# Corporate & Commercial Banking - Sectors Team

# Developments & Insights

December 2025

Bank of Ireland

Classification: Green

# Contents

# Foreword – John Feeney: Chief Executive, Corporate & Commercial Banking

In my role as Chief Executive of our Corporate and Commercial Division, it is great to witness first-hand the innovation and dynamism of the Irish business community and the continued ambition of our customers to grow. At Bank of Ireland we champion this ambition, supporting Irish businesses through a relationship model that includes lending to facilitate capital expenditure and a wide variety of products and services from across the Bank of Ireland Group. Our dedicated team of sector specialists work closely with our customers to provide insights into key trends and developments. As businesses navigate continued geo-political developments, the opportunities associated with artificial intelligence (“AI”) and fluctuating consumer sentiment, our aim is to guide our customers to solutions that help their businesses become stronger.

With this in mind, I am delighted to introduce the latest edition of the sector team’s ‘Development and Insights report’, covering the Agriculture, Hospitality, Health, Retail, Technology - Media - Telecoms, Manufacturing and Food & Beverage sectors. At Bank of Ireland, we understand that Irish businesses are navigating an environment characterised by uncertainty and change. In this report, we will explore some of the key trends and opportunities for businesses in Ireland and highlight some of the strategies that businesses are using to succeed. Recognising that every business is different, we hope this will stimulate thinking as to how to shape your business into the future.

Amidst all this change, our commitment to our customers remains constant. Our sector specialists and all our banking teams are ready to engage with and support your business. Wishing you and your teams a peaceful Christmas and every success in 2026.

*John Feeney*

# Retail Sector
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## Food Inflation in Focus

Given the understandable focus on food prices/inflation, it is worth noting that the Irish grocery sector remains competitive and underpinned by a complex, inter-connected supply-chain. As always, context is important – whilst Irish food prices have certainly increased significantly post COVID-19, the rate of increase in this period remains below the European average by c5%.[1] Whilst large international grocery brands have a strong presence, the Irish market is also unique given that a significant proportion of market share is held by indigenous, family-owned retailers operating under the Supervalu, Eurospar, Centra and Londis brands. Bank of Ireland data confirms that the profit margin generated by these family-owned retailers over the past year has remained consistent with historical performance whilst maintaining significant employment and investment in local communities nationwide. This data aligns with a report by the Competition and Consumer Protection Commission (CCPC) issued as recently as August 2025[2] which stated there wasn't any evidence of excessive pricing or inflated profit margins across the Irish grocery sector. The Irish grocery and convenience sector is recognised internationally as an exemplar in respect of store standards, product range and innovation. To maintain these standards and meet our expectations as consumers, family-owned retailers need to preserve their margin whilst maintaining a continuous improvement mindset. Having met over 150 retailers across the country in recent months, I can confirm that balancing value for customers whilst delivering margin that sustains their business in a competitive market remains a key focus. Rising food prices are understandably a very real concern for families nationwide. However, as always, a nuanced/balanced, evidence-based approach is required when evaluating the root cause of same.

## Investment Continues Within the Market

Irish grocery and convenience retailers/brands recognise that investment/differentiation is required to retain and attract footfall to their business. This investment includes the delivery of new and revamped best in class stores that showcase the latest initiatives and offerings from individual brands. In recent months, Tesco have opened a number of new Express format stores in Dublin whilst Aldi, Lidl, Supervalu, Centra and Spar (amongst others) continue to expand their footprint nationwide. Cross-brand collaboration continues to be a feature of the market with Applegreen/Taco Bell, Corrib Oil/Wendys, Dunnes/Iceland all representing new/expanded partnership propositions being offered to the Irish consumer.

## Evolving Retail Landscape

The wider retail sector has delivered a robust performance to date in 2025 with sales volumes in the period January- September (excluding motor sales) remaining in line with the equivalent period in 2024.[3] Retailers continue to assess the impact that current geo-political developments may have on consumers discretionary spend and are tailoring their business plans accordingly. Investor interest in retail park/shopping centres has been strong with notable transactions being closed in Dublin, Cork, Kilkenny and Meath in recent months.[4] This has been driven by a re-invigoration of in-store retail in a post-pandemic landscape which has seen numerous international brands (Arket, New Balance, Pret A Manger, Kiko etc) open stores in Ireland along with occupancy levels returning to more normalised levels – retail parks and shopping centres now at 95%+ occupancy nationwide.

As I engage with retailers daily, it's encouraging to see progressive operators continuing to invest in their people, premises and systems whilst delivering a robust financial performance. These retailers recognise that a proactive approach is imperative to navigate the challenges ahead. The following areas will be key in shaping a sustainable Irish retail sector in 2026:

## Building Communities in Retail

Building communities in retail utilising both physical and digital formats is key to support and sustain customer engagement. As shoppers, our desire for a sense of community is driving the trend toward experiential retail – where the shopping experience itself is part of the appeal. Offering services or products that add to our lifestyle/sense of community, rather than just selling a commodity is therefore important. Retailers that proactively use loyalty schemes, a range of in-store events, sponsorship support of local charities/sports clubs etc will be well-positioned to cultivate a sense of relationship/belonging with their customers. These initiatives should also in a non-invasive manner facilitate customer participation and feedback, allowing the retailer to further develop product offerings and service improvement.

## The Physical Store

The physical store remains an integral element of a progressive retail proposition providing retailers with the opportunity to engage with shoppers, showcase their brands, trial new concepts and facilitate accessible delivery/pick-up/return options etc to support a more user-friendly customer experience. In the era of experiential retail, stores need to be environments that feel welcoming and engaging. This involves supporting staff to provide exceptional customer service and designing spaces that reflect the vision and values of the brand.

Continuous investment in the physical store aligned with knowledgeable/engaged staff all contribute to a memorable shopping journey. Indeed, businesses that deliver a user-friendly, reliable hybrid model utilising the best of online and physical stores are best positioned to generate loyalty/trust in a competitive market. A seamless, fully integrated model also allows businesses to leverage a notable characteristic of the 21st century shopper – "FOMO" (the fear of missing out). This can manifest itself in flash-sales, in-store VIP customer events, access to limited-edition/new ranges all creating a sense of exclusivity and personalisation. The rush to purchase Oasis, Coldplay and Taylor Swift concert tickets in recent years providing a tangible example of this behaviour.

## Artificial Intelligence

Artificial Intelligence ("AI") has the potential to become a transformative force across a range of touchpoints within the sector. Already, many progressive retailers are leveraging AI to drive more efficient stock management, to streamline their supply chains, and to anticipate market trends. The logical next step is to utilise AI to create a more personalised experience for their customers – bringing together shopping history, individual preferences etc in a seamless manner.

## Outlook 2026

The Irish retail sector remains a pivotal element of the Irish economy – generating employment (c300,000 jobs) and business activity in all regions nationwide. Given the breadth of the sector – the performance across individual sub-sectors will continue to vary with operators within the grocery/convenience, home/furniture, beauty and sports/wellness areas best placed to thrive in an ever-evolving trading environment. Investment to continue in the areas of personnel development, digital transformation, partnerships, supply-chain and store network; supporting sustainable business models and customer engagement into the future.

Sources:
[1] IBEC /Retail Ireland report on grocery prices – June 2025
[2] Updated high level analysis of the Irish grocery retail sector – August 2025; CCPC
[3] CSO Retail index – October 2025
[4] Bannon Retail Pulse/Various updates from Irish property firms: October 2025

# Hospitality Sector
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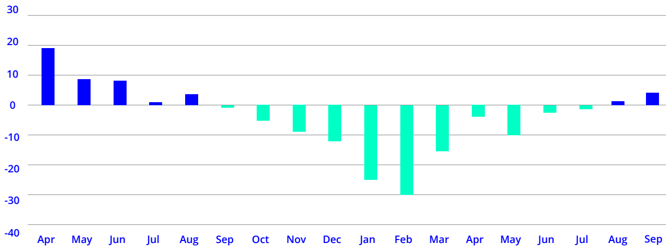
Inbound travel to Ireland shows signs of recovery after a challenging start to 2025, with strong performance in recent months and encouraging outlook for winter. Domestic demand remains constrained by tighter household budgets, while consolidation and technology adoption continue to reshape the competitive landscape. Accommodation performance is robust across most regions, with notable ADR growth despite supply pressures.

## Inbound Travel Turns the Corner

The negative trend on inbound visitors reported by the CSO for 2025 (Table 1)[1] appears to have turned the corner, as recent months (August and September) are now showing a positive variance against same time last year. Arrivals into Dublin airport were particularly encouraging last month at 3.2m[2] which represents an 8% increase on last year; the outlook for this winter remains positive, supported by a 12.3% increase in capacity.[3]

American visitor numbers to the end of Sept 2025 are reported to be up by 4% on last year, representing 25% of visitor trips and 41% of inbound visitor expenditure. The strong U.S. demand and increased capacity position Ireland well for a solid winter season.

**Table 1: CSO Inbound visitor trips. Year-on-year change Apr 2024 to Sep 2025**




## Tighter Budgets Putting Pressure on Margins

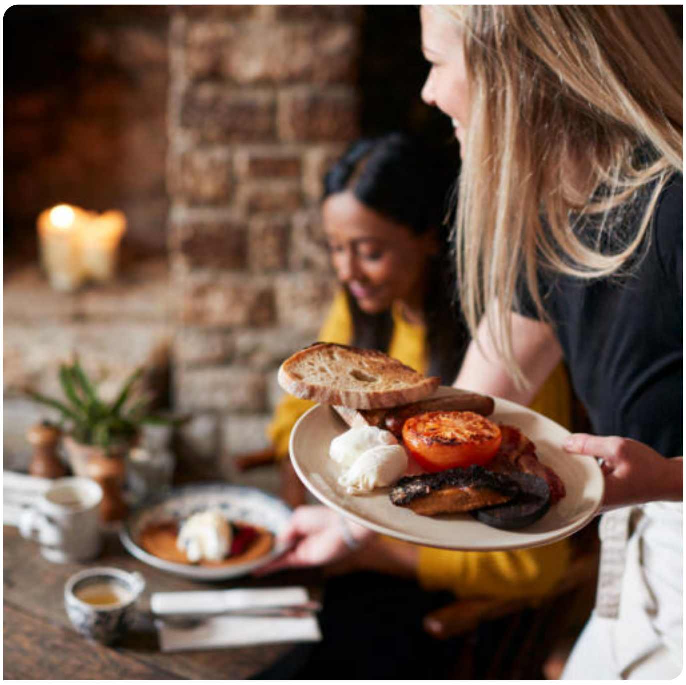
Elevated household savings rates in Ireland[4] continue to impact on discretionary spending patterns from the domestic market limiting the ability for businesses to further increase prices at the risk of compromising volume of sales. The average spend per trip for domestic trips by Irish residents has grown marginally over the last three years while average trip length has declined about 8%.

Bord Bia's latest Market Insights report shows foodservices in the Hotel and Accommodation sector is expected to grow by only 2% this year vs an average of 5% across all other sub-sectors **(Table 2).**[5]

The Limited services sector which traditionally works from a lower price point, is expected to grow more than double that at 4.7%.[6] Price sensitivity limit ability to drive revenue through menu price increases; value propositions and cost control remain critical.

**Table 2. Bord Bia - Foodservices report /market size detail by sub-segment.**

| Ireland's Food Service Market | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Forecast Growth % |
|---|---|---|---|---|---|---|---|---|---|
| **Limited Service Restaurants** | **2995** | **2002** | **2322** | **3114** | **3438** | **3605** | **3774** | **3980** | **5.5** |
| **Hotels and Accomodation** | **1531** | **654** | **743** | **1361** | **1572** | **1603** | **1634** | **1674** | **2.4** |
| **Pubs** | **1415** | **501** | **515** | **1319** | **1502** | **1548** | **1585** | **1623** | **2.4** |
| **Full Service Restaurants** | **1039** | **458** | **559** | **991** | **1150** | **1221** | **1274** | **1316** | **3.3** |
| Coffee Shops & Cafes | 482 | 328 | 395 | 482 | 525 | 553 | 581 | 69 | 4.9 |
| Other Commercial | 330 | 101 | 142 | 320 | 370 | 397 | 425 | 450 | 4.1 |
| Institutional | 763 | 445 | 447 | 657 | 813 | 939 | 1084 | 1219 | 12.5 |
| **Total €bn** | **8.55** | **4.50** | **5.10** | **8.24** | **9.37** | **9.86** | **10.36** | **10.87** | **5** |



## Economies of Scale

The percentage of hotels operating under a group structure and/or brand continues to climb, in ROI they now represent an estimated 50% of the hotel stock, and a slightly higher 60% in Northern Ireland[7].

The sustained expansion of groups like Talbot Hotels, Address Collective and TMR in ROI and Andras, McKeever and Galgorm in NI will influence the trading landscape in the coming years. Also impacting the tourism and hospitality landscape are the new hotel brands entering the Irish market which this year included Citizen M, Hoxton, and coming next year Sofitel and Home2Suits by Hilton.Consolidation is likely to drive operational efficiencies and competitive pressure, particularly for independents.

## Artificial Intelligence

As businesses adapt to changing consumer preferences, as well as escalating costs and staffing challenges, many are evaluating investment projects that could help them enhance the customer experience and also generate savings. The business case might appear to be a "slam dunk" in terms of payroll savings, better-served customers, and the potential to generate additional sales via upgrades and repeat bookings. However, the argument could also be made that the widespread embrace of certain technologies could lead to customers having a diminished or less authentic experience when visiting Ireland.

Sustained increases in staffing costs could further accelerate the adoption of AI solutions including robotics and self-service models; high-touch personalised customer service (human elements creating a warm and welcoming atmosphere) already comes at a premium and might in the not-so distant future be almost exclusively associated with the luxury market. So it is that balance between embodying the famed Irish warmth of welcome that this country is renowned for, and implementing smart technologies, that will shape the future success of hospitality businesses nationwide.

## Strong average rate growth across Ireland

STR accommodation statistics for October 2025 show robust performance across most locations in Ireland (**Table 3**).[8]

**Dublin** reported increases in both occupancy and average room rate for October 2025 delivering a €7 increase in RevPAR for the Dublin region and almost €11 for Dublin city. Year to date (YTD) RevPAR to date is less than 2% below the 2023 "peak" which is encouraging considering the material increase in supply over the last two years.

The **Galway** area reported an €11 increase in average room rate vs same time last year with static demand. YTD RevPAR is €6.5 (4.6%) up on last year.

Demand for the Jazz festival in **Cork** supported a 2% increase in occupancy and a €10 increase in average room rate for the month of October. YTD RevPAR is €6.2 (5.1%) up on 2024.

In **Limerick** a €20 increase in average room rate compensated for 5% drop in occupancy for the month of October. YTD RevPAR remains 3.8% ahead of last year.

**Kilkenny** stats show a phenomenal year on year increase in average room rate of €18.8 for the month of October, which was delivered while maintaining occupancy. Year to date RevPAR increase of 6.7% is the highest across all locations.

**Belfast** showed flat year on year performance with a non-material 50c decline in RevPAR for the month of October. YTD RevPAR remains €5.30 (5%) behind same time last year.

In **Derry**, a surge in occupancy reported during October 2024 distorts the YOY variance for the month. However, YTD RevPAR remains in positive territory at 3.9% ahead of last year.

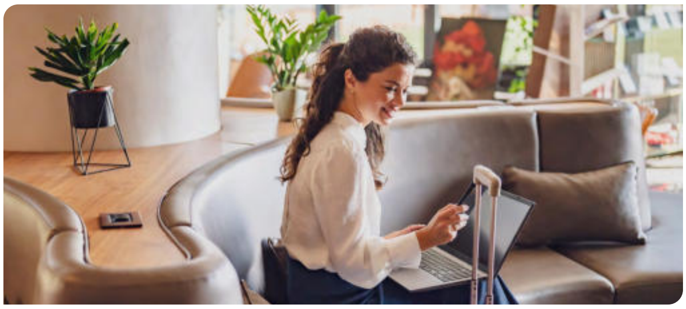


**Table 3. STR Accommodation Statistics Ireland October 2025**

| Accommodation KPI's Ireland: 2019-2025 | October YTD | | | | | | | | | | | | | | | RevPAR Variance | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Occupancy % | | | | | Average Room Rate € | | | | | RevPAR € | | | | | October | | October YTD | |
| | | | | | | | | | | | | | | | | '25 vs '24 | | '25 vs '24 | |
| Location | 2019 | 2022 | 2023 | 2024 | 2025 | 2019 | 2022 | 2023 | 2024 | 2025 | 2019 | 2022 | 2023 | 2024 | 2025 | € | % | € | % |
| Dublin All | 84 | 78 | 84 | 84 | 85 | 143 | 171 | 184 | 178 | 178 | 121 | 134 | 155 | 150 | 152 | 7.1 | 4.8% | 2.1 | 1.4% |
| Dublin City Centre | 85 | 76 | 83 | 82 | 84 | 169 | 171 | 184 | 178 | 178 | 144 | 150 | 173 | 16 | 170 | 10.7 | 6% | 4.1 | 2.5% |
| Galway | 77 | 72 | 78 | 77 | 77 | 121 | 157 | 176 | 182 | 190 | 93 | 113 | 138 | 140 | 147 | 7.6 | 6% | 6.5 | 4.6% |
| Cork | 80 | 73 | 80 | 78 | 78 | 113 | 152 | 159 | 158 | 165 | 90 | 111 | 127 | 123 | 129 | 10.5 | 9% | 6.2 | 5.1% |
| Limerick | 73 | 77 | 83 | 83 | 82 | 139 | 158 | 183 | 186 | 195 | 101 | 121 | 151 | 154 | 160 | 6.7 | 5% | 5.8 | 3.8% |
| Kilkenny | 74 | 67 | 74 | 76 | 76 | 114 | 163 | 172 | 174 | 186 | 84 | 109 | 128 | 132 | 141 | 14.2 | 11% | 8.9 | 6.7% |
| Ireland Provincial | 74 | 69 | 76 | 75 | 75 | 109 | 143 | 159 | 162 | 170 | 81 | 99 | 120 | 122 | 127 | 8.9 | 8% | 5.8 | 4.8% |
| Belfast | 74 | 75 | 79 | 79 | 77 | 88 | 114 | 124 | 137 | 134 | 65 | 86 | 98 | 108 | 103 | 0.5 | 0% | -5.3 | -4.9% |
| Derry/Londonderry | 70 | 76 | 72 | 71 | 64 | 78 | 103 | 106 | 115 | 132 | 55 | 69 | 77 | 81 | 84 | -8.9 | -10% | 3.2 | 3.9% |

Sources:

[1] CSO, Inbound Travel statistics (April 2024 to Sept 2025)

[2] Dublin Airport, Passenger Numbers up 8% at Dublin Airport, Nov 4th 2025

[3] Fáilte Ireland Air & Sea Access – Q4 2025 Update

[4] CSO, Household Savings Q2 2025

[5] Bord Bia, Irish Foodservice Market Insights Report 2025

[6] Failte Ireland, Statutory Accommodation Register Q4 2025, figure based on established "hotel groups" as such, and internationally branded assets.

[7] NIHF, Hotel Landscape, November 2025.

[8] STR, CoStar October 2025 Statistics.

# Food & Drink Sector
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Continued global uncertainty, high costs, increased regulatory requirements and changing consumer demands are all impacting an evolving food and beverage industry. With more rigorous EU food safety and traceability requirements, operators adopt a variety of technology to enable compliance.

## Exports and Food Price Index

- Food and beverage exports grew 13% in Jan-Sep 2025 to €14.27Bn from €12.62Bn in 2024.[1]
- The UN Food and Agriculture Organisation (FAO) Food Price Index fell to 126.4 in October, the lowest level since January 2025.[2]
- Cocoa prices have continued their downward trend to c. USD $5200 per tonne (p.t.) in Nov '25, compared to highs of c.$12,200 p.t. in April 2024[3] due to a better outlook for harvests in West Africa.
- Coffee prices are very high at $4/LB[4] due to harvest uncertainty and US 50% tariff on the world's largest coffee producer, Brazil. However, recent potential for US tariff cuts and estimates of increased 2026/27 harvest have brought some hope that prices may ease.[5]

## Technology shaping Food traceability & safety

- With enhanced traceability requirements, and bodies like GS1, (administers barcodes globally), fostering 2D code usage, the era of **QR and Data matrix codes** is truly here.
- As 2D codes store much more information, they allow producers, distributors and retailers to better manage any product issues, whilst sharing detailed information on product origin & quality.
- Enhanced food safety, **EU Regulation 2025/351**[6] came into effect in March 2025 with stricter more extensive standards for plastics in contact with foods. The plastics, both recycled and virgin material, must pass a risk assessment test. This requires changes to materials, manufacturing processes and documentation with a transition period for stock to be sold until 16th Setemper 2026.

## EU Deforestation law (EUDR)

- Global deforestation, estimated at 18 soccer fields every minute, mainly for agri-food commodities, prompted the EU's adoption of Deforestation Regulation (EUDR) in 2023.
- The goal is to show that the products (see **Figure 1**), sold in, or exported to the EU do not come from land deforested or degraded after December 31, 2020.
- This change was postponed to Dec 2025 and in Oct 2025 the EU put forward simplified regulation for micro and small businesses.
- Currently, larger businesses are expected to comply by December 2026, and micro or small businesses by mid 2027, if approved by the European Parliament and Council.[7]

**Figure 1. Key food products affected by EUDR and impact on deforestation**


*Source: (QAssurance, 2024; European Commission, 2024)*

## When is gin NOT a gin or a burger NOT a burger?

As low & zero alcohol offerings proliferate, the European Court of Justice has ruled that non-alcoholic drinks cannot be labelled as 'gin'. EU rules require gin to be made from ethyl alcohol of agricultural origin, flavoured with juniper berries and bottled at a minimum of 37.5% ABV.[8] This will bring quite a change to how the drinks are marketed.

On a similar note, the EU voted on a proposal to ban "meat-related" names from being used for plant-based foods so vegan sausages and plant-based burgers may soon need new names.[9] This comes as an increasing number of consumers choose plant-based products.

## Avian Influenza

- There were five confirmed cases of bird flu in commercial turkey operations in ROI in November. A compulsory poultry housing order is in place since 10th November following a similar order in UK on 6th November.
- The H5N1 virus is a highly pathogenic virus, first detected in China in 1997. As with human flu, cases tend to be in winter but since 2020, it is also appearing in spring & summer.[10] Infected birds are culled, for which the operator gets compensation. Strict biosecurity is critical, as well as hygiene and veterinary surveillance to limit its spread.
- Reports of turkey shortages for Christmas are unlikely to materialise, however prices may be higher.

## Food inflation and Supply Chain

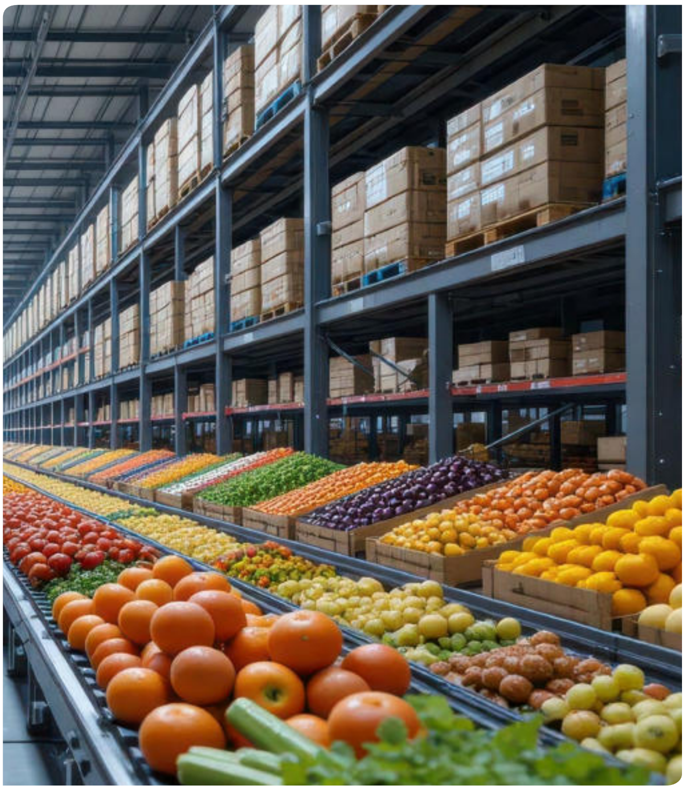
Food prices continue to rise, challenging shoppers, producers, and retailers and entire supply chain, especially as wage inflation has lagged. September '25 food inflation was 4.7% in ROI, the UK 4.5% whilst EU was 3.5% and the Euro area 3%.[11]

The reasons for sustained rise in food prices are complex with continued geo-political uncertainty, global warming affecting harvests, high input costs, tariffs and uncertainty around food systems.[12]

**Supply Chain** pressures have eased, but container carriers are unlikely to resume Red Sea routes despite Houthi rebels halting attacks, as long as the Israel-Hamas ceasefire holds.[13]

Since 2023 route diversions drove container prices up, but Q4 rates have stabilised from summer highs, with WCI spot rate at $1806 per 40ft container on 27 November.[14]

Producers continue to focus on controllable costs, with automation remaining a key driver for operational efficiencies.



Sources:
1 Goods Exports and Imports September 2025 - Central Statistics Office
2 World Food Price Index
3 2024 Cocoa - Price - Chart - Historical Data - News
4 Coffee PRICE Today | Coffee Spot Price Chart | Live Price of Coffee per Ounce | Markets Insider
5 Coffee Prices Retreat on the Prospects of Reduced US Tariffs | Nasdaq
6 Regulation - EU - 2025/351 - EN - EUR-Lex
7 What Is the EU Deforestation Regulation (EUDR)? | World Resources Institute
8 European Union court rules non-alcoholic beverages cannot use the term 'gin' - Global Drinks Intel
9 EU policymakers reopen plans to ban widely-used 'meaty names' for plant-based food - GFI Europe
10 H5N1 bird flu cases spike in Europe. How worried should we be?
11 Food Inflation - Countries - List
12 www.Food Inflation Explained: Causes, Impact and Money-Saving Tips | Food Unfolded Food Inflation
13 Red Sea Attacks, Houthis and Shipping Lines - Bloomberg
14 Drewry - Service Expertise - World Container Index - 13 Nov

# Manufacturing Sector
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## Manufacturing in expansion, stock piling spikes exports to the US to mitigate tariffs

Two metrics capture Irish Manufacturing in 2025. With average Purchasing Managers Index (PMI) of 52[1], Ireland is firmly back in expansion mode with EU not far behind at 49 (**Table 1**).

Secondly this has been driven in part by export activity which spiked to the US as a direct consequence of front running to minimise tariff cost impacts (**Table 2**).[2] Exports are up year on year, Jan to Sep. by +28% total, +90% to US and +153% for Pharma to US. We see a second export spike in September possibly in response to the ongoing tariff uncertainty around Pharma.

With global trade now dominated by flip flopping punitive tariffs and the associated uncertainty and volatility, we can expect manufacturing pausing investments and new recruitment. Irish manufacturing is resilient and expert at navigating economic cycles.

As the tariff story plays out, businesses will not deflect from a laser focus on costs and margins with a new emphasis on how best to serve their US customers in line with the new landscape of tariff costs.

**Table 1: Manufacturing Activity - 2025**

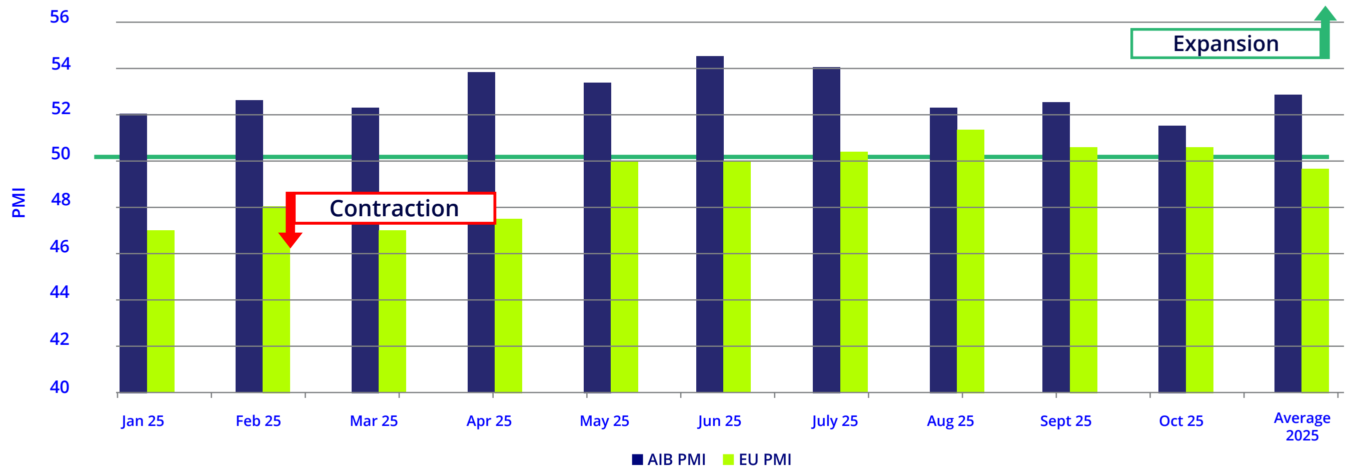
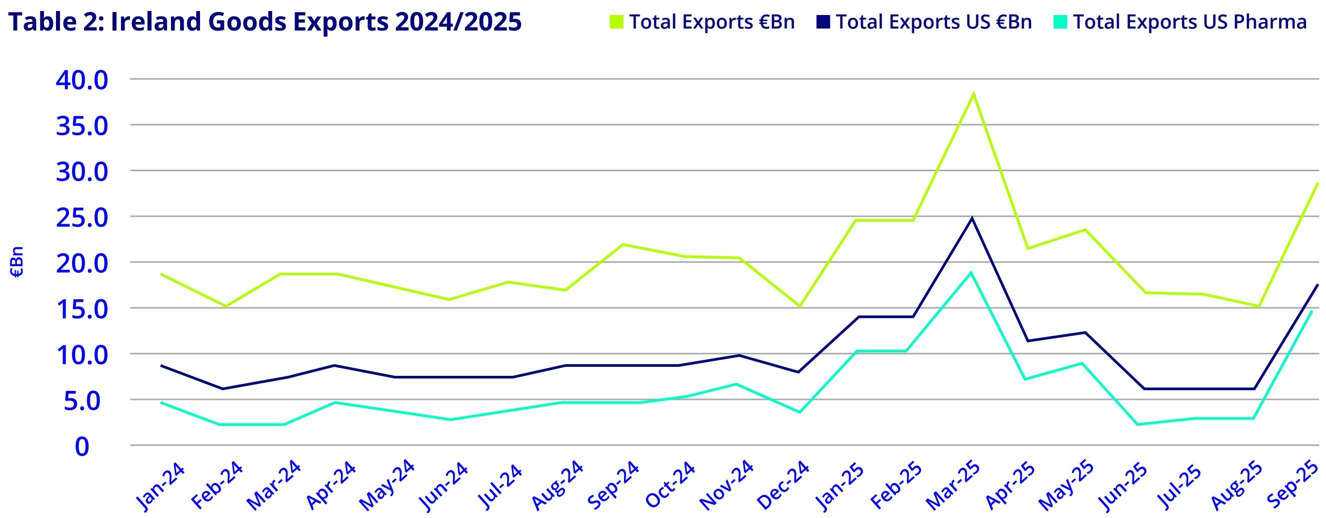



**Table 2: Ireland Goods Exports 2024/2025**



## US Tariffs – A mixture of "a fragile certainty, litigation, and a misguided addiction to Tariff revenues"

With the announcement of the EU-US trade deal on 27th July, effective from 7th August, a "fragile certainty" around trade was agreed.[3]

- 15% tariffs apply on all goods with exemptions (under review) for Pharma, Semiconductors and Aerospace.
- 50% on steel and aluminium
- The upshot is that for now Ireland has the lowest trade weighted average tariff of just 5.6% which will notionally cost the economy about €5.7Bn.[4]

However loose ends prevail and everything is subject to change:

- **Supreme Court action** around the legality of tariffs imposition using the IEEPA act from 1977 which makes no reference to tariffs is still playing out. In a best-case outcome this would cut current average US tariffs rate from **17.9% to 9.1%.**[5]
- **Section 232 investigations** which assess National Security Issues around certain product categories, are still ongoing and may rule in favour of tariffs on Pharmaceuticals and Semiconductors.
- **Derivative tariffs:** US SMEs are lobbying for an additional 700 products on top of existing 407 which will incur (if passed) additional so-called derivative tariffs because of their steel or aluminium content.[6] For EU these are currently 50% of value of the metal content.
- **Tariff revenues and a dividend for low incomes:** The US has great expectations on Tariff revenues and estimate that these will generate total revenues of **$2.6TN** over the next 10 years.[5] So upbeat are the US about this estimate that they have tabled the idea of a **$2K dividend** for low-income households.[7]

  In summary there still remains a lot of moving parts around US Tariffs which will yield mixed outcomes for global trade. Every business must look at different scenarios and align their businesses accordingly. In addition, Irish SMEs should take advantage of EI grant supports available.

## UN Emissions Gap Report 2025: World on Track for Dangerous Warming Without Urgent Action

In the run up to COP 30, The UN Emissions Gap Report 2025[8] has just been published under the sobering title of **Off target: Continued collective inaction puts global temperature goal at risk.** The 5 key takeaways are summarised below.


### Table 3: The New Tariff Environment

Trade-weighted tariff hikes by country, effective 14 October 2025

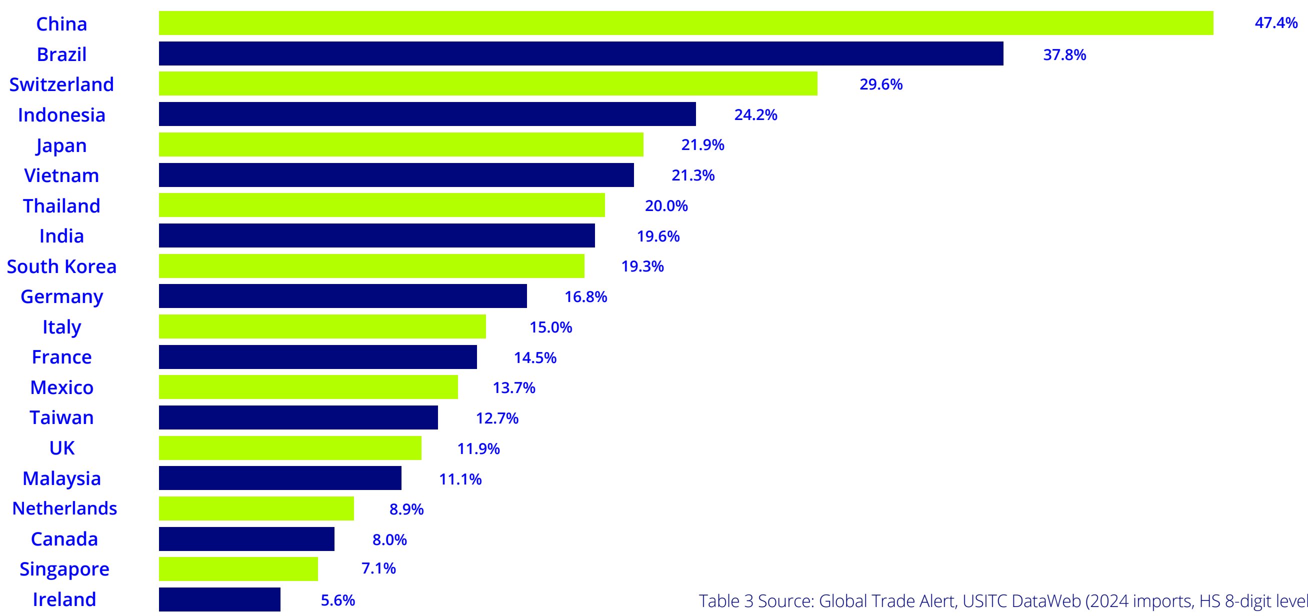


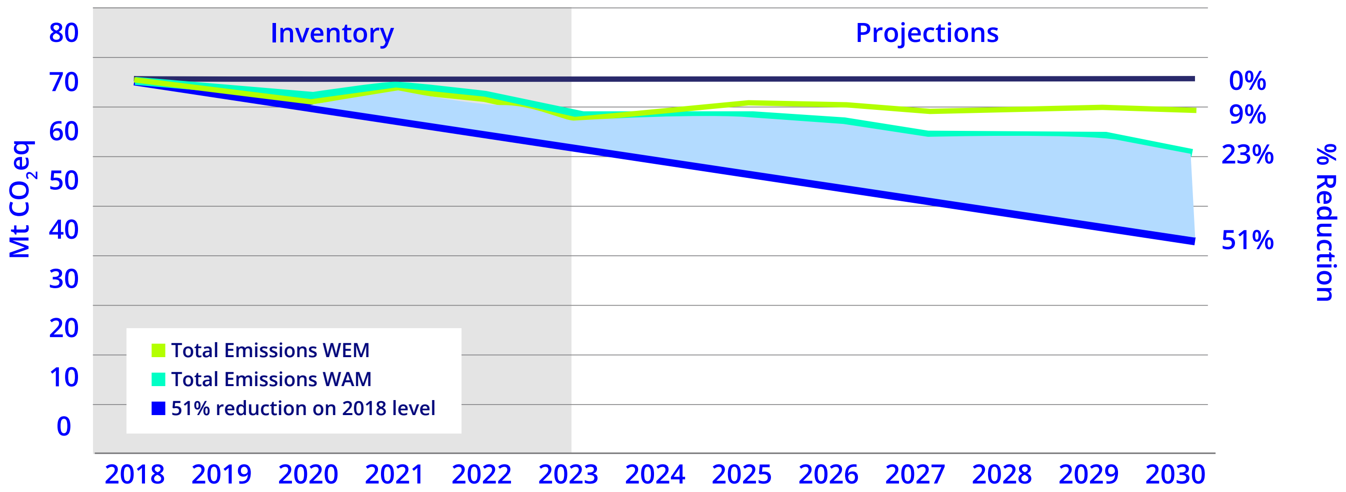

Table 3 Source: Global Trade Alert, USITC DataWeb (2024 imports, HS 8-digit level)

In the context of Ireland, we are similarly **significantly off Target.** According to EPA's Greenhouse Emissions Projections report published in May 2025,[9] we were further off track in 2024 than previously thought. Against a target of 51% GHG reduction, projections are now to reach 23% GHG reduction down from the previous 29% reported in 2024. See table 4 below:

**WEM:** *With Existing Measures,* refers to measures currently implemented and actions committed by Government.

**WAM:** *With Additional Measures,* refers to WEM plus additional measures which are under dscussion and likely to be implemented by 2030

## Table 4: Total GHG Emissions Scenarios WEM and WAM to 2030




Furthermore, depending on our variance to target between now and 2030 we may become liable for penalties up to €23BN. It is much more cost effective to invest now rather than delay, incur penalties, and invest at higher costs later.[10]

However, a source of optimism is provided by PWC's second annual decarbonisation report[11] covering 4000 firms. Only 16% have dialled back their goals, 47% stood by them and 37% became more ambitious. In short companies which were once accused of "greenwashing" - making deceptive promises, are now "greenhushing" - getting on with the job of decarbonisation behind the scenes, without fuss,  because they know it is the right thing to do to create long term value.[13]

Sources:

1 PMI Releases Nov. 2025
2 Goods Exports and Imports September 2025 - Central Statistics Office
3 EU-US trade deal explained
4 Relative Trump Tariff Advantage Chart Book - Global Trade Alert
5 U.S. Reciprocal Tariff Chart Book - Global Trade Alert
6 State of U.S. Tariffs: October 30, 2025 | The Budget Lab at Yale
7 Businesses worldwide brace for extra Trump tariffs on steel imports | Trump tariffs | The Guardian
8 Trump proposes $2,000 dividend funded by tariffs. Here's what experts say about the plan. - CBS News
9 Emissions Gap Report 2025 | UNEP - UN Environment Programme
10 EPA Projections Show Ireland off Track for 2030 Climate Targets | Environmental Protection Agency
11 Ireland could face penalties of €28bn by 2030 for failing to meet emissions targets – The Irish Times
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# Technology, Media and Telecoms (TMT) Sector
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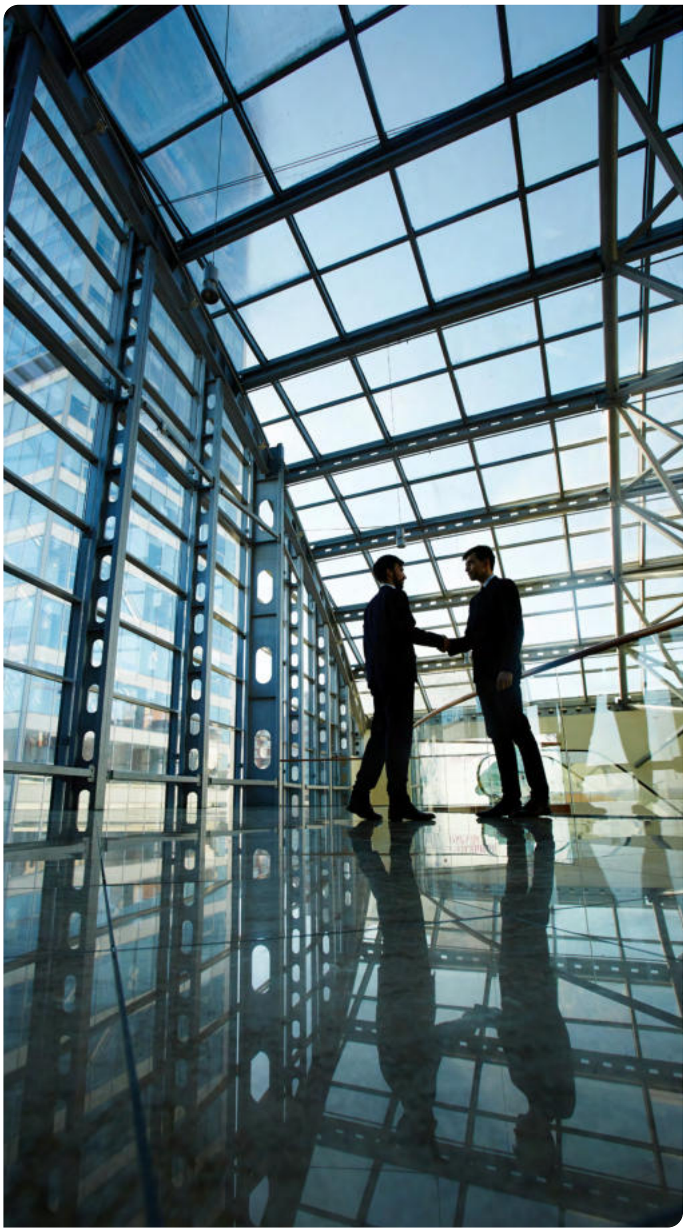
## Interactive Artificial Intelligence (AI) workshops for customers

Over the last year we have been hearing from customers about how they have continued to grapple with what AI means for them and their businesses. In response to requests for help from customers, Bank of Ireland recently hosted several interactive AI workshops to help demystify the technology. The intention was to cut through a lot of the hype and to provide attendees with a snapshot of the evolution of the technology, from its foundation right through to the launch of ChatGPT in November 2022[1] and how GenerativeAI (GenAI) has democratised the technology.

Our presenters demonstrated how AI can be used as a key enabler for businesses and their employees to do their jobs more efficiently; showcasing how they could decrease the administration burden of their roles by reducing or automating mundane activities, allowing employees to focus more on customer-centric, valued added activities. Simple use cases were presented such as real-time language translation for tour operators or using conversational AI to generate customer invoices, reinforced the potential efficiencies that can be achieved.  From speaking with attendees at these events, their adventures with AI, largely revolved around basic ideation or assistance in drafting emails. The use cases presented at the workshops provided attendees with food for thought on how to expand usage of the technology in their organisations.


L to R: Paul Swift, Valerie Farragher (MC), Mark Kelly and Jamie Renehan at the Bank of Ireland Interactive AI Workshop.

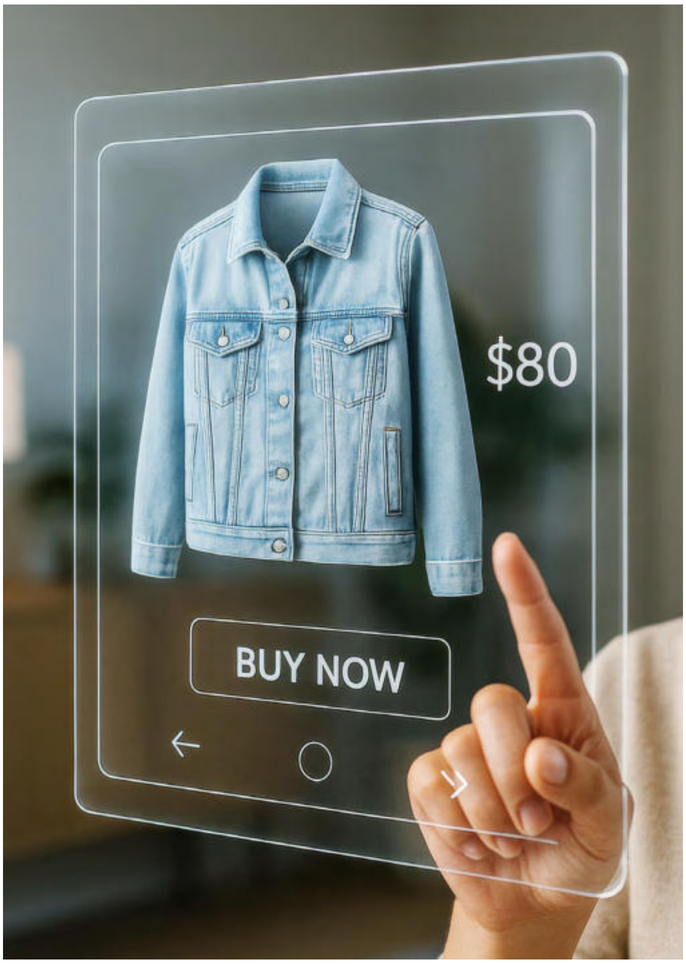
Based on feedback, one of the most important takeaways for the attendees was that it encouraged them to be more confident when using GenAI and be bolder and more imaginative in prompting the technology. By providing context, adopting a persona (doctor, coach, parent etc) with specific instructions and format, can be game-changing in providing perspective on an infinite range of topics and subjects. These workshops highlighted the need for organisations of every size to incorporate AI literacy training to level up and enhance competencies of all team members.



## Boosting AI literacy

According to IBM,[2] AI literacy is the ability to comprehend various aspects of artificial intelligence, including its capabilities, limitations and ethical considerations and to use it for practical purposes. Various studies by Accenture[3] and PWC[4] have pointed to the fact that while companies have embarked on their AI journeys, only a limited number of companies have deployed the technology at scale. Low levels of AI literacy skills[5] is seen as being a barrier to more widespread adoption. There also appears to be some unease among users about the type of data they might ingest into various GenAI models, for fear of repercussions from their customers or from senior leaders in their firms. Businesses can be forgiven for not being fully prepared for the scale and pace of developments in relation to GenAI models. Previous technology waves generally took several decades for the actual technology to become ubiquitous and businesses had the opportunity to assess and cautiously adopt the technology in a structured, measured way. Whereas with ChatGPT, it was launched just three years ago (in late November 2022) and heralded the revolution, through which we are now navigating.

Hence, businesses need to boost AI literacy to leverage the opportunities presented by the AI economy. This can be achieved by adopting a human-centric approach, to first build confidence in the technology and then build competence in its use. This requires companies to develop their own playbook, which simplifies the common jargon, includes everyday use cases, manages expectations (as to what it can/can't achieve) and to put in place appropriate guardrails and guidance in relation to data privacy, potential biases and hallucinations. This will help organisations to hone a policy as a first step. Cheat sheets can then be developed for various functions of an organisation showing how AI can help them in their jobs. Sales and marketing lead generation, or how workflow automation could be applied to operations, or anomaly detection in financial data. This approach needs to be backed up by formal training and tutorials, demonstrating how practical tools can be adopted immediately, with AI champions for each department being the go-to people that aid the smooth transition and adoption. Most importantly is having regular show and tell AI events, where different members of the team share new learnings and use cases, which would be the greatest boost to improvements in AI literacy.


## Agentic Commerce and What it Means

In recent weeks Stripe and OpenAI launched Instant Checkout,[6] a new ecommerce experience where users can buy goods (initially from Etsy, with Shopify coming soon after) in the chat. This AI-enabled ecommerce is powered by what is called Agentic Commerce Protocol (ACP) which has been co-developed by Stripe and OpenAI and is a game-changer. Users ask for product recommendations in the chat and the agent, just like a personal shopper, presents a range of products. Then in a matter of clicks the purchase is complete without having to leave the chat or search websites; all done seamlessly and the definition of frictionless ecommerce. Yes, it is very early days, is initially only available in the US market and currently only supports single purchases. But there are plans to roll out multiple purchase and new geographies. ACP is a new standard and is the shared language that sits between merchants AI agents and payment systems, that facilitates agentic commerce. This new technology is live and businesses that previously relied on being found through google searches to sell their products and services must now expose their products and pricing, aligned to how agents can find and use them. Likewise, it won't be long before other merchants and various ecommerce platforms integrate with ACP. The real magic with this new standard is how it enables transition from purchase intent to conversion, seamlessly. Transactions that happen through ChatGPT now, will readily demonstrate clearly where marketing spend could be put to best use, when shopping patterns are evident through a few short clicks. In response to the changing face of ecommerce, businesses of every size need to adapt to leverage the opportunities presented by this new standard.

## Reduction in Numbers Employed in Tech Sector

According to latest figures from the CSO,[7] employment in the sector in Q3 2025 declined by 8,000 on the same period in 2024 (See Figure 1 below). This decrease is not entirely unexpected, given the various announcements made by large technology companies, of their intention to reduce headcount. Over the last year, those companies have sought to continue to "right-size" their operations following quiet expansive hiring during the pandemic. However, what is noteworthy is the increase in youth unemployment rate (the unemployment rate for those aged 15-24 years) up to 14.1% in Q3, from 11.5% during the same period last year, or a 23% increase over the last 12 months. There continues to be lots of commentary in the media that AI could be the cause of the increase in youth unemployment. The reality though, is that it is too early to tell. If we are to believe data from various studies that have pointed to a cautious approach to AI adoption, it is difficult to rationalise how businesses have achieved the requisite levels of automation improvements in efficiency to justify a reduction in headcount. Rather, this could instead be an indication in a slowdown in the economy and a more cautious approach being taken by businesses in response to the ongoing macro-economic uncertainty. We await CSO data from Q4 to ascertain if this pattern has continued.

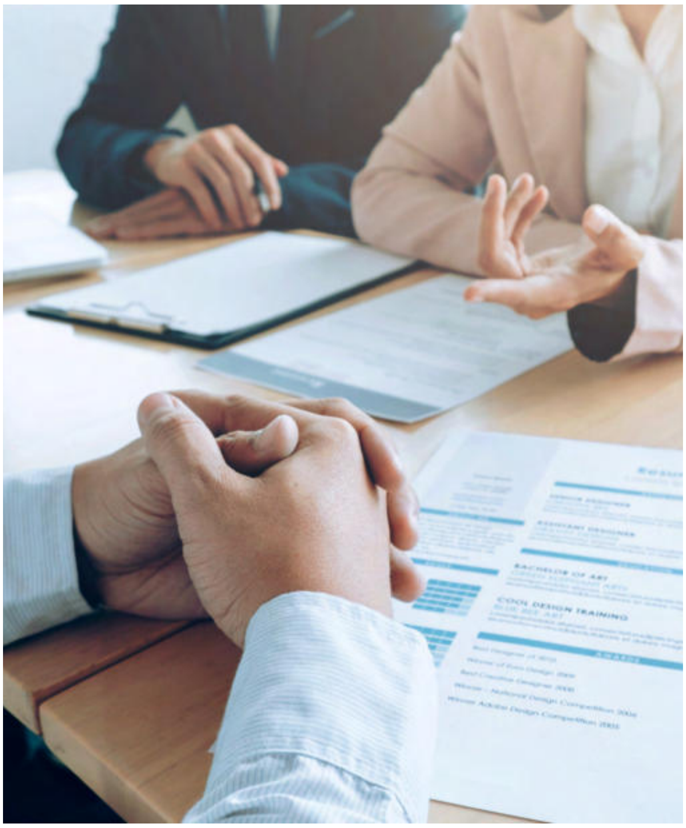


**Table 1: Economic Sector, Quarter 3 2024 and Quarter 3 2025, (thousands)**

Persons of both sexes aged 15-89 years in employment classified by NACE Re.2

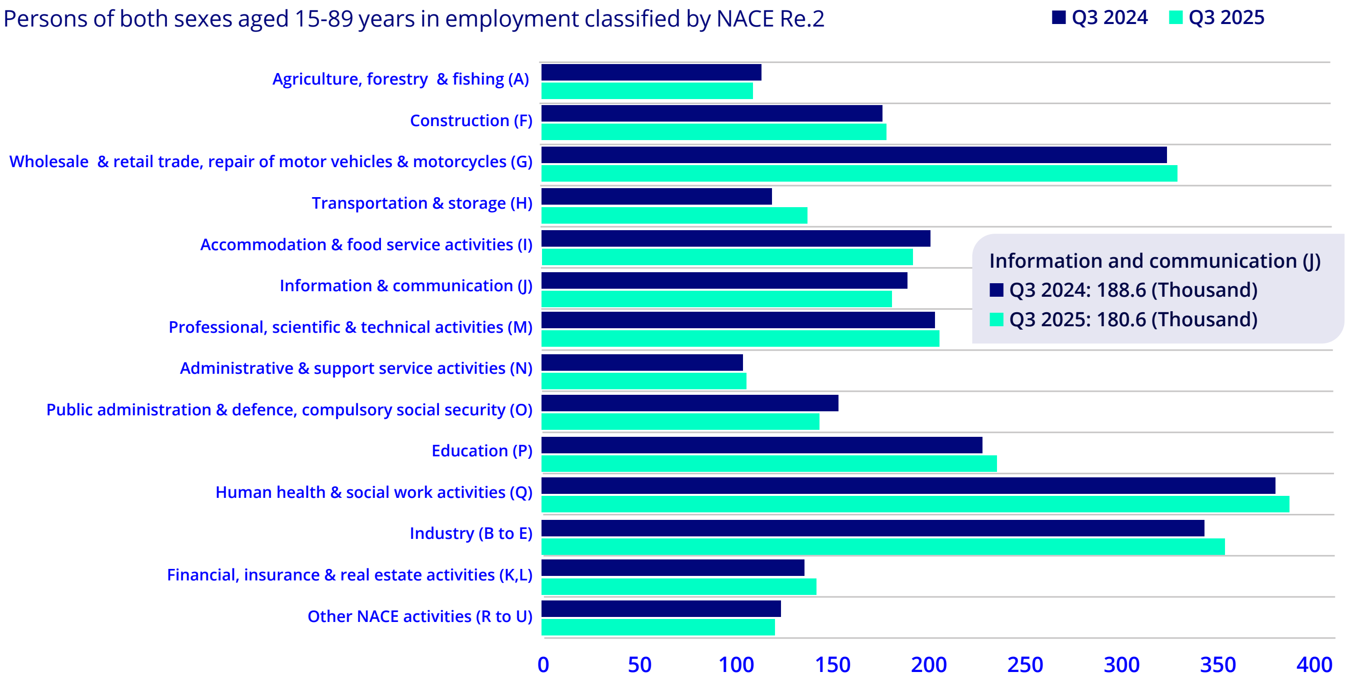



Table 1 Source: [7] https://www.cso.ie/en/releasesandpublications/ep/p-lfs/labourforcesurveyquarter32025/employment/

Sources:
1 https://openai.com/index/chatgpt/
2 https://www.ibm.com/think/insights/ai-literacy
3 https://www.accenture.com/ie-en/insights/gen-ai/generating-growth
4 https://www.pwc.ie/reports/gen-ai-business-leaders-survey.html
5 https://www.deloitte.com/cn/en/Industries/tmt/perspectives/ai-inclusion-report.html
6 https://stripe.com/gb/newsroom/news/stripe-openai-instant-checkout
7 https://www.cso.ie/en/releasesandpublications/ep/p-lfs/labourforcesurveyquarter32025/employment/

# Healthcare Sector
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The healthcare sector continues to show strong momentum, driven by sustained demand and significant public investment across acute, community and long-term care services. Enhanced funding, expanding capacity projects and a continued focus on integrated care are creating opportunities for providers across the sector. Alongside this, ongoing staffing pressures, increasing complexity of care and capital requirements are important considerations, reinforcing the need for strong governance and long-term planning.

## Overview

Budget 2026 delivered a significant uplift for health, with €27.6 billion allocated to the Department of Health (DoH) aimed at expanding capacity across acute, community and long-term care. Key measures include additional acute hospitals beds and enhanced diagnostics services, the provision of a minimum of 280 new HSE/community beds and continued refurbishment of HSE/community nursing units and an additional 1.7 million Home Support hours.

Funding for the Nursing Home Support Scheme (Fair Deal) will increase to €92 million in 2026, including €10 million for the Resident Premises Upgrade scheme (up to €25,000 per nursing home). With just over 27,000 non-public nursing home beds nationally, this Fair Deal uplift equates to roughly to €3,000 per private bed p.a/€58pw or a 4.6% uplift.

## Capacity Needs – Older People's Services

The recently published ERSI's November 2025 report provides updated demographic and utilisation forecasts for long-term residential care, home care, and community services for older people to 2040.[1] The analysis confirms significant and regionally uneven rises in demand, driven by sustained population increases in the number of people living with dementia, complex conditions and higher dependency levels.

The population aged 80+ is projected to more than double by 2040,[1] with the sharpest increase in the South-West, Mid East, and Midlands. Regionally, the projected average annual increases range from 2.7-3.7% equating to between 1,662 and 5,735 additional long stay beds required by 2040. These represent cumulative additional capacity needs from the 2022 baseline. (See below table and graphic)

For nursing homes, the ESRI notes the capital requirements for new builds, the ongoing demand for single room standards, and the financial strain on providers from wage inflation and regulatory compliance. It identifies that without capital investment, there is further risk of closures of smaller, older facilities.

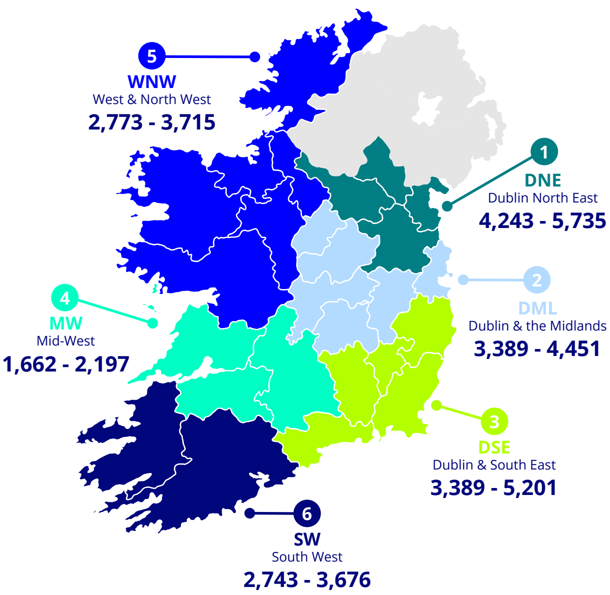
The report also highlights the growing importance of integrated and community-based support. Regionally, projected annual increases in home-care hours range from 2.4-3.6%, equating to between 1.6 million and 5.5 million additional hours depending on the region and scenario. The strongest pressures are in the West and Northwest where staffing availability remains most challenged. The ERSI stresses that without parallel investment in home support workforce capacity, unmet need will rise and acute hospitals will continue to experience delayed discharges.

Overall, the report reinforces the need for coordinated planning between different government departments, private operators, and financial institutions to ensure sufficient capacity that is regionally aligned. The scale of projected demand signals sustained lending requirements across refurbishments, extensions, and new build nursing home projects, as well as strong investment in home care workforce development and integrated care models.

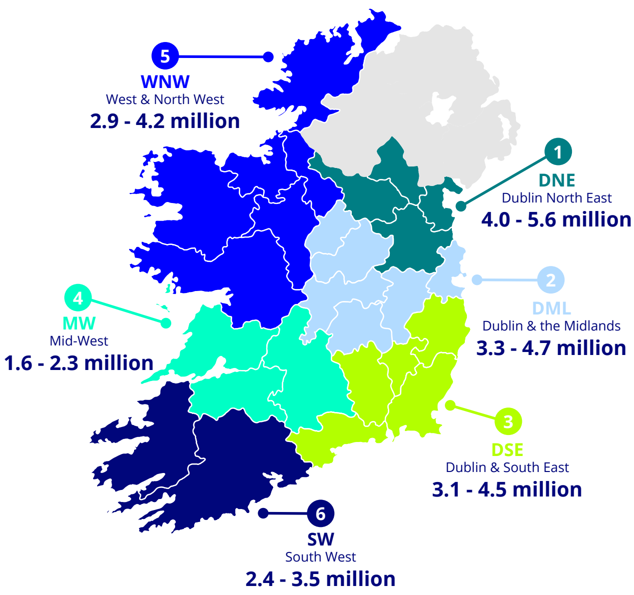
**Projected Additional Long-Stay Beds and Home-Care Hours Required by 2040[1]**

| HSE Regions | Counties included | Additional Beds | Additional Home Care Hours |
|---|---|---|---|
| 1 - DNE: Dublin North East | Dublin (North), Meath, Louth, Cavan & Monaghan | 4,243– 5,735 beds | 4.0-5.6 million hours |
| 2 - DML: Dublin & the Midlands | Dublin (West/Central), Kildare, Laois, Offaly, Longford, Westmeath | 3,389-4,451 beds | 3.3-4.7 million hours |
| 3 - DSE: Dublin & South East | Dublin (South) Wicklow, Wexford, Waterford, Carlow, Kilkenny | 3,389-5,201 beds | 3.1-4.5 million hours |
| 4 - MW: Mid-West | Limerick, Clare, Tipperary | 1,662–2,197 beds | 1.6-2.3 million hours |
| 5 - WNW: West & North West | Galway, Mayo, Roscommon, Sligo, Leitrim, Donegal | 2,773- 3,715 beds | 2.9-4.2 million hours |
| 6 - SW: South West | Cork, Kerry | 2,743- 3,676 beds | 2.4-3.5 million hours |

### **Long-Stay Beds** Required by 2040




### **Home-Care Hours** Required by 2040



## Pharmacy

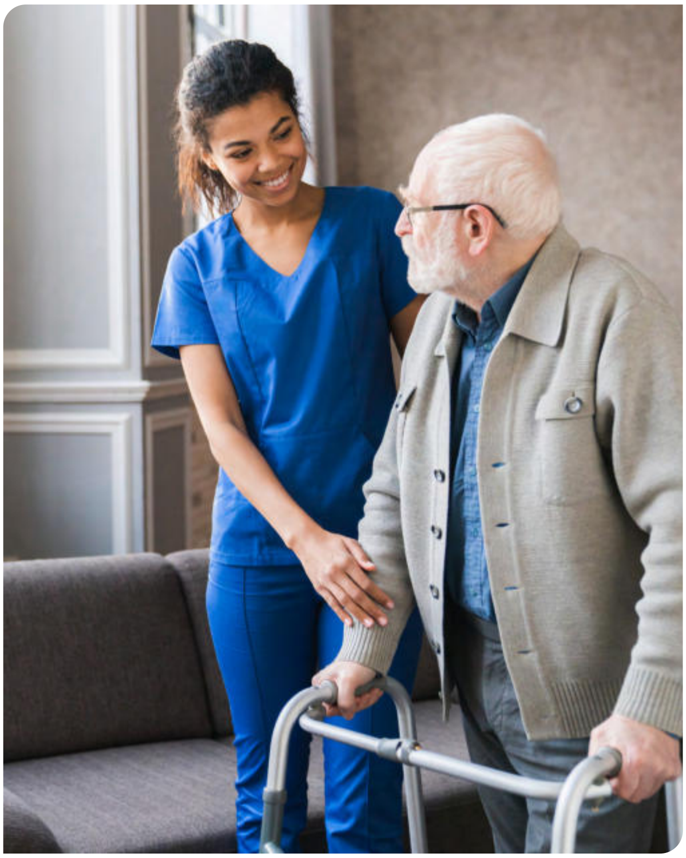
The Community Pharmacy Agreement 2025 was published in September following negotiations between the Irish Pharmacy Union, the HSE and the DoH.[2] It builds on the existing contract but with significant expansion of the role of community pharmacy within the wider healthcare system. The agreement sets out a new funding model, service expansion, administrative reform and digitalisation commitments designed to support pharmacists in delivering more patient care, and to integrate the sector more fully into primary and community-based services.

### Key Themes

The agreement is centred on four core themes and supported by two cross-cutting pillars- system-wide integration and on-going engagement.

1. **Fees, allowances, and development fund** - adjusting and improving the funding model for community pharmacies.
2. **Service expansion and access** - extending the scope of services that community pharmacies provide (immunisation, screening, contraception, common conditions etc.).
3. **Administrative burden and reform** - simplifying and streamlining processes so pharmacists can focus on patient care.
4. **Digitalisation and ICT** - integrating pharmacies into the national digital health framework (e-prescribing, shared care records etc.).

Whole system integration will aim to embed community pharmacy into the design, delivery and evaluation of health services on the whole, with ongoing structured engagement with established forums and channels so pharmacies, HSE and the DoH can collaborate on implementation and future development.



## New Funding Model

Several financial measures have been introduced replacing fee levels that had not been increased meaningfully in over a decade. For the first time, too, the Agreement includes scheduled fee-review points in 2026 and 2029, creating a mechanism to reassess reimbursement in line with sectoral cost inflation. New services income will reduce dependence of on dispensing income with diversified income less exposed to cost inflation, contributing to more stable and sustainable revenue.

Key elements include:

- A sector investment package of €75 million across 2025-26.
- From 1 September 2025: revised dispensing fees (first 1,667 items per month €5.60 each (previously €5/+12%); next 833 items €4.50; others €4.10 (previously €3.50/+17%). This is the core revenue driver for the sector
- A one-off eHealth Integration Allowance of €1,825 per pharmacy contractor, to support system upgrades and digital readiness.
- An annual Emergency Medicine Administration Preparedness Allowance of €525 (from January 2026)
- Service fees for newly expanded services, including €37.50 for continuation under the Free Contraception Scheme, €28.50 or €42.75 for PPV23 (Pneumococcal) vaccine, or combined (with flu) vaccine; and €500 plus €5 per patient registered for Bowel Screen.

Participation is via an opt-in process, with pharmacy ‘contractors’ required to confirm same.

## Disability

The National Human Rights Strategy for Disabled People 2025–2030, launched in September 2025, represents a significant cross-government development in disability policy placing disability rights at the centre of national planning and providing a clear framework for progressing Ireland's commitments under the UN Convention on the Rights of Persons with Disabilities (UNCRPD).[3] The strategy is structured around five pillars: inclusive education; employment; independent living & community participation; health & well-being; and accessible transport & mobility.

The disability sector is made up of a blend of state, voluntary and private providers, with private operators playing an increasingly key role, and the above new strategy marks an important evolution in how services will be planned and supported. A central focus is enabling disabled people to live independently within their own communities. Key commitments include expanding personal assistance services, improving access to appropriate and adapted housing, reducing therapy waiting lists and enhancing the accessibility of public and digital services.

Overall, it outlines a multi-year programme of reform and investment and also raises expectations around governance, reporting and quality standards across funded organisations, providing a clearer and more coordinated roadmap for the development of disability services in the years ahead. For businesses and private operators, the strategy points to a period of more structured demand and clearer expectations. The emphasis on independent living, accessible housing and expanded community supports is likely to increase the need for high-quality service provision across residential, supported-living and day-service settings. Private providers already play a significant role in disability services, and the strategy's focus on personal assistance, adapted housing and modernised day supports suggests continued opportunities for growth, partnership, and service expansion.

## Going Ahead

These developments point to sustained growth in demand and continuing pressure across older-person, community, and disability services. Meeting future needs will require ongoing investment in capacity, workforce, and integrated models of care. For providers, long term planning and coordinated approaches will be essential; with clear opportunities for sustainable, viable growth where capacity and quality can be delivered.

Sources:
[1] ESRI, Projections of regional demand and bed capacity requirements for older people's care in Ireland, 2022–2040: Based on the Hippocrates model, Brendan Walsh & Theano Kakoulidou, November 2025
[2] Community Pharmacy Agreement 2025, Department of Health, S Community Pharmacy Agreement 2025HSE, Irish Pharmacy Union, September 2025
[3] The National Human Rights Strategy for Disabled People 2025–2030, Department of Children, Disability and Equality, September 2025

# Agriculture Sector
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## Resilience will be the driver of farm performance in the future

Farming is at a critical juncture- no longer is it just about producing quality and safe food, it also needs to protect and enhance nature, restore our water quality and support the transition to a climate neutral economy. We are witnessing a paradigm shift in the sector– one where farmers will need significant support to re-learn and evolve how they currently farm.

The farm of the future will use less chemical fertiliser, less crop protection products, fewer antibiotics driven by changing regulations but also evolving consumer demands. Instead, farmers will need to focus more on the structure and organic matter of soil, the crop rotation, cover cropping, genetics and organic manures. That is a significant leap – one that arguably we haven't seen since the Haber-Bosch process discovered how to produce chemical nitrogen 100 years ago.

It is well acknowledged that farming is different to other businesses. Not only is it complex and driven by global dynamics, but farming is also increasingly defined by volatile yields driven by climate change and agrifood systems that are no longer resilient in this era.

We know that a sustainable farm is a more efficient and productive farm- a farm that uses fewer resources for a similar level of output. Banks can enable the transition to a more sustainable agri sector, but only if they can get more comfortable around the increasing and new risks the sector faces.

It used to be, that past performance was a strong indicator of future performance. That is no longer the case as the indicators that drive financial performance are changing. It is a likely assumption that the strongest indicator of future performance will be the farm that is most resilient.

## But how do we define a resilient system?

At present, the majority of farm finance does not consider the resilience of the farm system. For example, most farm lending does not take into account the unique location of a farm, the fields that are being farmed, the soil type across that particular holding or even the farms proximity to water bodies of poor ecological status or nutrient load.

While these indicators can directly impact farm financial performance, they can have a much more significant impact on the environmental footprint of an individual farm and therefore the environmental impact of the finance associated with it.

Traditional credit models can also often overlook farmers who lack collateral or formal financial histories. By using yield mapping, geospatial data, and satellite imagery, banks can create fairer, more accurate risk assessments. This opens access to finance for a broader pool of farmers, especially those demonstrating strong environmental performance.

As such, lenders need a new approach to risk assessment. This is where innovation and technology can transform the future of agri-finance. The key areas that we are focussed on to support farmers on their sustainability focused journey include:

**Geospatial mapping:** this takes publicly available data and creates transparency on land use, soil health, and deforestation risks, aligning financial flows with environmental stewardship. It also can measure biodiversity along with proximity to special areas of Conservation or National Heritage Areas.

**Data driven Climate risk models:** these are becoming increasingly common, particularly when financing global agri commodity value chains. These provide forward-looking insights, helping lenders and policymakers anticipate shocks and build resilience into financing structures.

When combined, these tools don't just de-risk agricultural lending for banks—they also help farmers make better decisions, to optimize inputs, reduce waste, improve soil health, or biodiversity, and better prepare for regulatory environmental shifts. Essentially it puts the power back in the hands of farmers.

This creates a virtuous cycle: stronger resilience at the farm level, reduced risk at the institutional level, and greater alignment with sustainability goals at the national level.

For example, Banks can connect loan terms directly to sustainability improvements such as better soil health or reduced emissions—verified through digital monitoring—which could unlock lower interest rates or more flexible repayment terms. This creates direct financial incentives for farmers to invest in regenerative practices.

Through partnerships with agri-tech platforms which are aligned with Bord Bia's Origin Green Programmes and the Teagasc, Bord Bia, and Irish Cattle Breeding Federation (ICBF) Ag-Nav platform, banks can drive participation and adoption. Thus, offering farmers access to carbon calculators, sustainability benchmarking, and tailored action plans. Farmers gain actionable insights to improve productivity and resilience, while banks track progress against sustainability goals and can communicate this to investors.

Initiatives like the Senus and Bank of Ireland partnership show how environmental health reviews can provide farmers with a digital sustainability profile—a living record of practices, performance, and potential. These passports can travel with the farmer, making it easier to access green loans, other financial supports, and access new market opportunities.

## Case Study: Senus & Bank of Ireland Partnership

A powerful example of this in action is the recent partnership between the Irish Agritech company, Senus and Bank of Ireland. The pilot programme conducted during Q2 2025 offers a proof point that data and technology can be embedded into financial products in agriculture to support sustainability, de-risking, and impact.

- Senus is providing Farm Environmental Health Reviews to a cohort of Bank of Ireland's agri customers. These reviews use publicly available environmental data to assess each farm's current sustainability status—capturing practices, environmental footprint, and high-level insights.
- The output is not just a scorecard; it includes a bespoke action plan tailored to each farm, showing where improvements are possible to help farmers identify key actions.
- From the bank's perspective, this kind of insight builds confidence in the agri portfolio: it helps with risk assessment, monitoring environmental and regulatory exposure, and aligns lending with sustainability-linked products. For example, Bank of Ireland's Enviroflex loan product rewards farmers who improve environmental footprint (biodiversity, emissions, water quality, etc.) with more favourable finance terms.