

## Chairman Frank Daly's speaking notes for NAMA Annual Report press briefing

Wednesday 13<sup>th</sup> June 2018

Minister, ladies and gentlemen,

- It is my pleasure to welcome you to the launch of NAMA's Annual Report and Financial Statements for 2017. This is our eighth Annual Report and the seventh year in a row in which we are reporting a profit.
- I am pleased to say that, alongside the very strong performance for 2017 that is evident from our financial statements, we are also announcing today an increase in the surplus that we anticipate NAMA will generate over its lifetime.
- We had previously estimated that this surplus would be €3 billion. Today we have revised this estimate up to €3.5 billion, assuming market conditions remain favourable.
- This is a very welcome development and a much more positive outcome than many people predicted when NAMA was established.
- That said, 2017 was a landmark year for NAMA. We are reporting a profit of €481 million for the year but even that strong profit does not tell the full story.
- I say this because 2017 was also the year in which NAMA achieved its primary objective by redeeming the last of the €30.2 billion State-guaranteed Senior Debt which we had issued to acquire loans.
- That final redemption payment last October successfully eliminated the €30.2 billion contingent liability faced by the State and Irish taxpayers - we achieved this a full three years ahead of schedule.
- Since year end we have made a strong start on redeeming the remaining debt owed by NAMA – the €1.6 billion Subordinated Debt.
- We are not required to redeem this debt before the first call date in 2020 but we saw opportunities to redeem close to €500 million in recent weeks on attractive commercial terms. The strength of our financial position allowed us to take these opportunities.
- Subject to the terms on offer, we will look to redeem more of this debt between now and 2020.
- Of course, we will do this alongside our ongoing work to deliver on our other major mandates of helping to improve the supply of new homes and of delivering much-needed development in the Dublin Docklands.
- We continue to make very strong progress on both of these fronts.

- NAMA's efforts have already resulted in 7,190 new homes being delivered; another 3,600 units are under construction or approved for funding; and planning permission has been secured for a further 7,400 units.
- We are also seeing the bulk of the planned developments in the Docklands taking shape, with construction in progress on 75% of the sites in which NAMA has an interest and planning permission secured for the remaining 25%.
- These initiatives – delivering new homes, developing the Docklands and generating the cash to redeem our debt and deliver a significant surplus for the Exchequer – are tangible and lasting examples of NAMA meeting the objectives set for it by the Oireachtas and of the social and economic contribution that NAMA is making to the State.
- Of course, we still have a lot of work to do. We continue to have a sizeable loan portfolio of close to €5 billion; like all the other assets we have dealt with, these remaining assets will require careful management to ensure that we maximise their value for the State and taxpayers.
- A proportion of these assets have the potential to deliver a really strong return – financial and social - for the State. Key assets such as the former Irish Glass Bottle site and properties close to the proposed Metro line, for example, offer compelling opportunities to provide housing as well as a good financial return.
- Collectively we need to be thinking carefully about how to maximise the value of these assets for taxpayers. It is likely that they will need a workout period that will extend some years into the future.
- I think a key question is how these assets can be best managed in a co-ordinated way to deliver housing to the best effect possible. I am certain of one thing – we will not get the best return – financial or social – by selling these assets off in the short term. It would be a mistake to dispose of them before the necessary Local Area Plans and infrastructure are in place.
- I will conclude with some numbers that demonstrate the extent of NAMA's achievements to date.
- Back in 2009 and 2010, we acquired loans with a market value of €26.2 billion.
- From managing these assets it now looks likely that NAMA will generate enough to redeem total debt of €31.8 billion and a surplus of €3.5 billion – that's a total return of €35.5 billion or €9 billion more than the assets were worth at acquisition.
- I believe it is clear at this stage that NAMA has made and will continue to make a significant contribution to Ireland's recovery and its economic development.

I will now ask Brendan McDonagh, the NAMA CEO, to take you through our Annual Report in more detail.