



**Address by the NAMA Chairman Frank Daly at the launch of the Agency's
2013 Annual Report**

27 May 2014

Good morning everybody and thank you for joining us here at the launch of NAMA's fourth Annual Report.

I'd like in particular to welcome the Minister for Finance Michael Noonan TD and thank him for taking the time to be with us.

In these brief introductory words I want to look back at NAMA's 2013 performance and then look ahead a little to the future.

Brendan will then give you a more detailed exposition of our 2013 results.

2013 results

Those results are very strong. They tell of NAMA making significant progress in pursuit of the primary mandate that the legislature set for us - to achieve the best financial return for the State.

The starting point in achieving that "best return" is a matter of delivering good financial results – making a profit and generating cash. So for the third year in succession, there is the good news that we are reporting a profit and continuing very healthy cashflows.

Profit and cash are just the starting point – the building blocks.

Real success for NAMA is the ability to use the cash we're generating to make a real contribution to recovery in our economy. You will find extensive detail in our report on this but to highlight just a few points:

- In December 2013, we successfully passed our first milestone by paying down 25% or €7.5 billion of our senior debt. That was a key target for NAMA and was one of the Troika milestones. Passing that milestone highlights the progress of NAMA and Ireland in reducing its liabilities.
- In addition to repaying debt, we are using our cash reserves prudently and commercially to add further value to our portfolio. Doing this brings wider benefits throughout the broader economy. To date we have approved €1.4 billion in new advances to debtors in Ireland. Over €770 million of this has already been drawn down and is being invested across a range of residential and commercial development projects around the country. That's €770 million now in use.
- Sometimes the day to day support we give a wide range of NAMA clients to manage their cashflow, pay their employees, pay their utility bills – simply indeed to continue in business – goes a little under the radar. Businesses that we are supporting in this way directly employ over 15,000 people in this country.

All of that we are doing currently. We are also looking ahead.

- 2013 saw a remarkable turnaround in investor sentiment towards Ireland and NAMA took full advantage of the opportunities this presented. This created real opportunities for us to accelerate Irish asset disposals and the pace at we can pay down our debt
- Total sales in 2013 across our portfolio generated €3.7 billion – impressive enough – but to date in 2014 - less than half way through the year – we have generated a further €3.5 billion in cash receipts. Over €3 billion of that came from asset disposals.

- This cash enabled us in March of this year to redeem a further €3 billion in Senior Bonds – a total of €10.5 billion. So we’re already more than one-third of the way there in terms of extinguishing all of our senior debt and removing that contingent liability on taxpayers. We are announcing today that we will redeem a further €2.5 billion before the end of June. That will bring us to €13 billion – a full 43% of our senior debt. And we are confident, subject to the outcome of portfolio and loan sales currently underway, that we will have repaid 50% of our senior debt by year end - a full two years ahead of schedule.
- This progress on debt reduction is being recognised internationally. Moody’s upgraded Ireland’s credit rating by two notches in the past two weeks, highlighting progress by NAMA and the disposal of the IBRC portfolio as resulting in a “very sharp reduction” in Government contingent liabilities. Indeed it’s worth mentioning that between the successful IBRC sale and NAMA’s planned debt repayments that the State’s contingent liability on both of these will be down from a potential €43 billion to €15 billion by year end.
- It’s not all about debt reduction. We are committed to further substantial investment over the remainder of this year, 2015 and 2016. This includes funding for the development of new office and residential accommodation in the Dublin Docklands in response to both current and future demand. We very much welcome last Wednesday’s approval by An Bord Pleanála of the Dublin Docklands SDZ planning scheme.
- Our plans in the Docklands are aligned with those of the IDA, with whom we are working closely to identify and increase the availability of property suitable for FDI need.
- This investment is designed, first and foremost, to deliver a commercial return for the taxpayers but it will also generate substantial employment during construction and fit-out phases and is fully aligned with the Government’s recently launched construction strategy, Construction 2020.

- An important focus for NAMA is delivering new housing. We will fund the completion of approximately 4,500 new residential properties out to 2016 – a significant number considering that just over 1,200 housing units were completed in Dublin in 2013.
- We are also looking at the scope for residential development beyond 2016. Over the next five years or so, we have identified the potential for the land and property currently under the control of NAMA debtors and receivers to yield a further 19,500 houses and apartments nationally.

Conclusion

At the launch of a Report like this you will be given many messages. But the most important one is this.

Four years on from establishment, NAMA is performing.

We are beating our targets and it is becoming increasingly likely that NAMA will achieve its objectives sooner than anyone would have expected when it was set up in late December 2009.

I am now more confident than ever that NAMA will achieve not only its primary commercial objective of repaying its liabilities and recovering its costs and possibly producing a surplus but will also make a significant contribution more generally to the Irish economy.

This is very important for taxpayers. If our current strong momentum continues and conditions remain favourable over the next number of years, NAMA can deliver on a number of fronts for the Irish economy.

We are playing our part in building confidence – at home and abroad – in Ireland’s strong recovery story, doing all we can to channel investment in the Irish economy and cementing Ireland as an excellent location for investment, enterprise and employment.

NAMA's approach is one of funding viable projects, identifying attractive opportunities and delivering the best returns we can get for taxpayers.

We have a lot of work to do but this work will become increasingly visible – whether in the sight of cranes returning to Dublin's Docklands or in renewed activity including house building involving our assets throughout Ireland.

Thank you.