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### **National Asset Management Agency (NAMA) Section 227 Review web page**

Ireland: Department of Finance/An Roinn Airgeadais

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### Publication

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# National Asset Management Agency (NAMA)

From [Department of Finance \(/en/organisation/departement-of-finance/\)](/en/organisation/departement-of-finance/)

Published on 23 January 2018

Last updated on 6 February 2019

As part of a wider set of measures to address the liquidity and solvency issues of systemically important Irish Banks, National Asset Management Agency (NAMA) was established in 2009 to remove, from participating banks' balance sheets, problem loans secured by property and development land, the value of which had fallen steeply.

The removal of these loans from the banks significantly de-risked their balance sheets and operations and, together with the subsequent recapitalisation of the banks, contributed to the stability and recovery of the Irish financial system.

NAMA ultimately acquired loans worth €26.2bn from the banks for consideration of €31.8bn, a 22% premium, providing over €5.6bn of State aid to Irish banks.

The par value of these loans was €74 bn. The consideration of €31.8bn was paid to the banks in the form of €30.2bn ECB eligible, Government guaranteed senior bonds (a contingent liability for the State) and €1.6bn unguaranteed subordinated bonds. In doing so, NAMA acquired more than 12,000 loans across a range of currencies, advanced to over 5,000 debtors (managed as 780 debtor connections) and secured by over 60,000 property units across Irish and International markets.

NAMA expects that its deleveraging work will be mostly completed by 2018 and its focus over the period from 2018 to 2020 will be on completing its Dublin Docklands SDZ and residential delivery funding programmes. As of end-July 2017, NAMA has redeemed 98% (€29.7bn) of the original €30.2bn of government guaranteed senior debt and expects to redeem the remaining €500m of its senior debt by the end of 2017, three years ahead of original expectations.

Under the NAMA Act 2009, NAMA is a statutorily independent fully accountable commercial State organisation, operating under an independent Board of Directors, which is fully funded from within its own resources. Given this independence, the Minister for Finance does not have a role in NAMA's commercial decisions, nor its day to day operations. The Shareholding & Financial Advisory Division of the Department of Finance is responsible for the management of the Minister's interests in NAMA in relation to the oversight of NAMA, as set out in the NAMA Act 2009, and Department officials regularly engage with NAMA regarding its performance and strategy.

In carrying out its functions the NAMA Board must comply with its obligations under the NAMA Act and must provide reports to the Minister on its activities as, and when, required or requested.

NAMA's CEO and the Chairman must attend and give evidence whenever required to do so by the Committee of Public Accounts or by other committees of the Oireachtas. In addition to publishing a detailed set of annual accounts, NAMA must also submit quarterly reports to the Minister on its activities, including information about its loans, its financing arrangements and its income and expenditure. These Reports are published on NAMA's website once they have been laid before the Houses of the Oireachtas. NAMA is subject to oversight from the Comptroller and Auditor General (C&AG). The Minister retains a power of direction which can be exercised to further the Purposes of the NAMA Act.

NAMA's primary commercial mandate, under section 10 of the NAMA Act, is to preserve and enhance the value of its loans and underlying security and to achieve best financial return to the State from their management and ultimate sale.

NAMA has sought to fulfil this mandate through a diverse range of activities. The Board continuously review strategies in line with this objective, their targets, the ongoing reduction of the portfolio and improving market conditions.

The NAMA website contains detailed information on NAMA's performance. The website includes all of NAMA's quarterly and annual reports, as well as many other relevant publications.

In 2014, the Department carried out a review of NAMA under Section 227 of the NAMA Act 2009. The review required the Minister to assess the extent to which NAMA has made progress toward achieving its overall objectives, and decide whether continuation of NAMA is necessary having regard to the purposes of this Act.

Taking into account what NAMA has achieved to date the report concluded that NAMA has made significant progress in achieving its overall objectives and that based on NAMA's performance to date and its financial projections in light of the strength of current investor interest in Ireland, NAMA is well positioned to achieve its objectives and so continues to be necessary.



## National Asset Management Agency SECTION 227 REVIEW

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# NAMA Act 2009

The Shareholding & Financial Advisory Division, in line with requirements under the NAMA Act, will conduct a further review of NAMA under Section 227, giving consideration to the various strategic alternatives regarding NAMA's orderly wind-down, as we approach NAMA's expected dissolution in 2020.

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