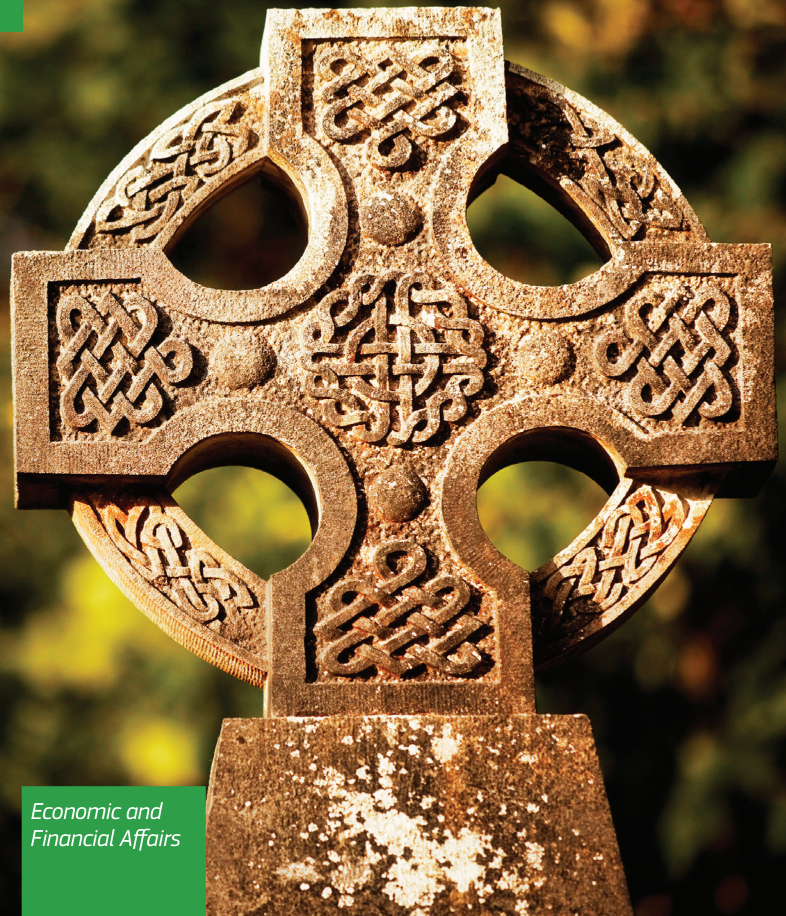
ISSN 2443-8014 (online)

Post-Programme Surveillance Report

Ireland, Autumn 2024

INSTITUTIONAL PAPER 301 | NOVEMBER 2024

EUROPEAN ECONOMY



Economic and Financial Affairs

European Economy Institutional Papers are important reports analysing the economic situation and economic developments prepared by the European Commission's Directorate-General for Economic and Financial Affairs, which serve to underpin economic policy-making by the European Commission, the Council of the European Union and the European Parliament.

DISCLAIMER

The views expressed in unofficial documents do not necessarily represent the views of the European Commission.

LEGAL NOTICE

Neither the European Commission nor any person acting on behalf of the European Commission is responsible for the use that might be made of the information contained in this publication.

This paper exists in English only and can be downloaded from https://ec.europa.eu/info/publications/economic-and-financial-affairs-publications_en.

Luxembourg: Publications Office of the European Union, 2024

PDF ISBN 978-92-68-17459-3 ISSN 2443-8014 doi:10.2765/695956 KC-BC-24-028-EN-N

© European Union, 2024
Reuse is authorised provided the source is acknowledged. The reuse policy of European Commission documents is regulated by Decision 2011/833/EU (OJ L 330, 14.12.2011, p. 39). For any use or reproduction of material that is not under the EU copyright, permission must be sought directly from the copyright holders.

CREDIT
Cover photography: © iStock.com/mammuth

European Commission
Directorate-General for Economic and Financial Affairs

Post-Programme Surveillance Report

Ireland, Autumn 2024

EUROPEAN ECONOMY

Institutional Paper 301

ABBREVIATIONS

CBI	Central Bank of Ireland
CCyB	Countercyclical capital buffer
CET1	Common Equity Tier 1
CRE	Commercial Real Estate
CSO	Central Statistics Office Ireland
ECB	European Central Bank
EFSF	European Financial Stability Facility
EFSM	European Financial Stabilisation Mechanism
ESM	European Stability Mechanism
GDP	Gross Domestic Product
GNI*	Modified Gross National Income
HICP	Harmonised Index of Consumer Prices
ICT	Information and Communication Technology
MBF	Market-based financial sector
NBLs	Non-bank lenders'
NFCs	Non-Financial Corporations
NPL	Non-performing loan
NTMA	National Treasury Management Agency
O-SII	Other Systemically Important Institutions
PPS	Post-programme surveillance
q-o-q	Quarter-on-quarter
RoA	Return on Assets
RoE	Return on Equity
SME	Small and medium-sized enterprises
VAT	Value Added Tax
y-o-y	Year on year

CONTENTS

Executive Summary 1

1. Introduction 2
2. Economic developments 3
3. Public finance developments 7
4. Financial sector developments 9
5. Sovereign financing and capacity to repay 12

Annex 1: Main macroeconomic and financial indicators 13

Annex 2: Debt sustainability analysis 14

LIST OF TABLES

4.1. Financial soundness indicators 10
A1.1. Selected economic indicators 13
A2.1. Debt sustainability analysis 16
A2.2. Heatmap of fiscal sustainability risks 16

LIST OF GRAPHS

2.1. Gross value added quarterly growth by sector 3
2.2. Households income and spending expectations 3
2.3. Unemployment and vacancy rates 4
2.4. Drivers of export growth 4
2.5. HICP inflation components 5
3.1. General government budget balance and gross debt forecast 7
5.1. Maturity profile of medium- and long-term debt (end-September 2024) 12

EXECUTIVE SUMMARY

The 21st post-programme surveillance mission to Ireland took place from 18 to 20 September 2024. This mission involved European Commission staff in liaison with European Central Bank staff. European Stability Mechanism (ESM) staff participated on aspects relating to its Early Warning System.

Ireland's headline figures continue to indicate a slowdown of economic activity, largely due to ongoing volatility in the multinational sector, while the domestic economy remains resilient. Private consumption continued to grow in the first half of the year as total employment reached record highs. Domestic economic activity is set to remain resilient, supported by robust labour market growth, low inflation and rising real wages. Headline investment experienced a sharp decline in the first half of 2024, primarily due to a significant export of intellectual property by the multinational sector. In contrast, modified investment, which excludes volatile aircraft leasing and imported intellectual property investments, saw modest growth in the first half of 2024. It is expected to pick up over the forecast horizon as a result of more benign financial conditions and a public commitment to increase investment. Exports rebounded in the first half of the year, following the post-pandemic adjustment in 2023, and are expected to benefit from a supportive external environment in the coming years. Ireland's real gross domestic product (GDP) is expected to decline by 0.5% in 2024 and rebound with growth of 4.0% in 2025, and 3.6% in 2026. Modified domestic demand, which better reflects Ireland's underlying domestic economic activity, is expected to grow by 2.7% in 2024, 2.8% in 2025 and 3.0% in 2026. After significant easing in recent quarters, prices are expected to change by 1.4% in 2024, 1.9% in 2025 and 1.8% in 2026.

Irish public finances appear sound. According to the Commission's Autumn 2024 Economic Forecast, Ireland is expected to report general government surpluses in 2024 (4.4% of GDP), 2025 (1.4% of GDP) and 2026 (1.3% of GDP), based on a strong performance in sectors that account for a large share of corporate and income tax receipts. The unusually large surplus of more than EUR 23 billion in 2024 is driven by a one-off transfer arising from a Court of Justice of the European Union ruling. Government expenditure increases continue to be mostly driven by social payments and wage rises in the public sector. The government debt-to-GDP ratio is projected to continue decreasing over the forecast horizon. In mid-October, Ireland presented its medium-term fiscal-structural plan, as required by the new economic governance framework.

The Irish financial sector remains resilient, as financial stability risks continue to decrease. Irish retail banks recorded good results for the first half of 2024, as profitability remained high, close to the levels of 2023. High interest rates still supported net interest income, but operating costs rose as banks stepped up their ICT investments. Banks' capital ratios are adequate and stabilised in 2024, after a decline in 2023 due to the incorporation of assets from two banks exiting the country. Meanwhile, non-performing loan ratios declined to their lowest level since the financial crisis, and asset quality improved slightly. Despite these positive developments, banks' profitability is expected to moderate in the future, and pockets of risks remain in some sectors, notably in commercial real estate. Ireland's large market-based finance sector continued to expand in 2024 but displays only limited interlinkages with the domestic economy. Some of the risks stemming from Irish property funds are expected to be mitigated by the leverage limits introduced by the Central Bank of Ireland.

Ireland retains the capacity to service its debt. The economic, fiscal and financial situation remains sound overall despite substantial geopolitical risks and the expected slowdown of headline GDP in 2024. According to the Commission's debt sustainability analysis, Ireland is assessed to face low risks in the short and medium-term, while long-term risks appear to be medium. Government gross financing needs are low thanks to large cash and liquid asset holdings and a favourable debt structure. Ireland's first European Financial Stability Facility repayment is scheduled for 2029 and a EUR 2.4 billion European Financial Stabilisation Mechanism repayment is due in 2025. Ireland's regular market presence and perception by investors support favourable financing conditions.

1. INTRODUCTION

From 18 to 20 September 2024, staff from the European Commission, in liaison with staff from the European Central Bank (ECB), undertook the twenty-first post-programme surveillance (PPS) mission to Ireland ([1]). Staff from the European Stability Mechanism (ESM) participated in these meetings on aspects related to the ESM's Early Warning System. Under PPS, the Commission carries out regular review missions to euro area Member States that have had a financial assistance programme. The objective of the PPS missions is to assess the economic, fiscal and financial situation to ensure the Member State maintains its capacity to service its debt ([2]).

From 2011 until the end of 2013, the euro area and the International Monetary Fund (IMF) provided financial assistance to Ireland. The economic adjustment programme for Ireland included a joint financing package of EUR 85 billion for the period 2010-2013. In December 2013, Ireland successfully completed the financial assistance programme.

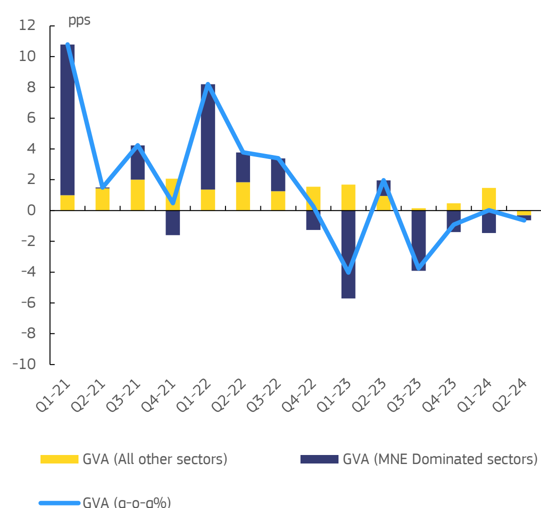
This report reflects information available and policy developments that have taken place up to 31 October 2024. The macroeconomic and budgetary projections, including those underlying the debt sustainability analysis, are in line with the Commission's 2024 Autumn Economic Forecast released on 15 November 2024 (with cut-off date 31 October 2024).

([1]) Additional meetings related to the mission took place between 4 and 8 October.

([2]) Under Regulation (EU) No 472/2013, PPS will continue until at least 75% of the financial assistance received under the programme has been repaid. Under the current repayment schedule, PPS on Ireland will continue until 2031.

2. ECONOMIC DEVELOPMENTS

Graph 2.1: **Gross value added quarterly growth by sector**

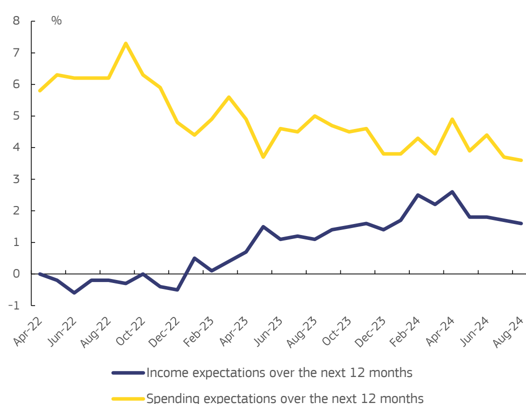


Source: CSO

Ireland's headline GDP figures are set to decline further in 2024 before recovering. In the first half of 2024 Ireland's GDP declined by 4.4% y-o-y, reflecting ongoing volatility in the multinational-dominated sectors (Graph 2.1). The gross value added of foreign-dominated sectors has continued to weigh on headline figures, following the strong growth experienced between 2021-2022. In contrast, the domestic economy showed resilience, with modified domestic demand ([3]) increasing by 1.9% during the same period, though still held back by weak modified investment. Looking ahead, low headline inflation and a robust labour market suggest a positive outlook for Ireland's domestic economy over the forecast horizon.

Domestic investment growth remains weak. Headline investment figures continue to be influenced by volatile intangible and aircraft leasing investments. Total investment declined by 35.4% in the first half of 2024 y-o-y, driven by intellectual property exports in the second quarter of the year ([4]). Modified investment, which removes aircraft leasing and intellectual property transactions, increased by a modest 0.2% in the first half of 2024. Investment in building and construction was weak, with slowdowns in both residential and non-residential projects. In contrast, modified non-construction investment saw an uptick in the first half of the year ([5]). Improving financial conditions and the government's commitment to increasing investment point to a more positive outlook for investment in the coming years. However, high levels of uncertainty may continue to dampen business investment.

Graph 2.2: **Households income and spending expectations**



Source: ECB, Consumer Expectation Survey (CES)

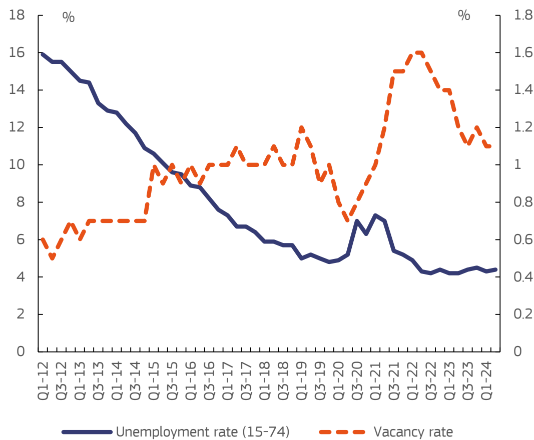
Private consumption is expected to continue growing in line with real income. Household spending increased by 1.9% in the first half of the year y-o-y, driven by a strong labour market and real wage growth. Consumer sentiment and online card payment data suggest an increase in consumer demand during the third quarter of 2024. Looking ahead, the combination of low inflation, robust employment growth, and government support measures are expected to drive growth in households' real disposable incomes, bolstering consumption in the coming years. However, some downside risks to consumption remain. Despite increasing income expectations, households continue to exhibit lower spending expectations (Graph 2.2), which suggests a risk of increased savings.

([3]) Modified domestic demand aims to exclude large transactions by foreign corporations that do not have a big impact on the domestic economy.

([4]) The decline in intellectual property investment was matched by a rise in service exports. These two impacts largely offset each other, and therefore, have a broadly neutral first-round impact on GDP.

([5]) Modified non-construction is total modified investment less building and construction investment. It contains machinery and equipment excluding aircraft related to leasing and intangible assets excluding R&D service imports and trade in IP. This aggregation is done due to redactions in the respective data.

Graph 2.3: **Unemployment and vacancy rates**

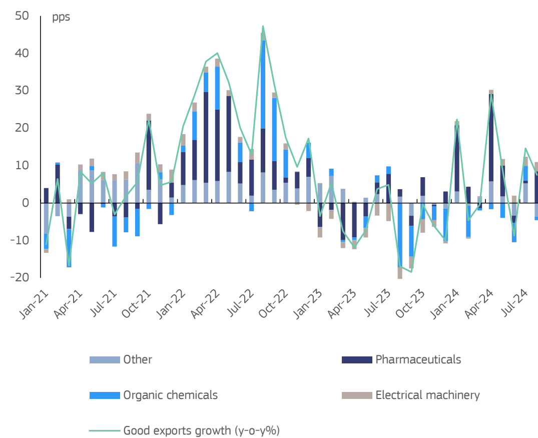


Source: CSO, Eurostat

The labour market remains robust, supported by strong inward migration. Employment levels remained strong in the first half of 2024, with 2.7 million people in employment by the end of the second quarter - the highest number on record. The increase in employment was supported by an increase in labour supply, primarily net inward migration and all-time high levels of female labour force participation. Inward migration has increased significantly in the past year, with non-Irish nationals contributing materially to the expanding labour force and mitigating some labour shortages. While there has been some easing in labour demand, as seen by a gradual decline in job vacancies from their 2022 peak (Graph 2.3), the unemployment rate remained stable at 4.4% in the first nine months of 2024, reflecting a still-tight labour market. Looking ahead, the unemployment rate is expected to remain low, averaging 4.4% in 2024, 2025 and 2026. Employment is expected to continue increasing over the forecast horizon, in line with the projected growth in economic activity.

Exports rebounded following a post-boom adjustment in 2023. Irish exports bounced back strongly in the first half of 2024, following a slowdown in the previous year. While the headline figures are skewed by intellectual property exports in the second quarter, the underlying export performance is strong. Pharmaceutical trade, which accounts for about two-thirds of total goods exports, rebounded after normalising in 2023 (Graph 2.4) and services exports excluding intellectual property continued to grow, driven by continued strength in computer services. ICT manufacturing exports have increased since last year, but remain below 2022 levels, with the sector's outlook still uncertain. Looking ahead, exports are expected to contribute positively to growth, benefitting from a supportive external environment and continued growth in key sectors such as pharmaceutical trade and computer services.

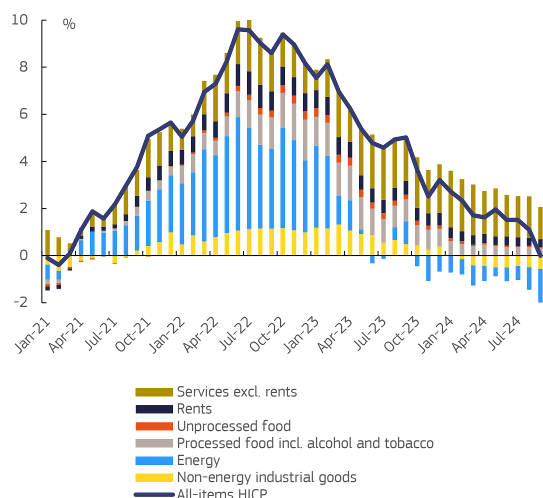
Graph 2.4: **Drivers of export growth**



Source: CSO

The balance of risks to Ireland's growth outlook is on the downside. As a small and open economy, Ireland is especially exposed to geoeconomic fragmentation and potential external demand shocks. The country's performance is also vulnerable given its heavy concentration on a few sectors and companies, leaving it susceptible to volatility from industry-specific changes. On the domestic side, supply-side constraints – especially in infrastructure and the labour market – could hinder investment and competitiveness in the longer term. On the positive side, a more rapid decline in inflation or further unwinding of excess savings would stimulate consumer spending and investment, supporting domestic demand. Additionally, stronger-than-expected inward migration would expand the labour supply, employment and output.

Graph 2.5: **HICP inflation components**



Source: Eurostat

Inflation eases, but domestic drivers of inflation remain elevated. Inflation, as measured by the Harmonised Index of Consumer Prices (HICP), eased significantly in 2024, reaching 0.9% by the third quarter. This was largely driven by lower energy and non-energy industrial goods inflation, along with a slowdown in both processed and unprocessed food price increases (Graph 2.5). Headline inflation is expected to remain low, at 1.4% in 2024, 1.9% in 2025 and 1.8% in 2026. While external inflationary pressures have diminished, domestic price pressures persisted. Services inflation remained high, reflecting ongoing capacity constraints amid robust domestic demand. With a tight labour market and strong domestic demand, core inflation is expected to decline more gradually, and stay above the headline rate over the forecast horizon.

The rate of new housing supply has slowed compared to last year. New housing completions fell by 3.1% in the first three quarters of 2024 compared to the same period in 2023, although the strong increase in housing commencements in 2023 and in the first half of 2024 ([6]) suggests the annual target of 33 450 new units from *Housing for All* programme will likely be met([7]). Higher-than-expected population growth and years of under-delivery have led to growing housing needs. According to a new Central Bank of Ireland (CBI) estimate([8]), approximately 52 000 new dwellings per year – an increase of 20 000 units compared to 2023 provision - may be required in the next decades to meet both population growth and accumulated demand. Even though inflationary pressures have eased, and public funding for housing has increased significantly in recent years, efforts to accelerate the supply of housing further face multiple challenges([9]). The delivery of additional housing remains hindered by constraints in the planning system, building regulations and the availability of zoned land, as well as by the historically low productivity and capacity of the construction sector after the financial crisis, and its limited access to development financing.

House price growth has followed a steady upward trend. After a year of subdued growth, house prices have returned to an ascending trajectory in nominal terms during the first half of 2024. Yearly house price inflation surged to 10.1% in August 2024 as house price growth in Dublin outpaced the rest of Ireland. Prices are expected to continue rising over the medium term as the tightness in housing supply is accompanied by the prospect of further interest rate cuts.

Limited supply and high demand continue to drive up residential rental prices in recent quarters. Despite some improvement in availability during 2023, supply of rental homes remains critically low, with some 2 200 homes to rent available nationwide at the end of Q2 2024([10]). National rents saw a year-on-year increase of 7.3%([11]) in the second quarter of 2024, the 14th consecutive rise although significantly lower than the peak recorded in mid-2022. The rise in house rents was more modest in Dublin compared to the rest of Ireland.

Dublin's office market shows benign developments, but vulnerabilities remain. Some sizeable transactions and a rebound in leasing activity in the last quarters indicate sustained demand for well-located,

([6]) The strong increase in commencements likely stems from the anticipated expiry of the development levy waiver and waste water connection charges, which were later extended. This leads to some uncertainty to the typical commencement-completion cycle.
([7]) Housing for All Progress Report – Q2 2024.
([8]) CBI Quarterly Bulletin – QB3 September 2024.
([9]) Conefrey, McCann & O'Brien (2024). Economic policy issues in the Irish housing market, CBI QB3 September 2024.
([10]) Daft.ie (2024). Irish Rental Report Q2 2024.
([11]) Year-on-year change in the average listed rent, retrieved from Daft.ie (2024) Irish Rental Report Q2 2024.

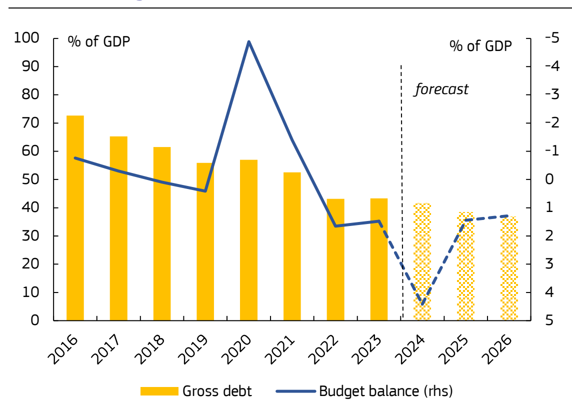
high-level offices [12]. The general concern in the market is still the vacancy rate, which reached over 18.4% in Q3 2024 although it remains below the 20%+ rates seen during the global financial crisis. It is expected to peak in mid-2025 and decline over the next 1-2 years, as the stock of high-level offices is taken up over time. Nevertheless, the vacancy rate in Dublin, one of the highest in Europe, could be persistent due to the old stock situated in non-core locations.

[12] CBRE Ireland (2024). Dublin Office Market Update Q3 2024

3. PUBLIC FINANCE DEVELOPMENTS

The outlook for Irish public finances appears sound, according to headline indicators. On a general government basis, Ireland is expected to achieve a surplus of more than EUR 23 billion in 2024, equivalent to 4.4% of GDP and 7.4 of GNI* ([13]), according to the Commission's 2024 Autumn Economic Forecast. The unusually large surplus in 2024 is driven by a one-off transfer arising from the Court of Justice of the European Union (CJEU) ruling on the 'Apple case'([14]) (EUR 14.1 billion). A strong performance of direct taxes receipts throughout 2024 is also projected to support revenue growth, reflecting the benign outlook for the labour market and private consumption. Together, personal income and corporate tax receipts could increase by around 10.4% compared to last year, according to the Autumn Economic Forecast 2024. The general government surplus is then projected to be 1.4% in 2025 and 1.3% in 2026. In their national budget for 2025, published on 1 October 2024, the Irish authorities project surpluses of 7.5% of GNI* in 2024, 2.9% in 2025, and 2.4% in 2026. Half of corporate tax receipts are estimated to be 'windfalls', according to the Irish authorities, meaning an underlying deficit is estimated as this source of revenues is uncertain and might vanish in the future. On the other side, government expenditure is projected to increase by 8.4% in 2024 driven by a strong growth of both social payments and wage increases in the public sector.

Graph 3.1: **General government budget balance and gross debt forecast**



Source: European Commission

The government debt-to-GDP ratio is projected to continue decreasing in the short term. Ireland's gross general government debt-to-GDP ratio is projected to decrease to 41.6% in 2024, 38.3% in 2025 and 36.8% in 2026, according to the Commission's 2024 Autumn Economic Forecast. The Irish authorities project a debt-to-GNI* ratio of 69.1% in 2024, decreasing to 63.8% in 2025 and 61.0% in 2026.

Limited risks to fiscal sustainability persist. According to the Commission's debt sustainability analysis, Ireland is assessed to face low risks in the short and medium-term, while long-term risks appear to be medium. Moreover, concentration risks persist on the revenue side, since half of the corporation tax revenue arises from the ten largest payers, and international tax policy changes are expected to take effect with a potential effect of loss in corporate income tax revenue (currently estimated of around EUR 2 billion). Recurrent spending overruns in healthcare pose another significant risk. Ireland provided significant financing in addressing its international humanitarian obligations and this expenditure could potentially become larger due to geopolitical risks. As required by the new economic governance framework, Ireland presented in mid-October its medium-term fiscal-structural plan. By the cut-off date of this report (31 October 2024), the plan was under assessment by the Commission.

The impact of Irish fiscal policy is constrained by bottlenecks in the economy. A tight labour market and long-standing infrastructure gaps reduce the impulse that additional government spending could give to the economy, while creating further inflationary pressure. According to the Irish Fiscal Advisory Council, repeated breaches of the domestic '5% core expenditure rule' added EUR 1,000 to cost of a typical household's yearly expenses. The new Future Ireland Fund (FIF) and the Infrastructure, Climate and Nature Fund (ICNF) are positive – albeit initial – steps towards addressing long-term fiscal sustainability risks and underlying vulnerabilities of the Irish public finances, including pro-cyclicality. These saving vehicles will be

([13]) Modified gross national income (GNI*) reflects the income standards of Irish residents more accurately than GDP. It differs from actual GNI in that it excludes, for example, the depreciation of foreign-owned, but Irish-resident, capital assets (notably intellectual property and assets associated with aircraft for leasing) and the undistributed profits of firms that have redomiciled to Ireland.

([14]) See *Judgment of the Court (Grand Chamber) of 10 September 2024 - European Commission v Ireland and Apple Sales International*, available at EUR-Lex - 62020CJ0465 - EN - EUR-Lex (europa.eu)

capitalised annually with government contributions of 0.8% of GDP for the FIF, from 2024 to 2035, and EUR 2 billion in the case of the ICNF, between 2025 and 2030. The funds will also benefit from potential investment returns. The FIF’s objective is to mitigate budgetary costs from structural economic changes like population aging, while the ICNF will support climate goals and funds capital spending during economic downturns.

4. FINANCIAL SECTOR DEVELOPMENTS

Irish domestic banks maintain adequate capital levels, which provide them with loss-absorbing capacity. Following the negative impact on capital in 2023 due to portfolio acquisitions from the two banks exiting the market, capital ratios remained largely stable in the first half of 2024. At the end of June 2024, the total transitional capital ratio stood at 20.22%, roughly flat from the 20.16% reported at the end of December 2023. Strong organic capital generation continued in the first half of 2024; however, capital ratios will be impacted by the profit distribution policy, which last year reached a pay-out ratio of 77%. Capital requirements increased as the national countercyclical capital buffer rate was raised from 1% to 1.5%, effective from June 2024. Nevertheless, all domestic banks still maintain a capital surplus above regulatory requirements, though this surplus is lower than in previous years.

Profitability remained exceptionally high in the first half of 2024, although it has begun to moderate. At the end of June 2024, return on equity reached 13.6% and return on assets 1.37%, both exceeding the EU average. The primary driver of this high profitability continued to be the net interest income (NII) that saw significant growth due to the higher interest rate environment. However, this growth has recently slowed and is expected to moderate further in the second half of 2024 and into 2025 as deposit costs rise and as ECB rate cuts impact asset yields and lending rates. Meanwhile, costs, which represented 0.8% of the banks' assets in H1 2024 and are relatively high compared to EU peers, are trending upward. The cost-to-income ratio increased to 49.8% in Q2 2024, up from 47.8% in Q4 2023. Irish banks are currently deploying resources to strengthen their ICT infrastructure as they prepare for the application of the digital operational resilience act and the SEPA Instant Payments Regulation in early 2025.

Retail banks continue to hold substantial amounts of liquid assets, even after using some excess cash to acquire assets from the two banks exiting the Irish market. In the first half of the year, the liquidity coverage ratio for retail banks rose by 4.8 percentage points to 203%, while the net stable funding ratio remained relatively stable at 159%. Both metrics are well above the regulatory minimum of 100%. Deposits grew by 1.3%, though at a slower rate than loans, which increased by 2.1%. As a result, the loan-to-deposit ratio rose to 77%, up from 76% at the end of 2023.

Domestic banks' asset quality improved, as their non-performing loans (NPLs) declined to the lowest level since the financial crisis. Continuing the trend observed over the past years, banks continued to reduce their credit risk and disposing of NPLs. The NPL ratio stood at 2.0% in June 2024, 30 bps less than one year earlier. Banks have reduced significantly their NPL stocks, from EUR 10 billion at end 2020 to EUR 5 billion in June 2024, mainly through restructurings and sales. No NPL sales were executed in the first half of 2024, but some are expected for the second half. The mortgage loan book remained resilient, despite the increase in size of many borrowers' instalments. Mortgage risks continue to be partially mitigated by the good performance of the Irish economy, the macroprudential measures in place and, for outstanding mortgages, by rising housing valuations. Non-financial corporates (NFCs) display a more mixed picture, with heterogeneity across sectors, but credit risks continued to decline also in this portfolio. NFC NPLs decreased, from 5.1% in June 2023 to 4.7% in June 2024, but remain above their pre-pandemic levels of 4.0% at end-2019. Banks increased their impairments in the first half of 2024, booking additional expected credit losses of EUR 97 million. Provisioning levels on NPLs increased, up by 1.4% in the first half of 2024, to 31%. However, these levels remain below the EU average, of 39.6%, especially for NFCs (33.9% vs 42.5%, in June 2024).

Businesses withstood well the shocks of the past years, but vulnerabilities remain in some sectors. Credit risk on the NFC portfolio did not deteriorate over the first half of 2024. Insolvency rates increased to 0.29% in June 2024 but remain well below the historical average of 0.50%. The share of loans to NFCs classified as at increased risk (stage 2) or as credit-impaired (stage 3) kept declining, and in June 2024 stood at 21.8% and 4.77%, -539 bps and -34 bps, respectively since June 2023. However, pockets of risks remain in several sectors. In particular, credit risk remains elevated on loans to some segments of the commercial real estate (CRE) market and to the business sectors most affected by the pandemic, such as hospitality (Stage 2 and 3 loans at 31.7% and 6.2%, respectively).

Table 4.1: **Financial soundness indicators**

in %	Ireland									Euro Area	EU
	2017-Q4	2018-Q4	2019-Q4	2020-Q4	2021-Q4	2022-Q4	2023-Q4	2024-Q1	2024-Q2	2024-Q2	2024-Q2
Non-performing loans	12.1	7.3	4.3	5.1	3.5	2.3	2.1	2.1	2.0	2.1	2.0
o/w NFC sector	15.3	8.1	4.0	7.6	7.7	5.5	4.7	4.8	4.7	3.7	3.7
o/w HH sector	12.9	8.1	5.6	6.1	4.3	2.4	2.4	2.4	2.1	2.3	2.3
Coverage ratio	30.3	28.8	27.9	31.4	31.7	32.9	28.6	30.6	31.0	44.4	44.3
Return on equity*	7.3	6.8	3.2	-6.3	6.3	7.0	12.4	11.8	13.9	9.2	9.4
Return on assets*	0.8	0.8	0.4	-0.7	0.6	0.7	1.3	1.2	1.4	0.7	0.7
Total capital ratio	21.1	20.2	20.8	21.6	23.2	21.9	20.1	19.7	20.2	19.2	19.3
CET 1 ratio	18.3	17.8	17.7	17.1	18.1	16.9	15.5	15.0	14.9	15.8	15.9
Tier 1 ratio	19.1	18.5	18.9	19.2	20.1	19.1	17.4	17.0	17.0	16.9	17.0
Loan to deposit ratio	94.4	92.8	91.0	80.1	75.2	71.8	78.0	77.7	76.9	91.8	93.5

(1) For comparability reasons, annualised values are presented.
The figures in the table refer to all domestic banking groups and stand-alone banks in Ireland. These figures may differ from those reported in the text, which generally refer exclusively to the three main domestic retail banks.
Source: ECB - Consolidated banking data; own calculations.

Credit quality remains high for residential mortgages and mixed for commercial properties. As discussed in Section 2, current Irish housing supply does not meet current housing demand. This tight housing market supports house prices which, compounded by positive economic developments and low unemployment rates, mitigate risks on outstanding mortgages. Despite higher interest rates on outstanding mortgages, which increased from 2.46% in June 2022 to 3.69% in August 2024, as well as the loosening of some macroprudential requirements, NPLs on residential mortgages declined, from 4.0% at end-2021 to 1.9% in June 2024, also due to NPL sales in the period. The CRE market displays a less positive picture, with the office segment showing significant vulnerabilities. Nevertheless, credit quality improved in this sector over the first half of 2024, as the share of loans classified at Stage 2 declined from 40% at end 2023 to 34% and those at Stage 3 remained stable at 7%. The domestic banks further reduced their exposures to the CRE sector, down by EUR 700 million in the first half of 2024, to EUR 15.6 billion. Despite these positive developments, the sector continues to warrant close monitoring([15]).

Loan origination picked up in the first half of 2024 ([16]). Credit from banks domiciled in Ireland to the private sector expanded, for both households and NFCs. The stock of mortgages to Irish households increased slightly, by 0.37%, to EUR 84.5 billion in the first half of 2024. However, new lending remains constrained by the limited supply of dwellings. Consumer credit to Irish households picked up more prominently, increasing by 3.2% over the first six months of 2024, to EUR 12.8 billion. Banks increased their loan origination also towards the NFC sector. In the first half of 2024 NFC loans increased by 3.2%, to EUR 100.1 billion. This increase was driven by credits to non-Irish enterprises, while outstanding loans to Irish NFCs declined by 4%, or EUR 1.41 billion, to EUR 33.9 billion. Over the same period, net lending to SMEs increased by 2%, or EUR 351 million, reversing the negative trend of 2023, which had seen a decline of EUR 558 million. Banks expressed their intention to increase their share of lending to SMEs, while non-bank lenders maintain a strong presence in this market.

Interest rates on credit remained broadly stable over the first half of 2024. Interest rates on new loans decreased by 11 bps for mortgages, to 4.08%, but did not change materially for consumer and NFC loans. Over 70% of new mortgages are on fixed rates, and their rates remain around 50 bps below those for equivalent variable rate loans. Despite this, the share of new and outstanding variable rate mortgages increased in the first half of 2024. Despite this, the share of new and outstanding variable rate mortgages increased modestly in the first half of 2024. This shift is likely supported by the conversion of fixed-rate loans to floating rate, which generally takes place after 3 to 5 years from their origination.

Ireland's non-bank financial sector continued to expand in 2023 and 2024. It comprises the EU's second largest investment fund sector, the largest money market fund (MMF) sector and a segment of Special

([15]) The Central Bank published an assessment of the risks from commercial property to the financial sector: "Financial Stability Review 2024:I Special Feature Commercial Real Estate: A Macro-Financial Assessment".
([16]) The figures in this and the following paragraphs refer to all credit institutions resident in Ireland, as reported by the Central Bank of Ireland.

Purpose Entities (SPEs). Total assets managed by Ireland's investment funds grew to EUR 4,184.0 billion in June 2024, after seven consecutive quarters of expansion, driven by inflows and revaluations. Irish MMFs' assets grew by 4.23% in the first half of 2024 to total asset value of EUR 779.5 billion, and SPEs' total asset stood at EUR 1,137.2 billion after growing by 3.0% in the first six months of this year. The total size of Ireland's non-bank finance sector stood thus at EUR 6,100.7 billion in June 2024.

The leverage limit may become a binding constraint for some Irish property funds ([17]) in 2027. In November 2022 the central bank introduced a 60% leverage limit for Irish property funds, to which all property funds need to adhere by 2027. The central bank started to monitor leverage in Irish property funds using a new data source. Based on these new data and aggregating direct and indirect holdings, a group of funds accounting for 42% of the sector's assets have leverage above 60%. Average leverage stood at 46.7% in December 2022, and is projected to have risen in 2023, due to the recent decline in valuations in the commercial real estate sector. At end-2022, Irish property funds had around EUR 6.5 billion outstanding bank debt, accounting for 36 % of their total leverage, exposing banks to the developments in this sector. A reduction in size of American funds was matched by an increase of EU funds that typically use less leverage and may thus have supported an overall decline in leverage**.** In April 2024, the Irish Central Bank introduced, in conjunction with authorities in Luxembourg, macroprudential measures for Irish-authorised GBP-denominated liability driven investment (LDI) funds. The measure defined an upper limited on the leverage that LDI funds can employ. LDI funds must maintain resilience to a minimum of 300 bps increase in UK yields, i.e. a yield buffer, with the aim to restrict the amount of leverage that these funds can employ.

Non-bank lenders regained some market share in the financing of Irish companies and households in 2023. The share of non-bank lenders (NBL) in SME lending dropped in 2022 when the costs of wholesale funding, which they rely on, rose quickly in the context of rising interest rates. Their share recovered in 2023 to 34%. The share of NBL varies between economic sectors and is especially large in real estate. They are able to offer more favourable lending conditions than banks to certain customers as they are not bound by the same capital requirements. Irish banks face high risk weights and hence high capital requirements for their SME lending, still as a legacy of the financial crisis. To address concerns about potentially lower credit quality in this sector, the central bank devised experimental statistics to measure the level of credit stress for NBL loans, one reflecting the share of loans under forbearance measures and the other in "advanced distress". The first stood at 0.9% in December 2023 and the latter at 0.4%. These range below historical SME default rates and thus do not indicate significant rates of repayment difficulties amongst borrowers. Some of the non-bank lenders also offer mortgages. They have a combined market share of 10% in this market (outstanding amounts). It should be noted that most NBLs get their funding from wholesale markets and/or international sponsors and investors and therefore have access to international sources of funds. Some of the larger credit unions have also started offering home loans, but these are typically smaller tickets with an average loan size of EUR 150,000. To put this in context the median price paid for a residential property in Ireland amounted to EUR 330,000 in 2023. Their market share has remained small and could reach up to 3% to 5%, according to market operators.

The central bank kept its macroprudential measures steady. The outlook for risks for the Irish financial sector is benign, as the domestic economy is set for continued growth, stable employment and slowing inflation, but counterbalanced by risks of negative shocks to Ireland's small and open economy from geopolitical tensions and approaching capacity constraints. In August 2024, the Central Bank maintained the countercyclical capital buffer at 1.5 which is the neutral rate when risk conditions are neither elevated nor subdued. The review of the other systemically important institutions (O-SII) buffer is underway and will be published in autumn. Currently three retail and three investment banks need to maintain an O-SII buffer.

([17]) For the purposes of this leverage limit, Irish property funds are considered to be any funds with an allocation to Irish property assets of at least 50%.

5. SOVEREIGN FINANCING AND CAPACITY TO REPAY

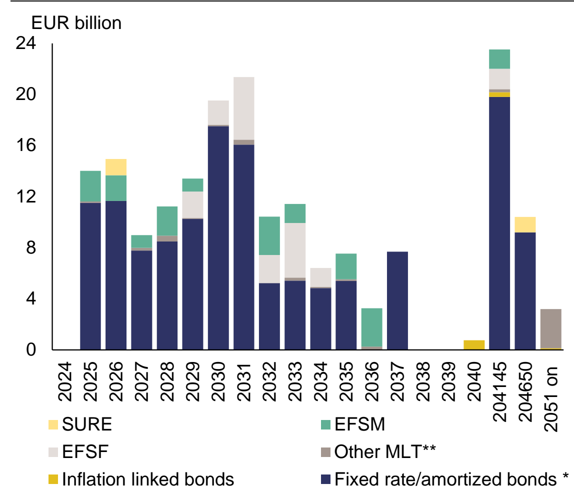
Ireland's fiscal sustainability challenges appear low over the short and medium term, and medium over the long term. The debt sustainability analysis shows that debt is projected to continue declining over the medium term, reaching around 14% of GDP in 2035. Under an alternative scenario, in which the structural primary balance returns to its historical 15-year average of -1.6% of GDP, the debt ratio would be higher than under the baseline by about 32 pps. of GDP in 2035, though still below 60% of GDP.

Sovereign refinancing risks are low amid large cash and liquid assets reserves. Since June 2024, the ECB has lowered the deposit facility rate – the rate through which it steers the monetary policy stance – by 75 basis points (from 4.0% to 3.25%). Furthermore, the Eurosystem portfolios acquired under the asset purchase programme and the pandemic emergency purchase programme have continued to decline over recent months. Ireland completed its annual bond funding for 2024 with a EUR 1 billion auction in September, bringing total issuance for the year to EUR 6 billion (EUR 3 billion through syndication and the balance via three bond auctions). Cash and liquid asset balances of the Exchequer remained solid at EUR 30 billion as of end-September 2024, and are projected by the Irish authorities to be a little higher by year-end.

Irish sovereign debt continues to enjoy the confidence of investors. Ireland's long-term credit rating is in the "AA" category with the three main rating agencies. These ratings are supported by a strong fiscal position and the establishment of the two new long-term saving funds. The investor base remains wide and varied, with strong demand from continental Europe, UK and Nordics. The main investors in Irish sovereign debt are commercial and central banks, as well as fund and asset managers. Year to date, Ireland has maintained an average spread against the German benchmark of around 40 basis points, as the yields for the 10-year Irish government bond were around 2.7% at end of October.

Ireland retains the capacity to service its debt. At end-September, the outstanding amount owed to the European Financial Stabilisation Mechanism (EFSM) and the European Financial Stability Facility (EFSF) is EUR 19.7 billion and EUR 18.4 billion, respectively. The next EFSM repayment of EUR 2.4 billion is due in 2025, while the first EFSF is not due until 2029. Going forward, interest expenditure on government debt is projected to be around 1% of GNI* between 2024 and 2026 according to the national budget for 2025.

Graph 5.1: **Maturity profile of medium- and long-term debt (end-September 2024)**



(1) The Irish programme was the second euro area assistance programme and the first financed by two new financial assistance instruments established in 2010, the EFSF and the EFSM.
*Includes NTMA repo activity.
** Excludes other medium and long-term loans (MLT) of EUR 5 million
Source: NTMA

ANNEX 1: MAIN MACROECONOMIC AND FINANCIAL INDICATORS

Table A1.1: **Selected economic indicators**

	2020	2021	2022	2023	2024	2025	2026
Real economy			*(percent change)*				
Real GDP	7.2	16.3	8.6	-5.5	-0.5	4.0	3.6
Domestic demand incl. inventories	-10.3	-16.4	8.0	6.0	-8.5	9.1	2.3
Private consumption expenditure	-10.3	8.9	10.8	4.2	3.0	2.8	2.6
Government consumption expenditure	10.4	6.6	4.1	5.6	3.9	2.6	3.6
Gross fixed capital formation	-16.5	-39.4	3.7	2.8	-24.8	25.2	1.5
Exports of goods and services	13.8	14.1	13.5	-5.8	10.1	1.0	3.8
Imports of goods and services	0.0	-8.7	16.0	1.2	8.4	2.8	3.1
Contribution to growth			*(percentage points)*				
Domestic demand (excl. inventories)	-10.5	-13.2	3.8	2.2	-4.4	5.6	1.5
Foreign trade	17.6	29.1	3.3	-9.1	5.1	-1.6	2.1
Changes in inventories	0.8	0.2	0.9	1.3	-1.2	0.0	0.0
Inflation			*(percent change)*				
GDP deflator	-1.9	1.1	6.8	3.6	3.3	2.1	1.7
HICP	-0.5	2.4	8.1	5.2	1.4	1.9	1.8
Labour market			*(percent change, unless otherwise stated)*				
Unemployment rate (% of labour force)	5.9	6.2	4.5	4.3	4.4	4.4	4.5
Employment	-2.5	6.6	6.9	3.5	2.3	1.9	1.6
Compensation per employee	2.9	2.9	2.5	6.8	4.4	3.8	3.7
Labour productivity	9.9	9.1	1.6	-8.7	-2.8	2.1	1.9
Unit labour costs	-6.4	-5.7	0.9	16.9	7.4	1.7	1.8
Public finance			*(percent of GDP)*				
General government balance	-4.9	-1.4	1.7	1.5	4.4	1.4	1.3
Total revenue	21.8	22.2	22.2	24.2	28.4	25.7	25.5
Total expenditure	26.7	23.6	20.6	22.7	24.0	24.2	24.2
General government primary balance	-3.9	-0.7	2.3	2.2	5.1	2.0	1.8
Gross debt	57.0	52.6	43.1	43.3	41.6	38.3	36.8
Balance of payments			*(percent of GDP)*				
Current external balance	-7.1	12.2	8.8	8.1	13.6	9.7	9.8
Ext. bal. of goods and services	20.8	41.7	41.2	32.9	38.0	34.8	35.4
Exports goods and services	135.5	133.1	136.7	135.1	147.3	142.3	142.1
Imports goods and services	114.6	91.4	95.4	102.2	109.3	107.5	106.7
			(EUR bn)				
Nominal GDP	382.2	449.2	520.9	510.0	523.9	556.2	586.0

Source: European Commission

ANNEX 2: DEBT SUSTAINABILITY ANALYSIS

This annex assesses fiscal sustainability risks for Ireland over the short, medium and long term. It follows the multi-dimensional approach of the European Commission's 2023 Debt Sustainability Monitor, updated based on the Commission 2024 autumn forecast.

1 – Short-term risks to fiscal sustainability are low. The Commission's early-detection indicator (S0) does not signal major short-term fiscal risks (Table A2.2) ([18]). Government gross financing needs are expected to remain low in the short term at around 2% of GDP on average over 2024-2026 (Table A2.1, Table 1). Irish sovereign debt maintains its positive market presence and investor confidence. All major rating agencies have a "AA" rating on Ireland.

2 – Medium-term fiscal sustainability risks are low.

Under the DSA baseline, debt is projected to continue declining over the medium term, reaching around 13% of GDP in 2035 (Graph 1 and Table 1) ([19]). The debt reduction is supported by the assumed structural primary surplus (excluding changes of cost of ageing) of 2.7% of GDP as of 2025. This appears plausible compared with past fiscal performance (Table A2.2) ([20]). At the same time, ageing-related expenditure is projected to increase, weighing on public finances. The debt decline also benefits from a still favourable but decreasing snowball effect of 0.9% of GDP annually on average over 2025-2035. Government gross financing needs are expected to remain low over the projection period at 1.1% of GDP on average over the same period.

The baseline projection is stress-tested against four alternative deterministic scenarios to assess the impact of changes in key assumptions (Graph 1). Under the *historical structural primary balance* (SPB) scenario (i.e. the SPB returns to its historical 15-year average of – 1.6% of GDP) the debt ratio would be higher than under the baseline by about 32 pps. of GDP in 2035, though still below 60% of GDP. Under the *adverse interest-growth rate differential scenario* (i.e. the interest-growth rate deteriorates by 1 pp. of GDP compared with the baseline), the debt ratio would be somewhat higher than under the baseline by around 2 pps. in 2035. Under the *financial stress scenario* (i.e. interest rates temporarily increase by 1 pp. compared with the baseline) the government debt ratio would be broadly unchanged compared with the baseline in 2035. Finally, under the *lower structural primary balance scenario* (i.e. the projected cumulative improvement in the SPB over 2024-2025 is halved), the debt ratio would be slightly higher than under the baseline by about 4 pps. in 2035.

The stochastic projections indicate low risk due to the low probability of debt increasing over the next five years ([21])**.** These stochastic simulations indicate a 16% probability that the debt ratio will be higher in 2029 than in 2024, implying low risks given the low debt level. Some uncertainty surrounds the

([18]) The S0 is a composite indicator of short-term risk of fiscal stress. It is based on a wide range of fiscal and financial-competitiveness indicators that have proven to be a good predictor of emerging fiscal stress in the past.

([19]) The assumptions underlying the Commission's 'no-fiscal policy change' baseline include in particular: (i) a structural primary surplus, before changes in ageing costs, of 2.7% of GDP from 2025 onwards; (ii) inflation converging linearly towards the 10-year forward inflation-linked swap rate 10 years ahead (which refers to the 10-year inflation expectations 10 years ahead); (iii) the nominal short- and long-term interest rates on new and rolled over debt converging linearly from current values to market-based forward nominal rates by T+10; (iv) real GDP growth rates from the Commission 2024 autumn forecast, followed by the EPC/OGWG 'T+10 methodology projections between T+3 and T+10 (average of 2.9%); (v) ageing costs in line with the 2024 Ageing Report (European Commission, Institutional Paper 279, April 2024). For information on the methodology, see the 2023 Debt Sustainability Monitor (European Commission, Institutional Paper 271, March 2024). Note that the anchoring of the structural primary balance on the first forecast year (T+1) as opposed to the second forecast year (T+2) implies that several projected variables, including debt, budget balance and GDP, for T+2 (in this case 2026) can differ from the Commission 2024 autumn forecast.

([20]) This assessment is based on the fiscal consolidation space indicator, which measures the frequency with which a tighter fiscal position than assumed in a given scenario has been observed in the past. Technically, this consists in looking at the percentile rank of the projected SPB within the distribution of SPBs observed in the past in the country, taking into account all available data from 1980 to 2024.

([21]) The stochastic projections show the joint impact on debt of 10,000 different shocks affecting the government's budgetary position, economic growth, interest rates and exchange rates. This covers 80% of all the simulated debt paths and therefore excludes tail events.

baseline debt projection as measured by the difference of around 35% of GDP between the 10th and 90th debt distribution percentiles in five years' time (Graph 2).

3 – Long-term fiscal sustainability risks are medium. This assessment is based on the combination of two fiscal gap indicators, capturing the required fiscal effort to stabilise debt (S2 indicator) and to bring it to 60% of GDP (S1 indicator) over the long term ([22]). This assessment is mainly driven by the projected increase in ageing-related costs and by the favourable initial budgetary position.

The S2 indicator points to medium risk. The indicator shows that, relative to the baseline, the SPB would need to increase by 2.2 pps. of GDP in 2025 to ensure debt stabilisation over the long term. This result is driven by the projected increase in ageing-related costs (contribution of 4.5 pps. of GDP), in particular, due to pension expenditure (contribution of 2.6 pps. of GDP), but also of health-care and long-term care spending (+1.2 pps. and +1.1 pps. of GDP respectively). At the same time, the favourable initial budgetary position (-2.4 pps. of GDP) partly offsets the ageing costs (Table A2.1, Table 2). ([23]) Hence, additional measures may be required to further improve the efficiency and fiscal sustainability of the Irish health care system.

The S1 indicator points to low risk. The indicator shows that the country would not need to improve its fiscal position to bring its debt to 60% of GDP by 2070. This result is mainly driven by the projected increase in age-related public spending (contribution of 3.2 pps. of GDP), that is to a large extent offset by the favourable initial budgetary position (-2.8 pps. of GDP) and the current distance of the government debt ratio from the 60% reference value (-0.5 pp. of GDP) (Table A2.1, Table 2).

4 – Finally, several additional risk factors need to be considered in the assessment. On the one hand, risk-increasing factors include higher interest rates, a relatively large share of short-term public debt as well as public debt held by non-residents and the negative net international investment position, though this largely reflects the presence of multinationals and the International Financial Services Centre ([24]). Finally, alternative metrics to GDP suggest higher fiscal sustainability risks. On the other hand, risk-mitigating factors include relatively stable financing sources (with a diversified and large investor base), the currency denomination of debt, and historically still low borrowing costs.

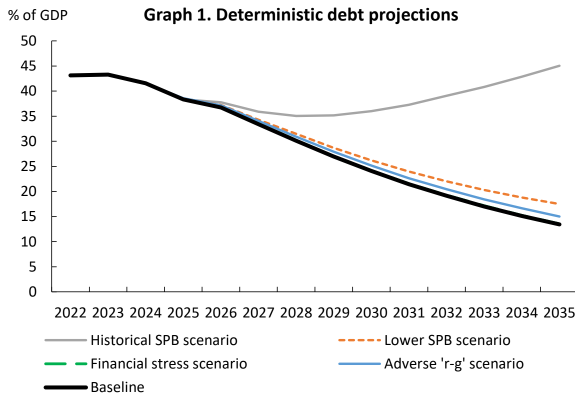
([22]) The S2 fiscal sustainability indicator measures the permanent SPB adjustment in 2025 that would be required to stabilise public debt over an infinite horizon. It is complemented by the S1 indicator, which measures the permanent SPB adjustment in 2025 needed to bring the debt ratio to 60% by 2070. The impact of the drivers of S1 and S2 may differ due to the infinite horizon component considered in the S2 indicator. For both the S1 and S2 indicators, the risk assessment depends on the amount of fiscal consolidation needed: 'high risk' if the required effort exceeds 6% of GDP, 'medium risk' if it is between 2% and 6% of GDP, and 'low risk' if the effort is negative or below 2% of GDP. The overall long-term risk classification combines the risk categories derived from S1 and S2. S1 may notch up the risk category derived from S2 if it signals a higher risk than S2. See the 2023 Debt Sustainability Monitor for further details.

([23]) The pension reform includes measures aiming to preserve adequacy and intergenerational equity, including by increasing the effective retirement age and contributions to the pension system, while minimising the impact on the tax wedge on labour.

([24]) The thresholds used for the fiscal sustainability risk classification can be found in Table A1.3 on pp.125 of the 2023 Debt Sustainability Monitor.

Table A2.1: **Debt sustainability analysis**

Table 1. Baseline debt projections	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Gross debt ratio (% of GDP)	**43.1**	**43.3**	**41.6**	**38.3**	**36.7**	**33.4**	**30.1**	**27.0**	**24.1**	**21.4**	**19.1**	**17.0**	**15.1**	**13.4**
Changes in the ratio	-9.4	0.1	-1.7	-3.2	-1.6	-3.3	-3.3	-3.2	-2.9	-2.6	-2.3	-2.1	-1.9	-1.7
of which														
Primary deficit	-2.3	-2.2	-5.1	-2.0	-2.1	-2.0	-2.1	-2.1	-2.0	-1.9	-1.7	-1.6	-1.5	-1.3
Snowball effect	-6.6	1.6	-0.5	-1.8	-1.2	-1.3	-1.2	-1.1	-0.9	-0.8	-0.6	-0.5	-0.4	-0.4
Stock-flow adjustments	-0.5	0.7	3.8	0.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross financing needs (% of GDP)	2.4	1.8	2.0	2.2	2.7	1.5	1.4	1.1	0.7	0.8	0.8	0.7	0.2	0.2



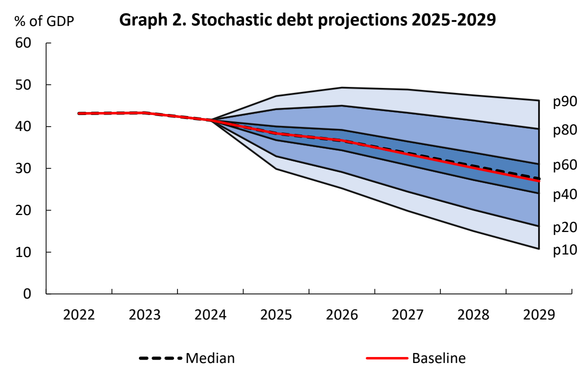


Table 2. Breakdown of the S1 and S2 sustainability gap indicators

		S1	S2
Overall index (pps. of GDP)		**-0.2**	**2.2**
of which			
Initial budgetary position		-2.8	-2.4
Debt requirement		-0.5	
Ageing costs		3.2	4.5
of which	*Pensions*	2.0	2.6
	Health care	0.9	1.2
	Long-term care	0.7	1.1
	Others	-0.4	-0.5

Source: European Commission services

Table A2.2: **Heatmap of fiscal sustainability risks**

Short term	Medium term - Debt sustainability analysis (DSA)								Long term		
			Deterministic scenarios								
Overall (S0)	Overall		Baseline	Historical SPB	Lower SPB	Adverse 'r-g'	Financial stress	Stochastic projections	S2	S1	Overall (S1 + S2)
LOW	LOW	Overall	LOW	LOW	LOW	LOW	LOW	LOW	MEDIUM	LOW	MEDIUM
		Debt level (2035), % GDP	13.4	45.1	17.5	15.0	13.6				
		Debt peak year	2025	2035	2025	2025	2025				
		Fiscal consolidation space	32%	68%	36%	32%	32%				
		Probability of debt ratio exceeding in 2029 its 2024 level						16%			
		Difference between 90th and 10th percentiles (% GDP)						35.5			

(1) Debt level in 2035. Green: below 60% of GDP. Yellow: between 60% and 90%. Red: above 90%. (2) The debt peak year indicates whether debt is projected to increase overall over the next decade. Green: debt peaks early. Yellow: peak towards the middle of the projection period. Red: late peak. (3) Fiscal consolidation space measures the share of past fiscal positions in the country that were more stringent than the one assumed in the baseline. Green: high value, i.e. the assumed fiscal position is plausible by historical standards and leaves room for corrective measures if needed. Yellow: intermediate. Red: low. (4) Probability of debt ratio exceeding in 2029 its 2024 level. Green: low probability. Yellow: intermediate. Red: high (also reflecting the initial debt level). (5) the difference between the 90th and 10th percentiles measures uncertainty, based on the debt distribution under 10000 different shocks. Green, yellow and red cells indicate increasing uncertainty.
Source: European Commission (for further details on the Commission's multidimensional approach, see the 2023 Debt Sustainability Monitor)

ACKNOWLEDGMENTS

This Post-Programme Surveillance assessment was prepared in the Directorate-General for Economic and Financial Affairs of the European Commission under the guidance of Declan Costello, Deputy Director General, Isabel Grilo, Director, and Lotte Taylor, Deputy Head of Unit for Ireland ([25]).

Contributors: Kristina Xuereb, Antonino Barbera Mazzola, Francisco José Rodríguez and Leopoldo Miotto from the Directorate General for Economic and Financial Affairs, and Marcus Sonntag and Maria Palanca Reh from the Directorate General for Financial Stability, Financial Services, and Capital Markets. Editorial assistance was provided by Nuria Fernandez Maroto.

The report was prepared in liaison with staff from the ECB ([26]). Staff from the European Stability Mechanism (ESM) also provided comments.

This report reflects information available and policy developments that have taken place until 31 October 2024. Therefore, the macroeconomic and budgetary projections, including those underlying the debt sustainability analysis, are in line with the Commission 2024 autumn forecast released on 15 November 2024 (with a cut-off date of 31 October 2024).

Comments on the report would be gratefully received and should be sent, by mail or e-mail, to:

Lotte Taylor

European Commission

Deputy Head of Unit responsible for Denmark, Ireland, and Portugal

CHAR 10/198

B-1049 Brussels

E-mail: ECFIN-DESK-IRELAND@ec.europa.eu

([25]) The executive summary of this report was adopted as Commission Communication C(2024)9066 on 25 November 2024. The rest of the report reflects the findings of the Staff Working Document (SWD(2024)966) accompanying this communication.

([26]) European Central Bank (ECB) staff participated in this mission, and the drafting of this report, in accordance with the ECB's competences and thus provided expertise on financial sector policies and macro-critical issues, such as headline fiscal targets and sustainability and financing needs.

EUROPEAN ECONOMY INSTITUTIONAL PAPERS SERIES

European Economy Institutional Papers series can be accessed and downloaded free of charge from the following address: Publications (europa.eu).

.

Titles published before July 2015 can be accessed and downloaded free of charge from:

- http://ec.europa.eu/economy_finance/publications/european_economy/index_en.htm
(the main reports, e.g. Economic Forecasts)

- http://ec.europa.eu/economy_finance/publications/occasional_paper/index_en.htm
(the Occasional Papers)

- http://ec.europa.eu/economy_finance/publications/qr_euro_area/index_en.htm
(the Quarterly Reports on the Euro Area)

GETTING IN TOUCH WITH THE EU

In person

All over the European Union there are hundreds of Europe Direct Information Centres. You can find the address of the centre nearest you at: http://europa.eu/contact.

On the phone or by e-mail

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696 or
- by electronic mail via: http://europa.eu/contact.

FINDING INFORMATION ABOUT THE EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website at: http://europa.eu.

EU Publications

You can download or order free and priced EU publications from EU Bookshop at: http://publications.europa.eu/bookshop. Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see http://europa.eu/contact).

EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex at: http://eur-lex.europa.eu.

Open data from the EU

The EU Open Data Portal (http://data.europa.eu/euodp/en/data) provides access to datasets from the EU. Data can be downloaded and reused for free, both for commercial and non-commercial purposes.

Publications Office
of the European Union