

Banks to learn of NAMA details

By Brian O'Mahony

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IRISH banks expect to be informed shortly by the Government how much capital they will need to hold as operating financial institutions.

It is expected the new figures will be outlined to them on March 26, according to NCB Stockbrokers.

"This will form the basis of the extent of their capitalisations that the banks will have to undertake over coming months," NCB's Ciaran Callaghan said.

NCB added that the National Asset Management Agency (NAMA) is due to send details of the loans it is buying from the country's banks on Friday.

Bank of Ireland will be one of the first to have the NAMA details made available to it. It is set to move €2bn of bad loans across to NAMA in the initial wave of transfers and it will also learn what discounts will be imposed on the loans going across.

With some land having lost all its commercial value, write-downs of over 80% have been taking place.

How heavy an impact that will have on the total NAMA book is still unclear.

Recent reports suggest the value of the first €17bn of loans to be transferred will be lower than originally forecast.

The discounts or haircuts on the first wave of loans is expected to be higher than the 30% average previously indicated by Finance Minister Brian Lenihan.

Goodbody Stockbrokers said in a comment on the impending transfers: "We were always of the view that the first tranche would have the highest discount, given the more distressed nature of these loans/borrowers, so that the haircut would average down over time to our 35% estimate for AIB and 26.5% estimate for BoI.

"We are already bracing ourselves for a higher than average figure on the first transfers", the brokers said.

Goodbody added that the banks will face a 5% charge to cover the operation of NAMA, but "we believe this is being taken within the overall haircut figure".

And AIB may raise an extra €150m through further "debt management," said Glas Securities.

Allied Irish said it will offer bond investors as little as 74% of face value to swap \$3.96 billion of floating- and variable-rate notes for higher-yielding debt in an effort to "optimise" its capital. An average 60% participation would boost equity core tier 1 capital by about €350m, Glas said.

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