



An Roinn Airgeadais  
Department of Finance

Oifig an Aire  
Office of the Minister

Sráid Mhuirfean Uacht,  
Baile Átha Cliath 2,  
Éire.

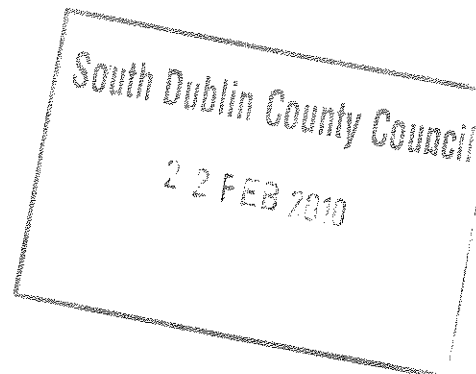
Upper Merrion Street,  
Dublin 2,  
Ireland.

Teileafón / Telephone: 353-1 604 5626  
Facsimilir / Facsimile: 353-1 676 1951  
Glao Áitiúil / LoCall: 1890 66 10 10  
<http://www.finance.gov.ie>

Our Ref: 09/0363/MF

18 February 2010

Ms Mary Maguire  
Meetings Administrator  
Corporate Services Department  
South Dublin County Council  
County Hall  
Tallaght  
Dublin 24



Dear Ms Maguire

The Minister for Finance, Mr Brian Lenihan T.D., has asked me to thank you for your letter of 17 December on behalf of the Council concerning the establishment of NAMA. You will appreciate that the financial crisis has had significant resource implications for the Department and the Minister has asked me to apologise for the delay in responding to you.

While he understands the Council's concerns, the Minister would point out that it was only following the advice of the Central Bank, the Financial Regulator, the NTMA, and from legal and financial advisors that the Government decided to establish an asset management agency as the most effective way to bring stability to the Irish banking system. Furthermore, the asset management model has been supported and recommended by banking experts throughout the world. It has been used successfully in other countries in the past as part of the work-out process of problem loans. Done




properly, investments in the banking system using this approach have eventually been recovered in full.

As it is clear that the principal uncertainties over asset quality lie in the banks' land and development loans and in the largest aggregate associated exposures, it is these categories of loans which will be the focus of the agency. All land and development loans held by the banks, whether performing or non-performing, will be eligible for transfer to NAMA. The rationale for this is to provide certainty for international investors and providers of long-term capital for banks who require assurance that the problem of balance sheet impairment has been comprehensively addressed.

Where a loan is sold to NAMA by a relevant institution, NAMA will have the right to enforce all relevant security where obligations of the loan agreement are not being met. Furthermore, should NAMA make an aggregate loss on the management of acquired assets over its lifetime; the Government intends that a levy will be applied to recoup any shortfall. This is important to ensure that the taxpayer's interests are protected.

The Government's approach to the unprecedented crisis in global financial markets has been structured and considered, at all times taking advice and counsel from various qualified sources. Through its actions it has sought to protect depositors in Irish banks, the Irish financial system and Irish taxpayers.

Yours sincerely

  
Dermot Moylan  
Private Secretary