involved a review of the Taxing Master's decision to reduce the solicitor's general instructions' fees to €276,000 (down from €475,000 charged) in a catastrophic injuries case in respect of which the State Claims Agency provided indemnity for the costs incurred. The substantial reductions achieved on the Taxing Master's taxation of costs were affirmed by the President of the High Court by order of 6 March 2015.

The Court of Appeal disagreed and ordered a new taxation procedure with a move towards time-costing analysis as the foundation stone. Leave to appeal to the Supreme Court was granted and the Defendants' Appeal was supported by the Law Society and Bar of Ireland who were joined as amici curiae for the purpose of the appeal. The Supreme Court delivered a comprehensive judgment vacating the Court of Appeal order and holding, inter alia, that as a general proposition, the amount of time actually spent on a case should not be elevated above other relevant criteria provided for in the Rules of the Superior Courts. It was noted that the taxation of costs process had never before been canvassed to such extraordinary length and detail. The Supreme Court remitted the solicitor's costs for further taxation and provided important clarity and guidance as to the process to be applied in the proper scrutiny and assessment of solicitors' professional fees.

LEGAL COSTS UNIT

A Legal Costs Unit (LCU) was established within the SCA in 2013 to deal with third-party costs arising from certain Tribunals of Inquiry (the Mahon, Moriarty, Morris and Smithwick Tribunals). In 2015, the Government extended the LCU's responsibilities to management of all legal costs claims against the State.

The level of legal costs paid to plaintiffs' legal representatives is carefully examined and, wherever possible and by means of negotiations, the SCA seeks to achieve the maximum possible reduction in legal costs. If the SCA cannot successfully agree the level of legal costs to be paid to plaintiffs' legal representatives, the matter is determined by a Taxing Master.

In 2017, the SCA settled 440 bills of costs. The total amount claimed was €106.9m. These bills were settled for €55.2m – a reduction of 48% on the amount claimed. All of these claims were agreed without the necessity for taxation, thus avoiding delays in settlements and stamp duty charges at 8% of the taxed award.

RISK MANAGEMENT

The SCA's risk management objective is to implement targeted personal injury and property damage risk work programmes to mitigate litigation risk in State authorities and healthcare enterprises, in order to reduce the costs of future litigation against the State. The "risk universe" indemnified by the State and managed by the SCA is extensive. For example, it includes over 200,000 State employees and all public healthcare service users (public healthcare has approximately seven million contacts with members of the public per annum). It also includes public services that, by their nature, constitute higher risk activities such as the provision of clinical care in hospitals, Defence Forces personnel on operations overseas, members of An Garda Síochána on operational duty, customs inspections, emergency response services and custody of prisoners.

The SCA's clinical risk management programme focuses on collaboration with risk managers and other personnel in healthcare enterprises to support patient safety. The enterprise risk management programme focuses on providing advice and support to State authorities and healthcare enterprises in relation to risk management structures, maintenance of buildings, fire safety, health and safety, and environmental management.

Legal Costs Claims Settled 2017

	Number of Cost Claims Negotiated	Amount Claimed €m	Cost Claims Agreed €m	Legal Cost Saving %
SCA Clinical	156	37.2	21.9	41
SCA General	110	6.2	4.2	33
Mahon Tribunal	40	28.7	10.9	62
Moriarty Tribunal	9	11.8	5.7	52
Morris Tribunal	2	1.2	0.6	53
Referred by Chief State Solicitor's Office	123	21.7	12.0	45
Total	440	106.9	55.2	48

Figures may not total due to rounding.

Clinical Risk

The Clinical Risk Unit continued to support and monitor healthcare enterprises during 2017, tracking clinical incidents and providing support to clinical risk management teams, including regular site visits.

Significant clinical risk management activities in 2017 included:

- The publication of *National Clinical Incidents, Claims and Costs Report: lessons learned, a five year review: 2010-2014*. This provided an analysis of adverse incidents, clinical claims and associated costs over a five-year period;
- The publication of *Review of Medication Incidents Reported in Irish Hospitals*, based on a review undertaken in 2016; and the publication of a Patient Safety Notification for healthcare enterprises highlighting the critical issues identified in the report;
- The hosting of the Second Annual National Quality, Patient Safety and Clinical Risk Conference in Dublin Castle featuring Irish and international speakers; and
- Ongoing clinical risk management programmes including Open Disclosure (which has to date resulted in the training of 20,000 healthcare staff, 400 trainers, and the delivery of 4,300 workshops) and the Affinity Falls Prevention and Bone Health Programme. Both of these programmes are delivered in collaboration with the HSE.

Enterprise Risk

Each year, the SCA devises a risk management works programme to assist State authorities with the development and implementation of risk management policies and procedures. Significant enterprise risk management activities in 2017 included:

- A comprehensive programme of audits and audit reports. While all major State authorities were addressed in the audits, there was a particular focus on the healthcare and educational sectors. In addition to enterprise level reports, 'key national lessons learned reports' were compiled and provided to all of the sectors which had been audited;
- In March 2017, the Work Positive Critical Incident framework (WorkPositiveCI) developed by the SCA in collaboration with the Health and Safety Authority (HSA) and Critical Incident Stress Management (CISM) Network Ireland was launched. WorkPositiveCI is a stress audit tool to assist organisations to meet the requirements of the HSA's risk assessment for psychosocial hazards' requirements arising from work-related stress. In recognition of the innovative nature of the framework, the SCA was invited to present a paper on WorkPositiveCI at the International Critical Incident Foundation's 14th World Congress on Stress, Trauma and Coping. Since its launch, over 700 bodies have registered on the WorkPositiveCI website; and
- The inaugural SCA Enterprise Risk Recognition Awards ceremony for State Authority Network members was held in 2017. The awards acknowledged the work of State bodies in the area of enterprise risk management and commended the ongoing process of continuous improvement and progress in the management of risk across the State sector.



Córas Náisiúnta um Bainistíocht Teagmhais
National Incident Management System

The SCA launched the National Incident Management System (NIMS), the successor to the former STARSWeb system, in June 2014. NIMS is a confidential, highly secure web-based system. It is an end-to-end risk management tool that allows enterprises to manage incidents throughout the incident lifecycle. This includes:

- Reporting of incidents (including Serious Reportable Events);
- Management of investigations;
- Recording of investigation conclusions;
- Recording of recommendations;
- Tracking recommendations to closure; and
- Analysis of incident, investigation and recommendations data and other functionality.

NIMS provides State authorities' risk managers and the SCA's own risk experts with complex adverse incident data analysis to identify trends, hot spots and lessons learned, thus enabling risk management and mitigation responses that will both ensure the safety of service users, patients and State employees and ultimately reduce the cost of claims against the State in the future.

In 2017, the SCA continued the roll-out of NIMS across State authorities. During 2017, 173,000 incidents were recorded, representing an 8% increase on the previous year while the total number of active users increased to approximately 2,000 from 800 at end-2016. One hundred key management information reports were developed for higher-risk State authorities while NIMS itself was significantly enhanced.

In 2017, the SCA delivered a NIMS Aftercare Strategy, with the objective of increasing incident reporting and highlighting the other benefits NIMS has to offer. This included:

- New self-service 'Reporting at the Click of a Button';
- The development of a NIMS eLearning module;
- Bespoke quarterly reports for each State Authority including KPIs on reporting performance;
- Specific focus on incident reporting during audits including, if required, one-on-one training with NIMS users; and
- Improvements to reporting methods and NIMS system.

In response to users' requests, the SCA continues to enrich the functionality available on the system including the implementation of new incident review and investigation screens and electronic point of occurrence reporting. The SCA also commenced a major project to upgrade the system which will be completed in mid-2018. This will deliver significant cybersecurity benefits and next generation enhanced functionality.

Agency Members



Willie Walsh | Chairperson

(appointed for a five-year term from 22 December 2014)

Member of the Remuneration Committee

Willie Walsh is Chief Executive of International Airlines Group (IAG), the parent company of Aer Lingus, British Airways, Iberia and Vueling. Previously, he was Chief Executive at British Airways and Aer Lingus. He is president of the London Chamber of Commerce and Industry.



Maeve Carton | Agency member

(reappointed for a five-year term from 22 December 2017)

Member of the Audit and Risk Committee | Chairperson of the Remuneration Committee

Maeve Carton is a former Director of CRH where she held a number of senior roles including Group Transformation Director and Finance Director. Prior to joining CRH, she worked for a number of years as a chartered accountant in an international accountancy practice.



Gerardine Jones | Agency member

(appointed for a five-year term from 8 March 2017)

Member of the Investment Committee

Gerardine Jones is a chartered accountant with over 30 years' business and senior leadership experience. She is currently a Director of Sharpsburg Consultants Limited and also has a number of non-executive director roles, including with BNY Mellon Fund Services (Ireland) DAC, and ITG Limited. She was previously Deputy Chief Executive and Head of Risk at Cantor Fitzgerald Ireland, and Director of Listing at the Irish Stock Exchange.



Derek Moran | Agency member

(ex officio)

Member of the State Claims Agency Strategy Committee

Derek Moran is Secretary General of the Department of Finance and is responsible for economic, budgetary and fiscal, banking and financial services policy matters and oversight of Ireland's investments in and support for covered banks. He is a member of the Central Bank Commission and the Civil Service Management Board and is a council member of the Foundation for Fiscal Studies.



Martin Murphy | Agency member

(appointed for a four-year term from 22 December 2014)

Chairperson of the Audit and Risk Committee | Member of the Remuneration Committee

Martin Murphy is a former Managing Director and Chairman of Hewlett Packard Enterprise Ireland. He serves as a board member of Ulster Bank and the UCD Smurfit Business School. He is also chair of the Labour Market Council, an expert group that advises the Government on labour market policy and provides input on wider employment issues. He is a past President of the Dublin Chamber of Commerce.



Conor O'Kelly | Agency member

(ex officio)

Conor O'Kelly is Chief Executive of the NTMA. He is the former Deputy Chairman of Investec Holdings (Ireland) Ltd. Prior to that, he was Chief Executive of NCB Group which was subsequently acquired by Investec plc. Before joining NCB as Head of Fixed Income, he spent 11 years with Barclays Capital, where he held a number of senior management positions.



Mary Walsh | Agency member

(appointed for a five-year term from 22 December 2014)

Member of the Audit and Risk Committee | Chairperson of the State Claims Agency Strategy Committee

Mary Walsh is a chartered accountant and a former international tax partner in PricewaterhouseCoopers in Dublin. She acts as an independent non-executive director on a number of private sector and not for profit boards. She has held a number of public sector positions in Ireland and the EU.



Robert Watt | Agency member

(ex officio)

Member of the Remuneration Committee

Robert Watt is Secretary General of the Department of Public Expenditure and Reform with responsibility for public expenditure policy, capital spending and Public Private Partnerships and overall management and reform of the Irish public service. He is an economist and has experience in both the public and private sectors.



Susan Webb | Agency member

(appointed for a four-year term from 22 December 2014)

Member of the Audit and Risk Committee | Chairperson of the Investment Committee

Susan Webb is a former Managing Director of Pfizer's international treasury centre based in Dublin. She is an independent non-executive director of Wells Fargo Bank International Unlimited Company and of Depfa Bank plc.

Governance Statement and Agency Members' Report

The NTMA was reconstituted as an Agency (Board) with over-arching responsibility for all of the NTMA's functions (excluding NAMA and the SBCI which have their own separate boards) under the *National Treasury Management Agency (Amendment) Act, 2014*. The Agency is accountable to the Minister for Finance. In the performance of its duties, the Agency focuses on providing strategic direction and oversight to the organisation and ensuring there are appropriate controls in place, while delegating operational matters to management. It seeks to support and challenge management in the achievement of the NTMA's goals and in fostering a corporate culture that will contribute to the delivery of these goals. The regular day-to-day management, control and direction of the NTMA are the responsibility of the Chief Executive and the senior management team. The Chief Executive and the senior management team must follow the broad strategic direction set by the Agency, and must ensure that all Agency members have a clear understanding of the key activities and decisions related to the NTMA and of any significant risks likely to arise. The Chief Executive acts as a direct liaison between the Agency and management of the NTMA.

AGENCY RESPONSIBILITIES

The NTMA's functions are vested in the Agency, which may delegate functions to the Chief Executive. There is a formal schedule of matters reserved for decision by the Agency. This schedule includes:

- Annual Report and Financial Statements;
- Risk Management Policy and Framework;
- Risk Appetite Framework;
- Corporate strategy and business unit and corporate function goals;
- Operating budget;
- Remuneration of Chief Executive (after consultation with the Minister);
- Overall remuneration policy;
- Exchequer Funding Plan;
- ISIF Investment Strategy; and
- ISIF Irish Portfolio investments (investment decisions of up to €150m are delegated to the Investment Committee).

The Agency is required by the *National Treasury Management Agency Acts 1990 to 2014* to prepare financial statements in respect of its operations for each financial year. In preparing these financial statements, the Agency:

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

The Agency is responsible for keeping in such form as may be approved by the Minister all proper and usual accounts of all moneys received or expended by it and for maintaining accounting records which disclose, with reasonable accuracy at any time, the financial position of the Agency, its funds and the National Debt.

The Agency is responsible for approving the NTMA expenditure budget and corporate strategy, including Business Unit and Corporate Function goals. Emerging out-turns against budget and goals are reviewed by the Agency during the year and at year-end.

The Agency is also responsible for safeguarding assets under its control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Agency considers that the financial statements of the NTMA give a true and fair view of the financial performance and the financial position of the NTMA at 31 December 2017.

AGENCY STRUCTURE

The Agency consists of nine members. Six members, including the Chairperson, are appointed by the Minister for Finance. The Chief Executive of the NTMA and the Secretary Generals of the Departments of Finance and Public Expenditure and Reform are ex officio members of the Agency.

The term of office of an appointed member is five years, other than the initial appointed members – of whom two members were appointed for three years and two members were appointed for four years. Details of the current members and their appointment periods are set out on pages 48 to 49.

The Agency has established four committees to assist in discharging its responsibilities, each with formal terms of reference:

- Audit and Risk Committee;
- Investment Committee;
- Remuneration Committee; and
- State Claims Agency Strategy Committee.

Arising from the Agency's first annual review of its effectiveness during 2016, the Agency agreed that it would be more efficient and lead to greater synergies if the then separate Audit and Risk Committees were combined. It also agreed that establishment of a State Claims Agency Strategy Committee, containing relevant external expertise, would be of use given the specialist nature of the SCA's business and the particular challenges faced by it. The Audit Committee and Risk Committee were merged with effect from 1 February 2017. The State Claims Agency Strategy Committee was established on 1 August 2017.

For further information on the Agency's committees, see Committee Reports, pages 55 to 57.

The Agency carried out the second annual review of its effectiveness during 2017. This review took the form of a structured self-assessment evaluation by the Agency.

The Agency is supported in its functions by the Agency Secretary who also co-ordinates the operation of the various Agency committees: each of the committees is supported by the Agency Secretary or the Assistant Agency Secretary.

KEY PERSONNEL CHANGES

Gerardine Jones was appointed to the Agency on 8 March 2017 to fill the vacancy arising from the resignation of Brendan McDonagh with effect from 24 October 2016.

Maeve Carton was reappointed to the Agency with effect from 22 December 2017.

The Chief Risk Officer, Deirdre Hannigan, resigned from her position with effect from 21 April 2017. The Chief Financial and Operating Officer, Ian Black, managed the function on an interim basis until May 2018. Ciara Lehane was appointed Head of Risk (Financial, Investment and Enterprise) with effect from 21 May 2018.

The Director, National Development Finance Agency, Brian Murphy, retired with effect from 5 February 2018. The recruitment process to fill this position has been concluded and Cathy Bryce will take up the role with effect from 13 August 2018.

SCHEDULE OF ATTENDANCE, FEES AND EXPENSES 2017

A schedule of attendance at Agency and Committee meetings is set out below including the fees and expenses received by each member in their capacity as an Agency or Committee member.

	Agency	Investment Committee	Audit Committee	Risk Committee	Audit and Risk Committee	Remuneration Committee	SCA Strategy Committee	Fees 2017 €	Expenses 2017 €
Number of Meetings	7	13	1	1	6	2	1		
Agency Members									
Willie Walsh	6					2		-	-
Maeve Carton	6		1		5/5(p)	1/1(p)		30,000	
Gerardine Jones	6/6(p)	10/10(p)						24,457	-
Derek Moran	5						1	-	-
Martin Murphy	7		1	1	6	2		30,000	-
Conor O'Kelly	7							-	-
Mary Walsh	7			1	6		1	30,000	-
Robert Watt	5			0		1		-	-
Susan Webb	7	13	1		6			30,000	-
Total								144,457	-
Other Members									
Richard Leonard		12						20,000	4,340
Mark Ryan		13						20,000	-
Julie Sinnamon		11						-	-
Sabaratnam Arulkumaran							1	5,208	295
Tom Beegan							1	5,208	-
Ciarán Breen							1	-	-
Donogh Crowley							1	5,208	-
David Moloney							0/0(p)	-	-
Total								55,624	4,635

(p) refers to the number of meetings it was possible to attend relative to the dates of appointment.

Governance Statement and Agency Members' Report (continued)

The Minister for Finance determines the level of remuneration of appointed members of the Agency. The remuneration attached to the position of Chairperson is €45,000 per annum and the remuneration of other appointed members is €30,000 per annum. The Chairperson (Willie Walsh) has waived his remuneration for 2017. The ex officio members (Conor O'Kelly, Robert Watt and Derek Moran) do not receive any remuneration in respect of their membership of the Agency.

Remuneration of external members of the Investment Committee and State Claims Agency Strategy Committee is determined by the Agency with the consent of the Minister for Finance. External members of the Investment Committee receive remuneration of €20,000 per annum and external members of the State Claims Agency Strategy Committee receive remuneration of €12,500 per annum. Julie Sinnamon and David Moloney, appointed to the Investment Committee and State Claims Agency Strategy Committee respectively, in their capacity as public servants do not receive any remuneration in respect of their membership. Agency members and members of staff of the NTMA do not receive any additional remuneration in respect of membership of these committees.

STAFFING AND REMUNERATION

The NTMA executes its mandates through five business units: the Funding and Debt Management Unit, the Ireland Strategic Investment Fund Unit, the National Development Finance Agency, NewERA and the State Claims Agency. The NTMA's business units are supported by its corporate functions which provide services across Finance, Operations, Information Technology, Risk, HR, Legal, Compliance, Communications and Internal Audit.

A number of NTMA staff are on secondment to the Department of Finance following the revocation of the delegation of banking system functions of the Minister for Finance to the NTMA from August 2011.

The NTMA assigns staff to the National Asset Management Agency (NAMA) and the Strategic Banking Corporation of Ireland (SBCI) and also provides them with business and support services and systems. NAMA and the SBCI reimburse the NTMA the costs of these services (including staff costs). Both NAMA and the SBCI are independent entities and have their own separate boards.

Other than staff assigned to NAMA and the SBCI, the NTMA had 503 employees at end-2017. 263 employees were assigned to NAMA and 18 employees were assigned to the SBCI³.

The NTMA's remuneration model is based on confidential, individually-negotiated employment contracts, with competitive, market-aligned remuneration. The typical remuneration package comprises a fixed base salary, pension entitlement and provision for discretionary performance-related pay. In a limited number of cases other allowances or benefits are paid.

The NTMA's objective is to ensure that its remuneration arrangements facilitate it in attracting, developing and retaining high performing and motivated employees, with appropriate skills and experience, so as to ensure that the NTMA can discharge fully its statutory functions in an effective and efficient manner, while complying with applicable law. It aims to operate a remuneration system which:

- allows the NTMA to compete effectively in the labour market and to recruit and retain high calibre employees;
- reflects the NTMA's objectives for good corporate governance;
- manages remuneration in an appropriate manner and encourages a high level of performance; and
- is consistent with and promotes sound and effective risk management.

Discretionary performance-related payments are intended to reward exceptional performance having regard to the employee's own performance, the performance of the employee's area of responsibility, and the overall performance of the NTMA. Performance-related payments are made in accordance with parameters approved by the Agency's non-executive Remuneration Committee. The overall amount of performance related payments made in respect of any year is also subject to the approval of the Remuneration Committee.

The NTMA made performance-related payments to 142 staff in 2018 in respect of 2017. These payments, in aggregate, totalled €1,544,042.

Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €50,000 in relation to services rendered during 2017 are categorised into the following bands:

Range	No of Employees
€50,001 to €75,000	132
€75,001 to €100,000	83
€100,001 to €125,000	47
€125,001 to €150,000	22
€150,001 to €175,000	21
€175,001 to €200,000	14
€200,001 to €225,000	5
€225,001 to €250,000	5
€250,001 to €275,000	0
€275,001 to €300,000	1
€300,001 to €325,000	5
€325,001 to €350,000	1
€350,001 to €375,000	1
€375,001 to €400,000	1
€400,001 to €425,000	0
€425,001 to €450,000	0
€450,001 to €475,000	0
€475,001 to €500,000	1

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during 2017 include salary, other taxable benefits paid to employees (including performance-related payments) and other payments made on behalf of employees, but exclude employer's PRSI.

³ On a whole time equivalent basis (rounded to nearest whole number).

DISCLOSURES REQUIRED BY CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES (2016)

The Agency is responsible for ensuring that the NTMA has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits Breakdown

See Staffing and Remuneration section on previous page.

Consultancy Costs

Consultancy costs incurred by the NTMA in the performance of its mandates are set out in the Financial Statements: NTMA Administration Account, SCA Financial Statements and ISIF Financial Statements.

Legal Costs and Settlements

No expenditure was incurred in 2017 in relation to legal costs and settlements. This does not include expenditure incurred in relation to general legal advice which is included in consultancy, nor does it include legal costs and settlements incurred and made by the State Claims Agency in the performance of its functions in managing claims against the State, which are charged to the relevant State authority.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2017 €000
Domestic	
– Board	4
– Employees	472
International	
– Board	0
– Employees	507
Total	983

Hospitality Expenditure

The Statement of Income and Expenditure and Other Comprehensive Income includes €65,239 in respect of staff hospitality expenditure in 2017.

STATEMENT OF COMPLIANCE

The NTMA has complied with the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform with a number of adaptations/variations/non-applications which have been agreed with the Minister for Finance as summarised below. These adaptations primarily reflect the fact that the NTMA, the expenses of which are a charge on

the Central Fund⁴, performs a range of market facing functions and was deliberately structured to have the operational flexibility to act commercially in performing these functions.

Approval of Contracts

The Code recommends that the Schedule of Matters Reserved for Decision by the Board should specify clear quantitative thresholds for contracts above which Board approval is required. It also recommends that "approval of terms of major contracts" be a reserved matter.

Given the range of the NTMA's business mandates and the fact that entry into financial contracts of significant value constitutes a core part of the NTMA's business activities, the NTMA has established separate criteria for approval of investments and entry into contracts depending on the business area as follows:

- The acquisition or disposal of ISIF investments in Ireland is reserved to the Board/Investment Committee. Investment decisions up to €150m are made by the statutory non-executive Investment Committee. Where a proposed investment is in excess of €150m, the decision is made by the Board on the recommendation of the Investment Committee. Investments within the terms of the Global Portfolio Transition Strategy are delegated to management. Actions involving the acquisition or disposal of ISIF assets that are subject to Ministerial direction are delegated to management.
- Debt contracts are delegated to management – within the parameters of the Annual Exchequer Funding Plan which is a Reserved Matter.
- Approval to enter into new PPP contracts and approval to enter into any new contract to procure as agent for the Minister for Education and Skills any public investment project in relation to an educational facility are delegated to management. A Management Infrastructure Committee has been formed for the purposes of approving infrastructure projects. Projects reviewed by the Management Infrastructure Committee, and the outcome, are included as matters for noting by the Board.
- Contracts for professional and operating services and NTMA capital expenditure are delegated to management. It should be noted that NTMA capital expenditure is limited. Board oversight of these matters is provided for through its approval of the annual budget and management may also bring specific items to the Agency for approval.

⁴ Other than in respect of its ISIF functions which are funded from the ISIF.

Governance Statement and Agency Members' Report (continued)

Delegated Authority Levels

The Code recommends that "Delegated Authority Levels" be a reserved matter. In view of the wide range of mandates carried out by the NTMA and the need to preserve flexibility with regard to the various delegated authorities in respect of these mandates, the setting of Delegated Authority Levels has been delegated to the Chief Executive. To ensure Board oversight of delegated authorities, the NTMA's Consolidated Delegated Authorities are reviewed by the Audit and Risk Committee on an annual basis.

Strategy

The Code sets out different requirements with regard to the preparation and adoption of a strategic plan for commercial and non-commercial State bodies. Commercial bodies should approve annual rolling five-year business plans while non-commercial bodies should adopt statements of strategy for a period of three to five years ahead.

The NTMA Corporate Strategy covers a three-year horizon and comprises two parts:

Part 1: The NTMA Corporate Strategy (including four strategic goals); and

Part 2: Business Unit and Corporate Function Goals (including annual targets).

The NTMA Corporate Strategy is reviewed annually and updated on a rolling three-year basis. Part 1 will be submitted to the Minister if there are any changes to the four strategic goals set out therein. Part 2 will be updated annually and submitted to the Minister for his/her views prior to finalisation.

The procedure for Ministerial consultation in determining and reviewing the ISIF Investment Strategy is set out in Section 40(3) of the *National Treasury Management Agency (Amendment) Act 2014*.

Non-Compliance with Statutory Obligations

In view of the wide range of relevant statutory obligations to which the NTMA is subject, it is proposed to address the requirement that the Chairperson bring incidences of non-compliance with any statutory obligations to the attention of the Minister by applying it to material instances of non-compliance only.

Acquisition or Disposal of Assets etc.

Those provisions of Section 8 of the Code dealing with the acquisition or disposal of assets, capital investment appraisal, establishment or acquisition of subsidiaries, participation in joint ventures and the acquisition of shares do not apply to the investment activities of the Ireland Strategic Investment Fund. Such investment is managed within the context of the statutory framework for the making of ISIF investments as set out in the *National Treasury Management Agency (Amendment) Act 2014*, the ISIF investment strategy and the ISIF investment process.

Trading of Government bonds or other assets in the normal course of NTMA business operations is not regarded as falling within Section 8 of the Code.

ICT Circular

As provided for under Section 3 of Department of Public Expenditure and Reform's Circular 02/16 on Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service, it has been agreed by the Department of Finance that the NTMA has been exempted from the approval framework for digital and ICT-related expenditure.

Public Spending Code

The Public Spending Code is not applicable to the NTMA as the NTMA is not engaged in capital projects (other than in respect of its ISIF and NDFA roles) or new current expenditure programmes. The NTMA's functions are set out in statute – either in primary legislation or are delegated to the NTMA by Ministerial Order. The NTMA's operational budget relates to the staffing, systems, facilities and other costs associated with the performance of these functions. With regard to significant new expenditure items within its operational budget, the NTMA utilises the standard appraisal process set out in section B.01 of the Public Spending Code in its project appraisal process.

Remuneration

In complying with the Code's provisions in respect of remuneration, the NTMA has adopted the provisions applying to commercial State bodies, adapted in light of its particular governance and reporting structures and remuneration model. Consistent with this approach, the NTMA publishes details of employee short-term benefits in bands of €25,000.

Travel Circulars

The NTMA's travel policy is based on the Framework for a Travel Policy for State Bodies contained in the Code. Revenue approved civil service mileage rates (reflecting Circular 07/2017) are applied. The NTMA does not pay subsistence rates in respect of travel, but operates a vouched expense process for the reimbursement of travel expenses and Department of Public Expenditure and Reform circulars and office notices regarding subsistence are, therefore, not applied.

Customer Charter

The NTMA does not generally provide services directly to the public. State Savings products are offered to personal savers by the NTMA through its agents, An Post. An Post has a customer charter which covers the services it provides to the public, including those services it provides on behalf of the NTMA. A separate customer charter has not been put in place for the NTMA.

Committee Reports

AUDIT AND RISK COMMITTEE REPORT

The Agency merged the separate Audit and Risk Committees into a combined Audit and Risk Committee with effect from 1 February 2017. The Committee's role is to assist the Agency in the oversight of:

- the quality and integrity of the financial statements, the review and monitoring the effectiveness of the systems of internal control, the internal audit process and the compliance function, and to review and consider the outputs from the statutory auditor; and
- 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.

The Committee comprises of four non-executive members of the Agency:

- Martin Murphy, Chairperson
- Maeve Carton
- Mary Walsh
- Susan Webb

Martin Murphy, Mary Walsh and Susan Webb were appointed to the Committee with effect from 1 February 2017. Maeve Carton was appointed to the Committee with effect from 29 March 2017.

The Committee met formally on six occasions in 2017. It also held an additional working session to review the detail of the financial statements and a number of briefing sessions on business issues relevant to the Committee.

Financial Reporting

The Committee reviewed the draft 2017 financial statements and recommended them to the Agency. The review focused on the consistency of approaches across the financial statements, appropriate estimates and judgements, the clarity and completeness of disclosures, and relevant provisions of the revised Code of Practice for the Governance of State Bodies. The Committee also reviewed the Governance Statement and Board Members' Report, and statements on risk management for inclusion in the Annual Report. As part of its review of the financial statements, the Committee met with representatives of the Office of the Comptroller and Auditor General (the statutory auditor) to discuss its Audit Findings Report.

Internal Control

The Committee reviewed the effectiveness of the system of internal financial control. It also reviewed the Statement on Internal Control to be included in the 2017 financial statements and recommended it to the Agency. The review was informed by a report from management in relation to the assertions contained in the Statement and also the Committee's detailed work programme, including regular internal audit, risk and compliance reports.

Internal Audit

The Committee received regular reports from the Head of Internal Audit (the Head of Internal Audit is supported by an external firm, currently KPMG). It reviewed the key findings from the outcome of individual internal audit reviews completed under the 2017 risk-based internal audit plan and monitored the implementation of audit recommendations. It approved the 2018 risk-based internal audit plan and updates to the Internal Audit Charter. The Committee also reviewed the effectiveness of the internal audit function and concluded it was operating effectively. The Committee meets with the Head of Internal Audit without management at least annually.

Following a tender process, KPMG were appointed in 2014 to provide internal audit services for a three-year term, with an option for the NTMA to extend the contract for a further term of two years. Following review of KPMG's performance, the Committee recommended to the Agency that the option to extend the contract be exercised and KPMG were appointed for a further two-year term to 31 October 2019.

Statutory Audit

The NTMA's statutory auditor is the Comptroller and Auditor General. The Committee reviewed the external audit plan, the key areas of focus and the audit terms of engagement. It also monitored management's responses to the external auditor's findings arising from the audit of the 2016 financial statements. The Committee meets with the external auditor without management at least annually.

Risk

The Committee reviewed and recommended to the Agency updates to the Risk Management Policy and Framework and to the Risk Appetite Framework. It also approved updates to a number of specific risk policies as provided for under the Risk Management Policy and Framework. It monitored the NTMA's position against its defined risk appetite and approved updates to the suite of key risk indicators. It also approved the annual Risk Management Business Plan.

The Committee reviewed the principal risks faced by the NTMA based on a strategic risk assessment and reported the outcome of its reviews to the Agency. It also reviewed the underlying risk registers and considered a report under the NTMA's stress testing framework.

The Committee reviewed regular reports from the NTMA's Risk Management function in relation to financial, enterprise and investment risk. It reviewed the effectiveness of the Risk function and concluded it was operating effectively.

The Committee oversaw a review of the NTMA Risk Function (with external third party support) with regard to the most appropriate strategic approach and the NTMA's specific risk management requirements in the context of its business goals and objectives.

Committee Reports (continued)

Compliance and Protected Disclosures

The Committee reviewed and approved updates to the Reporting of “Relevant Wrongdoing” and Protected Disclosures Policy. It monitored progress against the 2017 Compliance Plan. It also approved the 2018 Plan and Compliance Framework, and received regular reports from the Head of Compliance. The Committee reviewed the effectiveness of the Compliance Function and concluded it was operating effectively.

Other

The Committee carried out a number of other activities including review of the NTMA’s implementation of the revised Code of Practice for the Governance of State Bodies, its readiness for the General Data Protection Regulation and its procurement policies and procedures as well as consideration of a number of specific business issues from a risk perspective, including oversight of an external high level view of the ICT function to ensure it is fit for purpose to meet the NTMA’s ICT requirements and demands against the background of the pace of change in the external ICT environment to end-2020.

The Committee completed a review of its performance in January 2018 and reported to the Agency on this review, noting it had considered how to most effectively engage with the Agency on risk issues.

INVESTMENT COMMITTEE REPORT

The Investment Committee is a statutory committee provided for by the *National Treasury Management Agency Act, 1990* (as amended).

The Committee assists the Agency in the control and management of the Ireland Strategic Investment Fund by making decisions about the acquisition and disposal of assets within such parameters as may be set by the Agency, advising the Agency on the investment strategy for the Fund and overseeing the implementation of the investment strategy.

The Committee is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members). The Agency has decided that the Committee should have three external members. The members of the Committee are:

- Susan Webb, Chairperson (Agency member)
- Gerardine Jones (Agency member)
- Richard Leonard (external member)
Company Director and former Partner, Grant Thornton Ireland
- Mark Ryan (external member)
Company Director and former Managing Director, Accenture Ireland
- Julie Sinnamon (external member)
CEO, Enterprise Ireland

Gerardine Jones was appointed to the Committee with effect from 29 March 2017. Richard Leonard and Julie Sinnamon were reappointed to the Committee with effect from 27 February 2018.

The Committee met on 13 occasions in 2017. Its main activity was review of detailed investment proposals from management. Decisions on investment proposals of up to €150m have been delegated to the Committee by the Agency. Where the Committee supports an investment proposal in excess of €150m, it makes a recommendation on the matter to the Agency. The Committee also actively monitored the near-term investment pipeline in order to provide timely feedback to management on potential investment opportunities and to discuss any likely issues at an early stage.

The Committee reviewed proposed amendments to the ISIF’s economic impact implementation framework and provided feedback to management, this work was ongoing into 2018. It also reviewed the Sustainability and Responsible Investment Strategy and recommended amendment of the policy to provide for exclusion of certain categories of investment on a limited basis and on investment grounds.

As the ISIF moves out of its start-up phase and its volume of investment has increased, portfolio monitoring has formed an increasing part of the Committee’s activity. The Committee reviews the performance and economic impact of individual investments in Ireland, the Portfolio Diversification Framework (including investment limits and tolerance levels), the performance of the Global Portfolio and the implementation of the Sustainability and Responsible Investment Strategy on a quarterly basis. Overall performance, deployment and activity are reviewed monthly, while implementation of the investment strategy is reviewed twice annually.

The Committee also reviewed its terms of reference and recommended some minor amendments to the Agency. It undertook a review of its performance and reported to the Agency on this review. As part of the review, it agreed to expand its existing programme of briefings from external experts in investment areas relevant to the ISIF.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee assists the Agency through review and approval of the NTMA’s overall remuneration policy, review and approval of any performance-related pay schemes operated by the NTMA and approval of the total annual payments to be made under any such schemes. It also makes recommendations to the Agency on the remuneration of the Chief Executive.

The Committee comprises of four non-executive members appointed by the Agency:

- Maeve Carton, Chairperson
- Martin Murphy
- Willie Walsh
- Robert Watt

Maeve Carton was appointed to the Committee as Chairperson with effect from 29 March 2017. Martin Murphy and Robert Watt were reappointed to the Committee with effect from 24 February 2018. Willie Walsh, as Agency Chairperson, is a member of the Committee under its terms of reference.

The Committee met on two occasions in 2017. It reviewed and approved the total amount in performance related payments to be made in respect of 2016. It reviewed the proposed criteria for the appointment of external members to the new SCA Strategy Committee and the proposed external members, prior to their appointment by the Agency. It also considered the implications for the NTMA of the *Public Service Pay and Pensions Bill* introduced in November 2017.

The Committee reviewed its terms of reference and recommended some minor amendments to the Agency. It carried out its first review of its performance and reported to the Agency on this review in January 2018. The Committee concluded it was operating satisfactorily and that no issues had arisen for the attention of the Agency.

STATE CLAIMS AGENCY STRATEGY COMMITTEE REPORT

The State Claims Agency Strategy Committee was established on 1 August 2017. Its purpose is to assist the Agency in the performance of its State Claims Agency functions by providing advice and guidance on strategic and policy issues with regard to the State Claims Agency.

The Committee comprises of seven members: two members of the Agency, the Director, SCA and four persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members). The members of the Committee are:

- Mary Walsh, Chairperson (Agency member)
- Derek Moran (Agency member)
- Ciarán Breen (Director, SCA)
- Professor Sir Sabaratnam Arulkumaran (external member)
Professor Emeritus of Obstetrics and Gynaecology at St. George's University of London
- Tom Beegan (external member)
Risk Consultant and former CEO of the Health and Safety Authority
- Donogh Crowley (external member)
Former Partner, Arthur Cox Solicitors
- David Moloney (external member)
Assistant Secretary, Department of Public Expenditure and Reform

Other than David Moloney who was appointed with effect from 1 December 2017, the members were appointed with effect from 1 August 2017.

The Committee met once in 2017. Its second scheduled meeting in 2017 was deferred and held in January 2018. The main items considered at these meetings were:

- The SCA's three-year rolling business goals;
- Current and future issues with regard to the costs of general and clinical claims;
- The strategic approach being taken by the SCA in respect of a number of significant mass actions against the State; and
- The planned Clinical and Enterprise Risk Management Programmes for 2018.

Risk Management

OVERVIEW AND GOVERNANCE

The NTMA's approach to risk management is based on the "three lines of defence" model and is designed to support the delivery of its mandates by proactively managing the risks that arise in the course of the NTMA pursuing its strategic objectives.

The Agency sets the Risk Management Policy and Framework and the Risk Appetite Framework. The Audit and Risk Committee assists the Agency in the oversight of the risk management framework including monitoring adherence to risk governance and risk appetite and ensuring risks are properly identified, assessed, managed and reported.

An executive Enterprise Risk Management Committee (ERMC) oversees the implementation of the NTMA's overall risk appetite and senior management's establishment of appropriate systems to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported. The ERMC is responsible for ensuring that material risks across the NTMA are reported in a consistent and integrated manner to the Audit and Risk Committee.

POLICY AND FRAMEWORK

The Risk Management Policy and Framework defines the standards for risk management across the organisation and sets out the arrangements by which this is achieved. These include the objectives, policy, framework, responsibilities and processes that support the effective and integrated

management of risk, consistent with the Agency's agreed risk appetite. The NTMA has defined its risk appetite for each of its key risk categories and measures risk exposures through the use of key risk indicators.

The Risk Management Policy and Framework and Risk Appetite Framework are reviewed annually to ensure that they remain relevant and up to date.

RISK ASSESSMENT

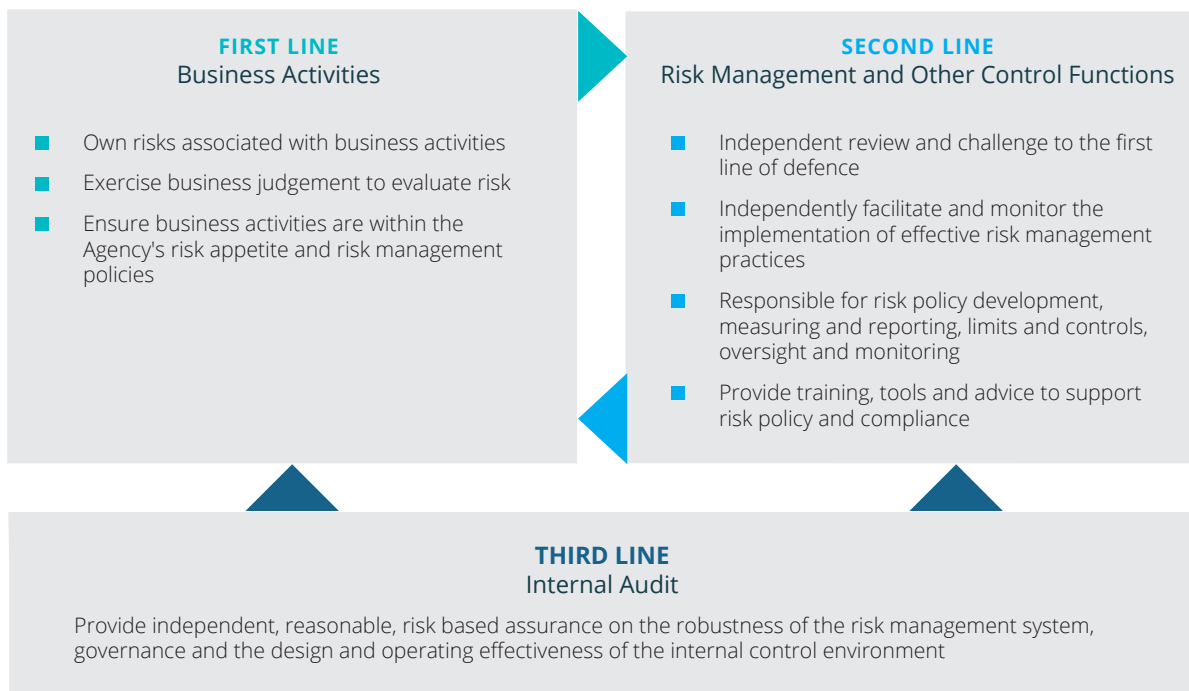
The risk assessment processes are designed to ensure that the NTMA manages its risk within its agreed risk appetite, that material risks are identified, and that management of risk is monitored within clearly defined and delineated roles and responsibilities.

Each individual business unit is required to self-assess and review its risks and record them in risk registers. The review:

- Identifies or re-confirms and classifies the risks to the business;
- Assesses the inherent risk impact and likelihood;
- Identifies proposed treatments and controls; allocates owners for any agreed action plans; and
- Reports on the implementing of measures and controls to address the residual risks.

Business units present their risk registers to the ERMC and the Audit and Risk Committee at least annually.

Three Lines of Defence Model



PRINCIPAL RISKS

The ERMC performs a formal strategic risk assessment twice annually, the purpose of which is to identify the principal risks from an NTMA-wide perspective. The principal risks are then assessed by the Audit and Risk Committee and the Agency.

Principal Risks

Risk	Risk Description	Risk Mitigation Measures
Economic, Geopolitical and Market Risk	Extreme economic conditions, market volatility and unpredictable geopolitical landscape could adversely impact the NTMA. Possible consequences include problems with access to funding or investment opportunities, deterioration of debt sustainability, increased debt service costs or unfavourable investment returns.	<ul style="list-style-type: none"> ■ Active market, counterparty credit and liquidity risk management, governed by policies that are reviewed and approved annually by the Audit and Risk Committee and/or the Agency. ■ Ongoing monitoring and reporting of market and macro-economic trends and implications, and of key market and liquidity risk indicators. ■ Pre-emptive, preventative or corrective actions are taken as required.
Investment Risk	The NTMA is responsible for making investments as part of its mandate. These include both direct investments and commitments to third party investment managers. Adverse economic and market conditions, poor investment decisions, or poor management of pre and post investment processes, could lead to significant financial and/or reputational damage.	<ul style="list-style-type: none"> ■ ISIF Investment Strategy approved by the Agency, on the recommendation of the Investment Committee. ■ All new ISIF Irish Portfolio investments are subject to second line review prior to approval by the Investment Committee and/or Agency as appropriate. ■ All ISIF Global Portfolio investments are in line with the Global Portfolio Transition Strategy approved by the Agency, on the recommendation of the Investment Committee. ■ Ongoing reviews, monitoring and reporting of the ISIF Irish Portfolio, and of the ISIF Global Portfolio, including key investment risk indicators reported to Investment Committee, Audit and Risk Committee and to the Agency.
Stakeholder Risk	The NTMA has a wide and diverse stakeholder group, including Government Ministers and Departments, the public, market and investment counterparties. Given that its primary business objectives are principally mandated by legislation and ministerial guidelines, failure to engage with, and/or manage stakeholder expectations, could impact its ability to achieve its objectives.	<ul style="list-style-type: none"> ■ A managed programme of strategic engagement with all key stakeholders, including those in Government, the wider State sector, and other key stakeholders such as the public, market and investment counterparties.
Behavioural Risk	Ethical employee behaviour is critical in maintaining the NTMA's reputation. Failure to conduct our activities in a trustworthy, compliant, and transparent manner could affect the delivery of the NTMA's mandates, negatively impacting its reputation.	<ul style="list-style-type: none"> ■ Promotion of a culture of ethical behaviour and compliance amongst employees, supported by key policies such as the Code of Practice on Confidentiality and Professional Conduct and the Protected Disclosures Policy. ■ Promulgation of the Code of Practice for the Governance of State Bodies. ■ Key internal controls and anti-fraud measures in place such as authorisation limits and segregation of duties. ■ Training programmes on key compliance risks are delivered to all employees on a regular basis. ■ Regular monitoring, reporting and oversight of behavioural risk. ■ Audits: risk-based internal audits and external audits by Comptroller and Auditor General.

Risk Management (continued)

Risk	Risk Description	Risk Mitigation Measures
Operational Risk	Operational risk is inherent in all the NTMA's activities. The NTMA considers risks relating to transaction processing and reporting, information technology, data protection and security, cyber-attack, and business continuity to be its key operational risks. In particular, cyber threats have the potential to significantly disrupt core operations and/or damage the NTMA brand.	<ul style="list-style-type: none"> ■ Risk and control assessment processes ensure control measures are adequate to address operational risks. ■ Defined processes and procedures, supported by employee training. ■ Continuous monitoring of IT systems' security, supported by expert external advice on emerging trends and cyber threats. ■ Dedicated oversight committees for monitoring and reporting of operational risks. ■ An active business continuity management programme, with regular testing of plans and scenarios.
Third Party Risk	The NTMA relies on a number of critical third parties in order to deliver its mandates. Failure of the NTMA to oversee and manage critical third parties, or failure by the third party to deliver on the terms of the contract or service agreement, or act in a manner consistent with the NTMA's requirements, could lead to financial and/or reputational damage.	<ul style="list-style-type: none"> ■ Defined third party risk management processes and tools. ■ Ongoing monitoring, reporting and oversight of critical third party performance.
Change Risk	Projects and initiatives such as regulatory and mandate changes, implementing new IT systems and moving premises, involve a changing operational risk environment and operational risk exposure. Lack of a strategic, coordinated and comprehensive approach to managing change could lead to significant business disruption, financial loss or reputational damage.	<ul style="list-style-type: none"> ■ Project boards are established for all key strategic projects and programmes of the NTMA, with regular reporting on project status and key project risk indicators. ■ Appropriate allocation of resources to key projects. ■ New products and processes are assessed by the Products and Processes Committee.
People and Culture Risk	The NTMA conducts a range of specialised activities on behalf of the State. Failure to recruit, retain and develop a sufficiently skilled and experienced workforce, or maintain a culture of openness and self-leadership may negatively impact its ability to execute its mandates.	<ul style="list-style-type: none"> ■ The NTMA deploys/operates a structured recruitment and selection process. ■ A range of HR policies and procedures help to ensure best practice in HR management. ■ Extensive learning and development programme in place, including continuing professional development (CPD) and education supports. ■ Promotion of a culture of self-leadership and encouragement of openness and transparency in monitoring and reporting risks, supported by policies and reporting procedures.

There may be other risks and uncertainties that are not yet considered material or not yet known to the Agency and the principal risks may change to accommodate such developments.

Management Team



Conor O'Kelly
Chief Executive



Ian Black
Chief Financial and
Operating Officer



Ciarán Breen
Director, State Claims Agency



Sinéad Brennan
Director, Human Resources



Des Carville
Head of Banking
*(on secondment to Department
of Finance)*



Eileen Fitzpatrick
Director, NewERA



Eugene O'Callaghan
Director, Ireland Strategic
Investment Fund



Frank O'Connor
Director, Funding and
Debt Management



Andrew O'Flanagan
Chief Legal Officer

Note: Cathy Bryce has been appointed as Director, National Development Finance Agency and she will take up the role with effect from 13 August 2018.

ENERGY EFFICIENCY REPORT

The NTMA operates from Treasury Building on Grand Canal Street, Dublin 2, D02 XN96. In 2017, the NTMA consumed 1,828,052 kWh of electricity representing an average consumption of 2,383 kWh per employee. This compares with an average consumption of 2,707 kWh per employee in 2016 – a decrease of 12% per employee on the 2016 figure. The decrease in average consumption per employee in 2017 is due to the fact that since 1 May 2017 the NTMA has occupied less floor space in Treasury Building, whilst largely retaining the same number of staff.

Treasury Building is over 25 years old and has an average BER rating of “F”. This contributes to energy loss through the building fabric. Air conditioning in the building is provided by the landlord and is powered by natural gas.

The NTMA has leased office accommodation at Block D1, Dublin Landings, North Wall Quay, Dublin 1 – occupancy by the NTMA will be during 2019. The new building is under construction and is designed to achieve LEED 2009 Platinum rating and BER A3 energy rating standards.

Financial Statements

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

Statement on Internal Control	64
National Debt of Ireland	67
National Treasury Management Agency – Administration Account	89
Post Office Savings Bank Fund	111
State Claims Agency	119
Dormant Accounts Fund	129
Ireland Strategic Investment Fund	143

Statement on Internal Control

Scope of Responsibility

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

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the National Treasury Management Agency for the year ended 31 December 2017 and up to the date of approval of the financial statements.

Capacity to Handle Risk

The National Treasury Management Agency has an Audit and Risk Committee (ARC) comprising four Agency members, with financial and audit expertise, one of whom is the Chair. The ARC met six times in 2017.

The National Treasury Management Agency has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the ARC.

The Agency has developed a Risk Management Policy and Framework which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the National Treasury Management Agency's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

Risk and Control Framework

The National Treasury Management Agency has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

Risk registers are in place which identify the key risks facing the National Treasury Management Agency and these have been identified, evaluated and graded according to their significance. The Business Unit risk registers are reviewed by the ARC on an annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk registers detail the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. We confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems, and
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Agency, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

The National Treasury Management Agency has an established Procurement Policy (published on its website) and a Procurement Procedure. The National Treasury Management Agency's procurement practices are in accordance with the aforementioned documents.

The National Treasury Management Agency's Procurement Procedure is consistent with the current Office of Government Procurement (OGP) guidelines. In certain instances it is deemed appropriate to obtain duly authorised exceptions from the Policy and Procedure (i.e. not run a competitive tender process) in respect of services, supplies or works valued above €5,000 (excl VAT) and below the EU thresholds e.g. for reasons of confidentiality, conflicts of interest, urgency, protection of intellectual property rights, sole source of supply etc.

The National Treasury Management Agency is subject to EU Directive 2014/24/EU as implemented in Ireland by the European Union (Award of Public Authority Contracts) Regulations 2016 (the 'Regulations'), in respect of the procurement of services, supplies and works above certain value thresholds set by the EU. Where the Regulations do not apply – either because the value of the procurement is below the EU thresholds or falls outside of the Regulations – the National Treasury Management Agency adopts a process (in accordance with this Procurement Policy and Procedure as outlined above) that is designed to achieve the best value for money. Exceptions to the National Treasury Management Agency's Procurement Policy and Procedure are approved by senior management.

The use of exceptions under the National Treasury Management Agency's Procurement Policy and Procurement Procedure does not amount to non-compliant procurement. For contracts that are valued above the EU thresholds, EU legislation applies, and the Regulations permit exceptions from a competitive EU tender process in very restricted circumstances.

During 2017, payments with a total value of €6.2m were made in respect of goods/services that were the subject of procurement exceptions approved in accordance with the National Treasury Management Agency's Procurement Policy and Procurement Procedure. A breakdown of these exceptions is provided in the table below.

Category	Total Value (ex VAT)	Notes
Professional Services	€3.41m	Note 1
Information Technology & Communications	€1.49m	Note 2
Facilities Management/Maintenance	€0.65m	Note 3
Travel Transport HR & Managed Services	€0.58m	Note 4
Marketing Print & Stationery	€0.1m	Note 5

Note 1: This amount includes €2.5m for payments made by the State Claims Agency (SCA) to expert witnesses for a large number of separate engagements, where the amount payable in the vast majority of cases in respect of each engagement was less than €5,000 (ex VAT) and therefore was not required to be the subject of a competitive process. In addition, a management decision was taken by the SCA that the selection of expert witnesses would not be competitively procured as it was considered that any form of procurement process would be likely to give rise to an added level of litigation risk in relation to the independence of such witnesses. Other payments within this category include €0.3m paid to a service provider that was appointed by the SCA where, for reasons of extreme urgency, the time limits specified for a competitive procedure could not have been complied with. The balance mainly relates to the procurement of other services by the SCA (including stenography, legal cost accountants and law agents) where the amount payable in the vast majority of cases in respect of each engagement was less than €5,000 (ex VAT) and therefore was not required to be the subject of a competitive process.

Note 2: This amount mainly relates to payments made to service providers for the support and maintenance of existing/proprietary software, including, by way of example, payments of €0.7m paid to an IT company as the sole provider of its proprietary service.

Note 3: This amount includes €0.4m in respect of payments made to a number of service providers for separate instances of repairs and maintenance, where the amount payable in respect of each instruction was less than €5,000 (ex VAT) and therefore was not required to be the subject of a competitive process. The balance mainly relates to canteen consumables where prices had been benchmarked against other suppliers. Arrangements are underway for the use of the OGP Framework Agreement for the provision of catering and hospitality services.

Note 4: This amount includes €0.5m in respect of payments to recruitment agencies. Vacancies were advertised on a variety of platforms and any recruitment agency in the market had the opportunity to submit applications. Therefore open competition was maintained by the HR Unit, and fees were only paid to the agencies that provided the successful candidates. The balance mainly relates to car rental, where an existing contract has continued in place pending the outcome of a strategic review by the National Development Finance Agency of its need for these services.

Statement on Internal Control (continued)

Note 5: This amount includes the purchase of stationery where the cost of the items being procured was benchmarked against the OGP framework.

The National Treasury Management Agency's Procurement Policy and Procurement Procedure remain under regular review.

Review of Effectiveness

We confirm that the National Treasury Management Agency has procedures to monitor the effectiveness of its risk management and control procedures. The National Treasury Management Agency's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within the National Treasury Management Agency responsible for the development and maintenance of the internal financial control framework.

We confirm that the Agency conducted an annual review of the effectiveness of the internal controls for 2017.

Internal Control Issues

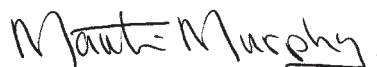
No weaknesses in internal control were identified in relation to 2017 that require disclosure in the financial statements.

Treasury Management System Expenditure

In 2016 the National Treasury Management Agency commenced the implementation of a new treasury management system project and costs of €746k were capitalised as an intangible software asset. In line with the project governance framework, a review was undertaken during 2017 resulting in a management decision to terminate the implementation of this project. As a result, the National Treasury Management Agency has recognised an impairment charge of €746k. Another €107k was paid in 2016 and 2017 for contractor expenses on the project. Arrangements to close out the project are ongoing.



Willie Walsh, Chairperson
National Treasury Management Agency



Martin Murphy, Chairperson, Audit and Risk Committee
National Treasury Management Agency

29 May 2018

FINANCIAL STATEMENTS OF THE

National Debt of Ireland

For the year ended 31 December 2017

Report of the Comptroller and Auditor General	68
Service of National Debt	70
National Debt Statement	71
National Debt Cash Flow Statement	72
Statement of Movement in National Debt	73
Notes to the Financial Statements	74



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas National Debt of Ireland

Opinion on financial statements

I have audited the financial statements of the National Debt of Ireland prepared by the National Treasury Management Agency (the Agency) for the year ending 31 December 2017 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the service of national debt, the national debt statement, the national debt cash flow statement, the statement of movement in national debt and the related notes.

In my opinion, the financial statements properly present

- the balance outstanding on the national debt at 31 December 2017, and
- the debt service cost for 2017.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the national debt. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 May 2018

Appendix to the report of the Comptroller and Auditor General

Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the balance outstanding on the national debt at 31 December 2017 and the debt service cost for the year
- ensuring the regularity of transactions, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the National Debt of Ireland and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are 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 there is 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.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Service of National Debt

For the year ended 31 December 2017

	Note	2017 €m	2016 €m
Interest Paid on Gross National Debt	3	6,046	6,798
Interest Paid/(Received) on Cash and Other Financial Assets	4	46	(57)
Fees and Operating Expenses	5	135	104
Total Debt Service Cost		6,227	6,845

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

National Debt Statement

As at 31 December 2017

	Note	2017 €m	2016 €m
Medium/Long Term Debt			
Irish Government Bonds	6	127,581	121,645
EU/IMF Programme Funding	7	44,882	50,298
Other Medium/Long Term Loans	8	1,898	1,698
		174,361	173,641
Short Term Debt			
Short Term Paper	9	4,766	3,375
Borrowings from Ministerial Funds	10	2,281	2,519
		7,047	5,894
State Savings Schemes			
State Savings Products	11	17,292	17,194
Gross National Debt			
		198,700	196,729
Cash and Other Financial Assets	12	(13,217)	(11,119)
National Debt			
	13	185,483	185,610

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

National Debt Cash Flow Statement

For the year ended 31 December 2017

	Note	2017 €m	2016 €m
Movement in Exchequer Balances:			
Balance at 1 January	12	8,385	7,964
Decrease in Cash and Other Financial Assets	12	49	2,856
Net Borrowing/(Repayment) of Debt (see below)		193	(1,417)
		8,627	9,403
Exchequer Surplus/(Deficit)		1,906	(1,018)
Balance at 31 December	12	10,533	8,385
Net Borrowing/(Repayment) of Debt:			
Medium/Long Term Debt			
Irish Government Bonds		4,105	(4,992)
EU/IMF Programme Funding		(5,391)	557
Other Medium/Long Term Loans	8	197	530
Short Term Debt			
Short Term Paper		1,422	1,046
Borrowings from Ministerial Funds	10	(238)	940
State Savings Schemes			
State Savings Products	11	98	502
Net Borrowing/(Repayment) of Debt		193	(1,417)

¹ The amounts represent the net borrowing or repayment of debt in the year, including rollover of debt and related hedging transactions.

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Movement in National Debt

For the year ended 31 December 2017

	Note	2017 €m	2016 €m
National Debt at 1 January	13	185,610	183,065
(Decrease)/Increase in National Debt (nominal)		(127)	2,545
National Debt at 31 December	13	185,483	185,610
Decrease in National Debt (nominal) represented by:			
Exchequer (Surplus)/Deficit		(1,906)	1,018
Effect of Foreign Exchange Rate Movements		(54)	(24)
Adjustment for Inflation Linked Liabilities		4	-
Net Discount on Medium/Long Term Loans		3	-
Net Premium on Bond Issuances and Cancellations		1,826	1,551
		(127)	2,545

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Notes to the Financial Statements

1. Background

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

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

The financial statements of the National Debt also include disclosure notes in relation to the National Loans Advance Interest Account, the National Loans (Winding Up) Account, the National Treasury Management Agency (Unclaimed Dividends) Account, the Deposit Monies Investment Account and the Account of Stock Accepted in Payment of Inheritance Tax and Death Duties. As these are operational accounts set up for specific purposes, the related cash balances are not included with the Exchequer account balance reported under Cash and Other Financial Assets in the National Debt Statement.

2. Basis of Preparation

The financial statements have been prepared for the year ended 31 December 2017, 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, less cash and other financial assets available for redemption of those liabilities at the same date. 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. 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 any such premium or discount is accounted for through the Statement of Movement in National Debt. For liabilities where the redeemable par value is linked to inflation, the increase or reduction to the liability due to movements in inflation is accounted for through the Statement of Movement in National Debt.

2.3 Derivatives

Swap agreements and other financial instruments are entered into for hedging purposes as part of the process of managing the National Debt. The results of those hedging activities that are linked with specific borrowing transactions are recognised in accordance with the underlying transactions. The net fund 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 fund 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.

3. Interest Paid on Gross National Debt

	2017 €m	2016 €m
Interest Paid on Medium/Long Term Debt		
Irish Government Bonds	4,422	4,874
EU/IMF Programme Funding	997	1,145
Derivatives hedging Medium/Long Term Debt	301	345
European Investment Bank	15	11
Private Placements	35	35
Medium/Long Term Notes	2	-
Council of Europe Development Bank	1	1
	5,773	6,411
Interest Paid/(Received) on Short Term Debt		
Euro Commercial Paper	15	17
Exchequer Notes ²	(3)	(7)
Irish Treasury Bills ²	(4)	(1)
	8	9
Interest Paid on State Savings Schemes		
Savings Certificates	147	194
Savings Bonds	47	104
10 Year National Solidarity Bonds	11	10
4 Year National Solidarity Bonds	25	29
Prizes in respect of Prize Bonds	21	27
Instalment Savings	14	14
	265	378
Total Interest Paid on Gross National Debt	6,046	6,798

Interest payments on State Savings Schemes include transfers to the Dormant Accounts Fund in respect of accumulated capitalised interest on certain accounts deemed dormant by An Post under the Dormant Accounts Act, 2001. The net interest amounts transferred were as follows:

	2017 €000	2016 €000
Savings Certificates	450	643
Savings Bonds	54	107
Instalment Savings	1,224	736
	1,728	1,486

² During 2016 and 2017 the Agency issued Exchequer Notes and Irish Treasury Bills at negative yields reflecting prevailing negative short-term interest rates in the market.

Notes to the Financial Statements (continued)

4. Interest Paid/(Received) on Cash and Other Financial Assets

	2017 €m	2016 €m
Interest Paid on Cash and Other Financial Assets	46	14
Interest (Received) on Financial Assets and Other Income	-	(71)
	46	(57)

Interest received on Financial Assets and Other Income in 2016 included the one off payment of the accumulated investment return of €70 million received from the EFSF on the pre-paid margin of €530 million which was deducted from the initial drawdown in 2011 and paid to Ireland in 2016.

5. Fees and Operating Expenses

	2017 €m	2016 €m
EU/IMF Programme Funding	31	23
Government Bonds and Other Expenses	15	6
Savings Certificates	9	9
10 Year National Solidarity Bonds	5	3
4 Year National Solidarity Bonds	2	2
Prize Bonds	12	12
Savings Bonds	5	6
Instalment Savings	1	1
	80	62
Agency Operating Expenses ³	55	42
	135	104

³ **Agency Operating Expenses**

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

6. Irish Government Bonds

	2017 €m	2016 €m
Fixed Rate Bonds	110,837	101,418
Floating Rate Bonds	15,534	19,534
Amortising Bonds	597	693
Index Linked Bonds	613	-
	127,581	121,645

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 Treasury 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 2017, the Agency bought and cancelled €4 billion (2016: €3 billion) of the Floating Rate Bonds at a premium of €1.95 billion (2016: €1.36 billion). The bonds were purchased from the CBI, reducing the total nominal outstanding of the Floating Rate Bonds to €15.53 billion (2016: €19.53 billion). The CBI intends to sell these securities in accordance with the following schedule, at a minimum: 2018 €0.5 billion, 2019-2023 (€1 billion per annum), and 2024 onwards (€2 billion per annum) until all bonds are sold.

Since the year-end, the Agency has bought and cancelled a further €1.5 billion of the Floating Rate Bonds.

7. EU/IMF Programme Funding

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 other bilateral loans.

Following the agreement of EU member states and bilateral lenders in December 2014, the Agency made early repayments between December 2014 and March 2015, totalling just over €18 billion. In December 2017, following the agreement of EU member states and bilateral lenders the Agency completed the early repayment of the remaining IMF loan facility and the bilateral loans from both Sweden and Denmark. The repayment of approximately €4.5 billion discharged all of the remaining IMF principal loan obligations that were originally to fall due from January 2021 to December 2023. The repayment of €1 billion bilateral loans from Sweden (€0.6 billion) and Denmark (€0.4 billion) discharged loan obligations that were originally to fall due from September 2019 to May 2021.

The liabilities outstanding under the EU/IMF Programme at end 2017, taking into account the effect of currency hedging transactions, are as follows:

Lender	2017 €m	Weighted Average Residual Maturity Years	2016 €m	Weighted Average Residual Maturity Years
International Monetary Fund ⁴	5	0.2 Years	4,354	5.0 Years
European Financial Stability Facility	18,411	15.1 Years	18,411	16.1 Years
European Financial Stabilisation Mechanism	22,500	9.1 Years	22,500	10.1 Years
United Kingdom Treasury	3,966	2.2 Years	4,033	3.2 Years
Kingdom of Denmark	-	-	400	3.6 Years
Kingdom of Sweden	-	-	600	3.6 Years
Total	44,882		50,298	

The maturity extensions to loans from the EFSF agreed in June 2013 are reflected above. While maturity extensions to loans from the EFSM were also agreed in 2013, the revised maturity dates will be determined as they approach their original maturity dates. Accordingly the maturity of the EFSM loans disclosed reflects only the maturity extensions agreed to date. It is not however expected that Ireland will have to refinance any of its EFSM loans before 2027.

⁴ The 2017 residual balance in respect of the IMF reflects cashflows due subsequent to the year-end.

Notes to the Financial Statements (continued)

8. Other Medium/Long Term Loans

	2017 €m	2016 €m
European Investment Bank	950	950
Private Placements	602	602
Medium/Long Term Notes	300	100
Council of Europe Development Bank	41	41
Other Medium/Long Term Loans	5	5
	1,898	1,698

9. Short Term Paper

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

	2017 €m	2016 €m
Exchequer Notes	2,061	1,858
Irish Treasury Bills	2,009	1,008
European Commercial Paper Programmes	536	342
Central Treasury Notes	160	167
	4,766	3,375

10. Borrowings from Ministerial Funds

These funds are short term borrowings of the Exchequer drawn down as a “ways and means” of funding Exchequer requirements from a number of funds under the control of the Minister for Finance.

	2017 €m	2016 €m
Post Office Savings Bank Fund	1,894	1,732
Deposit Monies Investment Account (note 19)	387	787
	2,281	2,519

11. State Savings Schemes

	2017 €m	2016 €m
Savings Certificates	6,026	5,908
Savings Bonds	3,250	3,747
Prize Bonds	3,170	2,892
10 Year National Solidarity Bonds	2,967	2,643
4 Year National Solidarity Bonds	1,376	1,506
Instalment Savings	501	496
Savings Stamps	2	2
	17,292	17,194

Amounts shown in respect of Savings Certificates, Instalment Savings, Savings Bonds, Solidarity Bonds and Prize Bonds are net of €3.5 million (2016: €5.7 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 €452 million (2016: €451 million), being the estimate of the amount of accrued interest at 31 December 2017 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

	2017 €m	2016 €m
Cash Balances		
Exchequer Account and CSRA ⁵	10,533	8,386
Cash Deposits		
Deposits with Commercial Banks	-	199
Collateral Funding (note 14.2)	857	417
Other Financial Assets		
SBCI Medium Term Guaranteed Notes	85	85
Housing Finance Agency Guaranteed Notes	1,742	2,032
	13,217	11,119

⁵ The Balance held in the CSRA was €357k (2016: €499k) at 31 December.

Cash Deposits and Other Financial Assets

The Agency places short-term investments in Deposits, Collateralised Deposits and Treasury Bills for maturities of up to one year for the purpose of liquidity management.

Cash is placed as collateral with counterparties arising from the requirements under Credit Support Annexes, in respect of certain derivative transactions. These balances, and access to the related cash collateral, change on a daily basis and are dependent on the market value of these derivatives (See Note 14).

The Housing Finance Agency and SBCI Medium Term Guaranteed Notes may not be readily realisable dependent on market conditions.

Notes to the Financial Statements (continued)

12. Cash and Other Financial Assets (continued)

Foreign Currency Clearing Accounts

The Agency maintains a number of foreign currency clearing accounts for the purpose of managing transactions in these currencies. The balance held in these accounts at 31 December 2017 was Nil (2016: Nil). The Agency held no other foreign currency cash balances.

The movement in the Foreign Currency accounts are further outlined below:

	Receipts €m	Payments €m	Net 2017 €m	Net 2016 €m
Balance at 1 January 2017			NIL	NIL
Debt Service				
Medium/Long Term Loan Interest	155	(166)	(11)	1
Short Term Debt Interest	-	(15)	(15)	(17)
Other Movements	15,512	(15,324)	188	294
Fees and Expenses ⁶	-	(7)	(7)	(7)
Borrowing Activity				
EU/IMF Programme	4,040	(4,319)	(279)	219
Short Term Debt	5,422	(5,298)	124	(490)
Balance at 31 December 2017	25,129	(25,129)	NIL	NIL

⁶ Includes no expenses of the Agency in 2017 (2016: €5k).

13. Risk Management

13.1 Risk Management Framework

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

The Agency has approved the NTMA Risk Management Framework to ensure that the Agency manages its risk profile within its agreed risk appetite; that material risks are adequately identified and monitored; and that suitable and effective risk management arrangements are in place, alongside clearly defined and delineated roles and responsibilities. A related suite of risk management policies establishes and maintains limits consistent with the Agency's risk appetite and commensurate with its strategic goals.

The Agency's Risk Management Framework is predicated on the three-lines-of-defence model and its organisational structure and risk governance 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 managing risks on a day-to-day basis, taking into account the NTMA's risk tolerance and appetite, and in line with its policies, procedures, controls and limits. The second line, which includes the Agency's Risk Management, 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 information on risks. The Agency Internal Audit Function, which is part of the third line of defence, provides independent, reasonable, risk based assurance to key stakeholders on the robustness of the NTMA's risk management system, governance and the design and operating effectiveness of the internal control environment.

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.

13. Risk Management (continued)

13.1 Risk Management Framework (continued)

Agency Audit & Risk Committee (ARC)

The ARC comprises members of the Agency Board and was formed from the merger of the Audit and Risk Committees on 1st February 2017. The ARC assists the Agency in the oversight of the risk management framework, including setting risk appetite, monitoring adherence to risk governance and ensuring risks are identified, assessed, managed and reported. In addition it oversees the risk management function. It sets standards for the accurate and timely reporting of critical risks and reviews reports on any breaches of risk limits and the adequacy of any proposed action. It also assists the Agency in the oversight of the quality and integrity of the Agency's financial statements and reviews and monitors the effectiveness of the systems of internal control, the internal audit process and the compliance function, and reviews and considers the outputs from the statutory auditor.

Management Committees:

Enterprise Risk Management Committee (ERMC)

The ERMC oversees the implementation of the NTMA'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 exposures. It provides dashboard reporting of relevant counterparty credit risk exposures and details to the ERMC. It formulates implements and monitors compliance with the Agency Counterparty Credit Risk Management Policy and ensures that appropriate actions are taken in respect of any breaches.

Market and Liquidity Risk Committee (MLRC)

The MLRC oversees and advises the ERMC on market and liquidity risk exposures. It provides dashboard reporting of relevant market risk and liquidity risk exposures and details to the ERMC. It formulates implements and monitors compliance with the market and liquidity risk aspects of the Agency's Risk Management Framework and policies and ensures that appropriate actions are taken in respect of any breaches.

Operational Risk and Control Committee (ORCC)

The ORCC reviews and recommends to the ERMC for approval the operational risk management framework and associated operational risk policies. The ORCC monitors, reviews and challenges the Agency's operational risks and reports on operational risk management to the ERMC.

Products and Processes Committee (PPC)

The PPC reviews, challenges and recommends to the ERMC for approval proposals and risk assessments in respect of new products and processes, or material changes to existing products and processes.

Liquidity Risk

A key objective of the Agency is to ensure that the Exchequer has sufficient cash to meet all obligations as they fall due. Ensuring that the Exchequer has sufficient liquidity is one of the Agency's most critical tasks. Liquidity risks related to the National Debt can arise either from domestic events or, given the high level of linkage between markets, from events outside Ireland. The Agency manages liquidity risk primarily by maintaining appropriate cash buffers, by limiting the amount of liabilities maturing in any particular period of time and by matching the timing and volume of market funding with the projected requirements. This is reinforced by the Agency's activities in maintaining 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).

Notes to the Financial Statements (continued)

13. Risk Management (continued)

13.1 Risk Management Framework (continued)

Counterparty Credit Risk

Counterparty credit risk is the risk of financial loss arising from a financial market transaction as a result of a counterparty failing to fulfil its financial obligations under that transaction 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).

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 risk, governance risk, third party risk, business continuity management and legal and compliance risk. An Operational Risk Management and Risk and Control Self-Assessment Framework is applicable to the Agency as a whole. The objective of this Framework is to ensure that operational risk is managed in an appropriate and integrated manner across the organisation. This Framework outlines the strategy, processes, risk criteria, controls and governance structures in place for managing operational risks within the Agency. The Framework also sets out the methodology for the Risk and Control Self Assessment process which describes the process for adequate and timely identification, assessment, treatment, monitoring and reporting of the risks posed by the activities of the Agency.

The NTMA Business Continuity Management Group is a sub-group of the Operational Risk and Control Committee. The role of this group is to ensure an appropriate and consistent approach to business continuity management across the Agency and providing a supporting role in establishment, implementation, monitoring and improvement of business continuity management activities.

13.2 National Debt – Currency Composition

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

Currency As at 31 December	2017 €m	2016 €m
Debt Instruments		
Euro	181,076	178,340
US Dollar	401	2,448
Pound Sterling	3,637	4,148
Japanese Yen	-	364
Chinese Yuan	-	524
	185,114	185,824
Foreign Currency and Swap Contracts		
Euro	4,418	7,270
US Dollar	(412)	(2,450)
Pound Sterling	(3,637)	(4,148)
Japanese Yen	-	(364)
Chinese Yuan	-	(522)
	369	(214)
National Debt	185,483	185,610

13. Risk Management (continued)

13.3 National Debt – Maturity Profile

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

2017 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	9,159	42,697	37,279	38,446	127,581
EU/IMF Funding Programme	3,905	6,966	5,800	28,211	44,882
Other Medium & Long Term Debt	4	7	531	1,356	1,898
Short Term Debt ⁷	5,782	1,265	0	0	7,047
State Savings ⁸	7,638	7,275	2,376	3	17,292
Cash & Other Financial Assets	(11,597)	(1,345)	(115)	(160)	(13,217)
National Debt	14,891	56,865	45,871	67,856	185,483

2016 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	6,306	42,764	37,611	34,964	121,645
EU/IMF Funding Programme	21	14,528	6,538	29,211	50,298
Other Medium & Long Term Debt	5	4	331	1,358	1,698
Short Term Debt ⁷	4,629	1,265	0	0	5,894
State Savings ⁸	6,654	7,752	2,786	2	17,194
Cash & Other Financial Assets	(9,195)	(1,849)	(75)	0	(11,119)
National Debt	8,420	64,464	47,191	65,535	185,610

⁷ Short Term Debt has been adjusted to reflect the expected longer maturity of a portion of the Ways and Means monies repayable to the Post Office Savings Bank Fund.

⁸ State Savings maturities are based on actual maturity information provided by An Post.

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 present value, of the instruments related to the National Debt outstanding at year end. The present value of each instrument is determined by using an appropriate rate of interest to discount all its future cashflows to their present value.

	31 December 2017		31 December 2016	
	Nominal €m	Present Value €m	Nominal €m	Present Value €m
Interest Rate Swaps	13,929	(506)	16,119	(805)
Exchange Contracts	5,081	(409)	7,885	171
	19,010	(915)	24,004	(634)

The Agency provides treasury services to the National Asset Management Agency ("NAMA") under section 52 and 235 of the National Asset Management Agency Act, 2009. Accordingly it may enter into derivative transactions with NAMA. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of interest rate swaps transacted with NAMA outstanding at end 2017 was €0.02 billion (2016: €0.02 billion); the nominal value of currency swaps and foreign exchange rate contracts transacted with NAMA outstanding at end 2017 was €0.4 billion (2016: €0.6 billion).

Notes to the Financial Statements (continued)

14. Derivatives (continued)

14.1 Derivatives (continued)

The Agency also provides treasury services to IBRC (in liquidation) and accordingly may enter into derivative transactions with IBRC. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of foreign exchange rate contracts transacted with IBRC outstanding at end 2017 was €0.27 billion (2016: €0.32 billion).

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

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.

14.2 Credit Support Account

	2017 €m	2016 €m
Balance at 1 January	-	-
Cash Collateral received from counterparties	1,580	2,249
Cash Collateral paid to counterparties	(2,020)	(2,463)
	(440)	(214)
Net Exchequer Funding during the Year	440	214
Balance at 31 December	NIL	NIL
Note:	2017 €m	2016 €m
Exchequer Funding at 31 December	857	417
Net Collateral Posted to Counterparties at 31 December (note 12)	(857)	(417)

The Agency has entered into a Collateral Posting Agreement with NAMA. At end 2017, NAMA had posted collateral of €0.025 billion (2016: €0.058 billion) to the Agency as part of this agreement.

The Agency has also entered into a Collateral Posting Agreement with IBRC. At end 2017, IBRC had posted collateral of €0.025 billion (2016: €0.046 billion) to the Agency as part of this agreement.

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 forward exchange deals, swaps and interest on deposits which are related to debt servicing costs. Until the legislation was amended by the Finance Act, 2017, receipts of interest on deposits, other than those in a currency for which a foreign currency clearing account had been established under section 139 of the Finance Act, 1993, had to be received into the CSRA. Such amounts may be used to make payments and repayments in respect of normal banking transactions or towards defraying interest and expenses on the public debt.

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

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

15.2 Movement in the Account for the Year

	2017 €000	2016 €000
Balance at 1 January	499	489
Receipts		
Derivative Transactions	7,194,111	8,125,347
Interest on Cash and Other Financial Assets	16,248	23,233
	7,210,359	8,148,580
Payments		
Derivative Transactions	(7,194,111)	(8,125,347)
Interest on National Debt	(5,390)	(5,205)
Expenses on National Debt	-	(4,018)
Transfer to Exchequer Account	(11,000)	(14,000)
	(7,210,501)	(8,148,570)
Balance at 31 December	357	499
Movement in the Year	(142)	10

Notes to the Financial Statements (continued)

15. Capital Services Redemption Account (CSRA) (continued)

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 €000	Payments €000	Net 2017 €000	Net 2016 €000
NAMA Related Derivatives	4,842,371	(4,842,371)	-	-
IBRC Related Derivatives	2,351,740	(2,351,740)	-	-
	7,194,111	(7,194,111)	-	-

16. National Loans Advance Interest Account

The Agency can cancel or issue amounts of existing Irish Government Bonds. The settlement amount for each bond transaction includes the accrued interest at that point in the coupon period. The interest paid is deposited in the National Loans Advance Interest Account until the full interest is due on the coupon date. On the coupon date, the interest is then used to offset the related servicing costs of the Exchequer.

Account of Receipts and Payments	2017 €000	2016 €000
Balance at 1 January	29,089	24,124
Accrued Interest Received on National Loans – Tranches and Auctions	79,178	35,606
Accrued Interest Paid on National Loans	(62,010)	(30,641)
Balance at 31 December – Cash with Central Bank of Ireland	46,257	29,089

17. National Loans (Winding Up) Account

When a National Loan, Stock or Government Bond is due for redemption, the full amount outstanding is payable to the holder. Amounts not claimed by the holder at the redemption date are transferred into this account by a payment from the Exchequer. Any future claims which are made in relation to these matured loans are therefore met from this account. This account also includes balances which were held by the Central Bank and the Department of Finance as Paying Agents in respect of uncashed redemption payments, and which were transferred to the Agency.

The balance on the account comprises principally historic amounts. Changes in the way in which bonds are held by investors and the processing of payments means unclaimed amounts rarely arise.

Account of Receipts and Payments	2017 €000	2016 €000
Balance at 1 January	3,171	3,121
Receipts from Exchequer	-	115
Receipts from Central Bank Account	62	63
Payments to Central Bank Account	(63)	(63)
Payments for Redemption of National Loans	(36)	(65)
Balance at 31 December – Cash with Central Bank of Ireland	3,134	3,171

18. National Treasury Management Agency (Unclaimed Dividends) Account

When interest is due on a bond liability, the full amount due is paid by the Agency to the Paying Agent who then issues it to the registered holder. The balance in the unclaimed dividends account represents unclaimed interest on matured loans, which has been returned to the Agency by the Paying Agent and has yet to be claimed by the registered holders. The Paying Agent maintains a cash float, on behalf of the Agency, which it uses to service claims as they arise during the year.

The balance on the account comprises principally historic amounts. Changes in the way in which bonds are held by investors and the processing of payments means unclaimed amounts rarely arise.

Account of Receipts and Payments	2017 €000	2016 €000
Balance at 1 January	2,586	2,519
Receipts/(Payments) of unclaimed interest	(10)	67
Balance at 31 December – Cash with Central Bank of Ireland	2,576	2,586

19. Deposit Monies Investment Account

This account records the borrowings and repayments of surplus funds held in the Supply Account of the Paymaster General.

The Supply Account of the Paymaster General is the account through which funding is provided by the Exchequer to Government Departments. Surplus funds which arise periodically on the PMG Supply Account are transferred and recorded against the Deposit Monies Investment Account.

Account of Receipts and Payments	2017 €000	2016 €000
Balance at 1 January	786,812	465,119
Ways and Means Advances Paid to the Exchequer	8,002,432	4,994,364
Ways and Means Advances Repaid by the Exchequer	(8,402,064)	(4,672,671)
Balance at 31 December – Ways and Means Advances to the Exchequer (note 10)	387,180	786,812

20. Account of Stock Accepted in Payment of Inheritance Tax and Death Duties

No stock was accepted in payment of inheritance tax and death duties during 2017 (2016: nil).

21. Events after the end of the reporting period

Note 6 details 2018 floating rate bond transactions which occurred after the end of the reporting period. No other events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

22. Approval of Financial Statements

The financial statements were approved by the Agency on 29 May 2018.

FINANCIAL STATEMENTS OF THE

National Treasury Management Agency Administration Account

For the year ended 31 December 2017

Report of the Comptroller and Auditor General	90
Statement of Income and Expenditure and Other Comprehensive Income	92
Statement of Financial Position	93
Statement of Changes in Capital	94
Statement of Cash Flows	95
Notes to the Financial Statements	96



Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas National Treasury Management Agency – Administration Account

Opinion on financial statements

I have audited the administration account of the National Treasury Management Agency (the Agency) for the year ending 31 December 2017 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The administration account comprises

- the statement of income and expenditure and other comprehensive income
- the statement of financial position
- the statement of changes in capital
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the administration account gives a true and fair view of the assets, liabilities and financial position of the Agency at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 – *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Agency has presented certain other information together with the financial statements. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

Non – effective expenditure

The Agency has disclosed in the statement on internal control that capitalised costs of €746,000 relating to the development of a treasury management IT system were written off in 2017. Another €107,000 was incurred in 2016 and 2017 in contractor expenses on the project. The project has now been terminated. As the planned IT system was not delivered, the Agency has incurred a total of €853,000 in non-effective expenditure.

Procurement

Public procurement guidelines require all contracts for supplies and services with an estimated value of €25,000 or above to be advertised publicly, other than in justifiable exceptional circumstances. The Agency discloses in the statement on internal control that it spent €6.2 million under contracts for goods and services in 2017 that were not publicly advertised. Explanations for the procurement approach adopted in relation to those contracts are also provided.

Seamus McCarthy
Comptroller and Auditor General

31 May 2018

Appendix to the report of the Comptroller and Auditor General

Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the Agency members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 12(2) of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Agency and to report thereon to the Houses of the Oireachtas.

Separately, I am required by section 12(3) of the Act to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Agency each year. My report under section 12(3) is presented to Dáil Éireann with my Report on the Accounts of the Public Services.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are 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 there is 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.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Statement of Income and Expenditure and Other Comprehensive Income

For the year ended 31 December 2017

	Note	2017 €000	2016 €000
Income			
Operating income	5	58,073	62,292
Central Fund income	6	51,379	47,418
Net deferred retirement benefit funding	8.1	7,533	4,392
Transfer to capital account		(586)	(13)
		116,399	114,089
Expenditure			
Staff costs	7.2	(94,012)	(94,627)
Operating expenses	7.2	(21,621)	(19,078)
Net interest expense	7.2	(766)	(384)
		(116,399)	(114,089)
Net Income/Expenditure		-	-

Other Comprehensive Income For the year end 31 December 2017	Note	2017 €000	2016 €000
Actuarial gain/(loss) recognised on retirement benefit obligations	9.6	15,491	(18,347)
Movement in deferred retirement benefit funding	8.2	(15,491)	18,347
Total recognised gain/(loss)		-	-

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Financial Position

as at 31 December 2017

	Note	2017 €000	2016 €000
Non-current assets			
Property, equipment and vehicles	10	2,100	1,205
Intangible assets	11	869	1,178
Receivables	12	109	140
		3,078	2,523
Current assets			
Receivables	13	6,592	10,845
Cash at bank		5,001	835
		11,593	11,680
Payables; amounts falling due within 1 year	14	(11,885)	(12,003)
Net current liabilities		(292)	(323)
Payables; amounts falling due after 1 year	15	(489)	(489)
Net assets before retirement benefits		2,297	1,711
Retirement Benefits			
Retirement benefit obligations	9.4	(33,704)	(41,662)
Deferred retirement benefit funding	9.4	33,704	41,662
		-	-
Net assets after retirement benefits		2,297	1,711
Representing:			
Capital account		2,297	1,711

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Changes in Capital

For the year ended 31 December 2017

	Note	Capital Account €000
Balance at 1 January 2016		1,698
Payment to acquire property, equipment and vehicles		595
Payment to acquire intangible asset		1,242
Amortisation of capital in the period		(1,801)
Disposal of property, equipment and vehicles		(23)
Balance at 31 December 2016		1,711
Payment to acquire property, equipment and vehicles	10	1,490
Payment to acquire intangible assets	11	664
Amortisation of capital in the period		(1,565)
Disposal of property, equipment and vehicles and intangible assets	10, 11	(3)
Balance at 31 December 2017		2,297

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 €000	2016 €000
Cash flows from operating activities			
Net income/expenditure		-	-
Depreciation of property, equipment and vehicles	10	592	1,737
Amortisation of intangible assets	11	227	64
Impairment charge of intangible assets	11	746	-
Profit on disposal of property, equipment and vehicles		(19)	(23)
Decrease/(Increase) in receivables	12, 13	4,284	(381)
Increase/(Decrease) in payables	14	412	(2,421)
(Decrease) in deferred income	14, 15	(158)	(467)
(Decrease)/Increase in provisions	16	(372)	315
Capital funding		2,154	1,837
Amortisation of capital funding		(1,568)	(1,824)
Net cash inflow/(outflow) from operating activities		6,298	(1,163)
Cash flows from investing activities			
Payments to acquire property, equipment and vehicles	10	(1,490)	(595)
Payments to acquire intangible assets	11	(664)	(1,242)
Proceeds from sale of property, equipment and vehicles		22	46
Net cash (outflow) from investing activities		(2,132)	(1,791)
Increase/(Decrease) in cash at bank		4,166	(2,954)
Cash at bank at 1 January		835	3,789
Cash at bank at 31 December		5,001	835

Notes to the Financial Statements

1. Background

The National Treasury Management Agency (the "Agency") is a state body established under the National Treasury Management Agency Act, 1990. The Agency provides asset and liability management services to Government. Its purpose is to manage public assets and liabilities commercially and prudently. The NTMA operates across five separate business units; Funding and Debt Management, the State Claims Agency ("SCA"), NewERA, the Ireland Strategic Investment Fund ("ISIF") and the National Development Finance Agency ("NDFFA"). It also assigns staff and provides business and support services and systems to the National Asset Management Agency ("NAMA") and the Strategic Banking Corporation of Ireland ("SBCI"). Both NAMA and the SBCI are independent entities and have their own separate boards.

2. Basis of preparation

The financial statements have been prepared on an accruals basis under the historical cost convention in accordance with applicable legislation. The form of the financial statements has been approved by the Minister for Finance under section 12 of the National Treasury Management Agency Act, 1990 as amended.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used, '000' or 'k' denotes thousand, and 'm' denotes million.

3. Statement of compliance

The financial statements of the Agency have been prepared in compliance with applicable legislation, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued by Financial Reporting Council in the UK for use in the Republic of Ireland.

4. Significant accounting policies

4.1. Going Concern

The financial position, financial performance and cash flows of the Agency are detailed in the financial statements. The Agency members have a reasonable expectation that the entity has adequate resources to continue in operational existence and discharge its mandate for the foreseeable future. Therefore the Agency continues to adopt the going concern basis of accounting in preparing the financial statements.

4.2. Operating income

The Agency is required to provide business and support services and systems, in addition to assigning staff to a number of businesses under prescribed legislation. The Agency adopts a cost recovery basis from these businesses for the provision of staff and services. Operating income is recorded in the Statement of Income and Expenditure and Other Comprehensive Income.

4.3. Central Fund income

Central Fund income included in the Statement of Income and Expenditure and Other Comprehensive Income represents the amount necessary to meet the operating and administration costs incurred by the Agency. The amount is recognised in line with FRS 102 Section 25 Government Grants.

4.4. Expenditure

The costs and expenses incurred by the Agency in the performance of its functions are recognised in the Statement of Income and Expenditure and Other Comprehensive Income.

4.5. Property, equipment and vehicles

Property, equipment and vehicle assets are stated in the Statement of Financial Position at cost less accumulated depreciation. Depreciation is charged to the Statement of Income and Expenditure and Other Comprehensive Income on a straight line basis, with the charge being calculated over the asset's expected useful life.

At each reporting date, the Agency reviews the carrying amount of its property, equipment and vehicles as to whether there is any indication of impairment. Impairment losses are recognised if there are any indications that the carrying amount of an item is greater than the higher of value in use and fair value less costs to sell. A previously recognised impairment loss may be reversed in part or in full when there is an indication that the impairment loss may no longer exist or there has been a change in the estimates used to determine the assets recoverable amount. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

4. Significant accounting policies (continued)

4.5. Property, equipment and vehicles (continued)

The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount is determined as the higher of the fair value less costs of disposal of the asset and its value in use. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate. This discount rate should reflect the current market assessment of the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted.

4.6. Intangible assets

Expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortised in the Statement of Income and Expenditure and Other Comprehensive Income on a straight line basis over its estimated useful life, from the date on which it is available for use.

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

At each reporting date, the Agency reviews the carrying amount of its software to determine whether there is any indication of impairment. If any such indication exists, these assets are subject to an impairment review.

The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount is determined as the higher of the fair value less costs of disposal of the asset and its value in use. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate. This discount rate should reflect the current market assessment of the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted.

The carrying value of the software is written down by the amount of any impairment and this loss is recognised in the Statement of Income and Expenditure in the financial period in which it occurs. A previously recognised impairment loss may be reversed in part or in full when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

4.7. Cash at bank

Cash at bank includes cash at bank and in hand. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

4.8. Leasing

Rentals under operating leases are charged to the Statement of Income and Expenditure and Other Comprehensive Income.

4.9. Retirement benefits

The Agency operates a defined benefit pension scheme, and for staff who are not in the scheme it makes contributions to Personal Retirement Savings Accounts ("PRSA") or individual retirement funds. Contributions are funded out of the Agency's administration budget.

The defined benefit pension scheme costs are accounted for under section 28 of FRS 102. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. An excess of scheme liabilities over scheme assets is presented in the Statement of Financial Position as a liability. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Central Fund.

The defined benefit pension charge in the Statement of Income and Expenditure and Other Comprehensive Income comprises the current service cost and past service cost plus the net interest (note 9.5) cost on the scheme assets and liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience are recognised in Other Comprehensive Income for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Central Fund.

The cost of contributions by the Agency to PRSAs is recognised as a charge to the Statement of Income and Expenditure and Other Comprehensive Income in the financial year to which the employee service relates.

Notes to the Financial Statements (continued)

4. Significant accounting policies (continued)

4.10. Capital account

The capital account represents receipts from the Central Fund which have been allocated for the purchase of property, equipment, vehicles and intangible assets. The receipts are amortised in line with depreciation and amortisation on the related assets.

4.11. Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amounts recognised as provisions are the best estimates of the consideration required to settle the present obligation at the end of the reporting period.

4.12. Taxation

Under specific provisions in the Taxes Consolidation Act 1997, the Agency is exempt from corporation tax. In addition, the Agency is not subject to Irish capital gains tax or corporation tax on any chargeable gains accruing to it.

4.13. Key estimates and assumptions

The presentation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following estimates have had the most significant effect on amounts recognised in the financial statements.

Defined benefit pension scheme (note 9)

The Agency has obligations to pay pension benefits to employees who are in the defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and discount rates. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

Provisions (note 16)

The Agency makes provisions for legal and constructive obligations, which are known to be outstanding at the reporting date. Provisions require management's best estimates of the expected expenditure required to settle the obligation.

Useful life of assets

The charge in respect of periodic depreciation of property, equipment and vehicles (note 10) and periodic amortisation of intangible assets (note 11) is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Changing an asset's expected life or its residual value would result in a change in the depreciation or amortisation charge in the Statement of Income and Expenditure and Other Comprehensive Income.

The useful lives of the Agency's assets are determined by management and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

5. Operating income

	Note	2017 €000	2016 €000
Recovery of expenses from NAMA	7.1	38,089	46,697
Recovery of expenses from ISIF	7.1	12,515	10,428
Recovery of expenses from SBCI	7.1	5,169	4,213
Asset covered securities income		224	279
Other income		2,076	675
		58,073	62,292

The Agency is required to provide business and support services and systems in addition to assigning staff to a number of functions under prescribed legislation as follows:

- To NAMA under sections 41 and 42 of the National Asset Management Agency Act 2009.
- To the SBCI under section 10 of the Strategic Banking Corporation of Ireland Act 2014.

In addition, under section 48 of the National Treasury Management Agency (Amendment) Act 2014, the expenses of the Agency with regard to the ISIF are defrayed from the ISIF.

Asset covered securities are issued under the Asset Covered Securities Act, 2001 as amended by the Asset Covered Securities (Amendment) Act 2007. The Act (as amended) provides that in the event of a default by a bank registered as a designated mortgage credit institution or as a designated public credit institution under the Act (as amended), the Agency must in the following order, (i) attempt to secure an alternative service provider to manage the relevant asset pools, (ii) secure an appropriate body corporate to become the parent entity of the relevant pools or, (iii) manage the pools itself. In return, the Agency receives asset covered securities income based on the nominal amount of each asset covered bond in issue.

Other income primarily comprises the recovery of professional fees and certain secondment and administrative fees. Under the direction issued to the Agency under Statutory Instrument (S.I.). No. 115 of 2010, the Minister for Finance delegated a number of banking system functions to the Agency. This delegation was revoked with effect from 5 August 2011 under S.I. No. 395 of 2011 and since then Agency staff involved in the provision of banking system functions have been seconded to the Department of Finance Shareholding and Financial Advisory Division. At the direction of the Minister, the related staff and professional advisor costs incurred continue to be met by the Agency. Professional advisor costs of €1.9m were recovered in this regard during 2017 (2016: €0.4m).

6. Central Fund income

The Central Fund operates on a receipts and payments basis whereas these financial statements have been prepared on an accruals basis. The following table sets out the reconciling items:

	Note	2017 €000	2016 €000
Opening balance at 1 January	13	(2,025)	3,086
Net amounts received from Central Fund		54,945	42,307
Closing balance at 31 December	14	(1,541)	2,025
Central Fund income		51,379	47,418

The total amount recognised as receivable from/(payable to) the Central Fund is:

	Note	2017 €000	2016 €000
(Payable to)/Receivable from the Central Fund	14, 13	(1,541)	2,025
Deferred retirement benefit funding	9.4	33,704	41,662
		32,163	43,687

Notes to the Financial Statements (continued)

7. Agency costs

7.1. Expenses of the Agency for specified functions

	Note	2017 €000	2016 €000
State Claims Agency		20,780	19,376
Funding and Debt Management		12,460	11,461
National Development Finance Agency		10,147	9,457
Ireland Strategic Investment Fund	5	12,515	10,428
NewERA		5,384	5,304
		61,286	56,026
National Asset Management Agency	5	38,089	46,697
Strategic Banking Corporation of Ireland	5	5,169	4,213
Shareholding and Financial Advisory Division		4,322	2,761
Pension adjustment*	8.1	7,533	4,392
		55,113	58,063
Total expenses		116,399	114,089

* The pension adjustment is the difference between the provision for pension costs in the Income and Expenditure Account and the actual pension contributions made.

7.2. Agency costs

	Note	2017 €000	2016 €000
Staff Costs			
Remuneration	7.3	74,154	77,062
Other staff costs ¹		3,919	4,419
Defined benefit pension scheme current service charge	9.5	15,915	13,120
PRSA pension cost	7.4	24	26
		94,012	94,627
Operating expenses			
Other operating expenses	7.5	13,981	13,726
Professional fees	7.5	6,075	3,551
Depreciation	10	592	1,737
Amortisation	11	227	64
Impairment	11	746	-
		21,621	19,078
Net interest expense	9.5	766	384
Total Agency costs		116,399	114,089

¹ Other staff costs include training, recruitment, temporary staff and secondment fees.

7. Agency costs (continued)

7.3. Remuneration

The following remuneration disclosures are required under The Code of Practice for the Governance of State Bodies (2016) ("the Code"). As this is the first-time adoption current year figures are presented as follows:

Aggregate Employee Benefits

	NAMA €000	SBCI €000	NTMA €000	Total €000
Staff short-term benefits	23,531	1,776	41,285	66,592
Termination benefits	763	-	-	763
Pay Related Social Insurance	2,425	177	4,197	6,799
	26,719	1,953	45,482	74,154

The total number of whole time equivalent staff employed at 31 December 2017 was 784.

Staff Short-Term Benefits

	NAMA €000	SBCI €000	NTMA €000	Total €000
Basic pay	23,287	1,685	38,752	63,724
Performance related pay	-	53	1,544	1,597
Allowances	244	38	989	1,271
	23,531	1,776	41,285	66,592

Key Management Personnel

	2017 €000
Agency and committee members' fees	200
Management remuneration	3,150
Allowances	165
Health insurance	54
	3,569

Key management personnel in the NTMA consist of Agency and committee members as referred to in the Governance Statement, the Chief Executive and the Executive Management Team ("EMT"). The value of employee benefits for key management personnel is set out above (excluding Pay Related Social Insurance).

This does not include the value of retirement benefits earned in the period. The key management personnel (excluding the Agency members' and the Chief Executive) are members of NTMA pension scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

Chief Executive Salary and Benefits

The remuneration of the Chief Executive is determined in accordance with sections 7(2) and 8 of the National Treasury Management Agency Act 1990.

Conor O'Kelly (Chief Executive)	2017 €000	2016 €000
Annual salary	480	480
Annual taxable benefits	5	5
Contributions to retirement scheme	86	86
	571	571

The remuneration of Conor O'Kelly consists of basic remuneration and taxable benefits (health insurance). Conor O'Kelly did not receive a discretionary performance related payment in respect of 2017.

Notes to the Financial Statements (continued)

7. Agency costs (continued)

7.3. Remuneration (continued)

In addition to the disclosures required under the Code the following remuneration disclosures are noted:

Disclosures in respect of Agency staff excluding officers assigned to NAMA

Voluntary redundancy scheme

There was no Voluntary Redundancy Scheme (VRS) in 2017 or 2016 with the exception of officers assigned to NAMA which is disclosed separately.

Garden leave

Four Agency staff were placed on garden leave during 2017 (2016: three) with an attributable 2017 cost of approximately €0.2m (2016: €0.1m). The average period of garden leave for the four staff was two months (2016: two months). The decision on whether to place these four staff members on garden leave was made on a case-by-case basis and included consideration, inter alia, of the person's role within the Agency and the person's new employer.

Other Staff Costs

No retention arrangement has been entered into since mid-2014 and such arrangements do not extend beyond 2017. In respect of pre-existing arrangements payments totalling €0.1m were made to two members of staff in 2017 (2016: €0.1m to three members of staff). These payments were made on a limited and exceptional basis in order to retain the expertise and experience of key staff in critical business areas. The practice of entering into employment contracts providing for retention payments has been discontinued.

Disclosures in respect of officers assigned to NAMA

Voluntary redundancy scheme - NAMA

In 2017, ten employees assigned to NAMA participated in a VRS (2016: forty-one employees). Costs of €0.8m (2016: €3.9m) relating to the VRS have been recognised in 2017. Costs of €0.4m (2016: €1.7m) were attributable to statutory and other redundancy payments, €0.2m (2016: €0.8m) related to the "NAMA retention scheme"¹ and €0.2m (2016: €1.4m) for garden leave.

¹ The NAMA retention scheme only applies in circumstances where staff members are made redundant, have met all required performance standards, and have remained with NAMA for the period required to fulfil the NAMA's statutory mandate.

Garden leave - NAMA

Nine employees assigned to NAMA were placed on garden leave during 2017 (2016: forty-one) as part of the VRS. This does not represent an incremental cost for the Agency but instead forms part of the overall Agency salary cost that would have been incurred regardless of the decision to place the relevant staff on garden leave. The average period of garden leave under the VRS was three months (2016: three months). In addition to those accepted for the VRS, five staff (2016: seven) were placed on garden leave during 2017 with an attributable cost of approximately €0.1m (2016: €0.2m). The average period of garden leave for the five staff was two months (2016: two months). The decision on whether to place these five staff members on garden leave was made on a case-by-case basis and included consideration, inter alia, of the person's role within the Agency and the person's new employer.

7.4. Retirement benefits

Superannuation entitlements of staff are conferred under a defined benefit superannuation scheme established under section 8 of the National Treasury Management Agency Act, 1990. Contributions are transferred to an externally managed fund. The Agency contribution is determined on the advice of an independent actuary. Following a triennial actuarial review in 2016, the Agency contribution was maintained at 14.2% (2016: 14.2%) of salary in respect of members of the Scheme. Contributions to the defined benefit scheme by the Agency for the year ended 31 December 2017 amounted to €9.1m (2016: €9.1m).

Liabilities arising under the defined benefit scheme are provided for under the above arrangements, except for entitlements arising in respect of the service of certain members of the Agency's staff recruited from other areas of the public sector. On 7 April 1997 the Minister for Finance designated the Agency as an approved organisation for the purposes of the Public Sector (Transfer of Service) Scheme. This designation provides for, inter alia, contributions to be paid out of the Exchequer, as and when benefits fall due for payment in the normal course, in respect of prior service of former public servants employed by the Agency. No provision has been made for funding the payment of such entitlements.

The Agency contributes to a retirement scheme on behalf of the Chief Executive (note 7.3). The Agency also contributed €24k (2016: €26k) to PRSAs for a number of employees who are not members of the defined benefit scheme in 2017.

7. Agency costs (continued)

7.5. Operating expenses

Other operating expenses of €14.0m (2016: €13.7m) include technology costs, occupancy costs, business services costs and staff travel expenses.

Professional fees of €6.1m (2016: €3.6m) include advisory fees of €4.8m that require disclosure under the Code and other professional fees of €1.3m.

Advisory fees include the cost of external advice to management and exclude 'business-as-usual' functions. As this is the first-time adoption of the Code, current year figures are presented as follows:

	Note	2017 €000
Advisory fees included in Professional fees		4,822
Advisory fees capitalised	10	1,365
		6,187
Legal		1,691
Tax and financial		1,751
Actuarial		394
Public relations and marketing		498
Pension and human resources		75
Facilities and other		1,778
		6,187

Advisory fees of €6.2m include €1.9m incurred and recovered on behalf of the Shareholding and Financial Advisory Division (Note 5). In addition €0.2m of the advisory fees above were reimbursed to the Agency by NAMA, SBFI and ISIF.

8. Net deferred retirement benefit funding

8.1. Net deferred retirement benefit reserve funding in respect of the year

	Note	2017 €000	2016 €000
Charge arising from employee service in reporting period	9.5	15,915	13,120
Net interest expense	9.5	766	384
Income applied to pay contributions to pension fund	7.4	(9,148)	(9,112)
Net deferred retirement benefit funding		7,533	4,392

8.2. Movement in the deferred retirement benefit funding

	Note	2017 €000	2016 €000
Movement in amounts recoverable in respect of current year actuarial (gain)/loss	9.6	(15,491)	18,347

Notes to the Financial Statements (continued)

9. Retirement benefits

9.1. Defined benefit pension scheme

The valuation of the defined benefit scheme used for the purposes of FRS 102 disclosures is based on data provided by the scheme administrator, Mercer (Ireland) Limited. The valuation is determined by an independent actuary to take account of the requirements of FRS 102 in order to assess the liabilities at the balance sheet date. Scheme assets are stated at their fair value at the balance sheet date.

9.2. Change in defined benefit obligation

	Note	2017 €000	2016 €000
Defined benefit obligation at beginning of year		172,763	131,378
Charge arising from employee service in reporting period		15,915	13,985
(Gain) on curtailments/changes/introductions		-	(865)
Interest expense		3,627	3,688
Net (Benefit payments)/Transfers In		(133)	679
Participant contributions		1,537	1,520
Insurance premiums		(256)	(244)
Effect of changes in assumptions		2,198	30,289
Effect of experience adjustments		(8,971)	(7,667)
Defined benefit obligation at end of year	9.4	186,680	172,763

9.3. Change in fair value of plan assets

	Note	2017 €000	2016 €000
Fair value of plan assets at end of prior year		131,101	112,455
Interest income		2,861	3,304
Employer contributions		9,148	9,112
Participant contributions		1,537	1,520
Net (Benefit payments)/Transfers In		(133)	679
Insurance premiums for risk benefits		(256)	(244)
Return on plan assets (excluding interest income)		8,718	4,275
Fair value of plan assets at end of year	9.4	152,976	131,101

Plan assets

The asset allocations at the year-end were as follows:

	2017 %	2016 %
Equities	55.7	48.9
Debt securities	32.5	32.5
Property	3.5	4.0
Alternatives	7.4	9.5
Cash	0.9	5.1
	100.00	100.00

	2017 €000	2016 €000
Actual return on scheme assets	11,579	7,579

9. Retirement benefits (continued)**9.4. Scheme deficit**

	Note	2017 €000	2016 €000
Defined benefit obligation	9.2	(186,680)	(172,763)
Fair value of plan assets	9.3	152,976	131,101
Net defined benefit liability		(33,704)	(41,662)

	Note	2017 €000	2016 €000
Amounts in the Statement of Financial Position			
Retirement benefit obligations		(33,704)	(41,662)
Deferred retirement benefit funding	6	33,704	41,662

9.5. Cost relating to defined benefit plans

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

	Note	2017 €000	2016 €000
Charge arising from employee service in reporting period	8.1	15,915	13,120
Interest expense on defined benefit obligation		3,627	3,688
Interest (income) on plan assets		(2,861)	(3,304)
Net interest expense	7.2	766	384

9.6. Actuarial (loss)/gain

Remeasurements recognised in Other Comprehensive Income are as follows:

	2017 €000	2016 €000
Effect of changes in assumptions	(2,198)	(30,289)
Effect of experience adjustments	8,971	7,667
Return on plan assets (excluding interest income)	8,718	4,275
Remeasurements included in Other Comprehensive Income	15,491	(18,347)

Notes to the Financial Statements (continued)

9. Retirement benefits (continued)

9.7. Principal actuarial assumptions

The principal actuarial assumptions used were as follows:

	2017	2016
Weighted average assumptions used to determine benefit obligations:	%	%
Discount rate	2.3	2.1
Rate of salary increase	2.75	2.5
Rate of price inflation	1.75	1.5
Rate of pension increase	1.75/2.75	1.5/2.5
Weighted average assumptions used to determine pension cost:	%	%
Discount rate	2.1	2.8
Expected long-term rate of return on plan assets during financial year	2.1	2.8
Rate of salary increase	2.5	2.5
Rate of price inflation	1.5	1.5
Rate of pension increase	1.5/2.5	1.5/2.5
Weighted average life expectancy at age 60 for mortality tables used to determine benefit obligations:	Years	Years
Future pensioners		
– Male (current age 45)	30.7	30.5
– Female (current age 45)	32.9	32.7
Current pensioners		
– Male (current age 60)	29.0	28.8
– Female (current age 60)	31.0	30.9
Weighted average life expectancy at age 65 for mortality tables used to determine benefit obligations:	Years	Years
Future pensioners		
– Male (current age 45)	26.2	26.1
– Female (current age 45)	28.3	28.2
Current pensioners		
– Male (current age 65)	23.9	23.8
– Female (current age 65)	26.0	25.9

10. Property, equipment and vehicles

	Leasehold improvements €000	Furniture, equipment and motor vehicles €000	Total €000
Cost:			
Balance at 1 January 2017	4,501	6,114	10,615
Additions at cost	1,365	125	1,490
Disposals	-	(95)	(95)
Balance at 31 December 2017	5,866	6,144	12,010
Accumulated Depreciation:			
Balance at 1 January 2017	(4,131)	(5,279)	(9,410)
Depreciation for the year	(115)	(477)	(592)
Disposals	-	92	92
Balance at 31 December 2017	(4,246)	(5,664)	(9,910)
Net Book Value at 31 December 2017	1,620	480	2,100
Net Book Value at 31 December 2016	370	835	1,205

The estimated useful life of property, equipment and vehicles, by reference to which depreciation is calculated is as follows:

Leasehold improvements	up to 15 years
Furniture	7 years
Equipment and motor vehicles	3 to 5 years

Occupied office accommodation at Treasury Building, Grand Canal Street, Dublin 2, is leased under long-term leases, as set out in note 17. The leasehold improvement additions relate to fit-out costs and professional fees of office accommodation at Block D1, Dublin Landings, North Wall Quay, Dublin 1 (Note 21).

11. Intangible assets

	Computer software €000
Cost:	
Balance at 1 January 2017	1,242
Additions at cost	664
Disposals	(746)
Balance at 31 December 2017	1,160
Accumulated Amortisation:	
Balance at 1 January 2017	(64)
Amortisation for the year	(227)
Impairment charge	(746)
Disposals	746
Balance at 31 December 2017	(291)
Net Book Value at 31 December 2017	869
Net Book Value at 31 December 2016	1,178

Notes to the Financial Statements (continued)

11. Intangible assets (continued)

In 2016 the Agency commenced the implementation of a new treasury management system project and costs of €746k were capitalised as an intangible software asset. In line with the project governance framework, a review was undertaken during 2017 resulting in a management decision to terminate the implementation of this project. As a result the Agency has recognised an impairment charge of €746k. Arrangements to close out the project are ongoing.

Third party software assets are measured at cost less accumulated amortisation and any accumulated impairment losses (note 4.6).

The estimated useful life of intangible assets by reference to which amortisation is calculated is as follows:

Computer software 5 years

12. Receivables (Non-current)

	2017 €000	2016 €000
Prepayments	109	140

13. Receivables (Current)

	2017 €000	2016 €000
Amounts receivable from NAMA	1,834	5,295
Amounts receivable from ISIF	1,583	454
Amounts receivable from SBCI	523	214
Central Fund	-	2,025
Other receivables	416	861
Prepayments	2,236	1,996
	6,592	10,845

Other receivables primarily comprise Asset Covered Securities income and income due from the Department of Finance.

14. Payables; amount falling due within 1 year

	Note	2017 €000	2016 €000
Payables		2,714	2,678
Central Fund		1,541	-
Accruals		7,504	8,669
Deferred income		-	158
Provisions	16	126	498
		11,885	12,003

Accruals include annual leave entitlements of €1.7m (2016: €1.6m) earned but not taken at the reporting date.

Deferred income related to a reverse premium on rental payments on the fourth floor of leasehold premises. The value of the reverse premium was spread across the life of the lease. The treatment resulted in income of €2.0m credited to the Statement of Income and Expenditure on a straight-line basis over the period January 2013 to April 2017 when the lease expired.

15. Payables; amount falling due after 1 year

	Note	2017 €000	2016 €000
Provisions	16	489	489

16. Provisions

Provisions relate to premises costs. Provision movement in the period is detailed as follows:

	Note	2017 €000	2016 €000
At 1 January		987	672
Additions		-	315
Charges		(372)	-
Reversals		-	-
At 31 December	14, 15	615	987

17. Commitments

In 1991, 2007 and 2012, the Agency entered into lease agreements of varying duration until 2017, 2026 and 2027, in respect of office accommodation at Treasury Building, Grand Canal Street, Dublin 2, D02 XN96. The nominal future minimum rentals payable under non-cancellable operating leases at Treasury Building are as follows:

	2017 €000	2016 €000
Within one year	1,806	2,075
In two to five years	7,224	6,893
Over five years	5,912	7,420
	14,942	16,388

The Agency is considering its options for the existing leases in respect of current office accommodation at Treasury Building, Grand Canal Street (see note 21).

18. Contingent liabilities

The Agency had no contingent liabilities at 31 December 2017.

19. Related parties

Minister for Finance

The Minister for Finance appoints six members of the Agency in accordance with section 3A of the National Treasury Management Agency Act, 1990, as amended.

Key Management Personnel

The Agency is governed by the Agency members, and the administration and business of the Agency is managed and controlled by the Chief Executive and the Executive Management Team. Fees paid to key management personnel are disclosed in note 7.

National Asset Management Agency

In accordance with sections 41 and 42 of the National Asset Management Agency Act 2009, the Agency provides business and support services and systems in addition to assigning staff to NAMA. The recovery of expenses from NAMA is detailed in note 5.

Strategic Banking Corporation of Ireland

In accordance with section 10 of the Strategic Banking Corporation of Ireland Act 2014, the Agency provides business and support services and systems in addition to assigning staff to the SBCI. The recovery of expenses from the SBCI is detailed in note 5.

Notes to the Financial Statements (continued)

20. National Development Finance Agency

The National Development Finance Agency in accordance with Part 4 of the National Treasury Management Agency (Amendment) Act 2014, performs financing and advisory functions in relation to specific public investment projects. The costs of these services were discharged by the NTMA and reimbursed by the State Authority to which the projects relate.

The NTMA acting as the NDFA incurred the following reimbursable costs:

	2017	2016
	€000	€000
Professional fees	3,154	1,606
Legal fees	229	522
	3,383	2,128

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

	2017	2016
	€000	€000
Department of Housing, Planning, Community and Local Government	793	60
Department of Education	133	424
Grangegorman Development Agency	90	-
Department of Justice	42	12
Health Service Executive	-	125
South Dublin County Council	6	-
	1,064	621

Reimbursed funds are remitted to the Post Office Savings Bank Fund in accordance with section 30 of the NTMA Act 2014. At 31 December 2017, €0.9m (2016: €2.8m) is owing to the Post Office Savings Bank Fund.

The NTMA, acting as the NDFA, held cash at bank at 31 December 2017 amounting to €0.8m (2016: €2.3m). This is not included in the cash at bank balance as reflected on the statement of financial position.

The expenditure and reimbursement above is not included in the Statement of Income and Expenditure and Other Comprehensive Income or Statement of Financial Position on pages 92 and 93.

21. Events after the reporting period

In 2017 the Agency entered into an agreement for lease for office accommodation at Block D1, Dublin Landings, North Wall Quay, Dublin 1. Following the fulfilment by the landlord of the relevant conditions of the agreement for lease, the leases were granted to the Agency on 24 May 2018.

22. Approval of financial statements

The financial statements were approved by the Agency on 29 May 2018.

FINANCIAL STATEMENTS OF THE

Post Office Savings Bank Fund

For the year ended 31 December 2017

Report of the Comptroller and Auditor General	112
Statement of Income and Expenditure and Retained Earnings	114
Statement of Financial Position	115
Notes to the Financial Statements	116



Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas Post Office Savings Bank Fund

Opinion on financial statements

I have audited the financial statements of the Post Office Savings Bank Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ending 31 December 2017 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the statement of income and expenditure and retained earnings, the statement of financial position and the related notes.

In my opinion, the financial statements properly present

- the assets and liabilities of the Fund at 31 December 2017, and
- the transactions for 2017.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 May 2018

Appendix to the report of the Comptroller and Auditor General

Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the Fund's assets and liabilities at 31 December 2017 and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are 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 there is 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.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Statement of Income and Expenditure and Retained Earnings

For the year ended 31 December 2017

	Note	2017 €000	2016 €000
Investment (Loss)/Income	3	(2,278)	17,175
Interest Expense	4	(4,560)	(6,039)
Operating Expenses	5	(28,169)	(28,173)
Deficit for the Year		(35,007)	(17,037)
Balance at 1 January		147,675	164,712
Balance at 31 December		112,668	147,675

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Financial Position

As at 31 December 2017

	Note	2017 €000	2016 €000
Assets			
Cash with Central Bank of Ireland		886,640	731,782
Central Treasury Loans		18,945	22,103
Loans and Receivables	6	1,895,864	1,737,789
Other Assets	7	21,292	21,887
Investments	8	416,592	556,313
		3,239,333	3,069,874
Liabilities			
Post Office Savings Bank Deposits	9	3,121,347	2,921,027
Other Liabilities	10	5,318	1,172
Retained Reserves		112,668	147,675
		3,239,333	3,069,874

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Notes to the Financial Statements

1. Background

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

The Minister for Finance may appropriate for the Exchequer any accumulated surplus in the Fund after making appropriate provision for depreciation in the value of the Fund's assets available to meet the liabilities to the depositors (Finance Act 1930, Sect 19(1)).

During 2017 the Fund had the following main purposes:

- to invest the moneys made available by depositors, and
- to act as an intermediary through which sale and repurchase (repo) transactions and secondary market trading could be transacted by the Agency, and
- to provide moneys under Central Treasury Services to designated state bodies.

Prior to 1 January 2016 the Fund was used as an intermediary for the purpose of primary issuance including the tranching, cancellation and sale of securities issued by the Agency. Section 87 of the Finance Act, 2015 amended the Finance Act, 1970 to facilitate this change in regard to the cancellation of securities and permits the Minister to purchase and cancel securities created or issued by him or under any other provision of an Act of the Oireachtas whenever and so often as he thinks fit and in any manner, whether in the open market or otherwise.

2. Basis of Preparation

The financial statements have been prepared on an accruals basis under the historical cost convention except where otherwise stated.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used '000' or 'k' denotes thousand, and 'm' denotes million.

2.1 Investments

Investments are stated at cost.

3. Investment (Loss)/Income

	2017 €000	2016 €000
Net Interest Income	12,765	24,966
Loss on Investments	(15,043)	(7,791)
	(2,278)	17,175

The reduction in Net Interest Income reflects reduced investment holdings, and lower/negative prevailing yields on bonds and cash held. Sale and Repurchase agreements are also transacted between the Fund and primary dealers in the bond market. The related income or interest cost arising from these transactions is reflected in Net Interest Income.

The increase in the loss on investments in 2017 when compared to 2016, reflects a reduction in bonds with short-dated maturities. Such bonds were held at their original cost as the Fund accounts for its bond holdings on a historic cost basis and does not recognise unrealised gains/losses. While unrealised gains/losses on the Fund are not recognised, the Fund's investment performance is monitored on a total return basis (i.e. including unrealised gains/losses).

4. Interest Expense

	2017 €000	2016 €000
Interest Payable to Depositors of Post Office Savings Bank	4,560	6,039

5. Operating Expenses

	2017 €000	2016 €000
Services Fees	28,169	28,173

Services Fees are paid to An Post for their management and administration of depositors accounts.

6. Loans and Receivables

	2017 €000	2016 €000
Advances to Exchequer	1,893,445	1,731,537
Advances to the State Claims Agency	1,500	3,500
Advances to the National Development Finance Agency	919	2,752
	1,895,864	1,737,789

Advances to the Exchequer represent Ways and Means funds which have been loaned to the Exchequer.

No financing costs were charged by the Fund to the State Claims Agency or the National Development Finance Agency.

7. Other Assets

	2017 €000	2016 €000
Interest Receivable	4,634	8,697
Cash Balances held by An Post	16,658	6,027
Outstanding Bond Trade Settlements	-	7,163
	21,292	21,887

Notes to the Financial Statements (continued)

8. Investments

Bonds	2017 €000	2016 €000
At Cost	416,592	556,313
Valuation as at 31 December	419,283	560,091

Schedule of Investment Holdings:

Nominal €000	Stock	2017 Cost €000
13,753	5.9% Treasury Bond 2019	15,799
7,752	4.4% Treasury Bond 2019	8,484
105,402	5.0% Treasury Bond 2020	124,132
5,842	4.5% Treasury Bond 2020	6,698
10,242	0.8% Treasury Bond 2022	10,659
43,000	0.0% Treasury Bond 2022	43,222
6,714	3.9% Treasury Bond 2023	8,109
26,572	3.4% Treasury Bond 2024	31,960
33,172	5.4% Treasury Bond 2025	45,224
25,380	1.0% Treasury Bond 2026	26,378
37,554	2.4% Treasury Bond 2030	42,954
17,200	1.7% Treasury Bond 2037	17,272
34,328	2.0% Treasury Bond 2045	35,701
366,911		416,592

9. Post Office Savings Bank Deposits

	2017 €000	2016 €000
Post Office Savings Bank Deposits	3,121,347	2,921,027

In 2017 €3,278,146 (2016: €2,657,810) was transferred from the Fund to the Dormant Accounts Fund under the Dormant Accounts Act, 2001. At 31 December 2017, a liability of €46,780,368 (2016: €44,020,938) remained following account reactivations of €562,003 (2016: €790,249) and the capitalisation of interest (net of DIRT) of €43,287 (2016: €33,715). If reclaimed by POSB depositors this is payable from the Dormant Accounts Fund. The POSB deposits of €3,121,346,788 (2016: €2,921,026,935) do not include this liability.

10. Other Liabilities

	2017 €000	2016 €000
Net Funds payable due under Sale and Repurchase Agreements	4,858	685
DIRT due	460	487
	5,318	1,172

11. Events after the end of the reporting period

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

12. Approval of Financial Statements

The financial statements were approved by the Agency on 29 May 2018.

FINANCIAL STATEMENTS OF THE

State Claims Agency

For the year ended 31 December 2017

Report of the Comptroller and Auditor General	120
Income Statement	122
Statement of Financial Position	123
Notes to the Financial Statements	124



Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas State Claims Agency

Opinion on financial statements

The National Treasury Management Agency (the Agency) is known as the State Claims Agency when managing claims on behalf of the State. I have audited the financial statements of the State Claims Agency for the year ending 31 December 2017 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the income statement, the statement of financial position and the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements properly present

- the assets and liabilities of the State Claims Agency at 31 December 2017, and
- the transactions for 2017.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of State claims. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 May 2018

Appendix to the report of the Comptroller and Auditor General

Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the assets and liabilities of the State Claims Agency at 31 December 2017 and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the State Claims Agency and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Claims Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the State Claims Agency to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are 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 there is 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.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Income Statement

For the year ended 31 December 2017

Income	Note	2017 €000	2016 €000
Income	4	316,765	256,213
Costs recovered on behalf of Delegated State Authorities	5	3,504	2,248
		320,269	258,461
Expenditure			
Awards and claim settlements	6	218,111	184,360
Expenses	7	98,654	71,853
Reimbursement of costs recovered on behalf of Delegated State Authorities	5	3,504	2,248
		320,269	258,461

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Financial Position

as at 31 December 2017

	Note	2017 €000	2016 €000
Assets			
Cash at bank		1,301	2,757
Receivables	10	6,426	9,071
Investments	9	4,649	5,119
		12,376	16,947
Liabilities			
Scheme liabilities	9	(4,649)	(5,119)
Borrowings from Post Office Savings Bank Fund	11	(1,500)	(3,500)
Other liabilities	12	(6,227)	(8,328)
		(12,376)	(16,947)

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Notes to the Financial Statements

1. Background

Under the National Treasury Management Agency (Amendment) Act, 2000, the management of personal injury and property damage claims against certain State Authorities (“Delegated State Authorities”), and of the underlying risks, was delegated to the National Treasury Management Agency (“NTMA”). In addition, the National Treasury Management Agency (Amendment) Act 2014, provided for the delegation to the NTMA of the management of claims for costs. When performing these functions, the NTMA is known as the State Claims Agency (“SCA”). The SCA incurs expenditure on awards, claim settlements and associated costs. The SCA recovers this expenditure from the Delegated State Authorities who are liable in respect of claims.

The SCA has three objectives as follows:

- To act in the best interest of taxpayers in matters of personal injury and property damage litigation, to act fairly and ethically in its dealings with people who have suffered injuries and/or damage and who take legal actions against the State or State bodies, and their families;
- To provide risk advisory services to Delegated State Authorities with the aim of reducing over time the frequency and severity of claims;
- To deal with certain legal costs claims.

In February 2003, the management of clinical negligence claims and associated risks under the Clinical Indemnity Scheme (the “CIS”) was delegated to the SCA. The CIS was established in order to rationalise medical indemnity arrangements for the health service. Under the CIS, the State assumes full responsibility for the indemnification and management of clinical negligence claims.

In 2008, the Government delegated the management of historical claims against consultant obstetricians which were previously managed by the Medical Protection Society (“MPS”) to the NTMA under S.I. No. 628/2007, National Treasury Management Agency (Delegation of Functions) (Amendment) Order, 2007. The delegation of the management of the claims included the transfer of an existing fund to the SCA. Following draw down of the balance of the fund in 2013, any remaining claim settlements and expenses are being met by the SCA under the Clinical Indemnity Scheme, and reimbursed to the SCA by the Health Service Executive (the “HSE”).

The SCA’s remit was further expanded in February 2011 with the delegation of the management of personal injury and property damage claims against 13 new authorities and several additional classes of claims (including personal injury related to bullying/harassment, members of the Defence Forces and An Garda Síochána while serving abroad and prisoner in-cell sanitation claims).

Claims alleging personal injury in respect of the medicinal products Thalidomide and Nimesulide were delegated to the SCA in April 2012. In October 2013 the Government delegated to the SCA the management of personal injury claims concerning the ingestion of the medicinal products Celvepan and Pandemrix.

Following a Government decision in 2012, a State Legal Cost Unit was set up within the SCA in February 2013 to deal with third-party costs arising from certain Tribunals of Enquiry. The functions of the Legal Cost Unit were considerably extended under Part 5 of the National Treasury Management Agency (Amendment) Act 2014 and the delegation that was put in place under the National Treasury Management Agency (Delegation of Claims for Costs Management Functions) Order 2015.

In April 2014 the claims management of an additional 61 public bodies (including the Voluntary Hospitals’ Group Delegations) was delegated to the SCA, bringing the total number within the SCA’s remit from 56 to 117. Another delegation by Government in June 2015 further increased the number of public bodies to 129.

The SCA’s remit was further expanded during 2016 and 2017 with the delegation of 17 Section 38 Health Act non-acute agencies which were taken under the remit of the General Indemnity Scheme.

The SCA is managing claims and providing risk advice to 146 Delegated State Authorities at year end.

2. Basis of preparation

The financial statements of the SCA relate to the management of claims on behalf of Delegated State Authorities who are liable in respect of claims and from whom the SCA recovers the amounts of any awards and associated costs. The financial statements present the claim activities and report on the transactions processed via the SCA in the year and therefore no amount is included within the liabilities for the value of outstanding claims. The financial statements do not include an estimate for incurred but not reported (IBNR) claims.

Transactions are recognised using the cash basis of accounting as adjusted for accruals for contracted third party service provider costs and the related cost recovery from the relevant Delegated State Authority.

The reporting currency is the euro which is denoted by the symbol €.

3. Significant accounting policies

3.1. Expenditure

Expenditure on awards, claim settlements and associated costs are recognised on receipt of a validated approval or the validated settlement of such expenditure.

3.2. Income

The SCA recovers the amounts of any awards, claim settlements and associated costs from Delegated State Authorities who are liable in respect of claims. Income is treated as receivable from Delegated State Authorities in line with the recognition of the related expenditure. Amounts are accounted for on an accruals basis.

4. Income

	Note	2017 €000	2016 €000
Amounts receivable at 1 January from Delegated State Authorities	10	(9,051)	(7,156)
Received from Delegated State Authorities		318,947	253,968
Received from Scheme funds	9	470	350
Amounts receivable at 31 December	10	6,399	9,051
		316,765	256,213

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

5. Costs recovered on behalf of Delegated State Authorities

	2017 €000	2016 €000
Costs recovered on behalf of Delegated State Authorities	3,504	2,248

In certain cases, whether by adjudication of the court or agreement with the third party/co-defendant, a specified percentage contribution in relation to a particular claim may be paid by a third party/co-defendant to the SCA. These amounts represent costs recovered by the SCA on behalf of the Delegated State Authorities, which are subsequently reimbursed to the relevant Authorities.

6. Awards and claim settlements

	2017 €000	2016 €000
Awards and claim settlements	218,111	184,360

Expenditure on awards are recognised on receipt of a validated approval or the validated settlement of such expenditure.

Notes to the Financial Statements (continued)

7. Expenses

	2017 €000	2016 €000
<i>State Claims Agency expenses</i>		
Legal fees	25,996	24,365
Medical fees	4,710	4,026
Engineers' fees	390	429
Other fees (including investigation and actuary fees)	1,625	1,605
	32,721	30,425
<i>Plaintiff expenses</i>		
Legal fees ¹	65,871	41,184
Other expert fees	25	223
Travel expenses	25	17
	65,921	41,424
<i>Witness expenses</i>	12	4
Total other expenses	98,654	71,853

¹ Plaintiff legal fees of €65.9m include €16.1m (2016: €3.1m) of legal fees relating to Tribunals of Enquiry (Mahon & Moriarty).

8. Remuneration and expenses (included in the administration expenses of the NTMA)

The administrative costs incurred by the NTMA in the performance of the SCA's functions amounted to €20.8m (2016: €19.4m). These costs are included in the administration expenses of the NTMA and are charged on the Central Fund. The NTMA does not seek reimbursement of these costs from Delegated State Authorities.

9. Investments/scheme liabilities

Special Obstetrics Indemnity Scheme

In 2008, the Minister for Health established the Special Obstetrics Indemnity Scheme (the "SOIS"). Under the SOIS, the Minister agreed to indemnify the Bon Secours and Mount Carmel Hospitals in respect of specified obstetric claims. The Government delegated the management of claims under the SOIS to the NTMA under S.I. No. 628/2007, National Treasury Management Agency (Delegation of Functions) (Amendment) Order, 2007. The named participating hospitals made contributions to the SOIS fund which is managed by the NTMA on behalf of the Minister for Health under section 29(2) of the National Treasury Management Agency (Amendment) Act, 2000.

The Minister for Health authorised the SCA to draw down amounts from the fund to reimburse the SCA under section 16(2) of the National Treasury Management Agency (Amendment) Act, 2000 for any amounts paid by the SCA on behalf of the participating hospitals.

The SOIS fund is invested in Exchequer Notes on behalf of the Department of Health. Income earned on the Scheme's investments is paid into the fund and is not recognised as income of the SCA.

	Note	2017 €000	2016 €000
Balance at 1 January		5,119	5,469
Claim settlements and expenses	4	(470)	(350)
Balance at 31 December available for settlement of claims		4,649	5,119

10. Receivables

	Note	2017 €000	2016 €000
Receivable from Delegated State Authorities	4	6,399	9,051
Other Receivables		27	20
		6,426	9,071

11. Borrowings from the Post Office Savings Bank Fund

	2017 €000	2016 €000
Borrowings from the Post Office Savings Bank Fund	1,500	3,500

Under section 16 of the National Treasury Management Agency (Amendment) Act, 2000 the Minister for Finance may advance monies from the Post Office Savings Bank Fund (the "POSB Fund") to the SCA for payment of the amount of any costs, charges and expenses in respect of the services of professional and other expert advisers, the amount of any award or settlement to be paid to a claimant in respect of a delegated claim, and the amount of interest, if any, payable thereon. Funds are drawn from the POSB Fund as required during the year to cover the above costs incurred by the SCA on behalf of the Delegated State Authorities. The SCA then receives reimbursements from the Delegated State Authorities and repays the POSB Fund on a regular basis throughout the year. No financing costs are charged to the SCA in respect of these arrangements.

12. Other liabilities

	2017 €000	2016 €000
Payable in respect of expenses	2,128	4,950
Payable in respect of awards	3,308	2,897
Professional Services Withholding Tax	627	417
Amounts due to Delegated State Authorities	164	64
	6,227	8,328

13. Estimated liabilities of Delegated State Authorities

	2017 Number of claims	2016 Number of claims
At 1 January	8,898	8,275
New claims	3,259	2,889
Resolved claims	(2,233)	(2,306)
Other claims ¹	32	40
At 31 December ²	9,956	8,898

¹ Other claims include claims re-opened in the period, claims closed in the period and designated to a prior period.

² The number of active claims at 31 December 2017 includes 2,197 (2016: 1,797) mass action claims.

At 31 December 2017, the estimated liability of Delegated State Authorities in respect of claims under management by the SCA was €2,662m (2016: €2,201m), of which €1,984m (2016: €1,671m) was attributable to clinical claims and €678m (2016: €530m) to general claims. The estimated liability is calculated by reference to the ultimate cost of resolving each claim including all foreseeable costs such as settlement amounts, plaintiff legal costs and defence costs. The estimated liability does not include incurred but not reported (IBNR) claims to the SCA.

In respect of relevant active clinical claims at 31 December 2017, the SCA has based its estimated liability on a real rate of return of 1% on claims for the cost of future care and 1.5% for future pecuniary loss.

Notes to the Financial Statements (continued)

14. Events after the reporting period

No events requiring adjustment or disclosure occurred after the end of the reporting period.

15. Related parties

The Minister for Finance appoints six members of the Agency in accordance with section 3A of the National Treasury Management Agency Act, 1990, as amended.

16. Approval of financial statements

The financial statements were approved by the Agency on 29 May 2018.

FINANCIAL STATEMENTS OF THE

Dormant Accounts Fund

For the year ended 31 December 2017

Statement of Agency's Responsibilities	130
Report of the Comptroller and Auditor General	131
Investment and Disbursement Account	133
Reserve Account	134
Statement of Financial Position	135
Notes to the Financial Statements	136

Statement of Agency's Responsibilities

For the year ended 31 December 2017

The National Treasury Management Agency ("the Agency") is required by the Dormant Accounts Act 2001 (as amended by the Unclaimed Life Assurance Policies Act 2003, the Dormant Accounts (Amendment) Act 2005 and the Dormant Accounts (Amendment) Act 2012) to prepare financial statements in respect of the operations of the Dormant Accounts Fund for each financial year.

In preparing those statements, the Agency:

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

The Agency is responsible in relation to the Dormant Accounts Fund, for keeping in a form that may be specified by the Minister for Finance all proper and usual accounts of all moneys received or expended by the Agency and for maintaining records which disclose with reasonable accuracy at any time the financial position of the Fund.

The Agency is also responsible for safeguarding assets under its control and hence for taking reasonable steps in order to prevent and detect fraud and other irregularities.



Conor O'Kelly, Chief Executive
National Treasury Management Agency



Willie Walsh, Chairperson
National Treasury Management Agency

29 May 2018



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas Dormant Accounts Fund

Opinion on financial statements

I have audited the financial statements of the Dormant Accounts Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ending 31 December 2017 as required under the provisions of section 46 of the Dormant Accounts Act 2001. The financial statements comprise the investment and disbursements account, the reserve account, the statement of financial position and related notes.

In my opinion, the financial statements properly present

- the balance of the Fund at 31 December 2017, and
- the transactions for 2017.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 May 2018

Appendix to the report of the Comptroller and Auditor General

Responsibilities of the National Treasury Management Agency

The statement of responsibilities sets out the Agency members' responsibilities for

- the preparation of financial statements in the form prescribed under section 46 of the Dormant Accounts Act 2001
- ensuring that the financial statements properly present the Fund's affairs at year-end and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 46 of the Dormant Accounts Act 2001 to audit the financial statements of the fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are 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 there is 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.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Investment and Disbursement Account

For the year ended 31 December 2017

	Note	2017 €000	2016 €000
Moneys transferred to the Fund in respect of dormant accounts and unclaimed assurance policies	3	53,020	54,590
Amounts transferred to Reserve Account	4	(29,075)	(31,877)
Disbursements	5	(15,653)	(12,041)
Interest Expense	6	(123)	(12)
Movement for the year		8,169	10,660
Balance at 1 January		182,493	171,833
Balance at 31 December		190,662	182,493

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Reserve Account

For the year ended 31 December 2017

	Note	2017 €000	2016 €000
Repayment of moneys transferred to the Fund	3	(24,371)	(25,075)
Interest on repayment of moneys transferred to the Fund	3	(235)	(147)
Transfer from Investment and Disbursements Account	4	29,075	31,877
Interest Expense	6	(73)	(44)
Operating Expenses	7	(427)	(200)
Movement for the year		3,969	6,411
Balance at 1 January		76,491	70,080
Balance at 31 December		80,460	76,491

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Financial Position

as at 31 December 2017

	Note	2017 €000	2016 €000
Assets			
Cash and Other Financial Assets	8	271,639	259,108
Liabilities			
Other Liabilities	9	(517)	(124)
Net Assets		271,122	258,984
Represented by:			
Investment and Disbursements Account		190,662	182,493
Reserve Account		80,460	76,491
		271,122	258,984

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Notes to the Financial Statements

1. Background

The Dormant Accounts Act 2001 (as amended) provides for a scheme to transfer dormant funds in banks, building societies and An Post and the transfer of moneys payable under unclaimed life assurance policies to the care of the State, while guaranteeing a right of reclaim to those funds. It further provides for the introduction of a scheme for the disbursement, for charitable purposes, or purposes of societal and community benefit, of funds which are not likely to be reclaimed.

The Dormant Accounts Fund consists of a Reserve Account from which reclaims and various expenses are paid and an Investment and Disbursements Account from which investments and disbursements are made.

The Agency is responsible, under sections 17 and 18 of the 2001 Act, for establishing, managing and controlling the Dormant Accounts Fund and has all powers (including the power to charge fees, payable from the Fund, in relation to the management and control of the Fund) that are necessary to the performance of its functions. These functions include:

- the making of disbursements in accordance with the directions of the Minister for Public Expenditure and Reform
- the maintenance of the Reserve Account
- the defraying of the specified fees, costs and expenses incurred
- the defraying of the remuneration, fees and expenses of the authorised inspectors
- the repayment of moneys transferred to the Fund
- the preparation of the annual investment plan, having regard to the disbursement plan and any direction from the Minister for Rural & Community Development¹
- the investment of any moneys standing to the credit of the Fund that are not, for the time being, required for the purpose of meeting the liabilities of the Fund
- the keeping of adequate accounting records of all moneys received and expended by the Agency
- the submitting of annual accounts to the Comptroller and Auditor General and the presentation of a copy of accounts so audited to the Minister for Finance and the Minister for Rural & Community Development¹.

In accordance with the Dormant Accounts (Amendment) Act 2012, the Minister for Rural & Community Development¹ is responsible for the administration of the process by which the Government approves projects and programmes to which funds from the Dormant Accounts Fund can be disbursed. In accordance with this Act, a new Disbursement Scheme 2017-2019 was approved by Government in July 2017 and a Dormant Accounts Action Plan for 2017 was published, which details projects and programmes to which funds from the Dormant Accounts Fund may be allocated.

2. Basis of Preparation

The financial statements have been prepared for the year ended 31 December 2017. The financial statements are prepared on an accruals basis under the historical cost convention.

The NTMA is required under section 46(1) of the Dormant Accounts Act 2001 to keep all adequate accounting records of moneys received or expended by the Agency in relation to the Fund. In accordance with section 46(1) of the Dormant Accounts Act 2001, the financial statements have been prepared in a form specified by the Minister for Finance.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used, '000' or 'k' denotes thousand, and 'm' denotes million.

¹ On 3 October 2017 Statutory Instrument 432 conferred powers previously executed by the Department of Arts Heritage, Regional, Rural and Gaeltacht Affairs in relation to the Dormant Accounts Fund, to the Department of Rural & Community Development.

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

Financial Institutions – Dormant Accounts

Institution	Opening Balance 01/01/2017 €	Transferred €	Reclaimed €	Closing Balance 31/12/2017 €	Interest paid €
ACC Loan Management DAC	6,032,054	-	(588,315)	5,443,739	(13,744)
Allied Irish Banks plc	83,137,727	5,887,743	(2,240,947)	86,784,523	(24,177)
Bank of America Merrill Lynch Intl Ltd	154,778	-	-	154,778	-
Bank of Ireland	84,423,125	8,527,474	(3,118,815)	89,831,784	(27,384)
Barclays Bank Ireland plc	344,025	-	-	344,025	-
BNP Paribas SA	86,171	-	-	86,171	-
Citibank Europe plc	28,700	-	-	28,700	-
Danske Bank Plc	6,419,678	963,662	(213,677)	7,169,663	(113)
EAA Covered Bond Bank	122,119	-	-	122,119	-
EBS DAC	24,823,080	5,443,876	(2,493,632)	27,773,324	(109,575)
Investec Bank plc	1,693,712	9,103	-	1,702,815	-
Irish Bank Resolution Corporation Ltd (in special liquidation)	617,375	-	-	617,375	-
JP Morgan Bank (Ireland) plc	48,897	-	-	48,897	-
KBC Bank Ireland plc	786,155	-	-	786,155	-
Lloyds Bank	567,088	-	(113,605)	453,483	-
Permanent tsb plc	49,048,928	6,416,356	(1,974,501)	53,490,783	(4,617)
Pfizer International Bank	30,310	508	-	30,818	-
An Post – State Savings Products	86,501,882	3,876,892	(4,124,497)	86,254,277	(15,698)
An Post – Post Office Savings Bank	42,685,724	3,278,146	(567,845)	45,396,025	(37,157)
RBS NV (formerly ABN AMRO)	35,455	-	-	35,455	-
The Royal Bank of Scotland plc	420,038	-	-	420,038	-
Scotiabank (Ireland) DAC	92,953	-	-	92,953	-
Ulster Bank Ireland DAC	31,262,237	3,038,273	(478,835)	33,821,675	(382)
TOTAL	419,362,211	37,442,033	(15,914,669)	440,889,575	(232,847)

Notes to the Financial Statements (continued)

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

Assurance Companies – Unclaimed Assurance Policies

Institution	Opening Balance 01/01/2017 €	Transferred €	Reclaimed €	Closing Balance 31/12/2017 €	Interest paid €
Specified Term Accounts:					
Ark Life Assurance Co. DAC	913,369	116,145	-	1,029,514	-
Aviva Life & Pensions UK Ltd	3,755,591	85,720	(60,644)	3,780,667	-
Equitable Life Assurance Society	53,078	-	-	53,078	-
Friends First Life Assurance Co. DAC	2,570,273	398,487	(82,824)	2,885,936	-
Irish Life Assurance plc	9,883,888	991,060	(228,573)	10,646,375	-
New Ireland Assurance Co. DAC	756,933	62,188	(74,229)	744,892	-
Phoenix Life Ltd ²	6,060,378	781,238	(60,939)	6,780,677	-
The Royal London Mutual Insurance Society Ltd	9,396,505	682,379	(623,972)	9,454,912	-
St. James Place International plc	10,649	-	-	10,649	-
Scottish Friendly	602,366	-	-	602,366	-
Standard Life International DAC	1,773,304	191,903	(21,599)	1,943,608	-
Sun Life Assurance Society plc	347,039	-	-	347,039	-
Zurich Life Assurance plc	2,438,813	787,984	(213,416)	3,013,381	-
No Specified Term Accounts:					
Acorn Life DAC	149,434	36,637	(39,452)	146,619	-
Ark Life Assurance Co. DAC	1,345,090	955,716	(437,004)	1,863,802	-
Augura Life Ireland DAC	143,640	4,648	(154)	148,134	-
Aviva Life & Pensions UK Ltd	3,891,761	326,288	(339,010)	3,879,039	-
Equitable Life Assurance Society	21,485	1,883	(1,269)	22,099	-
Friends First Life Assurance Co. DAC	1,573,178	118,117	(121,420)	1,569,875	-
Irish Life Assurance plc	9,453,611	748,676	(605,540)	9,596,747	-
New Ireland Assurance Co. DAC	13,262,223	521,048	(777,205)	13,006,066	-
Phoenix Life Ltd ²	465,607	-	-	465,607	-
The Royal London Mutual Insurance Society Ltd	11,504,315	1,307,716	(432,143)	12,379,888	-
St. James Place International plc	7,290	-	-	7,290	-
Scottish Friendly	538,684	-	-	538,684	-
Standard Life International DAC	1,558,819	6,850,704	(3,792,043)	4,617,480	-
Sun Life Assurance Society plc	59,597	-	-	59,597	-
Zurich Life Assurance plc	3,219,687	509,967	(90,458)	3,639,196	-
TOTAL (UNCLAIMED POLICIES)	85,756,607	15,478,504	(8,001,894)	93,233,217	-
The Escheated Estate Fund	4,400,000	-	-	4,400,000	-
Accrued Reclaims	(99,605)	99,605	(454,590)	(454,590)	(2,593)
GRAND TOTAL	509,419,213	53,020,142	(24,371,153)	538,068,202	(235,440)

² Opening balances changed to reflect reallocation between specified and no specified term accounts, upon Institution instruction. Total combined opening balances remain unchanged.

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

The amounts transferred to the Fund included accounts denominated in currencies other than euro. The effect of revaluing these accounts at the year end exchange rates would be to decrease the total amount transferred to the Fund and not yet reclaimed by €1,313,103 from €538,068,202 to €536,755,099.

4. Amounts transferred to the Reserve Account

Under section 17 (4) of the Dormant Accounts Act 2001 as amended, the Agency pays into the Reserve Account, from time to time, an amount determined by the Agency, with the approval of the Minister for Rural & Community Development given with the consent of the Minister for Finance, for the purposes of making repayments from the Fund and of defraying various fees and expenses. A transfer is made periodically by the Agency to maintain the balance in the Reserve Account at a currently approved 15 per cent of the total dormant funds received by the Dormant Accounts Fund and not yet reclaimed. The balance in the Reserve account may deviate from 15 per cent in the intervening period between the periodic rebalancing dates.

5. Disbursements

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

	2017 €000	2016 €000
On Direction of the Minister for Public Expenditure and Reform:		
Department of Transport, Tourism and Sport	4,551	4,493
Department of Justice and Equality	4,268	2,983
Department of Rural & Community Development	3,752	-
Department of Children and Youth Affairs	1,083	1,560
Health Service Executive	765	1,275
Department of Employment Affairs and Social Protection	527	-
Department of Education and Skills	507	549
Irish Prison Service	200	188
Department of Environment, Community & Local Government	-	993
	15,653	12,041

6. Interest Expense

	Investment and Disbursements Account €000	Reserve Account €000	2017 €000	2016 €000
Commercial Term Deposits	7	7	14	89
Commercial Paper	2	-	2	-
Cash at Central Bank	(132)	(80)	(212)	(145)
	(123)	(73)	(196)	(56)

The negative return on Central Bank deposits reflects the prevailing negative interest rates charged in respect of cash balances held on deposit.

Notes to the Financial Statements (continued)

7. Operating Expenses

	2017 €000	2016 €000
Fees of service provider (Pobal)	426	200
Bank Fees	1	-
	427	200

Pobal receives an annual service fee for its administration of certain projects in receipt of Dormant Accounts Fund disbursements. The fee was paid by the Department of Rural & Community Development and reimbursed from the Dormant Accounts Fund.

Expenses of the National Treasury Management Agency

Under section 45 (1)(c) of the Dormant Accounts Act 2001 as amended, the Agency is required to report certain specified information including a separate account of the administration fees and expenses incurred by the Agency in the operation of the Fund. These are detailed below:

	2017 €000	2016 €000
General Administration ³	150	150

8. Cash and Other Financial Assets

	2017 €000	2016 €000
Cash at Central Bank	81,642	27,108
Commercial Term Deposits	140,000	232,000
Commercial Paper	49,997	-
	271,639	259,108

9. Other Liabilities

	2017 €000	2016 €000
Interest Payable on Cash on Deposit	(60)	(24)
Accrued Reclaims	(457)	(100)
	(517)	(124)

³ This is an estimate, included in the Notes to the financial statements only, as the Agency has not charged these expenses to the Dormant Accounts Fund.

10. Contingent Exchequer Liability

10.1 As a result of cumulative disbursements to date the net assets of the Fund are less than the dormant funds transferred and not yet reclaimed. This difference represents a contingent exchequer liability that would have to be met by the Central Fund in the event that all moneys transferred to the Dormant Accounts Fund were reclaimed.

At 31 December 2017, the contingent liability to the Exchequer is estimated at €267m (2016: €250m). The contingent exchequer liability is estimated based on the net cash transferred into the fund and not yet reclaimed. No provision or estimate is made for interest which may be payable on future reclaims for the period from the date of transfer to the date of reclaim. Further analysis of the contingent exchequer liability is provided in note 10.2.

Under section 17(7) of the Dormant Accounts Act 2001 as amended, whenever the moneys in the Investment and Disbursements Account are insufficient to meet the deficiency in the Reserve Account, a payment can be made out of the Central Fund into the Reserve Account of an amount not exceeding the deficiency. If this occurred the moneys would be repaid to the Central Fund, as soon as practicable, from surplus moneys remaining in the Fund after providing for any liabilities or contingent liabilities of the Fund.

10.2 Analysis of Contingent Exchequer Liability:

	1 January 2017 €000	Movement during the year €000	31 December 2017 €000
Net Assets of Fund	258,984	12,138	271,122
Dormant Funds Transferred not reclaimed	(509,419)	(28,649)	(538,068)
Contingent liability	(250,435)	(16,511)	(266,946)

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

	2017 €000	
Interest Expense	(196)	Note 6
Interest on repayments of moneys transferred to the Fund	(235)	Note 3
Disbursements	(15,653)	Note 5
Operating expenses	(427)	Note 7
Movement for the year	(16,511)	Note 10.2

11. Investment Return

Under section 45 (1)(b) of the Dormant Accounts Act 2001 as amended, the Agency is required to report to the Minister for Rural & Community Development the investment return achieved by the Fund. The annualised return on the Fund for the year was -0.07% (2016:- 0.02%).

12. Events after the end of the reporting period

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

13. Approval of Financial Statements

The financial statements were approved by the Agency on 29 May 2018.

FINANCIAL STATEMENTS OF THE

Ireland Strategic Investment Fund

For the year ended 31 December 2017

Fund and Other Information	144
Report of the Comptroller and Auditor General	145
Statement of Financial Position	147
Statement of Comprehensive Income	148
Statement of Changes in Net Assets	149
Statement of Cash Flows	150
Notes to the Financial Statements	151

Fund and Other Information

Controller and Manager

National Treasury Management Agency
Treasury Building
Grand Canal Street
Dublin 2
D02 XN96

Global Custodian

The Bank of New York Mellon ("BNYM")
One Canada Square
London
E14 5AL
United Kingdom

Bankers

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

Allied Irish Banks p.l.c.
1-4 Lower Baggot Street
Dublin 2
D02 X342

Auditor

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 WP44



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas Ireland Strategic Investment Fund

Opinion on financial statements

I have audited the financial statements of Ireland Strategic Investment Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ending 31 December 2017 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise

- the statement of financial position
- the statement of comprehensive income
- the statement of changes in net assets
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Fund at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 – *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 May 2018

Appendix to the report of the Comptroller and Auditor General

Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act (as amended) to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are 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 there is 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.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Statement of Financial Position

as at 31 December 2017

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m
Assets							
Investments	7, 8	7,512	7,169	11,537	12,651	19,049	19,820
Loans and receivables	7, 8	726	461	-	25	726	486
Trade and other receivables	9	31	61	-	-	31	61
Balance due from brokers	7	0	39	-	-	0	39
Cash and cash equivalents	12	450	427	215	215	665	642
Total assets		8,719	8,157	11,752	12,891	20,471	21,048
Liabilities							
Derivatives	7	(3)	(48)	-	-	(3)	(48)
Other liabilities	10	(30)	(18)	(0)	(0)	(30)	(18)
Total liabilities		(33)	(66)	(0)	(0)	(33)	(66)
Net assets of the Fund at year end		8,686	8,091	11,752	12,891	20,438	20,982

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m
Income							
Interest income	4	89	61	0	0	89	61
Dividend income	4	7	16	250	-	257	16
Private equity, property and other income	4	19	13	-	-	19	13
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	8	264	160	2,320	(1,110)	2,584	(950)
Net investment income/(loss)		379	250	2,570	(1,110)	2,949	(860)
Expenses							
Operating expenses	5	(32)	(26)	(0)	(0)	(32)	(26)
Profit/(loss) for the financial year before tax		347	224	2,570	(1,110)	2,917	(886)
Taxation	6	(2)	10	-	-	(2)	10
Profit/(loss) for the financial year		345	234	2,570	(1,110)	2,915	(876)

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency

29 May 2018



Willie Walsh, Chairperson
National Treasury Management Agency

Statement of Changes in Net Assets

for the year ended 31 December 2017

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m
Profit/(loss) for the year		345	234	2,570	(1,110)	2,915	(876)
Transfers to the Exchequer	11	-	-	(3,459)	-	(3,459)	-
Assets transferred between portfolios		250	0	(250)	-	-	0
Increase/(decrease) in net assets		595	234	(1,139)	(1,110)	(544)	(876)
Net assets at beginning of year		8,091	7,857	12,891	14,001	20,982	21,858
Net assets at end of year		8,686	8,091	11,752	12,891	20,438	20,982

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

On behalf of the Agency



Conor O'Kelly, Chief Executive
National Treasury Management Agency



Willie Walsh, Chairperson
National Treasury Management Agency

29 May 2018

Statement of Cash Flows

for the year ended 31 December 2017

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m
Cash flows from operating activities							
Interest received		90	60	-	-	90	60
Tax reclaims received	6, 9	0	13	-	-	0	13
Dividends received	4, 9	9	19	250	-	259	19
Other income received		17	10	-	-	17	10
Proceeds from sale of investments		3,934	10,380	3,434	-	7,368	10,380
Purchase of investments		(4,442)	(11,676)	-	(25)	(4,442)	(11,701)
Cash collateral received	7	192	386	-	-	192	386
Cash collateral paid	7	(153)	(440)	-	-	(153)	(440)
Operating expenses paid	5, 10	(32)	(22)	-	-	(32)	(22)
Net cash from operating activities		(385)	(1,270)	3,684	(25)	3,299	(1,295)
Cash flows from financing activities							
Transfer between portfolios		250	-	(250)	-	-	-
Transfer to the Exchequer		-	-	(3,434)	-	(3,434)	-
Transfer from the NPRF		1	-	-	-	1	-
Net cash from financing activities		251	-	(3,684)	-	(3,433)	-
Net decrease in cash and cash equivalents		(134)	(1,270)	-	(25)	(134)	(1,295)
Opening cash and cash equivalents		427	1,731	215	240	642	1,971
Effect of exchange rate fluctuations on cash and cash equivalents		157	(34)	-	-	157	(34)
Closing cash and cash equivalents		450	427	215	215	665	642

Notes to the Financial Statements

1. Background

The Ireland Strategic Investment Fund (“the Fund”) was established on 22 December 2014 on the commencement of Part 6 of the National Treasury Management Agency (Amendment) Act 2014 (“NTMA Act 2014”). The National Treasury Management Agency (the “Agency” or the “Manager”) is the controller and manager of the Fund. Section 39(1) of the NTMA Act 2014 requires the Agency to hold or to invest the assets of the Fund (other than the Directed Investments outlined below) on a commercial basis in a manner designed to support economic activity and employment in the State.

Sections 42, 43 and 47(4) of the NTMA Act 2014 enable the Minister for Finance to give directions to the Agency in relation to certain investments. Investments held as a result of Ministerial directions are referred to in these financial statements as “Directed Investments”. The holding and management of the Directed Investments, the exercise by the Agency of voting and other rights attaching to the Directed Investments and the disposal by the Agency of the Directed Investments must be conducted in accordance with directions given by the Minister for Finance. Any interest or other income received in respect of deposits and/or securities held in the Directed Portfolio are held or invested by the Agency in line with Ministerial Direction.

Ownership of the Fund vests with the Minister for Finance and it is domiciled in Ireland. It is not traded in a public market nor does it file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

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

2. Basis of preparation

The financial statements have been prepared for the year ended 31 December 2017. The comparative period is the year ended 31 December 2016. All amounts in the financial statements have been rounded to the nearest €m unless otherwise indicated. Where used, ‘€’000’ or ‘k’ denotes thousand, ‘m’ denotes million and ‘bn’ denotes billion.

The financial statements have been prepared pursuant to Section 12 of the National Treasury Management Agency Act 1990 (as amended) in a format approved by the Minister for Finance.

On the commencement of Part 6 of the NTMA Act 2014, the assets and liabilities of the National Pensions Reserve Fund (“NPRF”) became the assets and liabilities of the Fund (subject to the provisions of Schedule 4 of the NTMA Act 2014 in the case of certain foreign assets and foreign liabilities). The legal transfer of foreign assets must be done in conjunction with the relevant counterparty. The process is largely complete and a small number of foreign assets have not legally transferred from the NPRF to the Fund as at 31 December 2017. These assets (held by the NPRF Commission acting through the Agency) were previously derecognised by the NPRF Commission and are recognised and presented within the Fund’s financial statements for the year ending 31 December 2017, in line with Financial Reporting Standards (“FRS”).

Notwithstanding the Fund’s significant holdings in the equity of Allied Irish Banks p.l.c. (“AIB”) as part of its Directed Investments, the Agency (as manager and controller of the Fund) does not have the ability to exercise control, dominant influence or significant influence over AIB as the Minister has reserved the voting control in the shares to his direction alone. Therefore, the Agency does not consolidate the results and the financial position of AIB into the financial statements of the Fund.

Statement of compliance

The financial statements have been prepared in compliance with applicable legislation, FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by Financial Reporting Council in the UK for use in Ireland*.

3. Significant accounting policies

3.1 Measurement convention

The financial statements are prepared on the historical cost basis modified by the inclusion at fair value of derivatives, investments and other financial instruments designated at fair value through profit or loss on initial recognition.

3.2 Going concern

The financial position of the Fund, its cash flows and liquidity position are detailed in the financial statements. In addition, the notes to the financial statements set out the Fund’s financial risk management objectives, details of its financial assets and financial liabilities and its exposures to market, credit and liquidity risk.

The Agency members have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Fund continues to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements (continued)

3. Significant accounting policies (continued)

3.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates and judgements that management have made in applying the Fund's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include the fair value measurement of financial assets with significant unobservable inputs.

Critical accounting judgements in applying accounting policies

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

3.4 Foreign currency translation and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation of cash and cash equivalents are included in profit or loss in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income.

3.5 Interest

Interest income and expense are recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based re-pricing date to the net carrying amount of the financial instrument on initial recognition.

3.6 Dividend income

Dividend income is recognised on the date on which the right to receive payment is established.

3.7 Private equity, property and other income

Private equity, property and other income are recognised on an accruals basis.

3.8 Net gain/(loss) on financial assets and liabilities at fair value through profit or loss (FVTPL)

Net gain/(loss) from financial instruments at FVTPL includes realised and unrealised fair value changes and foreign exchange differences.

3.9 Fees and charges, and other expenses

Other than finance costs recognised over the term of the debt using the effective interest rate method, fees, charges and other expenses are recognised on an accruals basis.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents and treasury bills, meeting the conditions to be a cash equivalent, are measured at fair value.

3. Significant accounting policies (continued)

3.11 Recognition and measurement of financial assets and liabilities

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

Fair value measurement

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

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

Amortised cost measurement

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment or uncollectability.

Impairment

A financial asset not classified at FVTPL is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the loss event has had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obligor, a breach of contract, default or delinquency in interest or principal payments, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower will enter bankruptcy or other financial reorganisation or adverse changes in the payment status of the borrowers due to adverse national or local economic conditions or adverse change in industry conditions.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

3.12 Financial assets and liabilities

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

Basic financial assets and liabilities

Quoted equities, debt instruments and investment funds

Investments are measured at fair value, which is the unadjusted bid market value on the primary exchange or market where the investment is quoted.

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

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes in their fair value recognised in profit or loss. The Fund engages its external valuation advisor to gain assurance that the carrying values of such investments are appropriate at year end.

Where it is deemed that fair value cannot be measured reliably, such investments are measured at cost less impairment.

Loans and receivables

Loans and receivables subsequent to initial recognition are measured at amortised cost using the effective interest rate method. Basic debt instruments (that are non-interest bearing), which are payable or receivable within one year, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the Fund measures the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Notes to the Financial Statements (continued)

3. Significant accounting policies (continued)

3.12 Financial assets and liabilities (continued)

Basic financial assets and liabilities (continued)

Unquoted investment funds (property, private equity, forestry, energy, infrastructure and pooled)

The estimated fair value for unquoted investments in property, private equity, forestry, energy, infrastructure and unquoted pooled funds for which there is not an active market is based on the latest valuation placed on the fund or partnership by the external manager of that fund or partnership in the audited financial statements. Where audited financial statements are not available, e.g. in circumstances where the fund or partnership's year end does not coincide with that of the Fund, the latest available valuation from unaudited financial statements is used.

The valuations of these investments are determined by external managers using accepted industry valuation methods and guidelines published by relevant industry bodies. Such valuation methodologies used by external managers may include considerations such as earnings multiples of comparable publicly traded companies, discounted cash flows, third party transactions or events which suggest material impairment or improvement in the fair value of the investment. In the first year of ownership, cost is usually considered to be an appropriate estimate of the fair value for these investments unless there is an indication of an impairment in value.

A range of possible values can exist for these investments and estimated fair values may differ from the values that would have been used had there been an active market value for such investments.

The Agency uses external managers' valuations to determine the fair value of an investment in line with its valuation process as overseen by the Valuation Committee.

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

Other receivables are recognised initially at transaction price less attributable transaction costs. Other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less impairment in the case of trade receivables.

Receivables and payables under sale and repurchase agreements and securities borrowed

When the Fund purchases a financial asset and simultaneously enters into an agreement to resell the same or a substantially similar asset at a fixed price on a future date (reverse sale and repurchase agreement), the arrangement is accounted for as a basic debt instrument at amortised cost if it qualifies as basic and is recognised in the Statement of Financial Position as a receivable from a reverse sale and repurchase agreement and the underlying asset is not recognised in the Fund's financial statements.

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments that do not meet the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition, such financial instruments are measured at fair value with changes recognised in profit or loss, except investments in instruments that are not publicly traded and where fair value cannot otherwise be measured reliably which are measured at cost less impairment.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Unquoted debt instruments

Unquoted debt instruments are recognised at their fair value. The Fund uses an external valuation advisor, where required, to gain assurance that the carrying values of such investments are appropriate at year end. Where it is deemed that fair value cannot be measured reliably, such investments are measured at cost less impairment.

The Agency has established procedures to periodically review the valuation of investments. Based on its judgement, and relevant information available to it, the Agency may in certain circumstances determine that an adjustment to the external source's valuation is appropriate in recording an investment's fair value.

The Fund has a Valuation Committee in place (Note 15.7(ii)). During the year, the membership of the Valuation Committee comprised of the Chief Financial and Operating Officer, the Senior Risk Manager, the Director of ISIF and other senior Agency and ISIF management personnel. The Valuation Committee assists the Agency in the determination of the valuation of investments of the Fund by:

3. Significant accounting policies (continued)

3.12 Financial assets and liabilities (continued)

Financial instruments not considered to be basic financial instruments (other financial instruments) (continued)

Unquoted debt instruments (continued)

- reviewing the periodic investment valuations and valuation basis for the assets of the fund in accordance with the accounting framework as adopted by the Fund;
- approving the asset valuations for inclusion in the annual financial statements of the Fund; and
- supporting the NTMA Audit and Risk Committee with their review and approval of the Fund financial statements and other activities that may arise.

3.13 Derecognition

The Fund derecognises a financial asset when:

- the contractual rights to the cash flows from the asset are settled or expired;
- it expires, or it transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Fund has retained some significant risk and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Fund derecognises the asset and recognises separately any rights and obligations retained or created in the transfer.

On derecognition of a financial asset, the carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised are recognised in profit or loss in the year of the transfer.

If a transfer does not result in derecognition because the Fund has retained significant risks and rewards of ownership of the transferred asset, the Fund continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. Other than when the conditions for offset are met (see note 3.14), the asset and liability are not offset. In subsequent periods, the Fund recognises any income on the transferred asset and any expense incurred on the financial liability.

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Fund recognises in profit or loss any difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed.

3.14 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Fund has a legally enforceable right to offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

3.15 Investment rebates

Investment rebates are generally recognised on an accruals basis at the point that the Fund becomes aware that it is entitled to a rebate from an investment manager. In instances when the Fund has not been given prior knowledge of a rebate, the rebate is recognised on receipt.

3.16 Collateral

Cash placed as collateral is recognised in the Statement of Financial Position as Balances due from brokers. These amounts represent margin accounts, cash collateral for borrowed securities and derivatives and sales transactions awaiting settlement. Collateral placed with the Fund is recognised in Balances due to brokers in the financial liabilities of the Statement of Financial Position.

Notes to the Financial Statements (continued)

4. Income

4.1 Discretionary Portfolio

	2017 €m	2016 €m
Interest income	89	61
Property fund income	12	7
Dividend income	7	16
Other income	5	5
Private equity income	2	1
	115	90

Other income includes investment rebates of €1.6m (2016: €3m) and miscellaneous income of €3.4m (2016: €2m).

4.2 Directed Portfolio

	2017 €m	2016 €m
Dividend income	250	-
Interest income	0	0
	250	0

On 9th May 2017, the Fund received a dividend payment of €250m from AIB. The interest income represents €8k (2016: €55k) of interest income from the SBCI loan (see note 11.2).

5. Operating expenses

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

5.1 Discretionary Portfolio – fees and expenses

	2017 €m	2016 €m
Investment managers' fees	14	10
NTMA recharge	12	10
Legal fees	3	2
Global Custodian fees	1	1
Systems and services	1	1
Tax fees	1	1
Other fees	0	1
	32	26

Under section 48 of the NTMA Act 2014, the expenses of the Agency in the performance of its functions relating to the Fund are required to be defrayed from the Fund. These amount to €12.5m in 2017 (2016: €10.4m).

5.2 Directed Portfolio – fees and expenses

	2017 €m	2016 €m
Interest expense	0	0

The interest expense above represents negative interest being charged on the Central Bank account.

5. Operating expenses (continued)

5.3 Advisory fees

In line with the requirements of the Code of Practice for the Governance of State Bodies 2016 ("the Code"), advisory fees incurred by the Fund during the year are disclosed below. As this is the first time adoption of the Code, current year figures are presented as follows:

	2017 €m
Legal	3
Financial and tax advisory	1
Pensions and human resources	0
Other	0
	4

These costs are included in Note 5.1 Fees and expenses and are inclusive of any advisory fees recharged through the NTMA.

6. Discretionary Portfolio taxation

The income and profits of the Fund are exempt from Irish Corporation Tax in accordance with section 230(1) and 230 (1A) of the Taxes Consolidation Act, 1997 as amended. The Fund may, however, be liable for taxes in overseas jurisdictions.

Dividends and interest may be subject to irrecoverable foreign withholding taxes imposed by the country from which the investment income is received. Distributions of income and gains received by the Fund from its property and private equity fund investments may also be subject to foreign withholding taxes. The Fund may also be subject to additional foreign taxes payable on certain property and private equity investments annually, based on their asset values at the reporting date.

	2017 €m	2016 €m
Foreign taxes on income	(2)	10
Withholding tax reclaim	0	0
Net Tax (Cost)/Income	(2)	10

The foreign taxes payable on income of (€2m) (2016: receivable of €10m) represents the foreign withholding tax imposed on income and distributions received by the Fund during the year. In 2016, the Fund received a refund of €13m from the United States in relation to the NPRF. The Fund received €0.1m (2016: €0.3m) withholding tax reclaims in relation to tax reclaims submitted for the year ended 31 December 2017.

7. Discretionary financial assets and liabilities

7.1 Fund structure and transition

Following the establishment of the ISIF in December 2014, the Fund has invested on a commercial basis in a manner designed to support economic activity and employment in Ireland and it continued to do so during 2017. During 2016, the ISIF implemented a Global Portfolio Transition Strategy (GPTS), which positioned the Global Portfolio as a conservatively managed and liquid portfolio that will provide cash to fund investment opportunities in Ireland as they develop.

Notes to the Financial Statements (continued)

7. Discretionary financial assets and liabilities (continued)

7.2 Discretionary Portfolio valuation

The total Discretionary Portfolio at 31 December amounts to €8.7bn (2016: €8.1bn). The composition of the Discretionary Portfolio by investment type is as follows:

Investments at FVTPL	Note	2017 €m	2016 €m
Quoted equities		448	335
Direct private equity		90	48
Unquoted equities		-	0
Quoted debt instruments		2,183	1,941
Unquoted debt instruments		242	210
Property fund investments		167	189
Private equity investments		580	469
Forestry investments		46	41
Energy investments		25	26
Infrastructure investments		249	130
Quoted investment funds		2,563	2,912
Unquoted investment funds		829	829
Convertible preference shares		46	29
Convertible loan		-	1
Foreign exchange contracts	13.1	33	-
Futures contracts	13.1	11	9
Other derivative instruments		0	-
		7,512	7,169
Loans and receivables at amortised cost			
Other debt		631	366
Other bonds		95	95
		726	461
Derivatives at FVTPL			
Equity options		(2)	(1)
Swaps		(1)	(1)
Foreign exchange contracts		-	(46)
		(3)	(48)
Cash and cash equivalents			
Cash		440	394
Treasury bills		10	33
	12	450	427
Trade and other receivables	9	31	61
Balance due from brokers		0	39
Other liabilities	10	(30)	(18)
Total discretionary net assets		8,686	8,091

7. Discretionary financial assets and liabilities (continued)

7.3 Irish Portfolio valuation

At 31 December 2017, €2.2bn (2016: €1.4bn) is invested in the Irish Portfolio with the remaining €6.5bn (2016: €6.7bn) invested in the Global Portfolio. The breakdown of the Irish portfolio by investment type is as follows:

	2017 €m	2016 €m
Investments at FVTPL		
Private equity investments	576	466
Infrastructure investments	249	130
Quoted equities	184	102
Property fund investments	106	55
Direct private equity	90	48
Unquoted debt instruments	70	44
Convertible preference shares	46	29
Forestry investments	46	41
Quoted debt instruments	35	35
Energy investments	25	26
Convertible loan	-	1
	1,427	977
Loans and receivables at amortised cost		
Other debt	631	366
Other bonds	95	95
	726	461
Cash and cash equivalents	3	2
Trade and other receivables	3	1
Total Irish Portfolio valuation	2,159	1,441

As at 31 December 2017, a total of €3.3bn (2016: €2.6bn) was committed to the Irish Portfolio.

Notes to the Financial Statements (continued)

8. Directed Investments

The Agency holds Directed Investments subject to directions given by the Minister for Finance pursuant to section 43 of the NTMA Act 2014. The holding and management of the Directed Investments, the exercise by the Agency of voting and other rights attaching to the Directed Investments and the disposal by the Agency of the Directed Investments must be conducted in accordance with any directions given by the Minister for Finance.

8.1 Directed Investments valuation

	2017 Unit Millions	2016 Unit Millions	Valuation (€) 2017 Per Unit	Valuation (€) 2016 Per Unit	2017 €m	2016 €m
Bank of Ireland (BoI)						
Ordinary Shares ¹	150	4,512	7.124	0.234	1,072	1,056
Allied Irish Banks (AIB)						
Ordinary Shares ²	1,930	2,711	5.421	4.277	10,465	11,595
Total directed investments assets					11,537	12,651
Cash (Note 12, 14.3)					215	215
SBCI Loan (Note 14.3)					-	25
Total directed investments					11,752	12,891

¹ The valuation of BoI ordinary shares is based on quoted bid prices. BoI carried out a share restructure during 2017 to consolidate the number of its shares in issue; the Fund's % shareholding of 13.95% remains the same as at 31st December 2016.

² Given the Fund's ordinary share holding in AIB as at 31st December 2016 (99.9%), the Agency engaged EY to provide an independent fair value of the investments. However, as AIB underwent an Initial Public Offering ("IPO") in June 2017, the Fund's holding at 31st December 2017 is based on quoted bid prices. At year end, the Fund's holding in AIB was just over 71% due to the Fund disposing almost 29% of its shareholding as part of the IPO.

8.2 Directed investment valuation movement

	2017 €m	2016 €m
Bank of Ireland		
Opening valuation	1,056	1,525
Investment gain/(loss) during the year	16	(469)
Closing Valuation	1,072	1,056
Allied Irish Banks		
Opening valuation	11,595	12,236
Disposal of ordinary shares	(3,434)	-
Investment gain/(loss) during the year	2,304	(641)
Closing Valuation	10,465	11,595

As part of the AIB IPO in June 2017, the Fund disposed of 780,384,606 shares for proceeds of €3.43bn. These proceeds were subsequently transferred back to the Exchequer (See note 11.2).

9. Trade and other receivables

	2017 €m	2016 €m
Interest receivable	28	27
Tax reclaims recoverable	2	2
Amounts receivable for securities sold	1	13
Private equity receivable	-	19
	31	61

10. Other liabilities

	2017 €m	2016 €m
Amounts payable for securities purchased	19	8
Other accrued expenses	11	10
	30	18

11. Transfers

11.1 Assets derecognised by the NPRF

From 22 December 2014, the NPRF Commission consists of a single commissioner (the Chief Executive of the Agency) who is required by the NTMA Act 2014 to do everything that is reasonably practicable to give effect to the legal transfer of any remaining assets governed by foreign law. The transfer of foreign assets must be done in conjunction with the relevant counterparty. This process is largely complete and a small number of foreign assets had not legally transferred from NPRF to the Fund as at 31 December 2017. The assets of the NPRF were previously derecognised by the NPRF Commission and are recognised and presented in the Discretionary Portfolio within the Fund's financial statements, in line with financial reporting standards.

A breakdown of the assets remaining in legal ownership of the NPRF as at 31 December 2017 reflected in the financial statements of the Fund is listed below:

	2017 €m	2016 €m
Total Assets legally held in the NPRF	0.1	0.4

11.2 Transfers to the Exchequer/Minister

	2017 €m	2016 €m
Transfer to the Exchequer	3,434	-

During the year, the proceeds from the AIB IPO of €3.434bn was transferred to the Exchequer from the Directed Portfolio as directed by the Minister for Finance.

	2017 €m	2016 €m
Transfer to the Minister	25	-

In February 2017, the outstanding €25m loan from the Fund to the SBCI was converted to ordinary share capital of the SBCI under the direction of the Minister for Finance. This share capital is held directly by the Minister for Finance and not by the Fund.

11.3 Transfers from the Exchequer

There were no transfers from the Exchequer to the Fund during the year.

Notes to the Financial Statements (continued)

11. Transfers (continued)

11.4 Transfers between Discretionary and Directed Portfolios

	2017 €m	2016 €m
Transfer from Directed to Discretionary portfolio	250	-

A dividend payment of €250m the Fund received from AIB on the 9th May 2017 was transferred from the Directed Portfolio to the Discretionary Portfolio on receipt, in accordance with the applicable Ministerial direction that cash proceeds from the AIB directed investment shall form part of the Discretionary Portfolio.

12. Cash and cash equivalents

	2017 €m	2016 €m
Discretionary Portfolio		
Cash at Central Bank of Ireland	181	139
Cash with Global Custodian	259	255
Treasury bills	10	33
	450	427
Directed Portfolio		
Cash at Central Bank of Ireland (Note 14.3)	215	215

13. Commitments

13.1 Foreign currency and futures commitments

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

	2017 Notional Principal €m	2017 Unrealised gain €m	2016 Notional Principal €m	2016 Unrealised gain/(loss) €m
NTMA				
Foreign exchange contracts	1,234	10	799	(31)
Investment Managers				
Foreign exchange contracts	2,159	23	2,110	(15)
Futures contracts	504	11	1,973	9
		44		(37)

Foreign exchange contracts

The Fund follows a policy of hedging its foreign currency risk, using forward foreign exchange contracts and cross currency swaps. The Fund's investment managers are not required to hedge currency exposure. They are permitted to carry out spot and foreign exchange contracts in order to satisfy the settlement of securities transactions, and to manage their portfolios solely in line with the Statement of Investment Objectives and Restrictions agreed with the Fund. The notional value represents the total contracted foreign exchange contracts outstanding at the year end.

Financial futures

The Fund's investment managers are permitted to execute futures contracts solely in line with the Statement of Investment Objectives and Restrictions agreed with the Fund.

13. Commitments (continued)

13.2 Uncalled investment commitments

The Fund has entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at 31 December 2017, the Fund's outstanding commitments totalled €1.3bn (2016: €1.4bn).

The Fund has entered into commitments in respect of certain types of investments as outlined below.

	Time-frame of commitment Years	2017 €m	2016 €m
Total unquoted investments	0-9	839	866
Total loans and receivables	0-2	437	527
Total uncalled commitments		1,276	1,393

Funding of Commitment

The Agency seeks to manage the Fund to ensure that it will always have sufficient liquidity, without omitting attractive investment opportunities, to fund its commitments as they are called.

The NTMA Liquidity Risk Management Policy is applicable to the Fund. This policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to liquidity risk within the NTMA.

The Fund is not subject to externally imposed capital requirements and as at 31 December 2017, the Discretionary Portfolio was predominantly invested in readily realisable assets.

14. Related Parties

14.1 Minister for Finance

Ownership of the Fund vests in the Minister for Finance pursuant to section 38(3) of the NTMA Act 2014.

Under section 46(1) and 46(2) of the NTMA Act 2014, the Minister for Finance may make payments into the Fund from the Central Fund. Where the Minister for Finance proposes to make a payment into the Fund, the Houses of the Oireachtas must pass a resolution approving the payment before the Minister for Finance can process the payment. Transactions between the Fund and the Minister for Finance during the year are detailed in note 11.

14.2 National Treasury Management Agency

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

The NTMA Investment Committee ("the Investment Committee") is a statutory committee provided for by the National Treasury Management Agency Act, 1990 (as amended). The Investment Committee assists the Agency in the control and management of the Fund by making decisions about the acquisition and disposal of assets within such parameters as may be set by the Agency, advising the Agency on the investment strategy for the Fund and overseeing the implementation of the investment strategy. The Agency has delegated investment decisions up to €150m to the Committee. Proposed investments in excess of €150m are referred to the Agency with a recommendation from the Investment Committee.

The Investment Committee is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance.

Under section 48 of the NTMA Act 2014, the expenses of the Agency are defrayed from the Fund. For the year ended 31 December 2017, these expenses were €12.5m (2016: €10.4m).

Key management personnel

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

Notes to the Financial Statements (continued)

14. Related Parties (continued)

14.3 Strategic Banking Corporation of Ireland

The Fund and the Strategic Banking Corporation of Ireland (the "SBCI") are both under the control of the Minister for Finance. As part of the Directed Investments, under the direction of the Minister for Finance, the Fund provided a loan facility of €240m to the SBCI in 2015. In 2016, €25m of this facility was drawdown.

During 2017, the €25m loan the Fund had issued to the SBCI was transferred to the Minister (see note 11.2).

At 31 December 2017, the outstanding commitment on the loan facility is €215m and this is held within the Directed Investments cash balance (see note 12).

14.4 Other Government controlled entities

The Central Bank of Ireland and Allied Irish Banks plc are related parties of the Fund as both are under the control of the Minister for Finance. Cash held by the Fund at the Central Bank of Ireland is disclosed in note 12. The Fund's investment in AIB and transactions in respect of AIB during the year are disclosed in note 8.

15. Financial risk management – Discretionary Portfolio

The Agency is responsible for risk management of the Discretionary Portfolio. In relation to the Directed Portfolio, the Agency's responsibility is to implement directions from the Minister for Finance and to value relevant securities for the purpose of the Fund's financial statements. As such, references to the Fund in this note refer to the Discretionary Portfolio.

The base currency of the Fund is euro. The measured returns and monitored portfolio risks are aggregated in euro.

In the ordinary course of its activities, the Agency actively manages a variety of risks including investment risk, market risk, credit risk, liquidity risk and operational risk.

The Agency Risk Management Policy and Framework defines 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 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 Management, 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 information on risks.

The third line of defence includes the Internal Audit function which provides independent, reasonable and risk based assurance to key stakeholders on the robustness of the NTMA's governance, risk management and the design and operating effectiveness of the internal control environment.

A number of Agency and management committees, including the Audit and Risk Committee and the Risk sub-committees, support the Agency in discharging its responsibilities in relation to risk management.

Agency Committees:

NTMA Investment Committee

The Investment Committee comprises non-executive members and is responsible for overseeing the Fund's investment strategy. The role of the Investment Committee is described in Note 14.2.

15. Financial risk management – Discretionary Portfolio (continued)

Agency Committees (continued):

Agency Audit & Risk Committee (ARC)

The ARC comprises members of the Agency Board and was formed from the merger of the Audit and Risk Committees on 1st February 2017. The ARC assists the Agency in the oversight of the risk management framework, including setting risk appetite, monitoring adherence to risk governance and ensuring risks are identified, assessed, managed and reported.

In addition it oversees the risk management function. It sets standards for the accurate and timely reporting of critical risks and reviews reports on any breaches of risk limits and the adequacy of any proposed action. It also assists the Agency in the oversight of the quality and integrity of the Agency's financial statements and reviews and monitors the effectiveness of the systems of internal control, the internal audit process and the compliance function, and reviews and considers the outputs from the statutory auditor.

Management Committees:

Portfolio Management Committee (PMC)

The first line of defence includes the PMC which comprises senior members of the Fund investment team. The core functions of the PMC are to consider and make investment recommendations to the Agency Investment Committee and provide management oversight of the Fund's investments. The Fund's internal investment process seeks to ensure all investment opportunities are thoroughly evaluated in terms of commerciality, capacity to generate a suitable economic impact and appropriateness in the context of the overall Fund.

Enterprise Risk Management Committee (ERMC)

The ERMC oversees the implementation of the NTMA'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 exposures. It provides dashboard reporting of relevant counterparty credit risk exposures and details to the ERMC. It formulates, implements and monitors compliance with the Agency Counterparty Credit Risk Management Policy and ensures that appropriate actions are taken in respect of any breaches.

Market and Liquidity Risk Committee (MLRC)

The MLRC oversees and advises the ERMC on market and liquidity risk exposures. It provides dashboard reporting of relevant market risk and liquidity risk exposures and details to the ERMC. It formulates, implements and monitors compliance with the market and liquidity risk aspects of the Agency's Risk Management framework and polices and ensures that appropriate actions are taken in respect of relevant policy or any breaches.

Operational Risk and Control Committee (ORCC)

The ORCC reviews and recommends to the ERMC for approval the operational risk management framework and associated operational risk policies. The ORCC monitors, reviews and challenges the Agency's operational risks and reports on operational risk management to the ERMC.

Products and Processes Committee (PPC)

The PPC reviews, challenges and recommends to the ERMC for approval proposals and risk assessments in respect of new products and processes, or material changes to existing products and processes.

15.1 Investment risk

Investment risk is the risk that actual investment performance deviates from relevant strategies. The Agency has an open appetite for investment risk where it is willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of risk-adjusted reward.

Any deviations from relevant investment mandates could result in sub-optimal investment returns or actual capital losses on original outlays. It is therefore vital the on-going management of investment risk is fully integrated into the activities and objectives of the Fund. While investment risk may arise from insufficiently robust internal assessment or monitoring processes, it can also arise from a variety of external sources such as adverse macro-economic or market developments, regulatory shocks, underperformance of individual investments or fraud.

Notes to the Financial Statements (continued)

15. Financial risk management – Discretionary Portfolio (continued)

15.1 Investment risk (continued)

Investment Risk includes the following sub-categories:

- Investment process risk: risk of incurring sub-optimal returns or capital losses due to insufficiently robust assessment or approval processes of investment proposals or subsequent monitoring of transactions;
- Economic impact risk: risk that the economic impact objective of the investment strategy does not materialise;
- Permanent capital loss risk: risk of loss of control over a particular investment or that there are illiquid markets at the time of investment exit; and
- Portfolio concentration risk: risk associated with an over-concentration as a result of the pursuit of an investment strategy including economic/industry sector, geography, counterparty etc.

The NTMA Investment Risk Policy is applicable to the Fund.

15.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Sub-categories of market risk include interest rate risk, foreign exchange risk and market price risk.

The Fund has adopted a Global Portfolio Transition Strategy, which is designed to provide adequate liquidity to allow the Fund's transition into an Irish focused portfolio in line with the ISIF's mandate.

The Fund uses derivatives to manage its exposure to foreign currency, interest rate and other price risks. The instruments used include interest rate swaps, forward contracts, futures and options. The Fund does not apply hedge accounting.

i) Interest rate risk

Interest rate risk is the risk that movements in interest rates may adversely impact the value of an underlying financial instrument or may impact the cashflows of the Fund.

Interest rate exposure

The following table details the value as at 31 December 2017 of fixed-interest bearing securities in the Discretionary Portfolio exposed to the risk fair value may change consequent to a change in interest rates:

Fixed interest bearing securities	2017 €m	2016 €m
Maturing within one year	601	415
Maturing between one and five years	1,448	1,296
Maturing after five years	454	391
Total fixed interest bearing securities	2,503	2,102

This table reflects the portion of financial securities exposed to the risk that fair value may change as a result of changes in interest rates. For disclosure purposes, fixed-interest bearing assets are included in exposures to both price and interest rate risk. The table does not reflect any potential exposure to changes in interest rates relating to investments held in investment funds.

In addition to the interest-bearing securities detailed in the table above, the Fund holds investment cash including cash and cash equivalents of €0.5bn (2016: €0.4bn) (Note 12) and liquid funds of €0.8bn (2016: €1.0bn). These assets are interest-bearing and the future cash flows from these assets will fluctuate with changes in market interest rates.

Sensitivity analysis

The sensitivity analysis below reflects how net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date. Management has determined that a fluctuation in interest rates of 50 basis points is reasonably possible, considering the economic environment in which the Fund operates.

The table below sets out the effect on the Fund's fixed interest bearing securities of an increase of 50 basis points in interest rates at 31 December. A reduction in interest rates of the same amount would have resulted in an equal but opposite effect to the amounts shown. The impact results primarily from the decrease in the fair value of fixed rate securities. This analysis assumes a linear interest rate curve and that all other variables remain constant.

15. Financial risk management – Discretionary Portfolio (continued)

15.2 Market risk (continued)

i) Interest rate risk (continued)

Effect on Discretionary Portfolio net assets	2017	2016
€m reduction	(13)	(11)
% reduction	-0.14%	-0.13%

ii) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the underlying value of assets, liabilities and derivative instruments that are denominated in a currency other than euro. The present value of future cash flows will fluctuate with changes in exchange rates which can also impact future cashflows.

The Fund has outstanding commitments in respect of property and private equity investments of USD 364m and JPY 16m at 31 December 2017 (USD 198m and JPY 16m at 31 December 2016).

Foreign exchange risk management

The Fund seeks to manage its foreign currency risk using forward foreign exchange contracts and cross currency swaps. The profit/loss on these forward foreign exchange contracts and cross currency swaps offsets the change in the value of the Fund's non-euro investments due to exchange rate movements.

Foreign exchange risk exposure

The following table details the asset value in the Discretionary Portfolio exposed to currency risk both before and after the impact of the currency hedge. In relation to holdings in investment funds, it details the base currency of the relevant fund. When appropriate, the Agency manages the exposure generated by the underlying investments of a fund in addition to its base currency.

	Local currency 2017 m	Base currency 2017 €m	Net exposure 2017 €m
US dollar	3,442	2,870	248
Singapore dollar	1	1	1
South Korean won	0	0	0
New Zealand dollar	-	-	(6)
Israeli shekel	-	-	(6)
Norwegian krone	4	0	(6)
Hong Kong dollar	16	2	(6)
Australian dollar	3	2	(8)
Swedish krona	32	3	(8)
Japanese yen	711	5	(9)
Danish krone	161	22	(10)
Canadian dollar	3	2	(14)
Swiss franc	2	2	(16)
British pound	285	321	(23)
Total		3,230	137

Notes to the Financial Statements (continued)

15. Financial risk management – Discretionary Portfolio (continued)

15.2 Market risk (continued)

ii) Foreign exchange risk (continued)

	Local currency 2016 m	Base currency 2016 €m	Net exposure 2016 €m
US dollar	2,953	2,801	483
British pound	268	313	24
Swedish krona	9	1	1
Singapore dollar	1	1	1
Danish krone	80	11	0
South Korean won	1	0	0
Australian dollar	5	3	(1)
Japanese yen	967	8	(2)
Swiss franc	3	3	(2)
Hong Kong dollar	11	1	(3)
Norwegian krona	4	0	(4)
New Zealand dollar	-	-	(5)
Canadian dollar	2	2	(10)
Total		3,144	482

Sensitivity analysis

The table below sets out the effect on the net assets of a reasonably possible weakening of the US dollar against the euro by 5% at 31 December. The analysis does not include the impact of the currency hedge and assumes that all other variables, in particular interest rates, remain constant.

Effect on Discretionary Portfolio net assets	2017	2016
€m reduction	(137)	(140)
% reduction	-1.58%	-1.73%

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

15. Financial risk management – Discretionary Portfolio (continued)

15.2 Market risk (continued)

iii) Market price risk

Market price risk is the risk resulting from a change in the value of investments due to changes in the prices of securities unrelated to interest rate or exchange rate changes, such as equities and commodities.

Market price risk exposure

The asset value in the Discretionary Portfolio exposed to market price risk at 31 December is the value of financial investments as detailed in the following table:

	2017 €m	2016 €m
Exposure to market price risk		
Quoted investments	5,194	5,188
Direct private equity	90	48
Unquoted investments	1,117	1,069
Property fund investments	167	189
Private equity investments	580	469
Infrastructure investments	249	130
Forestry investments	46	41
Energy investments	25	26
Derivative instrument assets	44	9
Financial assets at FVTPL	7,512	7,169
Treasury bills	10	33
Derivative instrument liabilities	(3)	(48)
Total exposed to market price risk	7,519	7,154
Not exposed to market price risk		
Deposits and cash	440	394
Loans and receivables	726	461
Total not exposed to market price risk	1,166	855
Total Discretionary Portfolio financial assets and liabilities	8,685	8,009

Market price risk management

A geographical analysis of the Fund's Discretionary Portfolio exposed to market price risk is shown below. Fund investments are shown based on their relevant country of incorporation. The Agency monitors the market price risk inherent in the investment portfolio by ensuring full and timely access to relevant information from the Fund's Investment Managers. The Agency meets Investment Managers regularly and at each meeting reviews relevant investment performances.

	2017 €m	2016 €m
Analysis by geographical classification		
Europe excluding Ireland	3,843	3,503
North America	1,887	1,920
Ireland	1,150	1,035
Emerging markets	544	590
Asia pacific	95	106
Total	7,519	7,154

Notes to the Financial Statements (continued)

15. Financial risk management – Discretionary Portfolio (continued)

15.2 Market risk (continued)

iii) Market price risk (continued)

Exposure

The following table sets out the concentration of the Discretionary Portfolio's financial assets and liabilities of the Fund exposed to market price risk by instrument type as at the reporting date.

	2017 €m	2016 €m
Equity and managed fund investments		
Exchange-traded equity investments	448	335
Unlisted equity investments	1,113	884
Direct private equity	90	48
Unquoted investment funds	829	829
Quoted open-ended investment funds	1,479	1,473
Total equity and managed fund investments	3,959	3,569
Debt securities		
Exchange-traded debt securities	2,183	1,941
Other debt securities	242	211
Quoted open-ended investment funds	1,084	1,439
Total debt securities	3,509	3,591
Treasury bills	10	33
Total investment assets	7,478	7,193
Derivative assets/(liabilities)		
Listed equity index options	0	(0)
Unlisted equity options	(2)	(1)
Foreign currency forward contracts	33	(46)
Foreign currency futures contracts	11	9
Credit default swaps	0	(1)
Equity index swaps	(1)	-
Interest rate swaps	(0)	-
Total derivative assets/(liabilities)	41	(39)
Total	7,519	7,154

Sensitivity analysis

The table below sets out the effect on the net assets of the Discretionary Portfolio of a reasonably possible weakening in market prices of 5% at 31 December. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	2017	2016
Effect on Discretionary Portfolio net assets		
€m reduction	(376)	(358)
% reduction	-4.3%	-4.4%

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

15. Financial risk management – Discretionary Portfolio (continued)

15.3 Credit risk

Credit risk arises from the risk that a borrower or counterparty will fail to perform on an obligation leading to a loss of principal or financial reward.

The main direct credit risk to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also subject to counterparty credit risk on cash and cash equivalents, balances due from brokers, trading derivative products, trade and other receivables and loans and receivables.

Credit risk management

In managing credit risk the Agency seeks to minimise the impact of credit default on the Fund's financial assets. The Fund aims to mitigate its credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties. Counterparties are selected based on their overall suitability, financial strength, regulatory environment and specific circumstances.

To control the exposure to the Fund in the event of default, investments are made across a variety of industry sectors and issuers to reduce credit risk concentrations.

The Fund's Global Custodian, Bank of New York Mellon, holds the Fund's securities in segregated accounts, where required, minimising the risk of loss of the securities held by the Global Custodian. In the event of the Global Custodian's failure, the ability of the Fund to transfer the securities might be temporarily impaired. The Fund's Global Custodian is a member of a major securities exchange and at 31 December 2017, held a long-term Moody's credit rating of Aa1. The Agency monitors the credit rating and Service Organisation Control (SOC 1) reporting of its Global Custodian on a regular basis.

At 31 December 2017, cash held at the Central Bank of Ireland was €181m (2016: €139m) and with the Global Custodian was €259m (2016: €255m) (Note 12).

The exposure to credit risk in the Discretionary Portfolio at 31 December 2017 is the carrying value of the financial securities as set out below.

	Reference	2017 €m	2016 €m
Cash and cash equivalents (Note 12)	(i)	450	427
Balance due from brokers	(ii)	0	39
Debt securities	(iii)	2,425	2,151
Loans and receivables	(iv)	726	461
Trade and other receivables	(v)	31	61
Derivative assets	(vi)	44	9
Total		3,676	3,148

i) Cash and cash equivalents

The Fund's cash and cash equivalents are held mainly with the Central Bank of Ireland and the Global Custodian, which are respectively rated AAA (2016: AAA) and Aa1 (LT Deposit Rating) (2016: A1).

ii) Balances due from brokers

Balances due from brokers represent margin accounts, cash collateral for borrowed securities and sales transactions awaiting settlement. Counterparty credit risk relating to unsettled transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used. As at 31 December 2017, €0.2m (2016: €39m) was due from brokers.

Notes to the Financial Statements (continued)

15. Financial risk management – Discretionary Portfolio (continued)

15.3 Credit risk (continued)

Credit risk management (continued)

iii) Debt securities

At 31 December, the Fund had invested in debt securities issued by entities with the following external credit rating*:

External rating	2017 €m	2016 €m	2017 %	2016 %
Aa1 to Aa3/AAA to AA	218	191	9%	10%
A1 to A3/A+ to A-	782	504	32%	23%
Baa1 to Baa3/BBB+ to BBB-	1,024	992	42%	46%
Ba1 to Ba3/B+ to BB-	200	225	8%	10%
B1 to B3/B+ to B-	95	77	4%	4%
Caa1 to Caa3/CCC+ to CCC-	2	6	0%	0%
No external rating	104	156	5%	7%
	2,425	2,151	100%	100%

* Where Moody's credit rating is not available Standard and Poor's rating is used.

iv) Loans and receivables

Rating	2017 €m	2016 €m	2017 %	2016 %
No external rating	726	461	100%	100%

The credit risk of loans and receivables is reviewed as part of the impairment review process.

v) Trade and other receivables

Primarily comprises of accrued interest on fixed income securities.

vi) Derivatives

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

2017	Fair value €m	Gross notional amount €m	Fair value %	Notional amount %
Exchange traded	11	509	25%	13%
OTC – other bilateral	33	3,394	75%	87%
Total	44	3,903	100%	100%

2016	Fair value €m	Gross notional amount €m	Fair value %	Notional amount %
Exchange traded	9	1,973	100%	100%

Collateral and other credit enhancements and their financial effect

The Fund mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

15. Financial risk management – Discretionary Portfolio (continued)

15.3 Credit risk (continued)

Credit risk management (continued)

vi) Derivatives (continued)

Derivative transactions are either transacted on an exchange (through a broker) or entered into under International Derivatives Swaps and Dealers Association (ISDA) master netting agreements. Under ISDA master netting agreements in certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

Derivative financial instruments generating counterparty credit risk arise from the Fund's forward foreign exchange contracts and cross currency swap contracts. The Fund's forward foreign exchange contracts and cross currency swaps were entered into only with approved counterparties within defined limits. In order to mitigate the credit risks arising from derivative transactions, the Fund enters into Credit Support Annexes (CSA) with its market counterparties. CSAs require the posting of collateral by counterparties in specified circumstances.

The Fund's activities may give rise to settlement risk, which is the risk that on a settlement date a counterparty fails to pay the Fund the agreed terms of a transaction. For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Forward foreign exchange contracts and cross currency swaps are settled through Continuous Linked Settlement (CLS) where trades are pre-matched ahead of settlement date limiting the risk of settlement failure.

15.4 Liquidity risk

Liquidity risk is the possibility that over a specific time horizon, the Fund will have insufficient cash to meet its obligations as they fall due. Sub-categories of liquidity risk include funding liquidity risk, refinancing risk, maturity concentration risk and market liquidity risk.

The Fund's policy in managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation.

The Agency Liquidity Risk Management Policy is applicable to the Fund. This Policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to liquidity risk within the Agency.

The Fund's investments in listed securities are considered to be readily realisable because they are traded on major stock exchanges.

The Fund's financial assets include unlisted equity investments, which are generally illiquid. In addition, the Fund holds investments in unlisted investment funds, which may be subject to redemption restrictions. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements.

At 31 December 2017, the Fund was predominantly invested in readily realisable assets.

The below table presents a breakdown of the financial liabilities between those payable within 12 months and those payable greater than 12 months.

	2017 €m	2016 €m
Payable within one year	1	47
Payable greater than one year	2	1
Total Financial Liabilities	3	48

Notes to the Financial Statements (continued)

15. Financial risk management – Discretionary Portfolio (continued)

15.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which would affect the Fund's ability to execute its business strategy. Sub-categories of operational risk include people risk, governance risk, third party risk, business continuity management and legal and compliance risk.

An Operational Risk Management and Risk and Control Self-Assessment Framework is applicable to the Agency as a whole. The objective of this Framework is to ensure that operational risk is managed in an appropriate and integrated manner across the organisation. This Framework outlines the strategy, processes, risk criteria, controls and governance structures in place for managing operational risks within the Agency.

The Framework also sets out the methodology for the Risk and Control Self-Assessment process which describes the process for adequate and timely identification, assessment, treatment, monitoring and reporting of the risks posed by the activities of the Agency.

The NTMA Business Continuity Management Group is a sub-group of the Operational Risk and Control Committee. The role of this group is to ensure an appropriate and consistent approach to business continuity management across the Agency and providing a supporting role in establishment, implementation, monitoring and improvement of business continuity management activities.

The assessment of the adequacy of the controls and processes in place at the Fund's service providers with respect to operational risk is carried out via regular discussions with the relevant service providers and a review of the service providers' SOC 1 reports on internal controls, if any are available. The findings documented in the SOC 1 report on the Global Custodian's internal controls are reviewed quarterly.

15.6 Capital management

The Fund is not subject to externally imposed capital requirements.

15.7 Fair values of financial instruments

i) Valuation models

The fair values of financial assets and financial liabilities that are traded in active markets that the Fund can access at the measurement date are obtained directly from an exchange on which the instruments are traded. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: Inputs that are unobservable (i.e. for which market data is unavailable). This category includes all instruments for which the valuation technique includes inputs not based on observable data. This category includes instruments that are valued based on quoted prices for instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques may include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques may include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, earnings multiples and revenue multiples and expected price volatilities and correlations.

15. Financial risk management – Discretionary Portfolio (continued)

15.7 Fair values of financial instruments (continued)

i) Valuation models (continued)

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognised valuation models for determining the fair value of common and simple financial instruments that use mainly observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the financial markets for listed debt and equity securities, exchange traded derivatives and simple OTC derivatives. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

ii) Valuation framework

The Fund has a management control framework for the measurement of fair values. The valuation process is overseen by the Valuation Committee ("the Committee"), a management committee responsible for developing the Fund's valuation processes and procedures, conducting periodic reviews of those procedures and evaluating their consistent application. During the year, the Committee comprised of the Chief Financial and Operating Officer, the Senior Risk Manager, the Director of ISIF and other senior Agency and ISIF management personnel. The Valuation Committee assists the Agency in the determination of the valuation of investments of the Fund. An external firm has been appointed by the NTMA to provide valuation services related to selected Fund investments.

The valuation process and procedures are defined depending on the instrument type. Where third party information is used to measure fair value, reviews are undertaken and documented to support the resulting valuations. This includes:

- verifying that the broker or pricing service is approved by the Fund for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, reviewing how fair value has been determined using those quotes.

In addition, an external independent review is conducted of the existence and valuation of the investment positions included in both the ISIF Discretionary and Directed portfolio as at 31 December.

Notes to the Financial Statements (continued)

15. Financial risk management – Discretionary Portfolio (continued)

15.7 Fair values of financial instruments (continued)

ii) Valuation framework (continued)

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy. The amounts are based on the values recognised in the Statement of Financial Position. All fair value measurements below are recurring.

2017	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
i) Equities and managed funds				
Quoted equities	448	-	-	448
Direct private equity	-	-	90	90
Quoted investment funds	2,563	-	-	2,563
Unquoted investment funds	-	418	411	829
Convertible preference shares	-	-	46	46
ii) Debt securities				
Unlisted debt securities	-	171	71	242
Listed debt securities	2,183	-	-	2,183
iii) Limited partnerships/trusts				
Property fund investments	-	-	167	167
Private equity investments	-	-	580	580
Forestry investments	-	-	46	46
Energy investments	-	-	25	25
Infrastructure investments	-	-	249	249
iv) Derivatives financial assets				
Foreign exchange contracts	-	33	-	33
Futures contracts	11	-	-	11
	5,205	622	1,685	7,512
v) Derivatives financial liabilities				
Equity index swaps	-	(1)	-	(1)
Interest rate swaps	-	-	-	-
OTC Options	-	(2)	-	(2)
	-	(3)	-	(3)
Treasury bills	10	-	-	10
Total	5,215	619	1,685	7,519

15. Financial risk management – Discretionary Portfolio (continued)**15.7 Fair values of financial instruments** (continued)**ii) Valuation framework** (continued)

2016	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
i) Equities and managed funds				
Quoted equities	335	-	-	335
Direct private equity	-	-	48	48
Unquoted equities	-	-	0	0
Quoted investment funds	2,912	-	-	2,912
Unquoted investment funds	-	829	-	829
Convertible preference shares	-	-	29	29
ii) Debt securities				
Unlisted debt securities	-	166	44	210
Listed debt securities	1,941	-	-	1,941
Convertible loan	-	-	1	1
iii) Limited partnerships/trusts				
Property fund investments	-	-	189	189
Private equity investments	-	-	469	469
Forestry investments	-	-	41	41
Energy investments	-	-	26	26
Infrastructure investments	-	-	130	130
iv) Derivatives financial assets				
Futures contracts	9	-	-	9
	5,197	995	977	7,169
v) Derivatives financial liabilities				
Equity options	(0)	(1)	-	(1)
Foreign exchange contracts	-	(46)	-	(46)
Credit default swaps	-	(1)	-	(1)
	5,197	947	977	7,121
Treasury Bills	33	-	-	33
Total	5,230	947	977	7,154

Notes to the Financial Statements (continued)

15. Financial risk management – Discretionary Portfolio (continued)

15.7 Fair values of financial instruments (continued)

ii) Valuation framework (continued)

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	Total €m
Balance at 1 January 2017	977
Transfers into Level 3	411
Total gains or losses recognised in profit or loss	38
Purchases	609
Sales	(350)
Balance at 31 December 2017	1,685
	Total €m
Balance at 1 January 2016	800
Total gains or losses recognised in profit or loss	62
Purchases	289
Sales	(174)
Balance at 31 December 2016	977

16. Financial risk management – Directed Portfolio

16.1 Fair values of financial instruments

i) Valuation framework

All investments and disposals relating to the Directed Portfolio are made at the direction of the Minister for Finance. The Agency's responsibilities regarding the Directed Portfolio include the implementation of directions from the Minister and the valuation of relevant securities for the purpose of the Fund's financial statements.

The Fund's ordinary shareholding in AIB and Bank of Ireland was valued at its relevant quoted market price at 31 December 2017.

The Fund's Global Custodian, Bank of New York Mellon, holds the Fund's investments in Bank of Ireland and AIB in segregated accounts. In the event of the Global Custodian's failure, the ability of the Fund to transfer these securities might be temporarily impaired. Bank of New York Mellon is a member of a major securities exchange and at 31 December 2017 held a long-term Moody's credit rating of Aa1. The credit rating of the Fund's Global Custodian is monitored on a regular basis and the findings documented in the SOC 1 report on the Global Custodian's internal controls are reviewed on a quarterly basis.

16. Financial risk management – Directed Portfolio (continued)

16.1 Fair values of financial instruments (continued)

i) Valuation framework (continued)

The table below analyses financial instruments at fair value at the reporting date by the level in the fair value hierarchy. The amounts are based on the values recognised in the Statement of Financial Position. All fair value measurements below are recurring.

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
2017				
Allied Irish Banks	10,465	-	-	10,465
Bank of Ireland	1,072	-	-	1,072
	11,537	-	-	11,537
2016				
Allied Irish Banks	-	11,595	-	11,595
Bank of Ireland	1,056	-	-	1,056
	1,056	11,595	-	12,651

Market price risk exposure

The cumulative Directed Portfolio asset value exposed to market price risk at 31 December 2017 comprises the value of investments as detailed in the following table:

	2017 €m	2016 €m
Exposure to market price risk		
Allied Irish Banks	10,465	11,595
Bank of Ireland	1,072	1,056
	11,537	12,651
Not exposed to market price risk		
Cash	215	215
SBCI Loan	-	25
	215	240
Total Directed Investments	11,752	12,891

17. Contingent liabilities

The National Treasury Management Agency (Amendment) Act 2014 provides for the transfer of the liabilities of the National Pensions Reserve Fund Commission (the "Commission") to the NTMA (as controller and manager of the ISIF) on and after the date of constitution of the ISIF, and states that the NTMA (as controller and manager of the ISIF) is responsible for discharging the obligations of the Commission under any such liability. In this regard, litigation is on-going in New York in respect of the 2007 leveraged buy-out of the Tribune Company. The litigation, which consists of a federal law action and a number of related state law actions, involves more than 5,000 shareholders of the Tribune Company, including the Commission.

In January 2017, the federal law action against the shareholder defendants, including the Commission, was dismissed by a New York District Court. In March 2018, the plaintiff sought leave to amend the complaint to assert a further count against shareholder defendants. The related state law claims had been dismissed, but are currently the subject of an appeal by the plaintiffs to the Supreme Court, which remains pending.

As of the reporting date, no provision has been recognised in these financial statements as the possibility of an outflow of resources cannot be reliably determined and it is not practicable to estimate the financial effect, if any, should the appeal materialise and succeed.

Notes to the Financial Statements (continued)

18. Events after the reporting date

AIB declared a dividend of €232m, which was paid to the Fund in cash on 4 May 2018 and transferred to the Discretionary Portfolio.

Bank of Ireland declared a dividend of €17.3m, which was paid to the Fund in cash on 24 May 2018 and transferred to the Discretionary Portfolio.

19. Approval of financial statements

The financial statements were approved by the Agency on 29 May 2018.

Portfolio of Investments Ireland Strategic Investment Fund

31 December 2017

Irish Portfolio

In supporting economic activity in Ireland, the ISIF's total commitment to the Irish Portfolio at 31 December 2017 was €3.3bn. The Irish Portfolio commitment is to a broad diversified portfolio, which entails investment across nine investment buckets. The commitment by bucket is shown below. The full Schedule of Investments at 31 December 2017, showing the Irish and Global Portfolio, is disclosed separately.

Enabling Ireland				
	Year	Security Description	Original Commitment €m	
Real Estate	2014	WLR Cardinal CRE Mezz	75	Mezzanine finance commercial real estate fund which was a barrier to commercial real estate development.
	2015	Activate	325	Residential housing platform alongside global investment firm KKR.
	2015	Quadrant	50	Development finance vehicle lending to facilitate the development of high quality offices in Ireland.
	2016	Ardstone	30	Residential housing fund in which ISIF is a cornerstone investor.
	2016	Finegrain	25	Investment in an industrial property fund that provides finance to develop industrial, logistics and business parks, principally outside Dublin.
	2016	Kilkenny County Council	2	Joint venture to acquire sites develop nine acres into a regional business/education hub.
	2017	DAD Property Fund	8	Pilot project to deliver a sustainable solution to social and affordable housing requirements.
	2017	Cherrywood – Hines	52	Enabling infrastructure works necessary to unlock residential housing in Cherrywood SDZ.
	2017	Man Aalto	25	Residential development debt fund, lending to smaller developers.
Water	2015	Irish Water	450	Loan facilities of €450m, comprising a refinancing of the existing €300m National Pensions Reserve facility and an additional €150m loan facility.
Infrastructure	2011	Irish Infrastructure Fund	250	Portfolio of Irish infrastructure assets – Convention Centre, data towers, wind energy, primary care centres, telecoms infrastructure.
	2015	DCU Student Accommodation	55	Cornerstone investor supporting the commercial student accommodation elements of DCU's Campus Development Program.
	2016	DAA – Bond	35	Supporting delivery of daa's medium and long term goals notably the planned new runway for Dublin.
	2016	Aqua Comms	25	Irish developer of fibre-optic infrastructure including a transatlantic and Ireland/UK connectivity network.
	2017	Shannon Airport Authority	14	Fully fund essential maintenance of the runway at Shannon Airport.
	2017	Port of Cork	18	Flexible debt funding solution to support the relocation of Port of Cork to Ringaskiddy.
Energy	2014	Dublin Waste to Energy	44	Thermal waste treatment plant handling 600,000 tonnes of waste and producing 60 megawatts of electricity.
	2016	NTR	35	Long term equity fund investing in construction ready onshore wind farms.
	2017	Greencoat Renewables DAC	76	Cornerstone investor in IPO for renewable energy investor seeking to capitalise Irish wind energy market.
Total			1,594	
Growing Ireland				
	Year	Security Description	Original Commitment €m	
SME	2012	Carlyle Cardinal	125	Private equity fund targeting growth and lower mid-market buy-out transactions in Ireland.
	2013	BlueBay	200	Credit fund making loans of between €5m and €45m to medium/large Irish SMEs.
	2016	Causeway	15	Private equity fund that will invest in established, growing SMEs in Ireland and the UK.
	2016	BMS	15	Non-bank lender providing growth loans to Irish SMEs.
	2016	Finance Ireland	30	Non-bank lender providing SME leasing, commercial mortgages, agri finance and auto finance.
	2017	Muzinich	45	Growth capital to Irish SMEs and corporates.
	2017	Insight	83	Growth stage private equity fund that will target software opportunities in Ireland and globally.
	2017	BGF	125	Largest ever growth capital fund dedicated to Irish SMEs with over €200m to invest.
	2017	Motive Partners	25	Specialist financial technology focused private equity fund providing growth equity to FinTech businesses.
	Direct Equity	2015	Malin	50
2015		AMCS	6	Global market leader, develops and sells technology for environmental management.
2015		Swrve	14	Global leader in high-growth sector of in-app mobile marketing.
2016		Draper Esprit	53	Listed venture capital fund making diversified investments in private high growth technology companies in Ireland and UK.
2017		InsideSales	24	Industry leading predictive sales acceleration platform growing its European presence in Ireland.
2017		Kaseya	20	Supplier of complete ITI management solutions for managed service providers and midsize companies, growing its European presence in Ireland.
2017		Cubic Telecom	10	Connectivity/software company that provides on-demand global connectivity for devices/vehicles via local mobile networks.

Food & Agriculture	2009	Irish Forestry	20	Portfolio of forest plantations across Ireland.
	2016	MilkFlex	44	Fund providing medium-term loans to Glanbia dairy farmers with the loan repayments linked to milk price.
	2016	Dasos	55	Investment in new and semi-mature forests across Ireland.
	2016	RFPF	2	Investment facilitating the creation of a €40m farmer receivables working capital management programme in the dairy sector.
	2017	Finestere	40	Partnership between ISIF and Finestere investing in start-up and early stage AgTech companies in Ireland.
	2017	Panelto	14	Large growing indigenous prepared consumer food company.
Total			1,015	

Leading Edge Ireland				
	Year	Security Description	Original Commitment €m	
Venture Capital	2007	Delta III	23	Irish venture capital fund which targets investments primarily in the ICT sector.
	2008	Fountain I	15	Irish life science venture capital fund focused on early stage pharmaceutical and medical device companies.
	2008	Investec	18	Fund investing in early stage ICT companies with significant growth potential in Ireland.
	2008	Seroba Kernel II	15	Irish venture capital fund focused on early stage medical devices and therapeutic technologies.
	2010	Atlantic Bridge Fund II	10	Fund concentrated on technology focussed growth and expansion stage equity investments.
	2010	Draper Fisher Jurvetson Fund X	10	Fund investing in technology, life science and clean-tech sectors.
	2010	Polaris VI	36	Global venture capital fund actively investing in Ireland focused on technology and healthcare.
	2011	Sofinnova Venture Partners VIII	9	Global fund focused on late-stage drug development.
	2012	Highland Technology Europe	10	Growth equity fund that invests in rapidly growing internet, mobile and software companies.
	2012	SVB Capital Strategic Investors Fund V	20	Commitment to a global venture capital fund of funds building on strategic partnership with Silicon Valley Bank who in turn committed to lend 2x ISIF commitment to Irish technology businesses.
	2013	China Ireland Growth Technology Fund	36	Venture capital fund that targets growth stage Irish companies with a strategic ambition to access the Chinese market or Chinese companies seeking access to the EU market by locating in Ireland, co-investor is China Investment Corporation.
	2013	Lightstone Ventures I	10	Specialist US-based venture capital fund focused on medical devices and biopharmaceuticals.
	2013	Strategic Investors Fund VI	19	Commitment to a global venture capital fund of funds building on strategic partnership with Silicon Valley Bank.
	2014	WestSummit Global Technology Fund	36	Global growth stage technology fund, linked to China Ireland Fund investment.
	2014	Arch VIII	20	Fund investing in transformative, disruptive, technology driven companies in life and physical sciences.
	2014	Atlantic Bridge Fund III	20	Fund focussed on growth and expansion stage equity investments, principally in Ireland.
	2014	Fountain II	15	Irish life science venture capital fund focused on early stage pharmaceutical and medical device companies.
	2014	Polaris VII	40	Global venture capital fund actively investing in Ireland focused on technology and healthcare.
	2015	Frontline Ventures I	11	Early stage Irish fund that invests in innovative early stage information technology companies.
	2015	Highland Europe Technology Growth Fund II	10	Growth equity fund that invests in rapidly growing internet, mobile and software companies.
	2016	Silicon Valley Bank VIII	44	Commitment to a global venture capital fund of funds building on strategic partnership with SVB.
	2016	Seroba Life Sciences Fund III	15	Irish venture capital fund focusing on early stage medical devices and therapeutic technologies.
	2016	ACT V	20	Primarily Irish focused venture capital fund investing in growing ICT companies in Ireland.
2016	Scottish Equity Partners	16	Fund that will invest in growth and later stage technology, energy and healthcare companies.	
2016	Polaris VIII	24	Global venture capital fund actively investing in Ireland focused on technology and healthcare.	
2016	Frontline Ventures II	15	Early stage fund that will invest in seed stage/series A rounds in innovative technology companies.	
2017	Lightstone Ventures II	21	Specialist US-based venture capital fund focused on medical devices and biopharmaceuticals.	
Innovation	2016	Genomics Medicine Ireland	12	Investment in an Irish company operating in advanced genomic medicine.
	2017	Nautilus Data Technologies	4	A new generation of leading edge data centres in Ireland located on water.
	2017	llumina Ventures	21	Genomics-focused venture capital fund investing primarily in early-stage, start-up companies.
	2017	Arch XI Overage Fund	21	Invests in transformative, industry disruptive, technology driven companies in life and physical sciences.
Other	2015	Leeds	92	Cornerstone investment in a leading global investor in the education/knowledge industries.
	2015	Reverence Capital Partners	50	Financial service sector focussed global equity fund.
Total			738	
Total Irish Commitments			3,347	

Discretionary Investments Quoted Equities

EUROPE		
Austria		
Holding	Security Description	Value €m
49,655	Immofinanz	0.11
		0.11
% of Total Investments		0.00%

Belgium		
Holding	Security Description	Value €m
20,963	Anheuser-Busch	1.95
		1.95
% of Total Investments		0.01%

Denmark		
Holding	Security Description	Value €m
17,037	Novo Nordisk	0.77
		0.77
% of Total Investments		0.00%

Finland		
Holding	Security Description	Value €m
164,964	Nokia	0.64
		0.64
% of Total Investments		0.00%

France		
Holding	Security Description	Value €m
12,071	Air Liquide	1.27
16,107	Airbus	1.34
58,775	AXA	1.45
32,544	BNP Paribas	2.02
15,856	Cie De Saint-Gobain	0.73
17,986	Danone	1.26
52,113	Engie	0.75
6,182	Essilor International Cie Gene	0.71
7,518	Fonciere Des Regions	0.71
23,759	Klepierre	0.87
6,892	L'Oreal	1.27
7,620	LVMH Moet Hennessy Louis Vuitton	1.87
57,914	Orange	0.84
10,137	Safran	0.87
32,510	Sanofi	2.34
15,802	Schneider Electric	1.12
22,830	Societe Generale	0.98
71,386	Total	3.29
2,825	Unibail-Rodamco	0.59
15,783	Vinci	1.34
28,785	Vivendi	0.64
600,000	Veolia Environnement	0.61
		26.87
% of Total Investments		0.13%

Germany		
Holding	Security Description	Value €m
8,185	Adidas	1.37

Germany (continued)		
Holding	Security Description	Value €m
12,594	Allianz	2.41
25,961	BASF	2.38
38,514	Bayer	4.00
9,089	Bayerische Motoren Werke (BMW)	0.79
11,726	Beiersdorf	1.15
28,171	Daimler	1.99
52,823	Deutsche Bank	0.84
27,127	Deutsche Post	1.08
91,495	Deutsche Telekom	1.35
61,948	E.On	0.56
11,604	Fresenius & Co	0.75
21,755	Gea Group	0.87
4,382	Muenchener Rueckversicherungs	0.79
28,206	SAP	2.63
24,025	Siemens	2.79
5,175	Volkswagen	0.86
37,077	Vonovia	1.53
		28.15
% of Total Investments		0.14%

Guernsey Channel Islands		
Holding	Security Description	Value €m
1,054	Amdocs	0.06
		0.06
% of Total Investments		0.00%

Ireland		
Holding	Security Description	Value €m
12,092	Allied Irish Banks	0.07
3,859	Accenture	0.49
225	Adient	0.01
540	Alkermes	0.02
1,109	Allegion	0.07
1,908	Allergan	0.26
92,977	Bank of Ireland	0.66
23,641	CRH	0.71
2,562	Eaton Corp	0.17
12,721	Endo International	0.08
391,556	Green Reit	0.61
76,000,000	Greencoast Renewables DAC	80.56
1,310	Ingersoll-Rand	0.10
4,038	Johnson Controls International	0.13
5,000,000	Malin Corp	41.25
4,804	Mallinckrodt	0.09
6,454	Medtronic	0.43
92,941	National Toll Road Eur 0.00125	0.01
799	Pentair	0.05
1,137	Perrigo	0.08
974	Seagate Technology	0.03
862	Willis Towers Watson	0.11
		126.00
% of Total Investments		0.62%

Italy		
Holding	Security Description	Value €m
219,546	Enel	1.13
71,820	ENI	0.99
411,038	Intesa Sanpaolo	1.14
		3.26
% of Total Investments		0.02%

Jersey Channel Islands		
Holding	Security Description	Value €m
1,229	Aptiv	0.09
224	Delphi Technologies	0.01
		0.10
% of Total Investments		0.00%

Netherlands		
Holding	Security Description	Value €m
10,985	ASML Holding	1.59
109,853	ING Groep	1.68
34,444	Koninklijke Ahold Delhaize	0.63
26,410	Koninklijke Philips	0.83
1,521	Lyondellbasell Industries	0.14
4,509	Mylan	0.16
742	Qiagen	0.02
70,434	Royal Dutch Shell PLC B	1.99
231	Sensata Technologies Holding	0.01
71,429	SNS Reaal Groep Nv Eur 1.63	0.06
		7.11
% of Total Investments		0.03%

Norway		
Holding	Security Description	Value €m
30,034	Entra	0.37
		0.37
% of Total Investments		0.00%

Spain		
Holding	Security Description	Value €m
188,469	Banco Bilbao Vizcaya Argentari	1.34
455,955	Banco Santander	2.50
163,602	Iberdrola	1.06
31,414	Industria De Diseno Textil	0.91
2,662	Let's Gowex	0.02
61,966	Merlin Properties Socimi	0.70
129,870	Telefonica	1.06
		7.58
% of Total Investments		0.04%

Sweden		
Holding	Security Description	Value €m
39,214	Castellum	0.55
		0.55
% of Total Investments		0.00%

Switzerland		
Holding	Security Description	Value €m
2,512	Chubb	0.31
26,418	Ferguson	1.59
813	Garmin	0.04
3,773	PSP Swiss Property	0.30
1,744	Syngenta	0.67
1,230	TE Connectivity	0.10
10,001	Transocean	0.09
79,454	UBS Group	1.22
		4.31
	% of Total Investments	0.02%

United Kingdom		
Holding	Security Description	Value €m
1,660	Aon	0.19
2,535	Arris International	0.05
1,032	Atlassian Corp	0.04
54,340	Big Yellow Group	0.53
82,046	Compass Group	1.48
14,004,502	Draper Esprit	61.76
90,295	Hammerson	0.56
551	International Game Technology	0.01
1,796	Nielsen Holdings	0.05
10,663	Reckitt Benckiser Group	0.83
184	Steris	0.01
1,487	TechnipFMC	0.04
247,519	Tritax Big Box Reit	0.42
44,471	Unilever	2.09
55,916	Unite Group	0.51
		68.56
	% of Total Investments	0.34%
Total European Quoted Equities		276.37
% of Total Investments		1.35%

NORTH AMERICA		
Canada		
Holding	Security Description	Value €m
7,926	Allied Properties	0.22
9,525	Canadian Reit	0.29
5,019	Canadian Apartment Properties	0.12
41,512	Chartwell Retirement Residence	0.45
1,522	Lions Gate Entertainment	0.04
11,294	Riocan	0.18
5,270	Tahoe Resources	0.02
		1.33
	% of Total Investments	0.01%

United States		
Holding	Security Description	Value €m
3,399	3M	0.67
38,271	Abbott Laboratories	1.82
8,624	Abbvie	0.70
444	Abiomed	0.07
371	Acadia Healthcare	0.01

United States (continued)		
Holding	Security Description	Value €m
24,862	Acadia Realty Trust	0.57
3,717	Activision Blizzard	0.20
445	Acuity Brands	0.07
2,836	Adobe Systems	0.41
754	Advance Auto Parts	0.06
5,606	Advanced Micro Devices	0.05
2,455	Aecom	0.08
1,628	Aetna	0.25
7,990	Affiliated Managers Group	1.37
2,654	Aflac	0.19
892	Agco	0.05
1,924	Agilent Technologies	0.11
3,150	Agnc Investment Corp	0.05
268	Air Lease	0.01
990	Air Products & Chemicals	0.14
1,339	Akamai Technologies	0.07
623	Akorn	0.02
1,152	Alaska Air Group	0.07
596	Albemarle	0.06
1,315	Alcoa	0.06
7,622	Alexandria Real Estate Equitie	0.83
860	Alexion Pharmaceuticals	0.09
670	Align Technology	0.12
44	Alleghany	0.02
427	Alliance Data Systems	0.09
500	Allison Transmission Holdings	0.02
2,405	Allstate	0.21
2,193	Ally Financial	0.05
191	Alnylam Pharmaceuticals	0.02
3,713	Alphabet Inc – CL A	3.26
1,673	Alphabet Inc – CL C	1.46
2,157	Amazon.com	2.10
0	Amerco	0.00
1,766	American Airlines Group	0.08
432	American Campus Communities	0.01
2,675	American Electric Power	0.16
4,154	American Express	0.34
495	American Financial Group	0.04
2,127	American Homes 4 Rent	0.04
3,761	American International Group	0.19
297	American National Insurance	0.03
16,234	American Tower	1.93
871	American Water Works	0.07
1,033	Ameriprise Financial	0.15
783	Amerisourcebergen	0.06
1,240	Ametek	0.07
4,081	Amgen	0.59
2,086	Amphenol	0.15
1,859	Anadarko Petroleum	0.08
1,997	Analog Devices	0.15
721	Andeavor	0.07
7,298	Annaly Capital Management	0.07
637	Ansys	0.08

United States (continued)		
Holding	Security Description	Value €m
1,734	Anthem	0.33
1,294	A.O. Smith	0.07
1,243	Apache	0.04
935	Apartment Investment & Management	0.03
29,038	Apple	4.10
1,281	Apple Hospitality Reit	0.02
6,484	Applied Materials	0.28
420	Aptargroup	0.03
1,093	Aqua America	0.04
962	Aramark	0.03
4,515	Archer-Daniels-Midland	0.15
1,439	Arconic	0.03
279	Arista Networks	0.05
262	Arrow Electronics	0.02
1,350	Arthur J Gallagher & Co	0.07
343	Ashland Global Holdings	0.02
672	Associated Banc-Corp	0.01
402	Assurant	0.03
30,971	AT&T	1.00
390	Athenahealth	0.04
312	Atmos Energy	0.02
1,327	Autodesk	0.12
2,232	Automatic Data Processing	0.22
506	Autonation	0.02
195	Autozone	0.12
9,021	Avalonbay Communities	1.34
811	Avangrid	0.03
739	Avery Dennison	0.07
341	Avnet	0.01
1,770	Baker Hughes	0.05
2,166	Ball	0.07
51,106	Bank Of America	1.26
296	Bank Of Hawaii	0.02
5,408	Bank Of New York Mellon	0.24
3,054	Baxter International	0.16
4,200	BB&T	0.17
1,469	Becton Dickinson & Co	0.26
3,470	Bed Bath & Beyond	0.06
9,836	Berkshire Hathaway	1.63
504	Berry Global Group	0.02
2,811	Best Buy	0.16
4,013	BGC Partners	0.05
2,652	Biogen	0.70
70	Bio-Rad Laboratories	0.01
198	Bio-Techne	0.02
860	Bioverativ	0.04
515	Black Knight	0.02
566	Blackrock	0.24
2,809	Blue Buffalo Pet Products	0.08
2,947	Boeing	0.72
1,169	Booz Allen Hamilton Holding	0.04
949	Borgwarner	0.04

Quoted Equities (continued)

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
9,584	Boston Properties	1.04	726	Choice Hotels International	0.05	766	Cypress Semiconductor	0.01
8,333	Boston Scientific	0.17	1,505	Church & Dwight	0.06	17,998	Cyrusone	0.89
1,100	Brandywine Realty Trust	0.02	1,592	Cigna	0.27	3,102	Danaher	0.24
386	Bright Horizons Family Solution	0.03	311	Cimarex Energy	0.03	846	Darden Restaurants	0.07
755	Brighthouse Financial	0.04	791	Cinnati Financial	0.05	1,329	Davita	0.08
9,089	Bristol-Myers Squibb	0.46	544	Cintas	0.07	631	DCT Industrial Trust	0.03
49,916	Brixmor Property Group	0.78	26,911	Cisco Systems	0.86	133,177	DDR	0.99
766	Broadridge Financial Solutions	0.06	275	CIT Group	0.01	1,614	Deere	0.21
5,655	Brookdale Senior Living	0.05	13,984	Citigroup	0.87	1,881	Dell Technologies Inc Class V	0.13
548	Brown & Brown	0.02	2,412	Citizens Financial Group	0.08	2,377	Delta Air Lines	0.11
2,858	Brown-Forman	0.16	1,424	Citrix Systems	0.10	1,178	Dentsply Sirona	0.06
1,530	Bruker Corp	0.04	573	Clean Harbors	0.03	2,011	Devon Energy	0.07
334	Brunswick	0.02	1,223	Clorox	0.15	807	Dexcom	0.04
636	Burlington Stores	0.07	1,716	CME Group	0.21	2,768	Dick's Sporting Goods	0.07
653	BWX Technologies	0.03	2,216	CMS Energy	0.09	1,205	Digital Realty Trust	0.11
2,849	CA	0.08	830	CNA Financial	0.04	2,412	Discover Financial Services	0.15
30	Cable One	0.02	19,327	Coca-Cola	0.74	3,685	Discovery Communications	0.07
1,955	Cabot Oil & Gas	0.05	1,026	Cognex	0.05	700	Dish Network	0.03
3,873	Cadence Design Systems	0.14	3,804	Cognizant Technology Solutions	0.23	600	Dolby Laboratories	0.03
280	Calatlantic Group	0.01	109	Coherent	0.03	1,689	Dollar General	0.13
10,479	Calpine	0.13	1,663	Colfax	0.05	1,503	Dollar Tree	0.13
5,635	Camden Property Trust	0.43	4,995	Colgate-Palmolive	0.31	3,410	Dominion Energy	0.23
1,267	Campbell Soup	0.05	1,020	Colony Northstar	0.01	480	Domino's Pizza	0.08
2,644	Capital One Financial	0.22	526	Columbia Property Trust	0.01	1,220	Domtar	0.05
1,841	Cardinal Health	0.09	23,538	Comcast	0.79	1,012	Donaldson	0.04
359	Carlisle Cos	0.03	718	Comerica	0.05	552	Douglas Emmett	0.02
643	Carmax	0.03	317	Commerce Bancshares	0.01	709	Dover	0.06
653	Carter's	0.06	2,460	Conagra Brands	0.08	10,572	Dowdupont	0.63
483	Casey's General Stores	0.05	548	Concho Resources	0.07	2,295	Dr Horton	0.10
2,935	Caterpillar	0.39	4,264	Conduent	0.06	1,311	Dr Pepper Snapple Group	0.11
374	Cavium	0.03	4,727	Conocophillips	0.22	318	DST Systems	0.02
937	CBOE Global Markets	0.10	0	Consol Energy	0.00	1,170	DTE Energy	0.11
2,357	CBRE Group	0.09	2,085	Consolidated Edison	0.15	3,959	Duke Energy	0.28
1,597	CBS	0.08	935	Constellation Brands	0.18	2,333	Duke Realty	0.05
493	CDK Global	0.03	328	Cooper	0.06	401	Dun & Bradstreet	0.04
600	CDW	0.03	1,144	Copart	0.04	1,938	DXC Technology	0.15
299	Celanese	0.03	2,123	Corelogic	0.08	1,339	E*Trade Financial	0.06
17,073	Celgene	1.49	171	Coresite Realty	0.02	281	East West Ban	0.01
1,352	Centene	0.11	4,559	Corning	0.12	4,964	Eastgroup Properties	0.37
3,178	Centerpoint Energy	0.08	1,152	Corporate Office Properties	0.03	760	Eastman Chemical	0.06
3,586	Centurylink	0.05	156	Costar Group	0.04	1,193	Eaton Vance	0.06
2,046	Cerner	0.11	8,654	Costco Wholesale	1.34	6,238	Ebay	0.20
766	CF Industries Holdings	0.03	1,605	Coty	0.03	483	Echostar	0.02
1,671	CH Robinson Worldwide	0.12	64,711	Cousins Properties	0.50	1,465	Ecolab	0.16
455	Charles River Laboratories	0.04	344	Crane	0.03	945	Edgewell Personal Care	0.05
5,093	Charles Schwab	0.22	135	Credit Acceptance	0.04	1,868	Edison International	0.10
923	Charter Communications	0.26	2,224	Crown Castle International	0.21	1,310	Edwards Lifesciences	0.12
480	Chemours	0.02	408	Crown Holdings	0.02	11,079	Electronic Arts	0.97
2,750	Chesapeake Energy	0.01	1,392	CSRA	0.03	5,735	Eli Lilly	0.40
24,642	Chesapeake Lodging Trust	0.56	3,921	CSX	0.18	3,145	Emerson Electric	0.18
9,245	Chevron	0.97	626	Cubesmart	0.02	1,985	Empire State Realty Trust	0.03
4,639	Chimera Investment	0.07	848	Cummins	0.12	713	Energizer Holdings	0.03
147	Chipotle Mexican Grill	0.04	5,944	CVS Health	0.36	1,221	Entergy	0.08

United States (continued)		
Holding	Security Description	Value €m
2,075	Envision Healthcare	0.06
2,464	EOG Resources	0.22
189	EPR Properties	0.01
859	EQT	0.04
574	Equifax	0.06
384	Equinix	0.15
900	Equity Commonwealth	0.02
2,916	Equity Lifestyle Properties	0.22
24,702	Equity Residential	1.31
361	Erie Indemnity	0.04
354	Essex Property Trust	0.07
1,909	Estee Lauder	0.20
759	Euronet Worldwide	0.05
2,123	Eversource Energy	0.11
650	Exelixis	0.02
6,082	Exelon	0.20
800	Expedia	0.08
929	Expeditors International Washington	0.05
3,248	Express Scripts Holding	0.20
691	Extra Space Storage	0.05
21,350	Exxon Mobil	1.49
752	F5 Networks	0.08
13,569	Facebook	2.00
434	Factset Research Systems	0.07
2,257	Fastenal	0.10
7,397	Federal Realty Investment Trust	0.82
1,391	Federated Investors	0.04
8,734	Fedex	1.82
2,247	Fidelity National Information	0.18
4,265	Fifth Third Bancorp	0.11
508	First American Financial	0.02
3,397	First Data	0.05
0	First Horizon National	0.00
187	First Republic Bank	0.01
1,547	First Solar	0.09
2,771	Firstenergy	0.07
1,186	Fiserv	0.13
979	FLIR Systems	0.04
1,008	Floor & Decor Holdings	0.04
3,875	Flowers Foods	0.06
427	Flowserve	0.02
2,110	Fluor	0.09
665	FMC	0.05
1,492	FNF Group	0.05
2,695	Foot Locker	0.11
22,746	Ford Motor	0.24
2,256	Forest City Realty Trust	0.05
878	Fortinet	0.03
2,072	Fortive	0.13
1,189	Fortune Brands Home & Security	0.07
1,673	Franklin Resources	0.06
8,171	Freemport-McMoRan	0.13

United States (continued)		
Holding	Security Description	Value €m
5,179	Gamestop	0.08
730	Gaming And Leisure Properties	0.02
2,900	GAP	0.08
363	Gardner Denver Holdings	0.01
635	Gartner	0.07
37,350	General Electric	0.54
2,851	General Mills	0.14
5,791	General Motors	0.20
905	Genesee & Wyoming	0.06
1,184	Genuine Parts	0.09
2,313	GGP	0.05
8,034	Gilead Sciences	0.48
907	Global Payments	0.08
594	Godaddy	0.02
1,261	Goldman Sachs Group	0.27
877	Goodyear Tire & Rubber	0.02
1,881	Graco	0.07
185	Graham Holdings	0.09
1,700	Graphic Packaging Holding	0.02
1,486	Great Plains Energy	0.04
329	Guidewire Software	0.02
3,753	H&R Block	0.08
829	Hain Celestial Group	0.03
3,608	Halliburton	0.15
1,887	Hanesbrands	0.03
247	Hanover Insurance Group	0.02
953	Harley-Davidson	0.04
809	Harris	0.10
2,337	Hartford Financial Services	0.11
1,169	Hasbro	0.09
966	Hawaiian Electric Industries	0.03
1,223	HCA Healthcare	0.09
31,600	HCP	0.69
955	HD Supply Holdings	0.03
983	Healthcare Trust Of America	0.02
920	Heico	0.07
355	Helmerich & Payne	0.02
1,320	Henry Schein	0.08
1,371	Hershey	0.13
870	Hess	0.03
5,854	Hewlett Packard Enterprise	0.07
307	Hexcel	0.02
5,138	Highwoods Properties	0.22
441	Hill-Rom Holdings	0.03
985	Hilton Grand Vacations	0.03
1,151	Hilton Worldwide Holdings	0.08
2,023	Hollyfrontier	0.09
1,683	Hologic	0.06
6,658	Home Depot	1.05
15,794	Honeywell International	2.02
1,508	Hormel Foods	0.05
1,995	Hospitality Properties Trust	0.05
5,257	Host Hotels & Resorts	0.09

United States (continued)		
Holding	Security Description	Value €m
134	Howard Hughes	0.01
10,217	HP	0.18
157	Hubbell	0.02
31,811	Hudson Pacific Properties	0.91
1,005	Humana	0.21
4,715	Huntington Bancshares	0.06
188	Huntington Ingalls Industries	0.04
2,124	Huntsman	0.06
412	Hyatt Hotels	0.03
534	IAC	0.05
358	IDEX Corp	0.04
1,009	Idexx Laboratories	0.13
1,846	Illinois Tool Works	0.26
761	illumina	0.14
667	Incyte Corp	0.05
664	Ingredion	0.08
27,062	Intel	1.04
245	Interactive Brokers Group	0.01
34,095	Intercontinental Exchange	2.01
5,000	International Business Machine	0.64
580	International Flavors & Fragrances	0.07
1,913	International Paper	0.09
1,321	Interpublic	0.02
11,587	Intuit	1.52
698	Intuitive Surgical	0.21
510	Invitation Homes	0.01
156	IPG Photonics	0.03
1,329	Iqvia Holdings	0.11
1,428	Iron Mountain	0.04
1,288	Jabil	0.03
698	Jack Henry & Associates	0.07
1,611	Jacobs Engineering Group	0.09
456	JB Hunt Transport Services	0.04
861	JBG Smith Properties	0.02
1,723	JetBlue Airways	0.03
999	JM Smucker	0.10
788	John Wiley & Sons	0.04
15,269	Johnson & Johnson	1.78
695	Jones Lang Lasalle	0.09
19,188	JP Morgan Chase	1.71
3,364	Juniper Networks	0.08
414	Juno Therapeutics	0.02
537	Kansas City Southern	0.05
345	Kar Auction Services	0.01
1,315	Kellogg	0.07
5,213	Key Corp	0.09
599	Keysight Technologies	0.02
200	Kilroy Realty	0.01
2,186	Kimberly-Clark	0.22
1,359	Kimco Realty	0.02
8,539	Kinder Morgan	0.13
1,183	Kirby	0.07

Quoted Equities (continued)

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
1,024	KLA-Tencor	0.09	880	McCormick & Co	0.07	2,850	Nisource	0.06
2,606	Kohls	0.12	4,313	McDonald's	0.62	1,759	Noble Energy	0.04
2,516	Kraft Heinz	0.16	1,124	McKesson	0.15	177	Nordson	0.02
6,112	Kroger	0.14	1,339	MDU Resources Group	0.03	1,756	Nordstrom	0.07
2,178	L Brands	0.11	1,741	Medical Properties Trust	0.02	1,224	Norfolk Southern	0.15
744	Laboratory Corporation Of America	0.10	874	Mednax	0.04	22,321	Northern Trust	1.86
1,221	LAM Research	0.19	13,710	Merck & Co	0.64	990	Northrop Grumman	0.25
272	Lamar Advertising	0.02	230	Mercury General	0.01	1,544	Nu Skin Enterprises	0.09
1,189	Lamb Weston Holdings	0.06	4,547	Metlife	0.19	4,003	Nuance Communications	0.05
625	Landstar System	0.05	273	Mettler-Toledo International	0.14	1,297	Nucor	0.07
618	Las Vegas Sands	0.04	7,166	MFA Financial	0.05	3,108	NVIDIA	0.50
296	Lear	0.04	1,614	MGM Resorts International	0.04	20	NVR	0.06
822	Legg Mason	0.03	2,943	Michaels Companies	0.06	3,141	Occidental Petroleum	0.19
846	Leggett & Platt	0.03	1,328	Microchip Technology	0.10	3,515	Oceaneering International	0.06
849	Leidos Holdings	0.05	8,544	Micron Technology	0.29	176	Old Dominion Freight Line	0.02
2,911	Lennar	0.14	744	Microsemi	0.03	2,115	Old Republic International	0.04
364	Lennox International	0.06	42,981	Microsoft	3.07	675	OLIN	0.02
3,395	Leucadia National	0.07	7,385	Mid-America Apartment Communities	0.62	1,073	Omnicom Group	0.07
516	Liberty Broadband	0.04	13,854	Middleby	1.56	4,372	On Semiconductor	0.08
1,382	Liberty Expedia Holdings	0.05	405	Mohawk Industries	0.09	718	OneMain Holdings	0.02
1,545	Liberty Interactive	0.03	1,743	Molson Coors Brewing	0.12	1,538	Oneok	0.07
1,983	Liberty Media Corporation - Liberty	0.07	6,442	Mondelez International	0.23	16,608	Oracle	0.65
703	Liberty Property Trust	0.03	2,546	Monsanto	0.25	650	O'Reilly Automotive	0.13
300	Liberty Ventures	0.01	2,336	Monster Beverage	0.12	1,100	Owens Corning	0.08
9,012	Life Storage	0.67	1,005	Moody's	0.12	705	Owens-Illinois	0.01
720	Live Nation Entertainment	0.03	6,913	Morgan Stanley	0.30	1,670	Paccar	0.10
2,067	LKQ	0.07	376	Morningstar	0.03	510	Packaging Corporation Of America	0.05
1,853	Loews Corp	0.08	1,158	Mosaic	0.02	180	Palo Alto Networks	0.02
145	Logmein	0.01	966	Motorola Solutions	0.07	7,389	Pandora Media	0.03
301	Lincoln Electric Holdings	0.02	622	Msc Industrial Direct	0.05	900	Paramount Group	0.01
1,425	Lincoln National	0.09	824	MSCI	0.09	651	Park Hotels & Resorts	0.02
4,843	Lowe's	0.38	628	Murphy Oil	0.02	671	Parker-Hannifin	0.11
674	LPL Financial Holdings	0.03	382	Murphy USA	0.03	1,158	Patterson	0.03
877	Lululemon Athletica	0.06	819	Nasdaq	0.05	1,762	Paychex	0.10
715	M&T Bank	0.10	578	National Fuel Gas	0.03	5,521	Paypal Holdings	0.34
6,074	Macerich	0.33	2,464	National Instruments	0.09	920	PBF Energy	0.03
262	Macquarie Infrastructure	0.01	1,792	National Oilwell Varco	0.05	11,717	Pebblebrook Hotel Trust	0.36
4,994	Macy's	0.10	312	National Retail Properties	0.01	2,196	People's United Financial	0.03
71	Madison Square Garden	0.01	5,026	Navient	0.06	8,064	Pepsico	0.81
1,481	Manhattan Associates	0.06	1,180	NCR	0.03	961	Perkinelmer	0.06
651	Manpowergroup	0.07	1,482	NetApp	0.07	32,399	Pfizer	0.98
2,954	Marathon Petroleum	0.16	2,407	Netflix	0.39	2,768	PG & E	0.10
24	Markel	0.02	175	Neurocrine Biosciences	0.01	2,013	Phillips 66	0.17
217	Marketaxess Holdings	0.04	3,175	New Residential Investment	0.05	2,100	Piedmont Office Realty Trust	0.03
1,747	Marriott International	0.20	1,551	New York Community Bank	0.02	2,757	Pilgrim's Pride	0.07
3,518	Marsh & McLennan	0.24	1,755	Newell Brands	0.05	739	Pinnacle Foods	0.04
211	Martin Marietta Materials	0.04	651	Newfield Exploration	0.02	936	Pinnacle West Capital	0.07
2,696	Masco	0.10	100	Newmarket	0.03	590	Pioneer Natural Resources	0.09
5,069	Mastercard	0.64	3,396	Newmont Mining	0.11	1,581	Pitney Bowes	0.01
1,565	Match Group	0.04	4,834	News	0.07	6,024	Platform Specialty Products	0.05
2,436	Mattel	0.03	2,546	Nextera Energy	0.33	2,527	PNC Financial Services Group I	0.30
1,004	Maxim Integrated Products	0.04	21,194	Nike	1.11	452	Polaris Industries	0.05

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
604	Pool	0.07	2,702	Santander Consumer USA	0.04	2,283	Tapestry	0.08
1,049	Post Holdings	0.07	748	SBA Communications	0.10	4,008	Target	0.22
1,431	PPG Industries	0.14	909	Scana	0.03	1,006	TCF Financial	0.02
4,145	PPL	0.11	300	Scotts Miracle-Gro	0.03	2,089	Tegna	0.02
1,404	Praxair	0.18	312	Scripps Networks Interactive I	0.02	99	Teledyne Technologies	0.01
700	Premier	0.02	13	Seaboard	0.05	164	Teleflex	0.03
283	Priceline Group	0.41	887	Sealed Air	0.04	1,560	Telephone & Data Systems	0.04
1,561	Principal Financial Group	0.09	896	Seattle Genetics	0.04	521	Tempur Sealy International	0.03
249	ProAssurance	0.01	1,032	SEI Investments	0.06	2,197	Teradata	0.07
13,327	Procter & Gamble	1.02	1,426	Sempra Energy	0.13	1,750	Teradyne	0.06
3,574	Progressive Corp	0.17	1,338	Senior Housing Properties	0.02	1,283	Terex	0.05
28,671	Prologis	1.54	806	Service Corporation International	0.03	113	Tesla	0.03
2,398	Prudential Financial	0.23	476	Servicemaster Global Holdings	0.02	5,974	Texas Instruments	0.52
411	PTC	0.02	627	Servicenow	0.07	1,104	TFS Financial	0.01
2,592	Public Service Enterprise	0.11	502	Sherwin-Williams	0.17	2,199	Thermo Fisher Scientific	0.35
3,033	Public Storage	0.53	36,375	Shire	1.60	229	Thor Industries	0.03
3,182	Pultegroup	0.09	1,024	Silgan Holdings	0.03	1,029	Tiffany & Co	0.09
652	PVH	0.07	16,236	Simon Property Group	2.33	3,805	Time Warner	0.29
1,024	Qorvo	0.06	4,894	Sirius XM Holdings	0.02	3,992	TJX Cos	0.25
6,183	Qualcomm	0.33	215	Six Flags Entertainment	0.01	1,160	T-Mobile US	0.06
966	Quanta Services	0.03	1,649	Skechers U.S.A.	0.05	1,700	Toll Brothers	0.07
898	Quest Diagnostics	0.07	1,356	Skyworks Solutions	0.11	745	Torchmark	0.06
1,023	Ralph Lauren	0.09	448	SL Green Realty	0.04	1,468	Toro	0.08
557	Range Resources	0.01	449	Snap-On	0.07	1,475	Total System Services	0.10
774	Raymond James Financial	0.06	378	Sonoco Products	0.02	1,382	Tractor Supply	0.09
400	Rayonier	0.01	4,963	Southern	0.20	219	Transdigm Group	0.05
3,201	Realogy Holdings	0.07	395	Southern Copper	0.02	1,607	Travelers Cos	0.18
1,409	Realty Income	0.07	3,031	Southwest Airlines	0.17	2,247	Treehouse Foods	0.09
1,350	Red Hat	0.14	357	Spectrum Brands Holdings	0.03	504	Trimble	0.02
1,167	Regal Beloit	0.07	636	Spirit Aerosystems Holdings	0.05	1,895	Tripadvisor	0.05
707	Regency Centers	0.04	635	Splunk	0.04	1,111	Tupperware Brands	0.06
286	Regeneron Pharmaceuticals	0.09	2,832	Sprouts Farmers Market	0.06	5,778	Twenty-First Century Fox	0.17
6,093	Regions Financial	0.09	1,264	Square	0.04	647	Twitter	0.01
396	Reinsurance Group of America	0.05	1,282	SS&C Technologies Holdings	0.04	2,479	Two Harbors Investment	0.03
173	Reliance Steel & Aluminum	0.01	911	Stanley Black & Decker	0.13	67	Tyler Technologies	0.01
1,606	Republic Services	0.09	7,572	Starbucks	0.36	2,338	Tyson Foods	0.16
955	Resmed	0.07	1,050	Starwood Property Trust	0.02	1,786	UDR	0.06
989	Retail Properties of America	0.01	1,830	State Street	0.15	1,518	UGI	0.06
60,244	Rite Aid	0.10	452	Steel Dynamics	0.02	505	Ulta Beauty	0.09
36,674	RLJ Lodging Trust	0.67	860	Stericycle	0.05	160	Ultimate Software Group	0.03
1,715	Robert Half International	0.08	2,004	Stryker	0.26	7,121	Under Armour	0.08
763	Rockwell Automation	0.12	415	Sun Communities	0.03	3,512	Union Pacific	0.39
959	Rockwell Collins	0.11	2,664	Suntrust Banks	0.14	935	United Continental Holdings	0.05
2,224	Rollins	0.09	1,774	Switch	0.03	2,930	United Parcel Service	0.29
642	Roper Technologies	0.14	2,997	Symantec	0.07	308	United Rentals	0.04
2,365	Ross Stores	0.16	4,198	Synchrony Financial	0.14	863	United States Cellular	0.03
196	Royal Gold	0.01	1,703	Synopsys	0.12	1,977	United States Steel	0.06
718	RPC	0.02	275	Synovus Financial	0.01	3,691	United Technologies	0.39
1,000	RPM International	0.04	3,514	Sysco	0.18	721	United Therapeutics	0.09
1,962	S&P Global	0.28	1,603	T Rowe Price Group	0.14	5,613	Unitedhealth Group	1.03
1,168	Sabre Corp	0.02	956	Tableau Software	0.06	1,457	Univar	0.04
4,235	Salesforce.Com	0.36	291	Take-Two Interactive Software	0.03	135	Universal Display	0.02
3,990	Sally Beauty Holdings	0.06	538	Tanger Factory Outlet Centers	0.01	604	Universal Health Services	0.06

Quoted Equities (continued)

United States (continued)		
Holding	Security Description	Value €m
1,808	Unum Group	0.08
2,720	Urban Outfitters	0.08
7,541	US Bancorp	0.34
3,583	US Foods Holding	0.10
171	Vail Resorts	0.03
3,361	Valero Energy	0.26
168	Valmont Industries	0.02
1,412	Valvoline	0.03
754	Vantiv	0.05
879	Varian Medical Systems	0.08
617	Vectren	0.03
682	Veeva Systems	0.03
17,744	Ventas	0.89
2,702	Vereit	0.02
788	Verisign	0.08
852	Verisk Analytics	0.07
21,250	Verizon Communications	0.94
926	Versum Materials	0.03
1,643	Vertex Pharmaceuticals	0.21
2,554	VF	0.16
3,486	Viacom	0.09
9,090	Visa	0.87
146	Visteon	0.02
1,893	Vistra Energy	0.03
500	VMware	0.05
13,990	Vornado Realty Trust	0.91
437	Vulcan Materials	0.05
192	Wabco Holdings	0.02
5,796	Walgreens Boots Alliance	0.35
9,463	Wal-Mart Stores	0.78
7,751	Walt Disney	0.70
2,464	Waste Management	0.18
521	Waters	0.08
368	Watsco	0.05
1,039	Wayfair	0.07
652	Welbilt	0.01
338	Wellcare Health Plans	0.06
41,728	Wells Fargo	2.11
9,993	Welltower	0.53
1,305	Wesco International	0.07
0	Westar Energy	0.00
2,136	Western Digital	0.14
2,943	Western Union	0.05
117	Westlake Chemical	0.01
1,734	Westrock	0.09
87	WEX	0.01
3,354	Weyerhaeuser	0.10
361	Whirlpool	0.05
3,153	Williams Cos	0.08
1,215	Williams-Sonoma	0.05
206	Workday	0.02
0	World Fuel Services	0.00
523	WP Carey	0.03

United States (continued)		
Holding	Security Description	Value €m
617	WR Berkley	0.04
248	WR Grace	0.01
525	WW Grainger	0.10
810	Wyndham Worldwide	0.08
414	Wynn Resorts	0.06
781	Xerox	0.02
1,281	Xilinx	0.07
259	XPO Logistics	0.02
1,155	Xylem	0.07
1,140	Yum China Holdings	0.04
2,756	Yum! Brands	0.19
716	Zayo Group Holdings	0.02
155	Zebra Technologies	0.01
833	Zimmer Biomet Holdings	0.08
961	Zions Banoration	0.04
3,234	Zoetis	0.19
3,040	Zynga	0.01
		154.56
	% of Total Investments	0.76%
Total North American Quoted Equities		155.89
	% of Total Investments	0.76%

ASIA PACIFIC		
Australia		
Holding	Security Description	Value €m
200,430	ACN	0.00
2,423	Jacana Minerals	0.00
268,837	Prime Infra GRP-Prime AETD Holdings	0.00
662,619	Propertylink Group	0.43
186,917	Scentre Group	0.51
162,917	Shopping Centres Australasia	0.25
237,475	The GPT Group	0.79
		1.99
	% of Total Investments	0.01%

Hong Kong		
Holding	Security Description	Value €m
97,500	CK Asset Holdings	0.71
863,100	Hanergy Thin Film Power Group	0.00
128,100	Hongkong Land Holdings	0.75
51,500	Link Reit	0.40
70,000	Sun Hung Kai Properties	0.97
30,000	Wharf Real Estate Investment	0.17
		3.00
	% of Total Investments	0.01%

Japan		
Holding	Security Description	Value €m
251	Daiwa House Reit Investment	0.50
32,300	Hoya	1.34
1,181	Invincible Investment	0.42
272	Kenedix Retail	0.47

Japan (continued)		
Holding	Security Description	Value €m
83,400	Mitsubishi Estate	1.21
43,300	Mitsui Fudosan	0.81
10,500	Nidec	1.23
490	Nomura Real Estate Master Fund	0.51
660	Orix Jreit	0.76
29,000	Sumitomo Realty & Development	0.80
		8.04
	% of Total Investments	0.04%

Singapore		
Holding	Security Description	Value €m
202,200	Ascendas Real Estate Investment	0.34
1,944	Broadcom	0.42
48,300	City Developments	0.38
249,100	Mapletree Commercial Trust	0.25
		1.39
	% of Total Investments	0.01%
Total Asia Pacific Quoted Equities		14.41
	% of Total Investments	0.07%

EMERGING MARKETS		
Bermuda		
Holding	Security Description	Value €m
447	Arch Capital Group	0.03
837	Assured Guaranty	0.02
382	Athene Holding	0.02
350	Axis Capital Holdings	0.01
208	Bunge	0.01
203	Everest Re Group	0.04
2,133	Genpact	0.06
2,339	IHS Markit	0.09
1,891	Invesco	0.06
933	Lazard	0.04
1,200	Marvell Technology Group	0.02
984	Norwegian Cruise Line Holdings	0.04
160	Renaissancere Holdings	0.02
1,862	Signet Jewelers	0.09
30	White Mountains Insurance Group	0.02
1,620	XL Group	0.05
		0.62
	% of Total Investments	0.00%

British Virgin Islands		
Holding	Security Description	Value €m
1,985	Michael Kors Holdings	0.10
		0.10
	% of Total Investments	0.00%

Cayman Islands

Holding	Security Description	Value €m
849	Herbalife	0.05
		0.05
	% of Total Investments	0.00%

China

Holding	Security Description	Value €m
286,000	China Hongxing Sports	0.02
262,000	China Milk Products Group	0.00
		0.02
	% of Total Investments	0.00%

Curacao

Holding	Security Description	Value €m
5,812	Schlumberger	0.33
		0.33
	% of Total Investments	0.00%

Liberia

Holding	Security Description	Value €m
1,347	Royal Caribbean Cruises	0.13
		0.13
	% of Total Investments	0.00%

Panama

Holding	Security Description	Value €m
2,459	Carnival	0.14
430	Copa Holdings	0.04
		0.18
	% of Total Investments	0.00%

Puerto Rico

Holding	Security Description	Value €m
768	Popular	0.02
		0.02
	% of Total Investments	0.00%

South Korea

Holding	Security Description	Value €m
3,227	Forhuman	0.00
		0.00
	% of Total Investments	0.00%

Total Emerging Markets Quoted Equities	1.46
% of Total Investments	0.01%
Total Quoted Securities - Equities	448.13
% of Total Investments	2.19%

Quoted Debt Instruments

EUROPE		
Austria		
Nominal	Security Description	Value €m
916,000	OMV AG 1.750% 11/25/2019	0.95
		0.95
	% of Total Investments	0.00%

Belgium		
Nominal	Security Description	Value €m
3,112,000	Anheuser-Busch Inbev SA/NV Regs variable rate 03/17/2020	3.16
100,000	Argenta Spaarbank NV Regs variable rate 05/24/2026	0.11
600,000	Anheuser-Busch Inbev SA/NV Regs 0.800% 04/20/2023	0.61
500,000	Belfius Bank SA/NV Regs 0.625% 10/14/2021	0.51
800,000	Belfius Bank SA/NV Regs 0.750% 09/12/2022	0.80
600,000	KBC Bank NV Regs 1.250% 05/28/2020	0.62
1,250,000	KBC Group NV Regs variable rate 12/31/2049	1.30
2,400,000	KBC Group NV Regs variable rate 11/24/2022	2.43
1,400,000	KBC Group NV Regs 0.750% 03/01/2022	1.42
600,000	KBC Group NV Regs variable rate 09/18/2029	0.60
0	Ontex Group NV Regs 4.750% 11/15/2021	0.00
		11.56
	% of Total Investments	0.06%

Denmark		
Nominal	Security Description	Value €m
1,703,000	Danske Bank A/S Regs variable rate 09/29/2021	1.98
11,800,000	Nordea Kredit Realkreditakties A/S 1.000% 04/01/2022	1.64
12,000,000	Nordea Kredit Realkreditakties A/S 2.000% 04/01/2020	1.69
22,696,993	Nykredit Realkredit A/S Regs 1.000% 01/01/2021	3.15
7,412,245	Nykredit Realkredit A/S Regs 2.000% 10/01/2047	1.00
6,000,000	Nykredit Realkredit A/S Regs 2.000% 10/01/2050	0.80
1,150,000	Orsted A/S Regs variable rate 07/08/3013	1.18
30,275,000	Realkredit Danmark A/S 1.000% 04/01/2020	4.18
23,800,000	Realkredit Danmark A/S 1.000% 04/01/2022	3.32
21,860,440	Realkredit Danmark A/S 2.000% 01/01/2020	3.07
14,770,983	Realkredit Danmark A/S 2.000% 10/01/2047	2.00
		24.02
	% of Total Investments	0.12%

Finland		
Nominal	Security Description	Value €m
1,509,000	CRH Finland Services Oyj Regs 2.750% 10/15/2020	1.61
758,000	Op Corporate Bank Plc Regs 1.125% 06/17/2019	0.77
1,225,000	Op Corporate Bank Plc Regs 0.375% 10/11/2022	1.23
		3.61
	% of Total Investments	0.02%

France		
Nominal	Security Description	Value €m
2,000,000	Air Liquide SA 2.908% 10/12/2018	2.05
2,000,000	Arkema SA Regs variable rate 12/31/2049	2.19
2,700,000	Autoroutes Du Sud De La F Regs 4.000% 09/24/2018	2.78
5,000,000	AXA SA Regs variable rate 04/16/2040	5.54
1,000,000	Banque Federative Du Credit Regs variable rate 06/03/2020	1.01
500,000	Banque Federative Du Credit Regs 0.375% 01/13/2022	0.50
1,500,000	Banque Federative Du Credit Regs 0.250% 06/14/2019	1.51
1,582,000	BNP Paribas SA 2.375% 05/21/2020 Dd 05/21/15	1.32
11,000,000	BNP Paribas SA 144A 3.800% 01/10/2024 Dd 01/10/17	9.49
1,000,000	BNP Paribas SA Regs 0.750% 11/11/2022	1.02
2,391,000	BNP Paribas SA Regs 2.500% 08/23/2019	2.49
5,200,000	BPCE Sfh SA Regs 2.125% 09/17/2020	5.53
1,500,000	Capgemini Se Regs 1.750% 07/01/2020	1.56
4,000,000	Cie De Financement Foncier Regs 0.125% 02/18/2020	4.04
700,000	Cie De Saint-Gobain Regs 0.000% 03/27/2020	0.70
2,776,000	Credit Agricole SA/London 144A 2.750% 06/10/2020 Dd 06/10/15	2.33
6,100,000	Credit Agricole SA/London 144A 3.250% 10/04/2024 Dd 10/04/17	5.05
1,000,000	Credit Agricole SA/London Regs 1.375% 05/03/2027	1.03
100,000	Credit Mutuel Arkea SA variable rate 10/25/2029	0.10
1,700,000	Danone SA Regs 0.167% 11/03/2020	1.71
8,400,000	Electricite De France SA 5.000% 02/05/2018	8.44
600,000	Electricite De France SA Regs variable rate 12/31/2049	0.64
1,900,000	Engie SA Regs variable rate 12/31/2049	1.97
1,200,000	Engie SA Regs variable rate 12/31/2049	1.22
739,000	Engie SA Regs 2.250% 06/01/2018	0.75
5,800,000	Engie SA Regs 0.375% 02/28/2023	5.78
		118.42
	% of Total Investments	0.58%

France (continued)		
Nominal	Security Description	Value €m
3,800,000	Eutelsat SA Regs 5.000% 01/14/2019	3.99
1,000,000	Faurecia Regs 3.625% 06/15/2023	1.05
1,610,000	French Republic Government 144A 1.750% 06/25/2039	1.70
641,416	French Republic Government Regs 0.100% 03/01/2021	0.68
5,000,000	French Republic Government Regs 3.500% 04/25/2020	5.46
600,000	Gecina SA Regs variable rate 06/30/2022	0.60
0	Imerys SA Regs 2.500% 11/26/2020	0.00
7,650,000	Lafarge SA Regs step 11/29/2018	8.02
2,700,000	Legrand SA Regs 0.500% 10/09/2023	2.69
600,000	Lvmh Moet Hennessy Louis Regs 0.375% 05/26/2022	0.60
700,000	Orange SA Regs variable rate 12/31/2049	0.75
0	Picard Groupe Sas Regs variable rate 08/01/2019	0.00
800,000	RCI Banque SA Regs variable rate 04/12/2021	0.81
525,000	RCI Banque SA Regs variable rate 03/14/2022	0.53
300,000	RCI Banque SA Regs variable rate 07/08/2020	0.30
716,000	Renault SA Regs 3.625% 09/19/2018	0.74
700,000	Safran SA Regs variable rate 06/28/2021	0.70
1,048,000	SFR Group SA 144A 6.000% 05/15/2022 Dd 05/08/14	0.88
230,000	SFR Group SA 144A 6.250% 05/15/2024 Dd 05/08/14	0.19
600,000	SNCF Reseau Regs 2.250% 12/20/2047	0.63
405,000	Societe Generale SA 5.000% 12/20/2018	0.47
2,000,000	Societe Generale SA Regs 6.125% 08/20/2018	2.08
1,400,000	Societe Generale SA Regs variable rate 04/01/2022	1.43
500,000	Societe Generale SA Regs 0.500% 01/13/2023	0.50
3,600,000	Societe Generale SA Regs variable rate 09/16/2026	3.82
1,000,000	SPCM SA Regs 2.875% 06/15/2023	1.01
450,000	Total Capital International Regs 1.250% 12/16/2024	0.50
3,900,000	Total Capital International Regs 0.625% 10/04/2024	3.90
1,700,000	Total Capital International SA 2.100% 06/19/2019 Dd 06/23/14	1.42
2,215,000	Unibail-Rodamco Se Regs 2.250% 08/01/2018	2.25
		118.42
	% of Total Investments	0.58%

Germany		
Nominal	Security Description	Value €m
583,347	Bundesrepublik Deutschlan Regs 2.000% 01/04/2022	0.64
2,174,000	Commerzbank Ag 144A 8.125% 09/19/2023 Dd 09/19/13	2.17
1,610,000	Continental Ag Regs 3.000% 07/16/2018	1.64
650,000	Continental Ag Regs 0.000% 02/05/2020	0.65
6,760,000	Daimler Ag Regs 2.375% 07/16/2018	7.68
1,700,000	Deutsche Bahn Finance Gmb Regs 0.000% 07/19/2021	1.70
900,000	Deutsche Bank Ag variable rate 05/16/2022	0.91
1,600,000	Deutsche Bank Ag 1.000% 03/18/2019	1.62
4,600,000	Deutsche Bank Ag 2.850% 05/10/2019 Dd 05/12/16	3.85
2,000,000	Deutsche Bank Ag Regs 1.250% 09/08/2021	2.05
6,500,000	Deutsche Bank Ag/London 3.700% 05/30/2024 Dd 05/30/14	5.46
1,600,000	Erste Abwicklungsanstalt Regs 0.000% 06/12/2020	1.61
600,000	Eurogrid Gmbh Regs 3.875% 10/22/2020	0.66
4,300,000	FMS Wertmanagement Aoer Regs 0.000% 09/18/2020	4.34
2,000,000	FMS Wertmanagement Aoer Regs 0.000% 11/13/2020	2.02
325,000	Henkel Ag & Co Kгаа Regs 0.000% 09/13/2018	0.33
1,500,000	IHO Verwaltungs Gmbh Regs 3.250% 09/15/2023	1.56
463,685	IHO Verwaltungs Gmbh Regs 2.750% 09/15/2021	0.48
3,123,000	SAP Se Regs 2.125% 11/13/2019	3.26
1,285,000	Thyssenkrupp Ag 4.000% 08/27/2018	1.32
300,000	Volkswagen Bank Gmbh Regs variable rate 06/15/2021	0.30
5,400,000	Volkswagen Bank Gmbh Regs 1.500% 02/13/2019	5.49
		49.72
	% of Total Investments	0.24%

Guernsey Channel Islands		
Nominal	Security Description	Value €m
1,398,000	Credit Suisse Group Funding Regs 2.750% 08/08/2025	1.63
7,700,000	Credit Suisse Group Funding Gu 2.750% 03/26/2020 DD 09/26/15	6.45
		8.07
	% of Total Investments	0.04%

Ireland		
Nominal	Security Description	Value €m
260,000	Allied Irish Banks Plc Regs variable rate 11/26/2025	0.28

Ireland (continued)		
Nominal	Security Description	Value €m
700,000	Aquarius & Investments Pl Regs variable rate 10/02/2043	0.82
1,200,000	Ardagh Packaging Finance 144A 4.250% 09/15/2022 DD 03/08/17	1.02
500,000	Cloverie Plc For Swiss Re Regs variable rate 09/01/2042	0.63
35,000,000	DAA Finance Plc Regs 1.554% 06/07/2028	35.39
824,000	Endo Dac/Endo Finance Ltd 144A 6.000% 07/15/2023 DD 07/09/15	0.54
1,125,000	Fresenius Finance Ireland Regs 0.875% 01/31/2022	1.14
2,483,000	GE Capital European Funding Regs 2.250% 07/20/2020	2.62
2,563,000	GE Capital European Funding Regs 1.625% 03/15/2018	2.57
1,315,000	Ireland Government Bond Regs 1.700% 05/15/2037	1.36
442,420	Ireland Government Bond Regs 1.000% 05/15/2026	0.45
1,500,000	Shire Acquisitions Investments 1.900% 09/23/2019 DD 09/23/16	1.24
2,785,000	Smurfit Kappa Acquisition 144A 4.875% 09/15/2018 DD 09/12/12	2.35
		50.42
	% of Total Investments	0.25%

Italy		
Nominal	Security Description	Value €m
5,110,000	Assicurazioni Generali Sp Regs 2.875% 01/14/2020	5.41
1,800,000	Assicurazioni Generali Sp Regs variable rate 07/10/2042	2.48
300,000	Assicurazioni Generali Sp Regs variable rate 12/12/2042	0.39
1,428,000	Atlantia Spa 3.625% 11/30/2018	1.48
1,000,000	Autostrade Per L'Italia Spa 5.875% 06/09/2024	1.31
916,000	Enel Spa Regs 4.750% 06/12/2018	0.94
1,422,000	Eni Spa Regs 1.000% 03/14/2025	1.43
325,000	FCA Bank Spa/Ireland Regs 0.250% 10/12/2020	0.33
5,200,000	FCA Bank Spa/Ireland Regs 2.625% 04/17/2019	5.38
1,340,000	FCA Bank Spa/Ireland Regs 2.875% 01/26/2018	1.34
3,800,000	FCA Bank Spa/Ireland Regs 4.000% 10/17/2018	3.92
625,000	Intesa Sanpaolo Spa Regs 0.875% 06/27/2022	0.63
2,600,000	Intesa Sanpaolo Spa Regs 3.000% 01/28/2019	2.69
19,195,000	Intesa Sanpaolo Spa 3.875% 01/16/2018 DD 01/16/13	16.02

Italy (continued)		
Nominal	Security Description	Value €m
300,000	Intesa Sanpaolo Spa Regs 4.000% 11/08/2018	0.31
2,400,000	Intesa Sanpaolo Spa Regs 4.375% 10/15/2019	2.59
300,000	Intesa Sanpaolo Spa Regs variable rate 12/31/2049	0.33
113,040	Italy Buoni Poliennali De 144A 0.100% 05/15/2022	0.12
1,100,000	Italy Buoni Poliennali De 144A 2.700% 03/01/2047	1.00
533,733	Italy Buoni Poliennali De Regs 1.250% 10/27/2020	0.56
2,415,955	Italy Buoni Poliennali De Regs 1.650% 04/23/2020	2.56
2,077,495	Italy Buoni Poliennali De Regs 2.350% 09/15/2019	2.21
547,000	Italy Buoni Poliennali De Regs 4.500% 03/01/2026	0.66
10,000,000	Italy Buoni Poliennali Del Tes 0.700% 05/01/2020	10.16
544,000	Italy Buoni Poliennali Del Tes 1.350% 04/15/2022	0.56
273,101	Italy Buoni Poliennali Del Tes 1.700% 09/15/2018	0.28
925,000	Mediobanca Banca Di Credito Regs 0.625% 09/27/2022	0.92
400,000	Mediobanca Banca Di Credito Regs 0.750% 02/17/2020	0.41
950,000	Mediobanca Banca Di Credito Regs 1.250% 11/24/2029	0.94
1,440,000	Mediobanca Banca Di Credito Regs 2.250% 03/18/2019	1.48
1,205,000	Telecom Italia Spa/Milano 6.125% 12/14/2018	1.27
1,000,000	Telecom Italia Spa/Milano Regs 3.250% 01/16/2023	1.10
2,986,000	Terna Rete Elettrica Nazionale Regs 2.875% 02/16/2018	3.00
1,800,000	Unicredit Spa Regs 1.500% 06/19/2019	1.84
7,250,000	Unicredit Spa Regs 3.375% 01/11/2018	7.26
400,000	Unicredit Spa Regs 6.950% 10/31/2022	0.49
820,000	Unicredit Spa Regs variable rate 10/28/2025	0.91
		84.68
	% of Total Investments	0.41%

Jersey Channel Islands		
Nominal	Security Description	Value €m
6,900,000	Glencore Finance Europe Ltd Regs STEP 04/03/2022	9.00
7,165,000	Heathrow Funding Ltd Regs 6.250% 09/10/2018	8.36
2,770,000	Glencore Finance Europe Ltd Regs 3.375% 09/30/2020	3.00
		20.37
	% of Total Investments	0.10%

Quoted Debt Instruments (continued)

Luxembourg		
Nominal	Security Description	Value €m
6,400,000	Ado Properties Sa Regs 1.500% 07/26/2024	6.45
858,000	Allergan Funding Scs 0.500% 06/01/2021	0.86
6,911,000	Allergan Funding Scs 3.000% 03/12/2020 Dd 03/12/15	5.81
2,392,000	Arcelormittal 5.125% 06/01/2020 Dd 06/01/15	2.08
1,060,000	Arcelormittal Regs 2.875% 07/06/2020	1.13
525,000	Arcelormittal variable rate 02/25/2022 Dd 02/28/12	0.49
1,225,000	Arcelormittal variable rate 03/01/2021 Dd 03/07/11	1.10
1,200,000	Heidelbergcement Finance Regs 3.250% 10/21/2020	1.30
1,565,000	Heidelbergcement Finance Regs 5.625% 01/04/2018	1.57
2,500,000	Holcim US Finance Sarl & 144A 6.000% 12/30/2019	2.21
935,000	Intelsat Jackson Holdings 144A 8.000% 02/15/2024 Dd 03/29/16	0.82
1,631,000	John Deere Cash Management Regs 0.500% 09/15/2023	1.63
1,150,000	Mallinckrodt International 144A 4.875% 04/15/2020 Dd 04/15/15	0.92
10,234,000	SES Sa 144A 3.600% 04/04/2023 Dd 04/04/13	8.55
690,489	Travelport 8/17 Tld	0.58
		35.50
	% of Total Investments	0.17%

Netherlands		
Nominal	Security Description	Value €m
2,946,000	ABB Finance BV Regs 2.625% 03/26/2019	3.04
5,310,000	ABN Amro Bank NV Regs variable rate 06/30/2025	5.62
400,000	ABN Amro Bank NV Regs variable rate 12/31/2049	0.44
3,615,000	Achmea Bank NV 2.000% 01/23/2018	3.62
1,543,000	Achmea Bank NV Regs 0.875% 09/17/2018	1.55
8,268,000	BMW Finance NV 3.625% 01/29/2018	8.29
775,000	BMW Finance NV Regs 0.125% 01/12/2021	0.78
3,112,000	BMW Finance NV Regs 0.500% 09/05/2018	3.13
1,553,000	Brenntag Finance BV Regs 5.500% 07/19/2018	1.60
1,283,000	Bunge Finance Europe BV 1.850% 06/16/2023	1.33
2,530,000	Cooperatieve Rabobank UA/ Ny 2.250% 01/14/2020 Dd 01/14/15	2.11
2,824,000	Cooperatieve Rabobank UA 3.500% 10/17/2018	2.91
6,050,000	Cooperatieve Rabobank UA Regs 4.875% 01/10/2023	7.92

Netherlands (continued)		
Nominal	Security Description	Value €m
200,000	Cooperatieve Rabobank UA Regs variable rate 12/31/2049	0.22
2,250,000	Daimler International Finance Regs 0.200% 09/13/2021	2.25
625,000	De Volksbank NV Regs 0.125% 09/28/2020	0.63
615,000	De Volksbank NV Regs variable rate 11/05/2025	0.67
1,400,000	Deutsche Telekom International Regs 0.625% 12/13/2024	1.38
2,580,000	EDP Finance BV 144A 4.125% 01/15/2020	2.22
5,598,000	EDP Finance BV 144A 4.900% 10/01/2019 Dd 09/29/09	4.86
3,022,000	EDP Finance BV Regs 8.625% 01/04/2024	4.59
1,075,000	Ferrari NV Regs 0.250% 01/16/2021	1.07
750,000	Goodyear Dunlop Tires Eur Regs 3.750% 12/15/2023	0.78
2,410,000	ING Bank NV 144A 2.450% 03/16/2020 Dd 03/16/15	2.01
3,100,000	ING Bank NV Regs 0.700% 04/16/2020	3.15
2,247,000	ING Bank NV Regs 3.250% 04/03/2019	2.34
2,425,000	ING Bank NV Regs variable rate 05/29/2023	2.49
1,414,000	ING Bank NV Regs variable rate 11/21/2023	1.46
4,590,000	ING Bank NV Regs variable rate 11/21/2023	3.87
800,000	ING Groep NV Regs 0.750% 03/09/2022	0.81
500,000	ING Groep NV Regs 1.375% 01/11/2028	0.50
1,400,000	ING Groep NV Regs variable rate 09/26/2029	1.40
6,400,000	Jab Holdings BV Regs 1.250% 05/22/2024	6.50
5,700,000	Jab Holdings BV Regs 2.125% 09/16/2022	6.11
1,037,000	Lyondellbasell Industries NV 5.000% 04/15/2019 Dd 04/09/12	0.89
6,680,000	Mylan NV 2.500% 06/07/2019 Dd 12/07/16	5.56
1,500,000	Mylan NV 3.150% 06/15/2021 Dd 12/15/16	1.26
1,400,000	Mylan NV Regs 1.250% 11/23/2020	1.43
350,000	NN Group NV Regs 0.250% 06/01/2020	0.35
4,100,000	Nomura Europe Finance NV Regs 1.875% 05/29/2018	4.13
3,483,000	NXP BV/Nxp Funding Llc 144A 4.125% 06/15/2020 Dd 06/09/15	2.97
1,300,000	NXP BV/Nxp Funding Llc Regs 4.125% 06/15/2020	1.11
965,000	Paccar Financial Europe B Regs 0.125% 05/19/2020	0.97
4,500,000	Paccar Financial Europe B Regs 0.125% 05/24/2019	4.51
1,583,000	Paccar Financial Europe B Regs 1.513% 05/29/2018	1.79

Netherlands (continued)		
Nominal	Security Description	Value €m
850,000	Relx Finance BV Regs 0.375% 03/22/2021	0.85
4,500,000	Relx Finance BV Regs 1.000% 03/22/2024	4.56
1,105,000	Schaeffler Finance BV Regs 3.250% 05/15/2025	1.19
2,823,000	Shell International Finance BV 2.125% 05/11/2020 Dd 05/11/15	2.35
2,500,000	Siemens Financieringsmaat 144A 1.300% 09/13/2019 Dd 09/15/16	2.05
500,000	Siemens Financieringsmaat 144A 2.150% 05/27/2020 Dd 05/27/15	0.41
1,500,000	Telefonica Europe BV Regs variable rate 12/31/2049	1.49
1,100,000	Tennet Holding BV Regs variable rate 12/31/2049	1.15
2,725,000	Teva Pharmaceutical Finance NE 1.700% 07/19/2019 Dd 07/21/16	2.21
3,550,000	Teva Pharmaceutical Finance NE 2.800% 07/21/2023	2.58
358,000	Unilever NV Regs 0.375% 02/14/2023	0.36
3,110,000	Unilever NV Regs 1.750% 08/05/2020	3.26
1,100,000	Volkswagen Financial Services Regs 2.375% 11/13/2018	1.26
1,000,000	Volkswagen International Regs 0.500% 03/30/2021	1.01
2,600,000	Volkswagen International Regs 1.125% 10/02/2023	2.65
700,000	Volkswagen International Regs variable rate 12/31/2049	0.72
		144.69
	% of Total Investments	0.71%

Norway		
Nominal	Security Description	Value €m
1,401,000	Statoil Asa 2.250% 11/08/2019 Dd 11/10/14	1.17
320,000	Aker Bp Asa Regs 6.000% 07/01/2022 Dd 07/05/17	0.28
400,000	Santander Consumer Bank A Regs 0.375% 02/17/2020	0.40
		1.85
	% of Total Investments	0.01%

Portugal		
Nominal	Security Description	Value €m
8,800,000	Brisa Concessao Rodoviari Regs 2.000% 03/22/2023	9.35
300,000	Brisa Concessao Rodoviari Regs 3.875% 04/01/2021	0.34
600,000	Banco Comercial Portugues Regs 0.750% 05/31/2022	0.61
300,000	Caixa Economica Montepio Regs 0.875% 10/17/2067	0.30
1,300,000	Tagus-Sociedade De 5 Sen Regs 0.850% 02/12/2022	1.30
		11.90
	% of Total Investments	0.06%

Spain		
Nominal	Security Description	Value €m
600,000	Amadeus Capital Markets S Regs 0.000% 05/19/2019	0.60
1,000,000	Amadeus Capital Markets S Regs 0.125% 10/06/2020	1.00
1,375,000	Autonomous Community Of Madrid Regs 0.747% 04/30/2022	1.40
900,000	Banco De Sabadell SA 0.875% 03/05/2023	0.89
300,000	Bankia SA Regs 1.125% 08/05/2022	0.31
800,000	Bankia SA Regs variable rate 03/15/2027	0.84
2,100,000	Bankia SA Regs variable rate 05/22/2024	2.18
400,000	Bankia SA Regs variable rate 12/31/2049	0.42
1,350,000	Bankia SA 4.250% 05/25/2018	1.37
1,300,000	Bankinter SA Regs 0.625% 10/09/2020	1.32
1,400,000	Bankinter SA Regs variable rate 04/06/2027	1.44
1,200,000	Caixabank SA Regs 1.125% 05/17/2024	1.20
700,000	Caixabank SA Regs 3.125% 05/14/2018	0.71
1,300,000	Caixabank SA Regs variable rate 02/15/2027	1.38
1,000,000	Fade - Fondo De Amortizac Regs 0.031% 06/17/2020	1.00
5,900,000	FCC Aqualia SA Regs 1.413% 06/08/2022	6.03
500,000	FCC Aqualia SA Regs 2.629% 06/08/2027	0.52
4,682,000	Nortegas Energia Distribucion Regs 0.918% 09/28/2022	4.71
3,800,000	Red Electrica Financiocio Regs 1.125% 04/24/2025	3.88
300,000	Santander Consumer Finance Regs 0.500% 10/04/2021	0.30
2,331,000	Spain Government Bond 144A 1.450% 10/31/2027	2.31
6,003,000	Spain Government Bond 144A 4.600% 07/30/2019	6.47
1,498,000	Spain Government Bond 144A 5.850% 01/31/2022	1.84
3,064,000	Spain Government Bond 1.400% 01/31/2020	3.17
5,908,275	Spain Government Inflation 144A 0.550% 11/30/2019	6.14
203,204	Spain Government Inflation 144A 0.650% 11/30/2027	0.21
800,000	Telefonica Emisiones SAU Regs 4.797% 02/21/2018	0.81
5,900,000	Telefonica Emisiones SAU Regs 5.375% 02/02/2026	8.02
1,900,000	Telefonica Emisiones SAU Regs 5.597% 03/12/2020	2.34
133,000	Telefonica Emisiones SAU 5.375% 02/02/2018	0.15
		62.95
	% of Total Investments	0.31%

Sweden		
Nominal	Security Description	Value €m
1,163,000	Nordea Bank AB Regs 0.300% 06/30/2022	1.16
14,000,000	Stadshypotek AB 4.500% 09/21/2022	1.67
2,512,000	Svenska Handelsbanken AB 2.250% 06/17/2019 Dd 06/17/14	2.10
2,907,000	Svenska Handelsbanken AB Regs Variable rate 01/15/2024	2.98
1,175,000	Svenska Handelsbanken AB Regs 0.250% 02/28/2022	1.17
3,043,000	Svenska Handelsbanken AB Regs 2.250% 06/14/2018	3.08
1,062,000	Swedbank AB Regs 0.250% 11/07/2022	1.05
12,000,000	Swedbank Hypotek AB Regs 1.000% 06/15/2022	1.24
		14.45
	% of Total Investments	0.07%

Switzerland		
Nominal	Security Description	Value €m
786,000	Credit Suisse AG/London Regs 0.375% 04/11/2019	0.79
3,000,000	Credit Suisse AG/London Regs 1.125% 09/15/2020	3.08
2,170,000	Credit Suisse AG/London Regs 4.750% 08/05/2019	2.34
2,352,000	Credit Suisse AG/New York NY 5.400% 01/14/2020 Dd 01/14/10	2.07
1,179,000	Credit Suisse AG 144A 6.500% 08/08/2023 Dd 08/08/13	1.10
763,000	Credit Suisse AG Regs variable rate 09/18/2025	0.87
3,875,000	Credit Suisse AG/New York NY 1.700% 04/27/2018	3.23
6,650,000	Credit Suisse AG/New York NY 1.750% 01/29/2018	5.54
3,356,000	Credit Suisse London 0.625% 11/20/2018	3.38
810,000	UBS AG Regs variable rate 02/12/2026	0.91
900,000	UBS AG/London 144A 2.200% 06/08/2020 Dd 06/08/17	0.75
882,000	UBS AG/London Regs 0.125% 11/05/2021	0.88
1,663,000	UBS AG/Stamford Ct 2.350% 03/26/2020 Dd 03/26/15	1.39
18,780,000	UBS Group Funding Switzerland 144A 2.950% 09/24/2020 Dd 09/24/15	15.82
		42.14
	% of Total Investments	0.21%

United Kingdom		
Nominal	Security Description	Value €m
2,800,000	Anglian Water Services Financing Regs 2.625% 06/15/2027	3.12
6,300,000	Anglian Water Services Financing Regs 4.500% 02/22/2026	8.10

United Kingdom (continued)		
Nominal	Security Description	Value €m
1,430,000	Anglo American Capital Plc 144A 9.375% 04/08/2019 Dd 04/08/09	1.29
6,350,000	Annington Funding Plc Regs 1.650% 07/12/2024	6.43
7,100,000	Aviva Plc Regs variable rate 05/22/2038	7.28
1,800,000	Aviva Plc Regs variable rate 06/03/2041	2.32
1,377,000	Barclays Bank Plc 144A 10.179% 06/12/2021 Dd 06/12/09	1.40
490,000	Barclays Bank Plc Regs 6.000% 01/14/2021	0.57
700,000	Barclays Bank Plc Regs 6.625% 03/30/2022	0.86
2,850,000	Barclays Bank Plc Regs variable rate 01/16/2023	3.22
1,020,000	Barclays Bank Plc 6.750% 05/22/2019	0.90
7,400,000	Barclays Plc Regs 3.250% 02/12/2027	8.71
1,050,000	Barclays Plc Regs variable rate 10/06/2023	1.20
5,765,000	Barclays Plc Regs variable rate 11/11/2025	5.99
2,568,000	Barclays Plc 2.750% 11/08/2019 Dd 11/10/14	2.15
600,000	Barclays Plc variable rate 12/31/2049	0.64
6,300,000	BG Energy Capital Plc Regs 3.000% 11/16/2018	6.48
5,000,000	BP Capital Markets Plc Regs 2.177% 09/28/2021	5.37
3,125,000	BP Capital Markets Plc 2.241% 09/26/2018 Dd 09/26/13	2.61
3,200,000	British Telecommunication Regs 0.500% 06/23/2022	3.20
1,367,000	British Telecommunication Regs 1.125% 06/10/2019	1.39
5,700,000	British Telecommunication Regs 1.500% 06/23/2027	5.67
700,000	Bupa Finance Plc Regs 5.000% 04/25/2023	0.90
1,300,000	Centrica Plc Regs variable rate 04/10/2076	1.35
825,000	Channel Link Enterprises Regs variable rate 06/30/2050	0.84
225,000	Diageo Finance Plc Regs 0.000% 11/17/2020	0.22
1,395,000	FCE Bank Plc Regs 1.875% 04/18/2019	1.43
7,900,000	FCE Bank Plc Regs 2.625% 11/20/2018	9.03
2,115,000	FCE Bank Plc Regs 2.759% 11/13/2019	2.45
1,855,000	Firstgroup Plc Regs 8.125% 09/19/2018	2.19
4,000,000	Firstgroup Plc 6.125% 01/18/2019	4.73
775,000	G4S International Finance Regs 1.500% 01/09/2023	0.79
744,000	G4S International Finance Regs 2.625% 12/06/2018	0.76
9,075,687	Goldman Sachs GI Credit Hd-Io	93.46

Quoted Debt Instruments (continued)

United Kingdom (continued)			United Kingdom (continued)			NORTH AMERICA		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Canada		
						Nominal	Security Description	Value €m
6,109,022	Goldman Sachs Gl Hy Eu-loeha	116.32	4,085,000	Royal Bank Of Scotland Group Regs 1.625% 06/25/2019	4.18	500,000	1011778 Bc Ulc/New Red 144A 4.250% 05/15/2024 Dd 05/17/17	0.42
6,000,000	Great Rolling Stock Co Lt Regs 6.250% 07/27/2020	7.57	1,175,000	Royal Bank Of Scotland PLC Regs 5.375% 09/30/2019	1.29	725,000	1011778 Bc Ulc/New Red 144A 4.625% 01/15/2022 Dd 05/22/15	0.62
2,800,000	Hammerson PLC Regs 1.750% 03/15/2023	2.92	7,010,000	Royal Bank Of Scotland PLC Regs 6.625% 09/17/2018	8.21	2,500,000	Alimentation Couche-Tard 144A 2.350% 12/13/2019 Dd 12/14/17	2.08
6,460,000	Hammerson PLC Regs 2.750% 09/26/2019	6.76	3,245,000	Royal Bank Of Scotland PLC Regs 6.934% 04/09/2018	3.30	2,196,000	Bank Of Nova Scotia 0.500% 23/07/2020	2.23
5,629,000	Hammerson PLC 6.000% 02/23/2026	7.88	300,000	Santander UK Group Holdings Regs 3.625% 01/14/2026	0.37	2,600,000	Bank Of Nova Scotia/The 2.050% 06/05/2019 Dd 06/05/14	2.16
1,055,000	Hsbc Bank PLC variable rate 03/20/2023	1.20	250,000	Santander UK Group Holdings Regs variable rate 05/18/2023	0.25	1,755,000	Bombardier Inc 144A 7.750% 03/15/2020 Dd 03/29/10	1.57
5,500,000	HSBC Holdings PLC Regs 6.500% 05/20/2024	7.87	4,000,000	Santander UK Group Holdings PI 2.875% 08/05/2021 Dd 08/05/16	3.33	985,000	Brookfield Residential Properties 144A 6.125% 07/01/2022 Dd 06/25/13	0.86
4,025,000	HSBC Holdings PLC Regs variable rate 01/10/2024	4.16	1,721,000	Santander UK PLC 144A 5.000% 11/07/2023 Dd 11/07/13	1.53	1,876,000	Cogeco Communications Inc 144A 4.875% 05/01/2020 Dd 04/23/13	1.58
1,125,000	HSBC Holdings PLC Regs variable rate 09/27/2022	1.14	1,516,000	Santander UK PLC Regs 0.250% 04/21/2022	1.52	0	Concordia 10/15 (USD) TI	0.00
6,600,000	Intercontinental Hotels Group Regs 3.875% 11/28/2022	8.17	1,492,000	Santander UK PLC Regs 0.875% 01/13/2020	1.52	630,000	First Quantum Minerals Ltd 144A 7.000% 02/15/2021 Dd 02/12/14	0.55
1,250,000	International Game Technology Regs step 02/02/2018	1.26	5,470,000	Santander UK PLC Regs 2.000% 01/14/2019	5.59	220,000	First Quantum Minerals Ltd 144A 7.250% 05/15/2022 Dd 05/13/14	0.19
500,000	Jaguar Land Rover Automotives Regs 3.875% 03/01/2023	0.58	10,500,000	Santander UK PLC 2.500% 03/14/2019 Dd 03/14/16	8.78	1,005,000	GFL Environmental Inc 144A 5.625% 05/01/2022 Dd 05/12/17	0.87
1,750,000	Liberty Living Finance PI Regs 2.625% 11/28/2024	2.00	2,948,000	Savenny Trent Utilities Finance Regs 1.625% 12/04/2022	3.33	2,155,000	Glencore Canada Financial Regs 7.375% 05/27/2020	2.76
2,490,000	Lloyds Bank PLC Regs 1.875% 10/10/2018	2.53	5,000,000	Sky PLC Regs 1.500% 09/15/2021	5.22	465,000	Hudbay Minerals Inc 144A 7.250% 01/15/2023 Dd 12/12/16	0.41
1,180,000	Lloyds Bank PLC Regs 6.500% 03/24/2020	1.34	754,000	Sky PLC Regs 1.875% 11/24/2023	0.80	392,161	Lions Gate 11/17 Tlb	0.33
5,550,000	Lloyds Bank PLC Regs 7.500% 04/15/2024	8.36	2,700,000	Sky PLC Regs 2.250% 11/17/2025	2.93	1,130,000	Masonite International Co 144A 5.625% 03/15/2023 Dd 03/23/15	0.98
2,342,000	Lloyds Bank PLC 2.700% 08/17/2020	1.96	1,100,000	SSE PLC Regs 1.750% 09/08/2023	1.17	1,100,000	Mattamy Group Corp 144A 6.875% 12/15/2023 Dd 12/13/16	0.97
1,500,000	Lloyds Bank PLC 6.375% 01/21/2021	1.39	470,000	SSE PLC Regs 2.000% 06/17/2020	0.49	185,000	Northwest Acquisitions Ulc 144A 7.125% 11/01/2022 Dd 10/23/17	0.16
1,100,000	Lloyds Bank PLC variable rate 07/09/2025	1.36	900,000	SSE PLC Regs variable rate 12/31/2049	0.93	1,220,000	Nova Chemicals Corp 144A 4.875% 06/01/2024 Dd 06/09/17	1.01
1,050,000	Lloyds Banking Group PLC Regs 2.250% 10/16/2024	1.20	0	SSE PLC Regs variable rate 12/31/2049	0.00	0	Precision Drilling Corp 6.625% 11/15/2020 Dd 05/15/11	0.00
1,000,000	Lloyds Banking Group PLC 3.100% 07/06/2021 Dd 07/06/16	0.84	146,000	SSE PLC Regs variable rate 12/31/2049	0.17	920,000	Precision Drilling Corp 7.750% 12/15/2023 Dd 06/15/17	0.81
525,000	Lloyds Banking Group PLC variable rate 06/21/2024	0.54	2,612,000	Standard Chartered PLC 144A 2.250% 04/17/2020 Dd 04/17/15	2.16	185,000	Quebecor Media Inc 5.750% 01/15/2023 Dd 12/15/12	0.16
6,200,000	Marks & Spencer PLC Regs 4.750% 06/12/2025	7.85	420,000	Stonegate Pub Co Financing Regs 4.875% 03/15/2022	0.47	1,665,000	Royal Bank Of Canada 2.150% 03/06/2020 Dd 03/06/15	1.38
217,000	Marks & Spencer PLC Regs 6.125% 12/06/2021	0.28	2,780,000	Tesco Corporate Treasury Regs 1.375% 07/01/2019	2.83	971,000	Seven Generations Energy 144A 6.750% 05/01/2023 Dd 04/30/15	0.86
5,751,000	National Express Group PI Regs 6.625% 06/17/2020	7.29	1,498,000	Tesco PLC Regs 3.375% 11/02/2018	1.54	200,000	Seven Generations Energy 144A 6.875% 06/30/2023 Dd 06/05/15	0.18
5,000,000	Nationwide Building Socie 144A2.450% 07/27/2021 Dd 07/27/16	4.14	7,250,000	Thames Water Utilities Finance 5.050% 06/30/2020	8.87	1,488,000	Toronto Dominion Bank 0.375% 12-Jan-2021 Emtn	1.51
4,250,000	Nationwide Building Socie Regs 1.625% 04/03/2019	4.34	6,700,000	Western Power Distribution Regs 3.625% 11/06/2023	8.15			
8,035,000	Nationwide Building Socie Regs variable rate 03/20/2023	8.10	776,000	WPP Finance 2013 Regs0.750% 11/18/2019	0.79			
5,000,000	Next PLC Regs 5.375% 10/26/2021	6.40	2,800,000	Yorkshire Building Society Regs 1.250% 03/17/2022	2.88			
154,000	Pennon Group PLC Regs variable rate 12/31/2049	0.17						
1,900,000	Prudential PLC variable rate 05/29/2039	2.44						
2,243,000	Rio Tinto Finance PLC Regs 2.000% 05/11/2020	2.34						
					510.37			
				% of Total Investments	2.50%			
			Total European Quoted Debt		1,195.67			
			% of Total Investments		5.85%			

Canada (continued)		
Nominal	Security Description	Value €m
681,000	Transcanada Pipelines Ltd 7.125% 01/15/2019 Dd 01/09/09	0.60
230,000	Valeant Pharmaceuticals I 144A 7.000% 03/15/2024 Dd 03/21/17	0.21
1,215,000	Videotron Ltd 5.000% 07/15/2022 Dd 07/15/12	1.07
		26.53
	% of Total Investments	0.13%

United States		
Nominal	Security Description	Value €m
479,000	21St Century Fox America Inc 4.500% 02/15/2021 Dd 08/15/11	0.42
2,358,000	21St Century Fox America Inc 6.900% 03/01/2019 Dd 02/13/09	2.07
735,000	Acadia Healthcare Co Inc 5.625% 02/15/2023 Dd 08/15/15	0.62
1,400,000	ADT Corp/The 5.250% 03/15/2020 Dd 12/18/14	1.22
12,500,000	Air Lease Corp 2.125% 01/15/2018 Dd 09/16/14	10.42
225,000	Air Lease Corp 2.125% 01/15/2020 Dd 10/03/16	0.19
3,165,000	Air Lease Corp 2.625% 09/04/2018 Dd 08/18/15	2.65
3,323,000	Air Lease Corp 3.375% 06/01/2021 Dd 04/11/16	2.83
4,435,000	Air Lease Corp 4.750% 03/01/2020 Dd 02/05/13	3.87
990,412	Air Medical 4/15 Cov-Lite Tlb	0.82
460,000	Air Methods 4/17 Cov-Lite Tlb	0.38
3,604,000	Albemarle Corp Regs 1.875% 12/08/2021	3.79
940,000	Allegheny Technologies Inc 5.950% 01/15/2021 Dd 01/07/11	0.80
741,701	Alliant Insurance 7/15Cov-Lite Tlb	0.62
1,365,000	Ally Financial Inc 3.600% 05/21/2018 Dd 05/19/15	1.14
2,510,000	Ally Financial Inc 4.125% 03/30/2020 Dd 03/30/15	2.13
230,000	Ally Financial Inc 4.625% 05/19/2022 Dd 05/19/15	0.20
1,380,000	Ally Financial Inc 7.500% 09/15/2020 Dd 03/15/11	1.27
1,280,000	Altice US Finance I Corp 144A 5.375% 07/15/2023 Dd 06/12/15	1.09
685,000	AMC Entertainment Holdings Inc 5.875% 02/15/2022 Dd 02/07/14	0.58
801,042	American Airlines 2013-1 Class 4.000% 01/15/2027 Dd 07/15/14	0.69
4,234,630	American Airlines 2013-2 Class 4.950% 07/15/2024 Dd 07/15/14	3.76
1,735,000	American Axle & Manufacturing 7.750% 11/15/2019 Dd 11/03/11	1.58

United States (continued)		
Nominal	Security Description	Value €m
649,000	American Builders & Contractors 144A 5.625% 04/15/2021 Dd 04/16/13	0.55
1,818,000	American Express Credit Corp 2.375% 05/26/2020 Dd 05/26/15	1.51
2,200,000	American International Group I 1.875% 06/21/2027	2.25
2,789,000	American International Group I 2.300% 07/16/2019 Dd 07/16/14	2.32
2,011,000	American Tower Corp 2.800% 06/01/2020 Dd 05/07/15	1.69
1,537,000	American Tower Corp 3.300% 02/15/2021 Dd 01/12/16	1.31
277,000	American Tower Corp 4.700% 03/15/2022 Dd 03/12/12	0.25
9,074,000	American Tower Corp 5.000% 02/15/2024 Dd 08/19/13	8.29
1,001,000	Amgen Inc Regs 2.125% 09/13/2019	1.04
2,700,000	Amgen Inc 2.200% 05/11/2020 Dd 05/11/17	2.24
975,000	Anadarko Petroleum Corp 8.700% 03/15/2019 Dd 03/05/09	0.87
1,570,000	Andeavor Logistics LP/Tesoro 5.500% 10/15/2019 Dd 10/15/15	1.36
1,210,000	Andeavor Logistics LP/Tesoro 6.375% 05/01/2024 Dd 05/12/16	1.09
1,657,000	Anheuser-Busch Inbev Finance I 2.650% 02/01/2021 Dd 01/25/16	1.39
2,556,000	Anheuser-Busch Inbev Worldwide 5.375% 01/15/2020 Dd 10/16/09	2.26
491,000	Anheuser-Busch Inbev Worldwide 6.875% 11/15/2019 Dd 11/15/10	0.44
1,350,000	Antero Resources Corp 5.625% 06/01/2023 Dd 12/01/15	1.17
7,500,000	Apache Corp 3.625% 02/01/2021 Dd 12/03/10	6.40
3,347,000	Apple Inc 2.000% 05/06/2020 Dd 05/13/15	2.78
10,900,000	Apple Inc 3.450% 05/06/2024 Dd 05/06/14	9.43
804,000	Aramark Services Inc 5.125% 01/15/2024 Dd 12/17/15	0.70
495,893	Associated Asphalt 3/17 Tlb	0.37
1,400,000	AT&T Inc 2.650% 12/17/2021	1.52
2,800,000	AT&T Inc 3.875% 08/15/2021 Dd 08/18/11	2.42
2,309,000	AT&T Inc 5.200% 03/15/2020 Dd 03/15/16	2.04
1,725,000	Aviation Capital Group LI 144A 4.625% 01/31/2018 Dd 01/22/13	1.44
1,700,000	Avnet Inc 5.875% 06/15/2020 Dd 06/22/10	1.51
1,108,000	Ball Corp 5.000% 03/15/2022 Dd 03/09/12	0.99

United States (continued)		
Nominal	Security Description	Value €m
3,431,000	Bank Of America Corp Regs 1.875% 01/10/2019	3.50
1,514,000	Bank Of America Corp Regs 2.500% 07/27/2020	1.61
6,300,000	Bank Of America Corp Regs 7.750% 04/30/2018	7.26
800,000	Bank Of America Corp Regs variable rate 02/07/2022	0.81
625,000	Bank Of America Corp Regs variable rate 07/26/2019	0.63
1,025,000	Bank Of America Corp Regs variable rate 09/21/2021	1.03
9,590,000	Bank Of America Corp 2.250% 04/21/2020 Dd 04/21/15	8.00
1,635,000	Bank Of America Corp 5.000% 05/13/2021 Dd 05/13/11	1.47
50,000	Bank Of America Corp 6.500% 07/15/2018	0.04
1,600,000	Bank Of America Corp 6.875% 11/15/2018 Dd 11/24/98	1.39
5,335,000	Bank Of America Corp 7.625% 06/01/2019 Dd 06/02/09	4.79
1,600,000	BB&T Corp 2.450% 01/15/2020 Dd 12/08/14	1.34
492,462	Beacon Roofing 9/15 Cov-Litetl	0.41
746,000	Beacon Roofing Supply Inc 6.375% 10/01/2023 Dd 04/01/16	0.66
3,511,000	Bear Stearns Cos Llc/The 4.650% 07/02/2018 Dd 06/25/03	2.97
5,738,000	Bear Stearns Cos Llc/The 7.250% 02/01/2018 Dd 02/01/08	4.80
257,000	Becton Dickinson And Co 0.368% 06/06/2019	0.26
2,644,000	Becton Dickinson And Co 2.404% 06/05/2020 Dd 06/06/17	2.19
1,000,000	Becton Dickinson And Co 3.363% 06/06/2024 Dd 06/06/17	0.84
835,000	Berry Global Inc 5.125% 07/15/2023 Dd 06/05/15	0.72
0	Berry Plastics 2/17 Cov-Litetl	0.00
980,000	Blue Cube Spinco Inc 9.750% 10/15/2023 Dd 04/15/16	0.96
1,500,000	Boardwalk Pipelines LP 5.750% 09/15/2019 Dd 08/21/09	1.31
688,000	Briggs & Stratton Corp 6.875% 12/15/2020 Dd 12/20/10	0.63
2,725,000	Broadcom Corp/Broadcom 144A 2.375% 01/15/2020 Dd 01/19/17	2.26
1,500,000	Buckeye Partners LP 2.650% 11/15/2018 Dd 11/14/13	1.25
1,205,000	Bway Holding Co 144A 5.500% 04/15/2024 Dd 04/03/17	1.04
0	Caesars Growth (Harrah'S) 4/17TI	0.00

Quoted Debt Instruments (continued)

United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
2,130,000	Calatlantic Group Inc 6.625% 05/01/2020 Dd 04/29/10	1.91	2,654,000	Citigroup Inc Regs 5.000% 08/02/2019	2.87	1,650,000	DCP Midstream Operating L 144A 9.750% 03/15/2019 Dd 02/24/09	1.49
965,000	Calatlantic Group Inc 8.375% 01/15/2021 Dd 12/22/10	0.93	550,000	Citigroup Inc Regs 7.625% 04/03/2018	0.63	925,000	DCP Midstream Operating LP 3.875% 03/15/2023 Dd 03/14/13	0.77
990,000	Calpine Corp 144A 6.000% 01/15/2022 Dd 10/31/13	0.85	3,200,000	Citigroup Inc 2.400% 02/18/2020 Dd 02/18/15	2.67	7,250,000	DDR Corp 4.700% 06/01/2027 Dd 05/26/17	6.33
1,300,000	Calpine Corp Regs 6.000% 01/15/2022 Dd 10/31/13	1.12	590,000	Citigroup Inc 3.500% 05/15/2023 Dd 05/14/13	0.50	805,000	Dean Foods Co 144A 6.500% 03/15/2023 Dd 02/25/15	0.67
807,000	Cantor Fitzgerald LP 144A 7.875% 10/15/2019 Dd 10/19/09	0.73	6,100,000	Citigroup Inc 5.375% 08/09/2020	5.46	17,623,000	Dell International Llc/144A 3.480% 06/01/2019 Dd 06/01/16	14.88
690,591	Capital Automotive 3/17 TI 0.000% 03/25/2024 Dd 03/05/17	0.58	1,200,000	Citigroup Inc variable rate 07/24/2023 Dd 07/24/17	1.00	789,000	Dell International Llc/144A 5.450% 06/15/2023 Dd 06/01/16	0.71
151,000	Capital One Financial Corp 2.500% 05/12/2020 Dd 05/12/17	0.13	995,000	Citycenter 4/17 Cov-Lite Tlb	0.83	4,400,000	Dell International Llc/144A 5.875% 06/15/2021 Dd 06/22/16	3.81
1,674,000	Capital One Na 2.400% 09/05/2019 Dd 09/05/14	1.39	2,775,000	CNO Financial Group Inc 4.500% 05/30/2020 Dd 05/19/15	2.38	747,000	Dell International Llc/144A 7.125% 06/15/2024 Dd 06/22/16	0.68
866,250	Casella Waste 4/17 Cov-Litetlb	0.72	650,000	Coca-Cola Co/The variable rate 03/08/2019	0.65	1,001,000	Delphi Corp 4.150% 03/15/2024 Dd 03/03/14	0.88
1,200,000	CBRE Services Inc 5.000% 03/15/2023 Dd 03/14/13	1.03	3,661,000	Columbia Pipeline Group Inc 3.300% 06/01/2020 Dd 12/01/15	3.10	2,489,753	Delta Air Lines 2009-1 Class A 7.750% 06/17/2021 Dd 11/24/09	2.24
845,750	CCC Information 3/17 Cov-Lite 0.000% 04/29/2024 Dd 03/17/17	0.71	960,000	Commscope Inc 144A 5.500% 06/15/2024 Dd 05/30/14	0.83	1,250,000	Devon Energy Corp 4.000% 07/15/2021 Dd 07/12/11	1.09
1,930,000	CCO Holdings Llc/Cco Ho 144A 5.875% 04/01/2024 Dd 02/19/16	1.68	1,430,577	Community Health 5/15 Tlg	1.15	109,000	Devon Energy Corp 6.300% 01/15/2019 Dd 01/09/09	0.09
618,573	CEC Entertainment 2/14 TI	0.48	1,500,000	Conocophillips Co 2.200% 05/15/2020 Dd 05/18/15	1.25	962,875	Diamond Resorts 8/16 Cov-Litetl	0.81
971,000	Cedar Fair LP/Canada's Wonde 5.375% 06/01/2024 Dd 12/01/14	0.85	3,000,000	Conocophillips Co 2.875% 11/15/2021	2.53	2,490,000	Digital Realty Trust LP 5.875% 02/01/2020 Dd 08/01/10	2.20
1,100,000	Celanese US Holdings Llc 3.250% 10/15/2019	1.16	4,000,000	Conocophillips Co 4.200% 03/15/2021 Dd 03/08/16	3.51	3,000,000	Discover Bank 3.200% 08/09/2021 Dd 08/07/14	2.54
1,145,000	Celanese US Holdings Llc 5.875% 06/15/2021 Dd 05/06/11	1.05	1,092,000	Consolidated Edison Inc 2.000% 03/15/2020 Dd 03/02/17	0.91	4,050,000	Discover Financial Services 3.750% 03/04/2025 Dd 03/04/15	3.40
1,240,000	Cemex Finance Llc 144A 6.000% 04/01/2024 Dd 04/01/14	1.09	2,757,000	Constellation Brands Inc 3.875% 11/15/2019 Dd 11/03/14	2.36	3,400,000	Discover Financial Services 3.850% 11/21/2022 Dd 11/21/12	2.91
1,005,000	Centene Corp 5.625% 02/15/2021 Dd 02/11/16	0.86	2,655,855	Continental Airlines 2009-2 CI 7.250% 05/10/2021 Dd 11/10/09	2.39	1,795,000	Dish Dbs Corp 5.125% 05/01/2020 Dd 04/05/13	1.53
1,780,000	Centurylink Inc 5.625% 04/01/2020 Dd 03/21/13	1.50	778,516	Continental Airlines 2012-1 CI 4.150% 10/11/2025 Dd 03/22/12	0.68	1,280,000	Dish Dbs Corp 5.875% 07/15/2022 Dd 05/16/12	1.07
949,579	Ceridian 11/14 TI	0.79	1,439,000	Continental Resources Inc/ Ok 3.800% 06/01/2024 Dd 05/19/14	1.19	2,400,000	Dollar Tree Inc 5.250% 03/01/2020 Dd 03/01/16	2.04
3,415,000	CF Industries Inc 7.125% 05/01/2020 Dd 04/23/10	3.10	645,125	CPG International 5/17 0.000% 05/03/2024 Dd 04/27/17	0.54	1,162,000	Dominion Energy Inc 2.500% 12/01/2019 Dd 11/25/14	0.97
1,160,000	Chemours Co/The 6.625% 05/15/2023 Dd 05/15/16	1.02	490,000	Credit Acceptance Corp 6.125% 02/15/2021 Dd 01/22/14	0.41	1,900,000	Dr Horton Inc 4.000% 02/15/2020 Dd 02/09/15	1.63
940,000	Chesapeake Energy 8/16 Lastout TI	0.83	277,000	Crown Castle International Corp 4.875% 04/15/2022 Dd 04/15/14	0.25	907,572	Dynegy 12/17 TI	0.76
1,910,000	Chevron Corp 1.961% 03/03/2020 Dd 03/03/15	1.59	10,428,000	Crown Castle International Corp 5.250% 01/15/2023 Dd 10/15/12	9.52	497,500	Eagleclaw 6/17 Tlb	0.42
1,000,000	Chs/Community Health Systems 1.6.250% 03/31/2023 Dd 03/16/17	0.75	720,000	CSC Holdings Llc 5.250% 06/01/2024 Dd 05/23/14	0.59	2,295,000	Eastman Chemical Co 2.700% 01/15/2020 Dd 11/20/14	1.93
1,101,000	Cinemark USA Inc 4.875% 06/01/2023 Dd 05/24/13	0.93	1,915,000	CSC Holdings Llc 8.625% 02/15/2019 Dd 02/12/09	1.68	2,180,000	Emera US Finance LP 2.150% 06/15/2019 Dd 12/15/16	1.81
2,600,000	Cisco Systems Inc 2.450% 06/15/2020 Dd 06/17/15	2.18	1,831,000	CVS Health Corp 2.250% 08/12/2019 Dd 08/12/14	1.52	1,500,000	Emera US Finance LP 2.700% 06/15/2021 Dd 12/15/16	1.25
563,000	CIT Group Inc 144A 5.500% 02/15/2019 Dd 02/07/12	0.48	2,900,000	Daimler Finance North Ame 144A 2.000% 07/06/2021 Dd 07/06/16	2.37	1,500,000	Energy Transfer Equity LP 4.250% 03/15/2023 Dd 10/18/17	1.24
220,000	CIT Group Inc 5.000% 08/01/2023 Dd 08/01/13	0.20				2,959,000	Energy Transfer LP 2.500% 06/15/2018 Dd 06/23/15	2.47
1,765,000	CIT Group Inc 5.375% 05/15/2020 Dd 05/04/12	1.55						

United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
735,000	Energy Transfer LP 4.650% 06/01/2021 Dd 05/12/11	0.64	9,938,000	General Motors Co 4.875% 10/02/2023 Dd 04/02/14	8.97	120,000	HCA Inc 5.000% 03/15/2024 Dd 03/17/14	0.10
6,200,000	Energy Transfer LP 4.900% 02/01/2024 Dd 09/19/13	5.47	1,640,000	General Motors Financial Co In 3.150% 01/15/2020 Dd 01/12/15	1.38	1,710,000	HCA Inc 5.875% 03/15/2022 Dd 02/16/12	1.53
2,000,000	Enterprise Products Operating 5.250% 01/31/2020 Dd 10/05/09	1.76	3,000,000	General Motors Financial Co In 3.500% 07/10/2019 Dd 07/10/14	2.54	3,011,000	HCA Inc 6.500% 02/15/2020 Dd 08/01/11	2.66
3,145,000	EOG Resources Inc 4.400% 06/01/2020 Dd 05/20/10	2.74	700,000	General Motors Financial Co In 3.950% 04/13/2024 Dd 04/13/17	0.60	5,000,000	HCP Inc 3.750% 02/01/2019 Dd 01/23/12	4.22
7,750,000	EPR Properties 4.500% 06/01/2027 Dd 05/23/17	6.50	207,000	Georgia-Pacific Llc 144A 2.539% 11/15/2019 Dd 11/06/14	0.17	3,350,000	HCP Inc 4.000% 12/01/2022 Dd 12/01/15	2.92
1,625,000	EQT Corp 8.125% 06/01/2019 Dd 05/15/09	1.46	3,325,000	Glencore Funding Llc 144A 2.500% 01/15/2019 Dd 05/30/13	2.77	1,351,000	HD Supply Inc 144A 5.750% 04/15/2024 Dd 04/11/16	1.20
100,000	Expedia Inc 5.950% 08/15/2020 Dd 08/05/10	0.09	2,450,000	Glencore Funding Llc 144A 3.125% 04/29/2019 Dd 04/29/14	2.06	1,000,000	Hess Corp 8.125% 02/15/2019 Dd 02/03/09	0.88
850,000	Exxon Mobil Corp 1.912% 03/06/2020 Dd 03/06/15	0.71	3,922,000	GLP Capital LP/GLP Financing 4.375% 11/01/2018 Dd 05/01/14	3.29	6,125,000	Hewlett Packard Enterprise Co variable rate 10/05/2018 Dd 10/05/16	5.13
650,000	Exxon Mobil Corp 3.043% 03/01/2026 Dd 03/03/16	0.55	1,250,000	GLP Capital LP/GLP Financing 5.375% 11/01/2023 Dd 05/01/14	1.11	10,250,000	Hewlett Packard Enterprise Co variable rate 10/15/2020 Dd 10/15/16	8.73
3,963,000	Fidelity National Information 2.850% 10/15/2018 Dd 10/20/15	3.32	1,405,000	Goldman Sachs Group Inc/T Regs 2.625% 08/19/2020	1.50	965,920	Hilton Hotels 8/16 Extended TI	0.81
850,000	Fidelity National Information 3.625% 10/15/2020 Dd 10/20/15	0.73	5,000,000	Goldman Sachs Group Inc/T Regs 6.375% 05/02/2018	5.11	1,078,000	Host Hotels & Resorts LP 3.750% 10/15/2023 Dd 03/28/13	0.91
1,000,000	Fifth Third Bancorp 2.600% 06/15/2022 Dd 06/15/17	0.83	2,787,000	Goldman Sachs Group Inc/T Regs variable rate 04/29/2019	2.81	4,600,000	HSBC USA Inc 2.350% 03/05/2020 Dd 03/05/15	3.84
1,359,000	First Data Corp 144A 5.000% 01/15/2024 Dd 11/25/15	1.17	1,150,000	Goldman Sachs Group Inc/T Regs variable rate 09/09/2022	1.16	7,673,000	HSBC USA Inc 2.375% 11/13/2019 Dd 11/13/14	6.41
120,000	First Data Corp 144A 5.750% 01/15/2024 Dd 11/25/15	0.10	400,000	Goldman Sachs Group Inc/T Regs variable rate 09/26/2023	0.40	466,865	Hub International 10/13 (USD)TI	0.39
1,565,000	Ford Motor Credit Co Llc 2.240% 06/15/2018 Dd 06/16/15	1.31	1,600,000	Goldman Sachs Group Inc/T Regs variable rate 12/31/2018	1.61	1,815,000	Hughes Satellite Systems Corp 6.500% 06/15/2019 Dd 12/15/11	1.58
4,734,000	Ford Motor Credit Co Llc 2.459% 03/27/2020 Dd 03/27/15	3.93	3,472,000	Goldman Sachs Group Inc/ The 2.600% 04/23/2020 Dd 01/23/15	2.90	600,000	Hughes Satellite Systems Corp 7.625% 06/15/2021 Dd 12/15/11	0.55
1,500,000	Ford Motor Credit Co Llc 2.943% 01/08/2019 Dd 01/08/16	1.26	1,200,000	Graphic Packaging Internationa 4.875% 11/15/2022 Dd 11/06/14	1.06	1,720,000	Huntington National Bank/ The 2.400% 04/01/2020 Dd 02/26/15	1.43
795,000	Ford Motor Credit Co Llc 3.157% 08/04/2020 Dd 08/04/15	0.67	766,150	Greektown Casino 4/17 Cov-Litetlb	0.64	0	Huntsman International 11/16TIb2	0.00
1,705,000	Ford Motor Credit Co Llc 5.000% 05/15/2018 Dd 05/03/11	1.44	455,000	Grinding Media Inc/Moly 144A 7.375% 12/15/2023 Dd 12/16/16	0.41	1,043,000	Huntsman International Llc 4.875% 11/15/2020 Dd 11/19/12	0.90
1,250,000	Freeport-Mcmoran Inc 3.100% 03/15/2020 Dd 09/15/13	1.04	7,500,000	Halliburton Co 2.000% 08/01/2018 Dd 08/05/13	6.25	1,048,000	Hyatt Hotels Corp 3.375% 07/15/2023 Dd 05/10/13	0.89
2,220,000	Fresenius Medical Care US 144A 5.625% 07/31/2019 Dd 01/26/12	1.94	2,900,000	Halliburton Co 3.250% 11/15/2021 Dd 11/14/11	2.46	4,201,000	Hyundai Capital America 144A 3.000% 03/18/2021 Dd 03/18/16	3.49
1,000,000	Fresenius Medical Care US 144A 5.750% 02/15/2021 Dd 02/03/11	0.90	1,062,000	Hanesbrands Inc 144A 4.625% 05/15/2024 Dd 05/06/16	0.90	3,100,000	Hyundai Capital America Regs 2.000% 03/19/2018	2.58
1,291,000	FTS International Inc 144A variable rate 06/15/2020 Dd 06/01/15	1.10	641,875	Hanson Building 4/17 Cov-Litetlb	0.50	1,508,000	Icahn Enterprises LP/Icahn E 4.875% 03/15/2019 Dd 01/21/14	1.26
883,384	Gates Global 11/17 (USD) Cov-Lite Tlb	0.74	5,000,000	Harris Corp 2.700% 04/27/2020	4.19	225,000	Icahn Enterprises LP/Icahn E 6.000% 08/01/2020 Dd 08/01/13	0.19
1,000,000	GCP Applied Technologies 144A 9.500% 02/01/2023 Dd 01/27/16	0.93	1,199,000	Hartford Financial Services Gr 5.500% 03/30/2020 Dd 03/23/10	1.07	635,000	Icahn Enterprises LP/Icahn E 6.250% 02/01/2022 Dd 01/18/17	0.54
5,525,000	General Electric Co 0.375% 05/17/2022	5.52	1,355,000	HCA Inc 3.750% 03/15/2019 Dd 03/17/14	1.14	1,151,848	Infor (Lawson) 2/17 (USD) B6TIb	0.96
4,800,000	General Electric Co 0.875% 05/17/2025	4.78				2,865,000	International Lease Finance 144A 7.125% 09/01/2018 Dd 08/20/10	2.47
3,000,000	General Motors Co 3.500% 10/02/2018 Dd 04/02/14	2.53				5,772,000	International Lease Finance Co 6.250% 05/15/2019 Dd 05/24/11	5.04

Quoted Debt Instruments (continued)

United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
0	International Paper Co 9.375% 05/15/2019 Dd 05/11/09	0.00	647,273	KMG Chemicals 6/17 TI	0.54	424,305	Monarch 5/16 (USD) Cov-Lite 0.000% 09/13/2023 Dd 05/18/16	0.36
1,000,000	Istar Inc 4.625% 09/15/2020 Dd 09/20/17	0.85	2,941,000	Kraft Heinz Foods Co 5.375% 02/10/2020 Dd 08/10/12	2.60	563,195	Monarch 5/16 (USD) Cov-Lite 0.000% 09/13/2023 Dd 05/18/16	0.47
1,840,000	Istar Inc 5.000% 07/01/2019 Dd 06/13/14	1.54	1,650,000	Kroger Co/The 2.950% 11/01/2021	1.39	1,350,000	Mondelez International Inc 1.000% 03/07/2022	1.38
125,000	Istar Inc 5.250% 09/15/2022 Dd 09/20/17	0.10	1,700,000	L Brands Inc 7.000% 05/01/2020 Dd 05/04/10	1.55	2,500,000	Moody's Corp 2.750% 07/15/2019 Dd 07/16/14	2.10
1,105,000	Jack Ohio Finance Llc/J 144A 6.750% 11/15/2021 Dd 11/08/16	0.97	6,150,000	Lafargeholcim Finance US 144A 3.500% 09/22/2026 Dd 09/22/16	5.06	2,700,000	Morgan Stanley 2.250% 03/12/2018	2.71
2,350,000	Jackson National Life Global 144A 2.300% 04/16/2019 Dd 04/16/14	1.96	1,000,000	Lear Corp 5.375% 03/15/2024 Dd 03/14/14	0.88	9,330,000	Morgan Stanley 2.650% 01/27/2020 Dd 01/27/15	7.81
2,950,000	Johnson & Johnson 2.450% 03/01/2026 Dd 03/01/16	2.40	685,000	Lennar Corp 4.500% 04/30/2024 Dd 04/28/17	0.59	2,700,000	Morgan Stanley 2.800% 06/16/2020 Dd 06/16/15	2.27
3,000,000	JPmorgan Chase & Co 2.250% 01/23/2020 Dd 01/23/15	2.50	1,300,000	Lennar Corp 4.500% 06/15/2019 Dd 02/12/14	1.11	1,500,000	Morgan Stanley 4.100% 05/22/2023 Dd 05/21/13	1.30
1,785,000	JPmorgan Chase & Co 2.550% 03/01/2021 Dd 03/01/16	1.49	2,440,000	Lennar Corp 4.500% 11/15/2019 Dd 11/25/14	2.09	1,950,000	Morgan Stanley 5.000% 05/02/2019	2.08
302,000	JPmorgan Chase & Co 6.000% 01/15/2018 Dd 12/20/07	0.25	1,030,000	Lennar Corp 4.750% 04/01/2021 Dd 03/04/16	0.89	3,000,000	Morgan Stanley 5.375% 08/10/2020	3.41
876,000	Keybank NA/Cleveland OH 2.250% 03/16/2020 Dd 02/12/15	0.73	1,046,000	Level 3 Financing Inc 5.375% 08/15/2022 Dd 11/15/14	0.88	4,353,000	Morgan Stanley 6.625% 04/01/2018 Dd 04/01/08	3.67
1,435,000	KFC Holding Co/Pizza Hut 144A 5.000% 06/01/2024 Dd 06/16/16	1.23	400,000	Levi Strauss & Co 3.375% 03/15/2027	0.42	3,680,000	Morgan Stanley 7.300% 05/13/2019 Dd 05/13/09	3.27
5,980,000	Kinder Morgan Energy Partners 2.650% 02/01/2019	5.00	0	Lighttower 4/13 TI	0.00	1,600,000	Morgan Stanley variable rate 01/27/2022	1.62
1,025,000	Kinder Morgan Energy Partners 5.000% 10/01/2021 Dd 09/20/11	0.91	1,158,611	Macdermid 9/17 (USD) B7Cov-Lite Tlb	0.97	1,600,000	Morgan Stanley variable rate 11/08/2022	1.62
1,850,000	Kinder Morgan Energy Partners 5.300% 09/15/2020 Dd 05/19/10	1.64	2,561,000	Manufacturers & Traders Trust 2.100% 02/06/2020 Dd 02/06/15	2.13	800,000	Morgan Stanley variable rate 11/09/2021	0.80
4,300,000	Kinder Morgan Energy Partners 5.950% 02/15/2018 Dd 02/12/08	3.60	2,785,000	Marathon Petroleum Corp 5.125% 03/01/2021 Dd 09/01/11	2.49	800,000	Morgan Stanley variable rate 12/03/2019	0.80
354,000	Kinder Morgan Energy Partners 6.500% 04/01/2020 Dd 03/30/10	0.32	2,000,000	Martin Marietta Materials Inc variable rate 12/20/2019 Dd 12/20/17	1.67	777,641	Motorcity Casino 7/14 Tlb	0.65
1,000,000	Kinder Morgan Energy Partners 9.000% 02/01/2019 Dd 12/19/08	0.89	1,300,000	Masco Corp 3.500% 04/01/2021 Dd 03/17/16	1.10	500,000	MUFG Americas Holdings Corp 2.250% 02/10/2020 Dd 02/10/15	0.41
2,000,000	Kinder Morgan Finance Co 144A 6.000% 01/15/2018 Dd 12/20/10	1.67	1,480,000	Mastec Inc 4.875% 03/15/2023 Dd 03/18/13	1.26	1,085,000	MUFG Union Bank Na 2.250% 05/06/2019 Dd 05/06/14	0.90
180,000	Kinder Morgan Inc/De 3.050% 12/01/2019 Dd 11/26/14	0.15	3,000,000	Mcdonald's Corp Regs 0.500% 01/15/2021	3.02	1,126,277	Multiplan 6/16 Cov-Lite TI	0.94
1,025,000	Kinder Morgan Inc/De 3.150% 01/15/2023 Dd 08/10/17	0.85	1,200,000	Mercer International Inc 6.500% 02/01/2024 Dd 08/01/17	1.06	1,250,000	Murphy Oil Corp variable rate 12/01/2022 Dd 11/30/12	1.05
1,000,000	Kinder Morgan Inc/De 6.500% 09/15/2020	0.91	935,000	Mercer International Inc 7.750% 12/01/2022 Dd 11/26/14	0.83	3,000,000	Mylan Inc 2.550% 03/28/2019	2.50
3,600,000	Kinder Morgan Inc/De 7.250% 06/01/2018 Dd 05/30/08	3.06	810,000	Metropolitan Life Global 144A 1.550% 09/13/2019 Dd 09/15/16	0.67	3,125,000	Mylan Inc 2.600% 06/24/2018 Dd 12/24/13	2.61
497,500	Kinetic Concepts (Acelyt)1/17 (USD) Tlb	0.41	1,237,000	Metropolitan Life Global 144A 1.750% 09/19/2019 Dd 09/19/17	1.02	1,000,000	Nabors Industries Inc 9.250% 01/15/2019 Dd 07/15/09	0.88
420,000	Kinetic Concepts Inc/Kc 144A 7.875% 02/15/2021 Dd 02/09/16	0.37	6,500,000	Metropolitan Life Global Regs 2.375% 01/11/2023	7.09	200,000	National Grid North America Regs 1.000% 07/12/2024	0.20
734,000	KLX Inc 144A 5.875% 12/01/2022 Dd 12/08/14	0.64	225,000	MGM Growth Properties Operating 5.625% 05/01/2024 Dd 11/01/16	0.20	1,630,000	NBCUniversal Media Llc 5.150% 04/30/2020 Dd 04/30/11	1.45
			3,070,000	MGM Resorts International 5.250% 03/31/2020 Dd 12/19/13	2.65	807,417	Neiman Marcus 3/14 Cov-Lite TI	0.55
			2,180,000	Molson Coors Brewing Co 1.450% 07/15/2019 Dd 07/07/16	1.80	1,000,000	Netflix Inc 5.750% 03/01/2024 Dd 02/19/14	0.89
			1,500,000	Molson Coors Brewing Co 2.100% 07/15/2021 Dd 07/07/16	1.23	94,000	Newell Brands Inc 2.600% 03/29/2019 Dd 03/30/16	0.08
						2,960,000	Newell Brands Inc 2.875% 12/01/2019 Dd 11/19/14	2.49
						774,000	Newell Brands Inc 3.150% 04/01/2021 Dd 03/30/16	0.65

United States (continued)		
Nominal	Security Description	Value €m
1,360,000	Newfield Exploration Co 5.750% 01/30/2022 Dd 09/30/11	1.21
2,733,000	Nextera Energy Capital Holding 2.700% 09/15/2019 Dd 03/11/14	2.29
1,320,000	NGPL Pipeco Llc 144A 4.375% 08/15/2022 Dd 08/01/17	1.12
1,033,000	Nielsen Finance Llc/Nielsen 4.500% 10/01/2020 Dd 04/01/13	0.87
7,000,000	Noble Energy Inc 4.150% 12/15/2021	6.08
7,708,206	Northwest Airlines 2007-1 Clas 7.027% 05/01/2021 Dd 10/10/07	6.92
514,000	NVR Inc 3.950% 09/15/2022 Dd 09/10/12	0.45
500,000	Oasis Petroleum Inc 6.500% 11/01/2021 Dd 11/10/11	0.43
125,000	Oasis Petroleum Inc 6.875% 03/15/2022 Dd 03/15/14	0.11
710,000	Occidental Petroleum 11/17 TI	0.59
1,014,000	Omega Healthcare Investors Inc 4.950% 04/01/2024 Dd 10/01/14	0.88
2,474,000	Omnicom Group Inc 6.250% 07/15/2019 Dd 07/01/09	2.18
1,750,000	Oracle Corp 2.250% 10/08/2019 Dd 07/08/14	1.47
640,026	Ortho-Clinical 5/14 Cov-Litel	0.53
1,243,000	Outfront Media Capital Llc/O 5.250% 02/15/2022 Dd 11/15/14	1.06
95,000	Outfront Media Capital Llc/O 5.625% 02/15/2024 Dd 11/15/14	0.08
1,117,000	Parsley Energy Llc/Pars 144A 6.250% 06/01/2024 Dd 05/27/16	0.98
2,800,000	Penske Truck Leasing Co LP 144A 3.050% 01/09/2020 Dd 12/11/14	2.36
6,850,000	Penske Truck Leasing Co LP 144A 4.250% 01/17/2023 Dd 01/17/13	6.06
1,608,000	Penske Truck Leasing Co LP 144A 4.875% 07/11/2022 Dd 07/13/12	1.45
5,300,000	Physicians Realty LP 4.300% 03/15/2027 Dd 03/07/17	4.50
1,450,000	Pioneer Natural Resources Co 7.500% 01/15/2020	1.33
10,700,000	Plains All American Pipeline L 2.600% 12/15/2019 Dd 12/09/14	8.87
7,000,000	Plains All American Pipeline L 5.000% 02/01/2021	6.12
1,140,000	Plantronics Inc 144A 5.500% 05/31/2023 Dd 05/27/15	0.99
1,700,000	PNC Bank Na 2.300% 06/01/2020 Dd 06/01/15	1.42
1,350,000	Prologis LP 1.375% 10/07/2020	1.39
6,000,000	Prologis LP 3.000% 01/18/2022	6.58

United States (continued)		
Nominal	Security Description	Value €m
1,500,000	Prologis LP 3.375% 02/20/2024	1.71
500,000	Protective Life Global Funding 144A 2.262% 04/08/2020 Dd 04/12/17	0.42
900,000	Pultegroup Inc 4.250% 03/01/2021 Dd 03/01/16	0.77
1,000,000	QEP Resources Inc 5.250% 05/01/2023 Dd 09/12/12	0.84
1,203,131	Quikrete 11/16 Cov-Lite Tlb	1.00
1,670,000	QVC Inc 3.125% 04/01/2019 Dd 03/18/14	1.40
1,094,500	Rackspace Hosting 11/17Cov-Lite Tlb	0.91
120,000	Range Resources Corp 5.000% 03/15/2023 Dd 09/15/17	0.10
1,205,000	Range Resources Corp 5.750% 06/01/2021 Dd 06/01/17	1.04
702,000	Realogy Group Llc/Realo 144A 5.250% 12/01/2021 Dd 11/21/14	0.61
1,075,000	Regal Entertainment Group 5.750% 06/15/2023 Dd 06/13/13	0.93
2,610,000	Regions Bank/Birmingham Al 2.250% 09/14/2018 Dd 07/31/15	2.18
1,012,188	Revlon 7/16 Cov-Lite Tlb	0.62
562,889	Reynolds Group 1/17 (USD) TI	0.47
697,758	Reynolds Group Issuer Inc/ Re 5.750% 10/15/2020 Dd 09/28/12	0.59
990,000	Rivers Pittsburgh Borrowe 144A 6.125% 08/15/2021 Dd 07/25/16	0.82
341,000	Sabine Pass Liquefaction Llc 5.750% 05/15/2024 Dd 11/15/14	0.32
1,000,000	Sabine Pass Liquefaction Llc variable rate 04/15/2023 Dd 10/15/13	0.92
1,163,000	Sabre Gbl Inc 144A 5.375% 04/15/2023 Dd 04/14/15	1.00
2,856,000	Santander Holdings USA Inc 2.650% 04/17/2020 Dd 04/17/15	2.38
1,275,000	SBA Communications Corp 144A 4.000% 10/01/2022 Dd 10/13/17	1.06
0	Scientific Games 2/17 Cov-Litelb3	0.00
800,000	Semgroup Corp/Rose Rock Financial 5.625% 07/15/2022 Dd 07/02/14	0.66
1,500,000	Senior Housing Properties Trust 6.750% 04/15/2020 Dd 04/09/10	1.33
345,000	Service Corp International/US 5.375% 01/15/2022 Dd 01/15/14	0.29
1,922,000	Service Corp International/US 7.625% 10/01/2018 Dd 10/03/06	1.67
5,300,000	SES Global Americas Holding Regs 1.875% 10/24/2018	5.38
2,580,000	Sherwin-Williams Co/The 2.250% 05/15/2020 Dd 05/16/17	2.14

United States (continued)		
Nominal	Security Description	Value €m
1,538,615	Sinclair Television 12/16 Tlb2	1.28
1,400,000	Sirius Xm Radio Inc 144A 3.875% 08/01/2022 Dd 07/05/17	1.17
1,200,000	SI Green Realty Corp 5.000% 08/15/2018 Dd 08/05/11	1.01
840,000	SM Energy Co 5.000% 01/15/2024 Dd 01/15/14	0.68
500,000	SM Energy Co 6.500% 11/15/2021 Dd 11/08/11	0.42
735,815	Solenis 7/14 (USD) Cov-Lite TI	0.61
510,000	Solvay Finance America LI 144A 3.400% 12/03/2020 Dd 12/03/15	0.43
2,600,000	Southern Power Co 2.375% 06/01/2020 Dd 05/20/15	2.16
1,015,000	Springleaf Finance Corp 5.250% 12/15/2019 Dd 12/03/14	0.87
995,000	Springleaf Finance Corp 6.125% 05/15/2022 Dd 05/15/17	0.86
1,305,000	Sprint Communications Inc 144A 7.000% 03/01/2020 Dd 03/01/12	1.16
1,970,000	Sprint Communications Inc 144A 9.000% 11/15/2018 Dd 11/09/11	1.73
115,000	Sprint Corp 7.125% 06/15/2024 Dd 06/15/14	0.10
105,000	Sprint Corp 7.250% 09/15/2021 Dd 09/15/14	0.09
450,000	Sprint Spectrum Co Llc/144A variable rate 03/20/2023 Dd 10/27/16	0.38
1,310,000	Standard Industries Inc/N 144A 5.500% 02/15/2023 Dd 02/23/16	1.14
1,500,000	Steel Dynamics Inc 5.250% 04/15/2023 Dd 10/15/13	1.29
285,736	Sterigenics-Nordion 3/17 TI	0.24
5,910,000	Synchrony Financial 2.600% 01/15/2019 Dd 12/04/15	4.94
7,400,000	Synchrony Financial 4.250% 08/15/2024 Dd 08/11/14	6.40
1,755,000	Targa Resources Partners LP/4.125% 11/15/2019 Dd 10/28/14	1.47
1,170,000	Targa Resources Partners LP/5.250% 05/01/2023 Dd 10/25/12	1.00
735,000	Taylor Morrison Communities 144A 5.250% 04/15/2021 Dd 04/16/13	0.63
215,000	Taylor Morrison Communities 144A 5.625% 03/01/2024 Dd 03/05/14	0.19
7,156,000	TCI Communications Inc 7.875% 02/15/2026 Dd 02/14/96	7.94
636,800	Tempo Acquisition 5/17Cov-Lite Tlb	0.53
2,560,000	Tenet Healthcare Corp 4.750% 06/01/2020 Dd 10/16/12	2.17
1,200,000	Tenet Healthcare Corp 6.000% 10/01/2020 Dd 09/27/13	1.06

Quoted Debt Instruments (continued)

United States (continued)		
Nominal	Security Description	Value €m
500,000	Thermo Fisher Scientific Inc 1.400% 01/23/2026	0.50
150,000	Thermo Fisher Scientific Inc 1.950% 07/24/2029	0.15
225,000	Thermo Fisher Scientific Inc variable rate 07/24/2019 Dd 07/24/17	0.23
2,623,000	Time Warner Cable Llc 5.000% 02/01/2020 Dd 12/11/09	2.28
356,000	Time Warner Cable Llc 8.750% 02/14/2019 Dd 11/18/08	0.32
7,756,000	Time Warner Entertainment Co L 8.375% 03/15/2023 Dd 09/15/93	7.85
1,275,000	T-Mobile USA Inc 6.500% 01/15/2024 Dd 11/21/13	1.13
1,940,000	Toyota Motor Credit Corp Regs 1.125% 09/07/2021	2.19
720,000	Treehouse Foods Inc 4.875% 03/15/2022 Dd 03/11/14	0.61
1,810,000	Tri Pointe Group Inc/Tri Poi 4.375% 06/15/2019 Dd 06/15/15	1.54
960,000	Tri Pointe Group Inc/Tri Poi 5.875% 06/15/2024 Dd 06/15/15	0.85
815,000	Tribune Media Co 5.875% 07/15/2022 Dd 01/15/16	0.70
1,044,915	TXU/Tceh 10/16 Cov-Lite Tlb	0.88
185,170	TXU/Tceh 10/16 Cov-Lite Tlc	0.16
2,190,000	Tyson Foods Inc 2.650% 08/15/2019 Dd 08/08/14	1.83
788,025	U.S.I. 8/17 Incremental Tlb	0.66
955,000	United Rentals North America I 4.625% 07/15/2023 Dd 03/26/15	0.82
550,000	Univar USA Inc 144A 6.750% 07/15/2023 Dd 07/01/15	0.48
1,170,000	Univision Communications 144A 5.125% 05/15/2023 Dd 05/21/13	0.97
6,400,000	US Bancorp 0.850% 06/07/2024	6.43
910,000	US Concrete Inc 6.375% 06/01/2024 Dd 06/07/16	0.81
1,883,180	US Treas-Cpii Inflat 0.125% 07/15/2026 Dd 07/15/16	1.53
636,643	Valeant 3/15 F1 Tlb	0.54
2,548,000	Ventas Realty LP/Ventas Capital 2.700% 04/01/2020 Dd 03/19/13	2.13
2,546,000	Vereit Operating Partnership L 3.000% 02/06/2019 Dd 08/06/14	2.13
1,300,000	Vereit Operating Partnership L 4.125% 06/01/2021 Dd 06/02/16	1.13
1,675,000	Verizon Communications Inc 2.625% 02/21/2020 Dd 02/21/15	1.41
2,900,000	Verizon Communications Inc 4.150% 03/15/2024	2.54
3,165,000	Volkswagen Group Of America 144A 2.450% 11/20/2019 Dd 11/20/14	2.64

United States (continued)		
Nominal	Security Description	Value €m
4,574,000	Walgreen Co 3.100% 09/15/2022 Dd 09/13/12	3.83
2,000,000	Walgreens Boots Alliance Inc 2.700% 11/18/2019 Dd 11/18/14	1.68
3,400,000	Walt Disney Co/The Regs 2.125% 09/13/2022	2.77
1,165,000	Watco Cos Llc/Watco Financials 144A 6.375% 04/01/2023 Dd 03/22/13	1.01
7,350,000	Wea Finance Llc/Westfie 144A 3.750% 09/17/2024 Dd 09/17/14	6.32
9,400,000	Wells Fargo & Co Regs 1.000% 02/02/2027	9.24
3,180,000	Wells Fargo & Co 2.150% 01/30/2020 Dd 02/02/15	2.65
878,000	Wells Fargo & Co 2.600% 07/22/2020 Dd 07/22/15	0.74
1,962,000	Western Gas Partners LP 2.600% 08/15/2018 Dd 08/14/13	1.64
545,000	Westlake Chemical Corp 4.625% 02/15/2021 Dd 02/15/17	0.47
790,000	Westrock Rkt Co 3.500% 03/01/2020 Dd 03/01/13	0.67
450,000	Westrock Rkt Co 4.450% 03/01/2019 Dd 03/01/13	0.38
500,000	Weyerhaeuser Co 7.375% 10/01/2019 Dd 10/01/09	0.45
750,000	Whiting Petroleum Corp 5.750% 03/15/2021 Dd 09/12/13	0.64
623,438	Wideopenwest 6/17 Tlb	0.51
2,125,000	Williams Partners LP 5.250% 03/15/2020 Dd 02/09/10	1.87
872,000	Windstream Services Llc/ Wind 7.750% 10/15/2020 Dd 10/06/10	0.61
1,130,000	Wmg Acquisition Corp 144A 5.000% 08/01/2023 Dd 07/27/16	0.98
671,000	WPX Energy Inc 7.500% 08/01/2020 Dd 07/22/15	0.61
300,000	WPX Energy Inc 8.250% 08/01/2023 Dd 07/22/15	0.28
1,455,000	WR Grace & Co-Conn 144A 5.125% 10/01/2021 Dd 09/16/14	1.28
3,400,000	Wyndham Worldwide Corp 3.900% 03/01/2023 Dd 02/22/13	2.81
1,000,000	Wyndham Worldwide Corp 4.150% 04/01/2024 Dd 03/21/17	0.84
1,870,000	Yum! Brands Inc 5.300% 09/15/2019 Dd 08/25/09	1.62
0	Zebra Technologies Corp 7.250% 10/15/2022 Dd 10/15/14	0.00
1,421,000	ZF North America Capital 144A 4.000% 04/29/2020 Dd 04/29/15	1.23
689,000	ZF North America Capital 144A 4.500% 04/29/2022 Dd 04/29/15	0.60
3,000,000	ZF North America Capital Regs 2.250% 04/26/2019	3.09

United States (continued)		
Nominal	Security Description	Value €m
5,000,000	Zoetis Inc 3.450% 11/13/2020 Dd 11/13/15	4.27
		850.14
	% of Total Investments	4.16%
	Total North American Quoted Debt	876.67
	% of Total Investments	4.29%

ASIA PACIFIC		
Australia		
Nominal	Security Description	Value €m
10,050,000	Apt Pipelines Ltd 144A 3.875% 10/11/2022 Dd 10/11/12	8.61
100,000	Apt Pipelines Ltd Regs 1.375% 03/22/2022	0.10
855,000	Australia & New Zealand B 144A 5.100% 01/13/2020 Dd 01/13/10	0.75
2,400,000	Australia Pacific Airport Regs 3.125% 09/26/2023	2.73
2,130,000	BHP Billiton Finance USA Ltd 3.250% 11/21/2021	1.83
1,690,000	Commonwealth Bank Of Australia 2.300% 03/12/2020 Dd 03/12/15	1.41
3,065,000	Macquarie Group Ltd 144A 3.000% 12/03/2018 Dd 12/03/13	2.57
2,545,000	Macquarie Group Ltd 144A 6.000% 01/14/2020 Dd 01/14/10	2.26
1,564,000	National Australia Bank Ltd Regs 0.350% 09/07/2022	1.56
0	National Australia Bank Ltd Regs 0.350% 09/07/2022	0.00
4,900,000	National Australia Bank Ltd Regs 0.625% 09/18/2024	4.83
500,000	National Australia Bank Ltd Regs variable rate 11/12/2024	0.51
1,000,000	National Australia Bank Ltd/ Ne 1.875% 07/12/2021 Dd 07/12/16	0.82
3,000,000	National Australia Bank Ltd/ Ne 2.250% 01/10/2020 Dd 01/10/17	2.50
10,238,000	Newcrest Finance Pty Ltd 144A 4.200% 10/01/2022 Dd 10/01/12	8.89
237,000	Newcrest Finance Pty Ltd 144A 4.450% 11/15/2021 Dd 11/15/11	0.21
2,200,000	Origin Energy Finance Ltd 144A 3.500% 10/09/2018	1.85
2,700,000	Origin Energy Finance Ltd Regs 2.500% 10/23/2020	2.87
2,700,000	Scentre Group Trust 1/S Regs 1.375% 03/22/2023	2.79
10,200,000	SGSP Australia Assets Pty Regs step 04/09/2023	8.56
1,100,000	Westpac Banking Corp Regs 0.375% 03/05/2023	1.09
		56.73
	% of Total Investments	0.28%

Hong Kong		
Nominal	Security Description	Value €m
939,000	Standard Chartered Bank HK Regs 5.875% 06/24/2020	0.84
		0.84
	% of Total Investments	0.00%

Japan		
Nominal	Security Description	Value €m
654,000	Asahi Group Holdings Ltd Regs 0.321% 09/19/2021	0.65
2,775,000	Bank Of Tokyo-Mitsubishi 144A 2.300% 03/05/2020 Dd 03/05/15	2.31
6,000,000	Mitsubishi UFJ Financial Group 2.950% 03/01/2021	5.05
1,375,000	Mizuho Bank Ltd 144A 2.400% 03/26/2020 Dd 03/26/15	1.14
9,000,000	Mizuho Bank Ltd 144A 2.700% 10/20/2020 Dd 10/20/15	7.54
3,550,000	Softbank Group Corp 144A 4.500% 04/15/2020 Dd 04/23/13	3.02
2,405,000	Sumitomo Mitsui Banking Corp 2.450% 01/16/2020 Dd 01/16/15	2.01
850,000	Sumitomo Mitsui Financial Regs 0.934% 10/11/2024	0.85
		22.57
	% of Total Investments	0.11%

New Zealand		
Nominal	Security Description	Value €m
285,000	ANZ New Zealand International Ltd 144A 2.600% 09/23/2019 Dd 09/23/14	0.24
		0.24
	% of Total Investments	0.00%
Total Asia Pacific Quoted Debt		80.38
% of Total Investments		0.39%

EMERGING MARKETS		
Bermuda		
Nominal	Security Description	Value €m
970,000	Digicel Ltd 144A 6.000% 04/15/2021 Dd 03/05/13	0.80
		0.80
	% of Total Investments	0.00%

Brazil		
Nominal	Security Description	Value €m
117	Hypermarcas SA 11.300% 10/15/2018	0.00
500,000	Vale SA 3.750% 01/10/2023	0.56
		0.56
	% of Total Investments	0.00%

Cayman Islands		
3,089,896	Apidos Clo X 10A A 144A variable rate 10/30/2022 Dd 11/15/12	2.57
2,750,000	CK Hutchison International 144A 2.750% 03/29/2023 Dd 09/29/17	2.25
0	Fraser Sullivan CI 7A A1R 144A variable rate 04/20/2023 Dd 06/30/15	0.00
3,175,000	HPHT Finance 15 Ltd 144A 2.250% 03/17/2018 Dd 03/17/15	2.65
5,000,000	Sound Point Clo Xi L 1A A 144A variable rate 07/20/2028 Dd 05/26/16	4.19
5,286,000	Southern Water Services Finance Regs 6.640% 03/31/2026	8.01
50,000	Southern Water Services Finance 6.125% 03/31/2019	0.06
		19.72
	% of Total Investments	0.10%

Chile		
1,480,000	Celulosa Arauco Y Constitucion 7.250% 07/29/2019 Dd 07/27/09	1.32
		1.32
	% of Total Investments	0.01%

Curacao		
1,350,000	Teva Pharmaceutical Finance Regs 2.875% 04/15/2019	1.37
1,550,000	Teva Pharmaceutical Finance Co 3.650% 11/10/2021 Dd 11/10/11	1.23
		2.60
	% of Total Investments	0.01%

Mexico		
1,000,000	America Movil SAB De Cv1.000% 06/04/2018	1.00
2,500,000	America Movil SAB De Cv3.000% 07/12/2021	2.73
1,690,000	BBVA Bancomer Sa/Texas 144A7.250% 04/22/2020 Dd 04/22/10	1.52
357,000	Coca-Cola Femsa Sab De Cv4.625% 02/15/2020 Dd 08/15/10	0.31
		5.57
	% of Total Investments	0.03%

Total Emerging Markets Quoted Debt		30.57
% of Total Investments		0.15%
Total Quoted Debt Instruments		2,183.28
% of Total Investments		10.68%

Direct Private Equity

Cost €m	Security Description	Value €m
6.00	Advanced Manufacturing Control Systems	Note 1
10.00	Cubic Telecom Limited	Note 1
30.00	Finance Ireland	Note 1
18.76	Kaseya Luxembourg Holdings SCA	Note 1
4.17	Nautilus Data Technologies	Note 1
10.01	Swrve Mobile	Note 1
Total Direct Private Equity		89.39
% of Total Investments		0.44%

Unquoted Debt Instruments

Commitment €m	Security Description	Value €m
96.35	Bank Of Ireland	118.22
40.00	Bluebay Ireland Corporate Subordinated	Note 1
8.22	DAD Fund Finance Designated Activity Company	Note 1
21.50	European Investment Bank 0.000% 01/08/2027	23.36
13.70	European Investment Bank 0.000% 01/08/2037	15.39
13.17	European Investment Bank Regs 0.000% 01/08/2032	14.54
25.00	Man-Aalto	Note 1
5.00	Milkflex Facility B1 Subordinated	Note 1
0.10	Milkflex Facility B2 Subordinated	Note 1
50.00	Quadrant	Note 1
Total Unquoted Debt Instruments		242.08
% of Total Investments		1.18%

Property Investments

Commitment €m	Security Description	Value €m
41.69	Apollo Domestic Emerging Markets Fund	12.22
30.00	Ardstone Residential Partners Fund ICAV	25.22
14.33	Asian Retail Mall II Limited	0.03
33.35	Berkshire Multifamily Value Fund	0.08
32.12	Blackrock Japan Core Plus Fund	0.04
0.83	DAD Property Fund Limited	0.08
15.01	FDV-Venture	0.04
25.00	Finegrain	25.50
39.22	Forum Asian Realty Income II	0.37
44.13	Forum European Realty Income II Group Limited	9.61
29.91	Grosvenor French Retail Feeder Investment SA	9.95
56.80	Madison Marquette Fund Group LLC	0.56
91.72	Morgan Stanley Real Estate Fund V USA	0.00
91.72	Morgan Stanley Real Estate Fund VI International	2.67
45.86	Morgan Stanley Real Estate Fund V International	2.19
41.69	Preco III (UK)	2.66
0.16	Rockspring Peripheral Europe	0.21
41.69	Silverpeak Real Estate Partners II	3.29
75.00	Tishman Speyer European Real Estate Venture VI	5.03
48.81	Tishman Speyer Real Estate Fund VI Property Fund	12.00
75.00	WLR Cardinal Mezzanine Fund	54.76
2.00	Kilkenny Regeneration	0.00
Total Property Investments		166.53
% of Total Investments		0.81%

Private Equity Investments

Commitment €m	Security Description	Value €m
0.26	Act 2001 – BIAM Venture Capital	0.21
20.00	Act V Venture Capital Fund Ltd	1.93
22.88	Arch Venture Fund VIII	38.06
20.85	Arch Venture Fund IX Overage L.P.	8.73
10.00	Atlantic Bridge II	6.42
20.00	Atlantic Bridge III	11.30
14.93	BMS Finance Ireland	12.47
125.00	Business Growth Fund (BGF) Ireland 1A LP	0.00
125.00	Carlyle Cardinal Ireland	73.74
15.00	Causeway Capital Partners I	3.87
41.69	China Ireland Growth Technology Fund	20.53
0.56	Delta Equity Fund II (UCC)	0.37
23.00	Delta Equity Fund III	17.21
0.15	Delta Equity Fund No.2 (Fas)	0.08
0.09	Delta I 9900777	0.10
10.42	Draper Fisher Jurveston	10.42
20.00	Finistere Ireland Ag-Tech Fund	0.00
17.76	Finistere Ventures II	7.63
15.00	Fountain Healthcare Partners I	7.21
15.00	Fountain Healthcare Partners II	5.60
11.00	Frontline Venture Fund I L.P.	10.61
15.00	Frontline Ventures Fund II L.P.	1.90
10.00	Highland Europe Technology I	13.41
10.00	Highland Europe Technology II LP	6.29
20.85	Illumina Innovation Fund I	2.92
77.22	Leeds Equity Partners Fund VI	16.15
10.71	Lightstone Ventures I L.P.	8.44
20.85	Lightstone Ventures II L.P.	1.13
45.00	Muzinich Pan-European Private Debt I	1.50
41.69	OCM Opportunities Fund VIIB	2.95
41.69	Polaris Venture Partners VI	52.25
41.69	Polaris Partners VII	37.84
20.85	Polaris Partners VIII	3.42
37.52	Reverence Capital Partners Opportunities Fund I	44.85
14.65	Scottish Equity Partners V	4.40
15.00	Seroba Kernel Life Sciences Fund II	10.50
15.00	Seroba Life Sciences Fund III Limited Partnership	2.40
10.42	Sofinnova Venture Partners VIII	4.56
20.85	Strategic Investors Fund V	25.91
20.85	Strategic Investors Fund VI	22.76
29.18	Strategic Investors Fund VIII	3.81
18.00	Ulster Bank Diageo Venture Fund (Investec)	9.66
43.54	Westsummit Global Technology Fund	65.77
Total Private Equity Investments		579.30
% of Total Investments		2.83%

Forestry Investments

Commitment €m	Security Description	Value €m
20.00	AIBIM 1St Forestry Fund	33.77
55.00	Forais (Dasos)	12.06
0.14	ILIM IFUT – Irish Forestry Unit Trust	0.15
Total Forestry Investments		45.98
% of Total Investments		0.22%

Energy Investments

Commitment €m	Security Description	Value €m
35.00	NTR Wind 1	25.39
Total Energy Investments		25.39
% of Total Investments		0.12%

Infrastructure Investments

Commitment €m	Security Description	Value €m
250.00	Irish Infrastructure Trust	249.17
Total Infrastructure Investments		249.17
% of Total Investments		1.22%

Quoted Investment Funds

Nominal	Security Description	Value €m
19,479,633	Acadian Global Managed Volatility Equity Fund	311.21
21	Amundi 6 Month Ireland	212.22
40	Amundi 12-24 Month Ireland	423.63
270,226	AQR Systematic Total Return Fund	287.93
13,629,072	Blackrock EUR Liquid First Fund Premium	13.63
1,996,792	Deutsche Floating Rate Notes	168.83
4,039,997	GIM Specialist Investment Funds ISIF Global Macro Opp Fund X EUR C	430.87
1,386,921	Goldman Sachs Alternative Risk Premia Portfolio	139.75
11,052,061	Goldman Sachs Alternative Trend Portfolio Class IO Shares	94.92
1,150,082	Goldman Sachs Emerging Markets Debt Local Portfolio IO	13.44
2,827,561	Goldman Sachs Emerging Markets Debit Portfolio Class IO Shares	30.76
3,396,999	Goldman Sachs Emerging Markets Equity Portfolio IO Acc	42.43
1,678,390	Goldman Sachs Tactical Exposure Portfolio	152.07
6,479,652	JPM Liq-Euro Liquidity-X F	6.48
2,199,890	Muzinch Enhanced Yield Short-Term Fund Hedged	235.15
Total Quoted Investment Funds		2,563.31
% of Total Investments		12.54%

Unquoted Investment Funds

Nominal	Security Description	Value €m
222,850	Blackstone Class A	202.68
26,303	Blackstone Class B	23.22
223,555	Bridgewater Pure Alpha Major Markets Fund III	223.73
550,718	Generation IM Global Equity Fund	194.41
1,840,000	ISIF Absolute Alpha Fund	185.26
Total Unquoted Investment Funds		829.31
% of Total Investments		4.06%

Convertible Preference Shares and Convertible Loan

Commitment €m	Security Description	Value €m
20.85	Aquacomms	Note 1
11.47	Genomics Medicine Ireland Ltd	Note 1
20.85	Insidesales.com, Inc.	Note 1
2.50	Swrve Mobile	Note 1
Total Convertible Preference Shares and Convertible Loan		46.13
% of Total Investments		0.23%

Unrealised Gain on Foreign Exchange Contracts

Security Description	Value €m
Unrealised Gain On Foreign Exchange Contracts	32.64
Total Unrealised Gain on Foreign Exchange Contracts	32.64
% of Total Investments	0.16%

Unrealised Gain on Futures Contracts

Security Description	Value €m
Note 2 Unrealised Gain On Futures Contracts	10.75
Total Unrealised Gain on Futures Contracts	10.75
% of Total Investments	0.05%

Other Derivative Instruments Unrealised Gain on Credit Default Swaps

Nominal	Security Description	Value €m
(1,650,000)	CDX_BP UL Itraxx_Europe_27_1 P 100BPS 2022 Jun 20	(0.05)
3,000,000	CDX.SP UL Itraxx_Europe_SF_27 R 100BPS 2022 Jun 20	0.09
1,000,000	CDX.SP UL Itraxx_Europe_SF_27 R 100BPS 2022 Jun 20	0.03
Total Unrealised Gain on Credit Default Swaps		0.07
% of Total Investments		0.00%

Unrealised Gain on Options

Nominal	Security Description	Value €m
(1,304)	S&P 500 INDEX SPX	(1.19)
2,032	EURO STOXX 50 P INDEX	1.35
Total Unrealised Gain on Options		0.16
% of Total Investments		0.00%
Total Investments at fair value through profit and loss		7,511.61
% of Total Investments		36.76%

Loans and Receivables

Other Debt

Commitment €m	Security Description	Value €m
325.00	Activate Loans	Note 1
2.68	Aquacomms Loan	Note 1
38.75	DCU Loans	Note 1
39.40	Dublin Waste To Energy Loans	Note 1
51.67	Cherrywood -Hines Loan	Note 1
450.00	Irish Water Loans	300.00
20.00	Milkflex Senior Facility Loan Note	Note 1
14.30	Shannon Airport Authority Loans	Note 1
18.00	Port of Cork	Note 1
14.00	Panelto	Note 1
Total Other Debt		631.07
% of Total Investments		3.09%

Other Bonds

Commitment €m	Security Description	Value €m
8.00	Bluebay Ireland Corporate Credit 1 Limited Senior Notes	4.50
150.00	Bluebay Ireland Corporate Credit 1 Limited Super Senior Notes	90.00
Total Other Bonds		94.50
% of Total Investments		0.46%
Total Loans and Receivables		725.57
% of Total Investments		3.55%

Financial Liabilities

Unrealised loss on equity options

Nominal	Security Description	Value €m
	NIKKEI 225 – OTC	(0.06)
	FTSE 100 Index – OTC	(0.37)
	Euro Stoxx 50 P Index – OTC	(0.44)
	S & P 500 Index – OTC	(1.34)
Total Unrealised loss on equity options		(2.21)
% of Total Investments		-0.01%

Unrealised loss on equity index swaps

Nominal	Security Description	Value €m
(7)	Nikkei 225 (Otc)Put Mar 18 22250.000 Ed 030918	(0.02)
(3)	Nikkei 225 (Otc)Put Mar 18 22000.000 Ed 030918	(0.01)
(11)	Nikkei 225 (Otc)Put Feb 18 21875.00 Ed 020918	(0.02)
(9)	Nikkei 225 (Otc)Put Feb 18 22375.000 Ed 020918	(0.02)
(14)	Nikkei 225 (Otc)Put Feb 18 22125.000 Ed 020918	(0.02)
(16)	Nikkei 225 (Otc)Put Feb 18 21500.000 Ed 020918	(0.01)
(2)	Nikkei 225 (Otc)Put Feb 18 21250.000 Ed 020918	(0.00)
(1)	Nikkei 225 (Otc)Put Jan 18 21625.000 Ed 011218	(0.00)
(4)	Nikkei 225 (Otc)Put Jan 18 22000.00 Ed 011218	(0.00)
(8)	Nikkei 225 (Otc)Put Jan 18 20875.00 Ed 011218	(0.00)
(13)	Nikkei 225 (Otc)Put Jan 18 21375.000 Ed 011218	(0.00)
(15)	Nikkei 225 (Otc)Put Jan 18 22125.00 Ed 11218	(0.01)
(12)	Nikkei 225 (Otc)Put Jan 18 21250.000 Ed011218	(0.00)
(4)	Nikkei 225 (Otc)Put Jan 18 20625.000 Ed 11218	(0.00)
(7)	Nikkei 225 (Otc)Call Mar 18 23875.000 Ed030918	(0.01)
(3)	Nikkei 225 (Otc)Call Mar 18 23750.00 Ed 030918	(0.01)
(16)	Nikkei 225 (Otc)Call Feb 18 23125.000 Ed 2918	(0.03)
(3)	Nikkei 225 (Otc)Call Feb 18 23250.000 Ed020918	(0.01)
(1)	Nikkei 225 (Otc)Call Jan 18 22875.000 Ed 11218	(0.00)
(8)	Nikkei 225 (Otc)Call Jan 18 22500.00 Ed 011218	(0.02)
(15)	Nikkei 225 (Otc)Call Jan 16 2100.000 Ed 11218	(0.00)
(14)	Nikkei 225 (Otc)Call Jan 18 23000.000 Ed011218	(0.01)
(13)	Nikkei 225 (Otc)Call Jan 18 22750.000 Ed011218	(0.02)
(4)	Nikkei 225 (Otc)Call Jan 18 22125.000 Ed 11218	(0.02)
Total Unrealised loss on equity index swaps		(0.26)
% of Total Investments		0.00%

Unrealised loss on interest rate swaps

Nominal	Security Description	Value €m
320,223	Irs. P Eur-Euribor-Act/360 6Mr 1.58% 2042 Jul 04	0.00
1,547,268	Irs. P Eur-Euribor-Reuters 6Mr 1.42% 2042 Jun 04	(0.02)
48,000,000	Irs. R Eur-Euribor-Act/360 6Mp 0.09% 2019 Mar 24	0.00
(320,223)	Irs._P Eur-Euribor-Act/360 6Mr 1.58% 2042 Jul 04	(0.01)
(1,547,268)	Irs._P Eur-Euribor-Reuters 6Mr 1.42% 2042 Jun 04	0.00
(48,000,000)	Irs._R Eur-Euribor-Act/360 6Mp 0.09% 2019 Mar 24	(0.09)
Total Unrealised loss on interest rate swaps		(0.12)
% of Total Investments		0.00%
Total Unrealised loss on swaps		(0.38)
% of Total Investments		0.00%
Total Financial Liabilities		(2.59)
% of Total Investments		-0.01%

Cash Deposits and Other Cash Investments

Deposits and cash

Security Description	Value €m
Dairygold RPPF	Note 1
Euro	184.95
US Dollar	258.04
Other Currencies	(1.10)
Sterling	0.81
Japanese Yen	(2.35)
Total Deposits and cash	440.35
% of Total Investments	2.15%

Treasury Bills

Nominal	Security Description	Value €m
11,492,000	US Treasury Bill	9.55
Total Treasury Bills		9.55
% of Total Investments		0.05%
Total Cash Deposits and Other Cash Investments		449.90
% of Total Investments		2.20%
Total Discretionary Investments		8,684.49
% of Total Investments		42.50%

Directed Investments

Directed investment assets

Nominal	Security Description	Value €m
1,930,424,451	Allied Irish Banks	10,464.83
150,410,768	Bank of Ireland	1,071.53
Total Directed investment assets		11,536.36
% of Total Investments		56.45%

Cash

Security Description	Value €m
Euro	215.06
Total Cash	215.06
% of Total Investments	1.05%
Total Directed Investments	11,751.42
% of Total Investments	57.50%
Total Investments	20,435.91
% of Total Investments	100.00%

Portfolio of Investments – ISIF

Note 1: The market value has not been disclosed as this is commercially sensitive information.

Note 2:		Unrealised
Futures 31 December 2017		Profit & Loss €m
768	Euro Foreign Currency Future Expiring March 18	1.56
569	Euro Foreign Currency Future Expiring March 18	1.16
70	S&P 500 Emini Index Future Expiring March 18	0.01
139	Euro Stoxx 50 Future Expiring March 18	(0.13)
46	90 day Euro dollar Future December 19	0.11
344	90 day Euro dollar Future June 18	0.01
378	90 day Euro dollar Future September 18	0.02
390	90 day Euro dollar Future December 18	0.04
37	90 day Euro dollar Future December 18	0.01
116	90 day Euro dollar Future Expiring 18	0.14
814	90 day Euro dollar Future June 19	0.01
64	90 day Euro dollar Future December 18	0.08
3,574	90 day Euro dollar Future December 18	0.02
510	90 day Euro dollar Future June 18	0.47
204	90 day Euro dollar Future June 19	0.36
284	90 day Euro dollar Future June 19	0.11
238	90 day Euro dollar Future March 18	0.00
1,014	90 day Euro dollar Future March 18	1.03
256	90 day Euro dollar Future March 19	0.35
1,932	90 day Euro dollar Future March 19	0.01
459	90 day Euro dollar Future March 19	0.09
85	90 day Euro dollar Future September 19	0.04
223	90 day Euro dollar Future September 19	0.44
(17)	Amsterdam Index Future Expiring January 18	0.02
(84)	Cac40 10 Euro Future Expiring January 18	0.07
(12)	Dax Index Future Expiring March 18	0.08
(246)	Euro Buxl 30 Yr Bond Future Expiring March 18	0.94
(83)	Ftse 100 Index Future Expiring March 18	(0.21)
(8)	Hang Seng Index Future Expiring January 18	(0.02)
(14)	Ibex 35 Index Future Expiring January 18	0.03
572	Mini Msci Emg Mkt Future Expiring March 18	0.71
(26)	Msci Singapore Index Future Expiring January 18	(0.00)
(108)	Omx30 Ind Future Expiring January 18	0.05
(575)	S&P 500 Emini Index Future Expiring March 18	(0.32)
(8)	S&P/Mib Index Future Expiring March 18	0.03
(29)	S&P/Tse 60 Index Future Expiring March 18	(0.01)
(29)	Spi 200 Future Expiring March 18	(0.01)
(48)	Swiss Mkt Ix Future Expiring March 18	(0.02)
(72)	Topix Index Future Expiring March 18	(0.16)
15	Us Treas Bd Future Expiring March 18	(0.00)
(140)	90 day Eurodollar Future Expiring June 19	0.18
(2)	Australian 10Yr Bond Future Expiring March 18	0.00
(39)	Euro Buxl 30 Yr Bond Future Expiring March 18	0.11
(159)	Euro-Bobl Future Expiring March 18	0.11
(61)	Euro-Btp Future Expiring March 18	0.19
(6)	Euro-Bund Future Expiring March 18	0.01
(57)	Euro-Oat Future Expiring March 18	0.10
(24)	Euro-Schatz Future Expiring March 18	0.00
(11)	Long Gilt Future Expiring March 18	(0.01)
(41)	Short Euro-Btp Future Expiring March 18	0.02
(13)	Us 10 Yr Treas Nts Future Expiring March 18	0.00

9	Us 10Yr Ultra Future Expiring March 18	0.00
58	Us 5Yr Treas Nts Future Expiring March 18	(0.01)
2	Us Treas Bd Future Expiring March 18	0.00
(13)	Us Ultra Bond Expiring March 18	(0.01)
56	3 month Euro Euribor Future Expiring March 21	(0.06)
132	3 month Euro Euribor Future Expiring March 20	(0.10)
152	3 month Euro Euribor Future Expiring December 19	(0.13)
283	3 month Euro Euribor Future Expiring December 18	(0.05)
3	3 month Euro Euribor Future Expiring December 21	(0.00)
76	3 month Euro Euribor Future Expiring December 20	(0.08)
164	3 month Euro Euribor Future Expiring September 19	(0.13)
302	3 month Euro Euribor Future Expiring September 18	(0.05)
39	3 month Euro Euribor Future Expiring September 21	(0.02)
86	3 month Euro Euribor Future Expiring September 20	(0.09)
187	3 month Euro Euribor Future Expiring June 19	(0.10)
343	3 month Euro Euribor Future Expiring June 18	(0.03)
1	3 month Euro Euribor Future Expiring June 22	(0.00)
39	3 month Euro Euribor Future Expiring June 21	(0.06)
96	3 month Euro Euribor Future Expiring June 20	(0.11)
210	3 month Euro Euribor Future Expiring March 19	(0.08)
359	3 month Euro Euribor Future Expiring March 18	(0.03)
1	3 month Euro Euribor Future Expiring March 22	(0.00)
(268)	90 day Eurodollar Future Expiring December 18	0.48
(149)	90 day Eurodollar Future Expiring December 19	0.29
(4)	90 day Eurodollar Future Expiring December 21	0.00
(73)	90 day Eurodollar Future Expiring December 20	0.10
(162)	90 day Eurodollar Future Expiring September 19	0.34
(257)	90 day Eurodollar Future Expiring September 18	0.46
(35)	90 day Eurodollar Future Expiring September 21	(0.00)
(85)	90 day Eurodollar Future Expiring September 20	0.13
(187)	90 day Eurodollar Future Expiring June 19	0.37
(273)	90 day Eurodollar Future Expiring June 18	0.41
(1)	90 day Eurodollar Future Expiring June 22	0.00
(36)	90 day Eurodollar Future Expiring June 21	0.06
(93)	90 day Eurodollar Future Expiring June 20	0.17
(211)	90 day Eurodollar Future Expiring March 19	0.43
(264)	90 day Eurodollar Future Expiring March 18	0.36
(2)	90 day Eurodollar Future Expiring March 22	0.00
(52)	90 day Eurodollar Future Expiring March 21	0.06
(132)	90 day Eurodollar Future Expiring March 20	0.20
(11)	90 day Sterling Future Expiring September 21	0.01
(14)	90 day Sterling Future Expiring September 20	0.01
(29)	90 day Sterling Future Expiring June 19	0.02
(25)	90 day Sterling Future Expiring December 19	0.02
(109)	90 day Sterling Future Expiring December 18	0.01
(14)	90 day Sterling Future Expiring December 20	0.01
(29)	90 day Sterling Future Expiring September 19	0.02
(116)	90 day Sterling Future Expiring September 18	0.02
(161)	90 day Sterling Future Expiring June 18	0.01
(11)	90 day Sterling Future Expiring June 21	0.01
(16)	90 day Sterling Future Expiring June 20	0.01
(20)	90 day Sterling Future Expiring March 20	0.02
(29)	90 day Sterling Libor Future Expiring March 19	0.02
(14)	90 day Sterling Libor Future Expiring March 21	0.01
(122)	90 day Sterling Libor Future Expiring March 18	0.01
Total Futures		10.75

National Treasury Management Agency

Treasury Building, Grand Canal Street,
Dublin 2, D02 XN96, Ireland

T +353 1 238 4000

E info@ntma.ie

W www.ntma.ie



Follow us on Twitter @NTMA_IE