

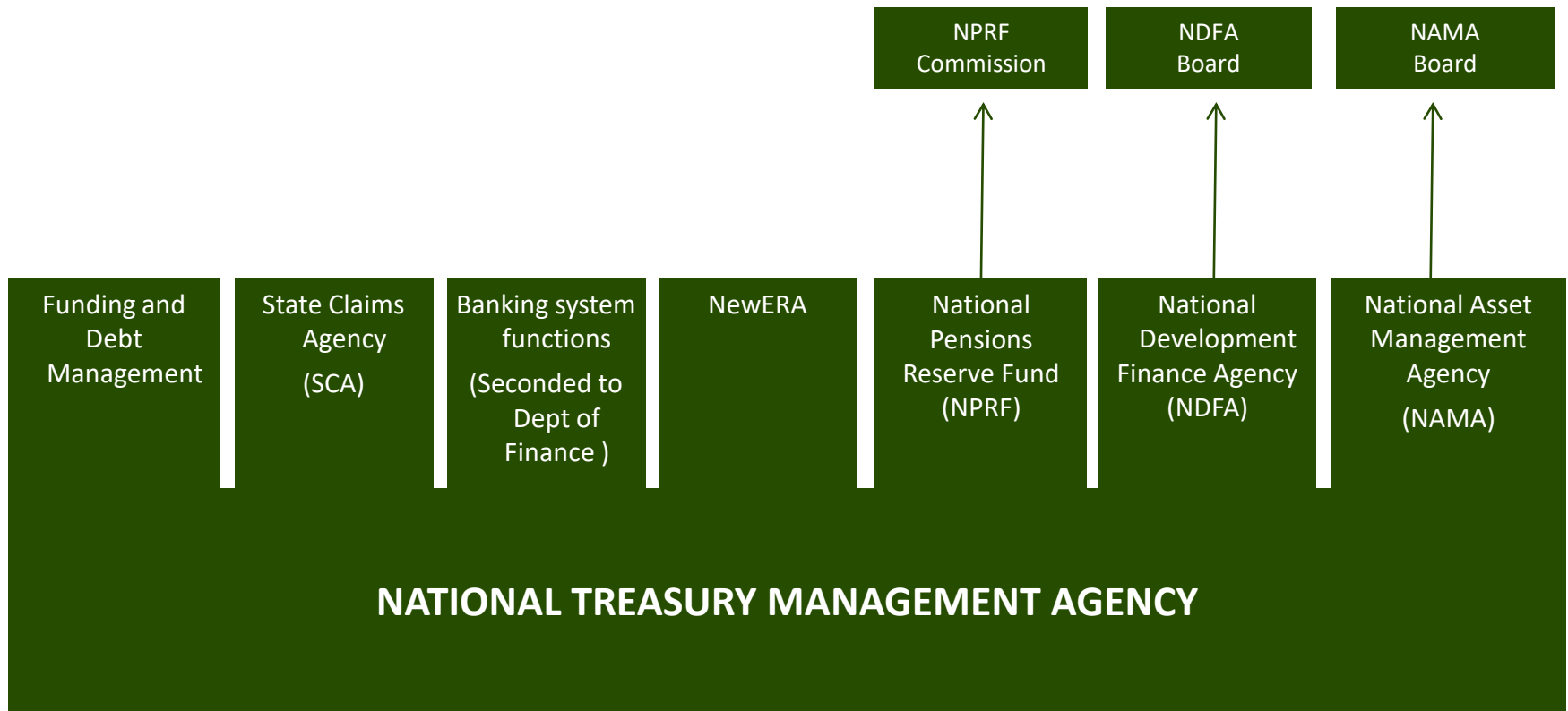


*Ireland's National Treasury Management Agency
Managing a complex portfolio of public assets and liabilities*

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A complex portfolio of public assets and liabilities

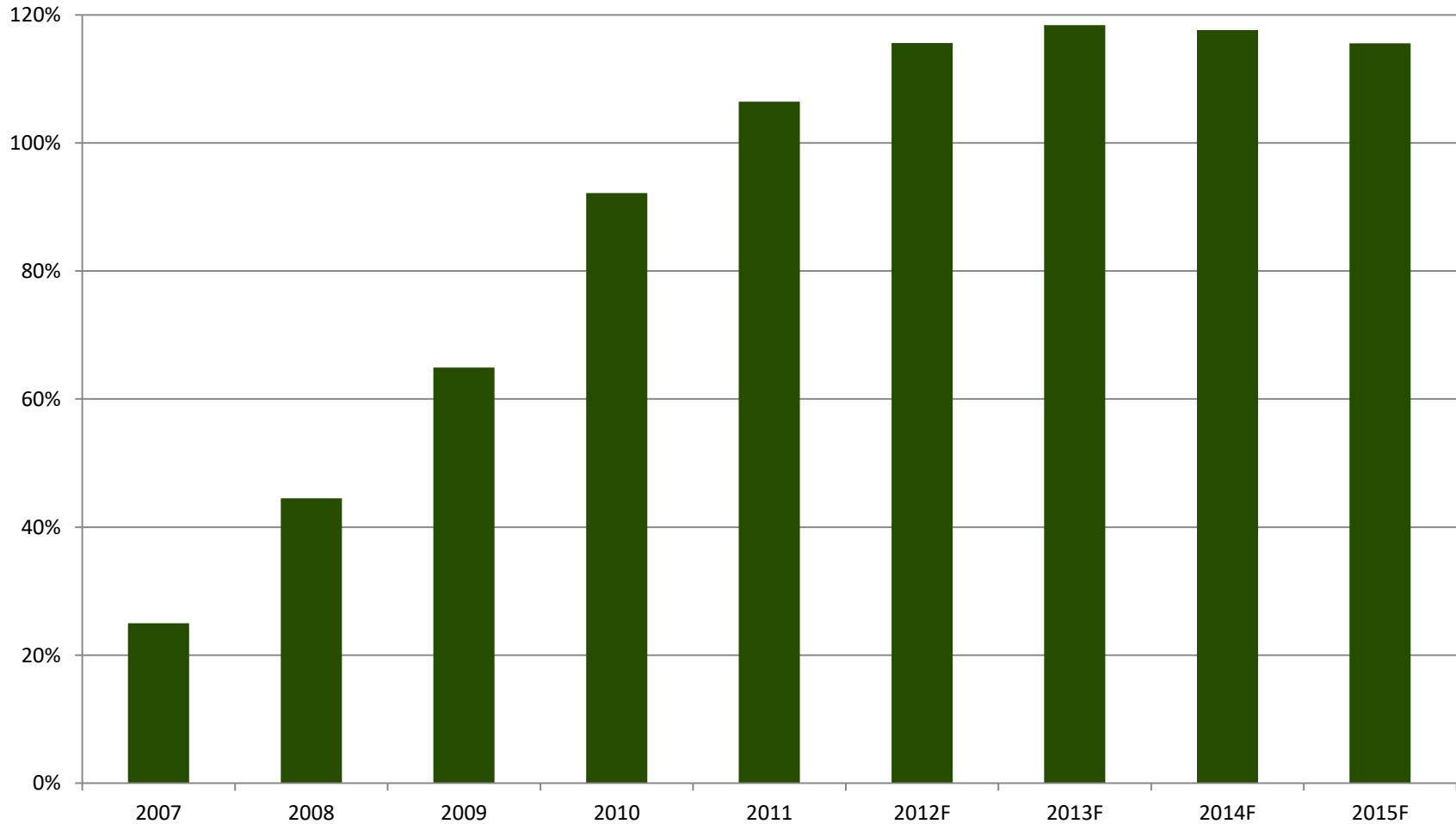


Public assets and liabilities being managed

- Debt portfolio
- PLUS
- Asset portfolios
- Liquidity assets
- Carbon credits
- Contingent liabilities
 - ▶ [Banking sector]
 - ▶ Claims against the State
 - ▶ PPPs



General Government Debt (%GDP) has risen significantly in recent years as a result of the banking crisis





Responding to the crisis

- Not all liabilities can be anticipated
- NTMA structure makes it particularly suited to respond in crisis



Ireland's NTMA: background and establishment

- Established in 1990 to manage the National Debt because it was no longer possible to do so within civil service (Department of Finance) structures.
- Legislation deliberately positioned NTMA outside of the wider public service structures with freedom to negotiate market-competitive salaries (and headhunt if necessary).
- Since 1990, NTMA has evolved from a single-function agency managing the National Debt to a manager of a complex portfolio of public assets and liabilities.



Ireland's NTMA: background and establishment

- Has played leading role in State's response to financial crisis, tasked with establishing 3 new, high-profile businesses from scratch since 2009 alone:
 - NAMA (acquired property loans from banks)
 - Banking Unit (deleveraging and recapitalisation of banks)
 - NewERA (disposal of State assets and Shareholder Executive)
- Has also been managing NPRF (long term pension liabilities of the State; peak € 25 bn reserve fund)



NAMA – Banking liabilities

- Acquired loans with nominal value of €74 billion (12,000 loans, 35,000 individual properties, 800 debtors) from participating financial institutions
- Injected €32 billion of liquid assets into financial institutions as consideration
- New organisation established from scratch (200 staff recruited with long standing experience in banking and property), from standing start in December 2009 to fully operational during 2010
- So far paid down over €3.6 billion of NAMA debt (€3.3 bn NAMA Bonds and €0.3 bn to the State)

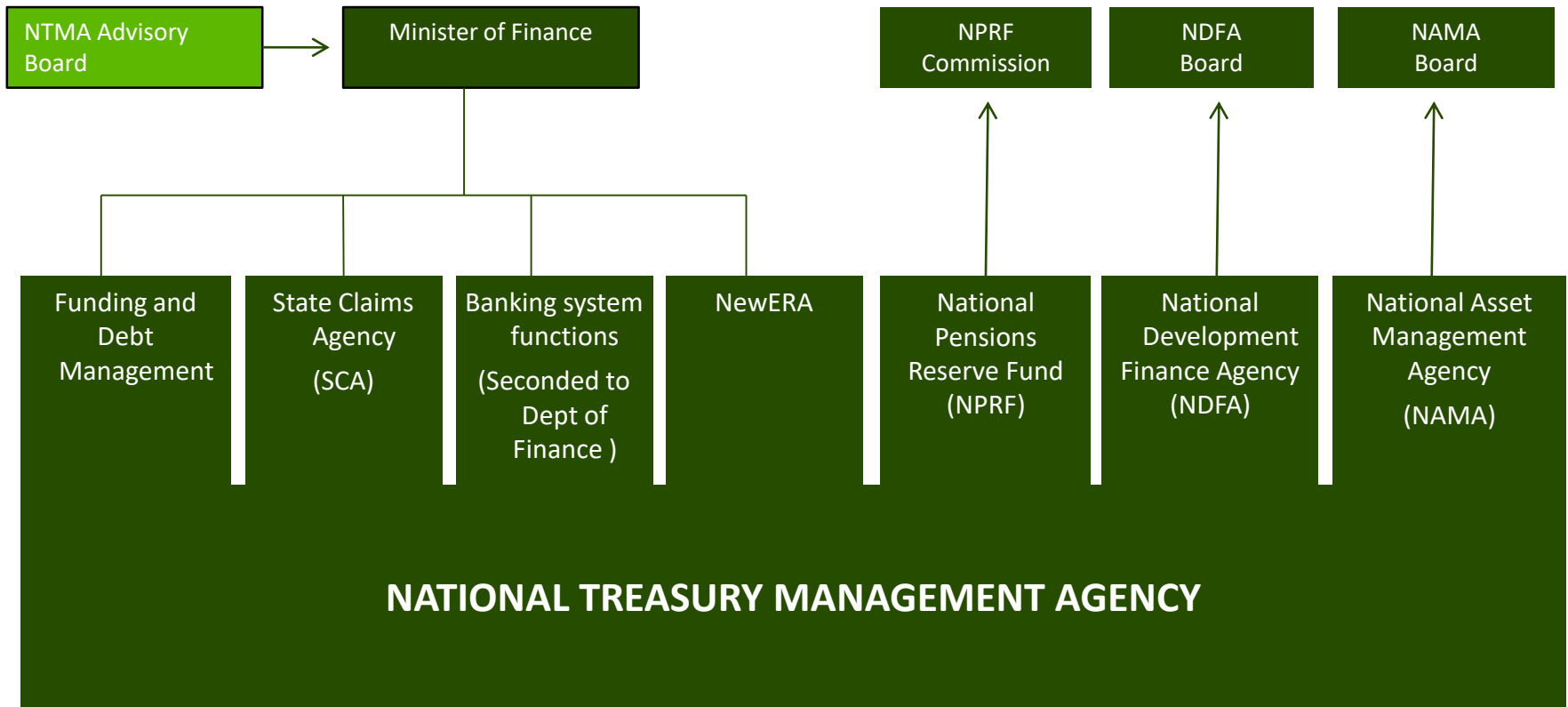
Practical issues – striking the right balance



Synergies

Conflicts
of interest

A complex portfolio of public assets and liabilities



Advantages

- Centralising treasury operations means various arms of State aren't in competition
- Model gives NTMA flexibility to quickly equip itself with professional expertise necessary to perform additional functions given to it by successive governments over the years
- New functions acquired can leverage NTMA's services in IT, human resources, legal, communications
- Cross-fertilisation of ideas and expertise