

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

Thursday 30th May 2019

Minister, ladies and gentlemen,

- It is my pleasure to welcome you to the launch of NAMA's Annual Report and Financial Statements for 2018. This is our ninth Annual Report and the eighth year in a row in which we are reporting a profit.
- It is also the last Annual Report that I will present as Chairman of NAMA, as my second (and final) five-year term comes to an end in December, ten years to the day that NAMA formally came into operation on the 21st of December 2009.
- Ireland was in a very different place back then. I am glad that so much has changed for the better over the past 10 years.
- In 2009, it was clear that the boom was over and we were all bracing ourselves not knowing how bad the bust was going to be. The unemployment rate had soared from about 5% in early 2008 to 13% by late 2009 – but it would get worse, hitting 15% in early 2012 before falling back to the 4.6% that we have today.
- The economy was in the early stages of an unprecedented economic shock; Ireland's GDP fell by a cumulative 17% from 2008 to 2010 before turning around.
- Commercial property prices were in the early stages of an unprecedented crash that would ultimately see 67% wiped off peak values. The fall in residential prices was 55% from peak to trough.
- And we were less than a year away from Ireland being unable to access market funding and having to rely on an unprecedented bailout from the European Commission, the ECB and the IMF.
- In that context, few would have predicted the post-crisis economic recovery that would emerge.
- That recovery was driven by many factors. But I think most observers would agree at this stage that NAMA is undoubtedly one of these factors.
- NAMA faced an enormous task at the outset – creating an organisation with a €32 billion balance sheet from a standing start and deleveraging this balance sheet in a manner that maximised value for the State and eliminated a major contingent liability for the taxpayer.
- As I said in our first Annual Report, most organisations start small and want to get bigger over time but NAMA is unique in that it started with a huge portfolio and wanted to get smaller and ultimately work its way out of existence.
- It is easy to forget the predictions at the time (and subsequently) that the Agency could lose up to €10 billion.

- I am pleased to say that these predictions never came to pass. NAMA will not cost the State or the taxpayer a cent. Indeed, we have been forecasting for some time that NAMA will return a surplus to the Exchequer over its lifetime. **Today, we are increasing our forecast surplus from €3.5 billion to €4 billion**, assuming market conditions remain favourable.
- This is an impressive achievement in the circumstances. It says so much about the hard work, persistence and dedication of the people who have worked for NAMA over the past ten years and of the people who work for NAMA today.
- As I reflect on this in my final year I cannot help but conclude that their service has been true public service. They have spent a decade working through over 12,000 loans, linked to over 60,000 properties owned by more than 800 debtor connections. They have done this with great diligence, care and skill, often in challenging circumstances, and always guided by the over-riding aim of maximising the value of NAMA's assets for the State.
- In 2017, we achieved our primary objective of eliminating the €30.2 billion contingent liability faced by the taxpayer by redeeming the last of our Senior Debt three years ahead of schedule.
- We have since moved on to redeeming approximately one third of our €1.6bn Subordinated Debt and will complete the redemption of all the remaining Subordinated Debt by next March.
- **This will leave us well placed to begin the transfer of our surplus to the Exchequer. We currently expect we will transfer €2 billion of the surplus in 2020, with all or most of the remaining €2 billion transferred in 2021.**
- Alongside our work towards this outcome, we also continue to deliver on our additional objectives of helping to improve the supply of new homes and of facilitating much-needed development in the Dublin Docklands.
- We recently passed the 10,000 unit milestone in terms of new housing since we first started funding housing construction in 2014. Housing supply is an area of immense importance to Irish society and the Irish economy and we are proud to play a role in closing the gap between supply and demand, delivering as many new homes as we can, subject to commercial viability.
- We have also passed an important milestone in the Dublin Docklands with 100% of the Docklands sites in which we have an interest now under construction or complete. When fully complete, the previously derelict sites in which we had an interest will provide over 4 million square feet of commercial space and some 2,200 homes.
- 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.

- But we still have a lot of work to do. The recent approval by An Bord Pleanála of the Poolbeg West SDZ was a welcome step in the process of delivering significant residential and commercial development in what is a hugely important and unique site so close to Dublin city centre. The former Irish Glass Bottle site within this SDZ is a key asset that can provide both housing and an opportunity to create significant value for the State; NAMA will now press ahead with preparatory work aimed at getting housing delivered on this site as soon as is feasible.
- I will conclude with some numbers that sum up the extent of NAMA's achievements to date.
- Back in 2010 and 2011, we acquired loans with a market value of €26.2 billion.
- From managing these loans it now looks likely that NAMA will generate enough to redeem total debt of €31.8 billion and pay a surplus of €4 billion – that's €36 billion, or €10 billion more than the loans were worth at acquisition.
- When taking the job as Chairman ten years ago, that is an outcome I would have considered highly desirable but highly unlikely. While market conditions improved significantly over the course of NAMA's lifetime, this outcome could not have been achieved without the dedication and commitment of the CEO, Brendan McDonagh, the people who served on the NAMA Board and the people who have worked so hard at all levels throughout the organisation; nor without the hugely valuable support of the current Minister, his two predecessors and the Department of Finance.
- Later this year, I will finish my term as Chairman in the knowledge that NAMA, a truly unique organisation, has succeeded in its primary objectives and is well on the road to leaving a lasting legacy for the State in the form of a large surplus and high-quality residential units, social housing, and commercial and cultural space that will serve Ireland well for decades to come.
- To everyone who contributed to that outcome, I express my most sincere gratitude.
- I will now ask Brendan McDonagh to take you through our Annual Report in more detail.