

Chairman Frank Daly's speaking notes for NAMA Annual Report press briefing
Thursday 1st June 2017

Minister, ladies and gentlemen,

You are very welcome to the launch of NAMA's Annual Report and Financial Statements for 2016 – our seventh Annual Report.

Today, we are reporting a profit of €1.5 billion for 2016 after another year of strong performance in generating cash from asset and loan sales.

Last year, we estimated that we would be in a position to transfer a surplus of €2.3 billion to the Exchequer by the time we completed our work. Based on our latest cash flow projections, we now estimate that this will be €3 billion.

Later this year, we expect to redeem the last €500m of our senior debt. This means that the full €30.2 billion of the senior debt that we originally issued will have been redeemed – this is three years ahead of schedule.

Ireland's General Government Debt rose from €47 billion at end-2007 to over €200 billion during the financial crisis. On top of this, NAMA's senior Government-guaranteed debt of €30 billion represented a contingent liability for Irish taxpayers and it was the NAMA Board's strategy from the beginning to reduce this on a phased basis to the extent that opportunities arose.

Property markets tend to be inherently volatile. After seven years of falling prices and very limited investor interest in Irish property, opportunities emerged in 2014 and in subsequent years to reduce taxpayers' risky and unwanted exposure to property. We took advantage of those opportunities because there was – and is - no certainty that they would last. That was the right thing to do and the wise thing to do. A government already burdened with a General Government Debt in excess of €200 billion would not have thanked NAMA if it had failed to take advantage of the opportunities that emerged in 2014 and subsequent years to sell assets and by now pretty much eliminate the €30 billion senior debt contingent liability for taxpayers.

NAMA's focus has been not only on sales but also on enhancing asset values prior to sales. To date, we have funded some €2.4 billion of capital expenditure to develop and enhance assets securing our loans.

A substantial share of that capital expenditure - over two-thirds - has been applied to funding residential delivery. We have funded almost 5,000 new homes in Ireland since 2014. In addition, right now over 3,000 homes are either under construction or have had funding approved. Great progress has been made on the planning front: we have secured planning permission for another 7,500 homes and another 10,500 are either in the planning pipeline or will be soon.

We have also made major progress in facilitating the development of the Dublin Docklands SDZ: at this stage, more than 80% of the sites securing our loans are well advanced in terms of their development. Development of the Dublin Docklands will make a major economic contribution both in terms of the employment created during the construction phase and also in the permanent jobs created through attracting FDI to the newly-constructed offices. We estimate that NAMA's involvement in residential development and in the Docklands is currently sustaining at least 10,000 construction and ancillary jobs.

By eliminating the €30 billion taxpayers' contingent liability, by creating a sizeable surplus for the Exchequer and by funding major commercial and residential development activity, I believe that NAMA has made and will continue to make a significant contribution to Ireland's recovery.

I will now ask the NAMA CEO, Brendan McDonagh, to take you through a presentation on the key results for 2016.