



**National Asset
Management Agency**

**NAMA QUARTERLY REPORT
and ACCOUNTS
(Section 55 NAMA Act 2009)**

31 March 2014

	Page
1 Letter from the Chairman and Chief Executive Officer	1-3
2 NAMA Group Accounts	4-40
3 Supplementary information required under Section 54 and Section 55 (6) (k) of the Act	
(i) Section 54 (2) Administration Fees and Expenses incurred by NAMA and each NAMA Group Entity	41
(ii) Section 54 (3) (a) Debt Securities Issued for the Purposes of the Act	42
(iii) Section 54 (3) (b) Debt Securities Issued to\Redeemed by Financial Institutions	42
(iv) Section 54 (3) (c) Advances made to NAMA from the Central Fund	42
(v) Section 54 (3) (d) Advances made by NAMA and each NAMA Group Entity	42
(vi) Section 54 (3) (e) Asset Portfolios held by NAMA and each NAMA Group Entity	42-43
(vii) Section 54 (3) (f) Government Support Measures received by NAMA and each NAMA Group Entity	44
4 Supplementary information required under Section 55 of the Act	
(i) Section 55 (5) Guidelines & Directions issued by the Minister of Finance	45
(ii) Section 55 (6) (a) Number and Condition of Outstanding Loans	45-46
(iii) Section 55 (6) (b) Categorisation of Non-Performing as to the Degree of Default	47-48
(iv) Section 55 (6) (c) Number of loans being foreclosed or otherwise enforced	49
(v) Section 55 (6) (d) Number of cases where liquidators and receivers have been appointed	49
(vi) Section 55 (6) (e) Legal proceedings commenced by NAMA and each NAMA Group Entity in the quarter	49
(vii) Section 55 (6) (f) Schedule of finance raised by NAMA and each NAMA Group Entity in the quarter	50
(viii) Section 55 (6) (g) Sums recovered from property sales in the quarter	50
(ix) Section 55 (6) (h) Other income from interest-bearing loans owned by NAMA and each NAMA Group Entity in the quarter	50
(x) Section 55 (6) (i) Abridged Balance Sheet of NAMA and each NAMA Group Entity	39-40
(xi) Section 55 (6) (j) Schedule of Income and Expenditure of NAMA and each NAMA Group Entity	38
5 National Asset Management Agency Investment Limited - Company only Accounts	51-56
6 National Asset Resolution Limited - Company only Accounts	57-63



Gníomhaireacht Náisiúnta um Bhainistíocht Sócmhainní
National Asset Management Agency

30 June 2014

Mr. Michael Noonan T.D.,
Minister for Finance,
Department of Finance,
Upper Merrion Street,
Dublin 2.

Section 55 Quarterly Report and Accounts - NAMA Act 2009

Dear Minister,

Please find attached the Quarterly Report and Accounts for the first quarter of 2014 which is submitted to you pursuant to Section 55 of the NAMA Act 2009.

In accordance with the Act, the Report deals with the National Asset Management Agency (NAMA) and the entities within the NAMA Group.

To assist in your review of the Quarterly Report and Accounts, we would draw your attention to the following financial highlights during the period:

Financial Highlights	Q1 2014	Full Year 2013	Full Year 2012	From Inception to 31 March 2014
	€m	€m	€m	€m
Cash Generation				
Total cash generated	4,765	5,894	4,505	21,263
Disposal receipts	1,398	3,672	3,041	12,268
Non disposal income	243	792	1,210	3,850
Receipts from the IBRC joint Special Liquidators	3,092	1,414	-	4,506
Senior Bond Redemptions				
Senior bonds redemptions - NAMA excl. NARL	3,000	2,750	3,500	10,500
Senior bonds redemptions - NARL	3,200	1,000	-	4,200
Profitability				
Operating profit before impairment	187	1,198	826	
Impairment charge	-	(914)	(518)	
Profit for the period	190	211	228	
Loan Portfolio				
Total loans and receivables (net of impairment)	27,013	31,314	22,776	
Loans and receivables (net of impairment) - NAMA excl. NARL	18,342	19,598	22,776	
Loans and receivables (gross) - NARL	8,671	11,716	-	



Cashflow

NAMA continues to generate significant cash through disposal activity and non-disposal income:

- **NAMA's cash generation activity has significantly accelerated in Q1 2014.**

NAMA (excl. NARL) generated €1.7 billion in cash during Q1 2014 (Q1 2013: €0.6 billion). Furthermore, NAMA (excl. NARL) has generated a further €3.7 billion in cash in Q2 2014, bringing cumulative cash generated to €5.4 billion in 2014 and €20.5 billion since inception.

- At 31 March 2014, NAMA **held cash and cash equivalent balances of €2.7 billion.**

Senior bond repayments

NAMA redeemed €3 billion of its senior bonds in March 2014. Furthermore, an additional senior bond redemption of €2.5 billion occurred in June 2014, bringing the total amount redeemed to €13 billion – 43% of NAMA's senior bonds in issue.

By end-March 2014, NAMA has redeemed €4.2 billion of the senior bonds issued in respect of the acquisition of the IBRC loan facility deed and floating charge. In Q2 2014, further redemptions of €7.6 billion have occurred, bringing the cumulative NARL redemptions to €11.8 billion, leaving a residual balance on the NARL senior bonds of €1.1 billion as at the date of this letter.

Financial results

NAMA continues to be profitable, making an operating profit before impairment in Q1 2014 of €187m.

NAMA's impairment review is carried out semi-annually and therefore the Q1 2014 results do not include any additional impairment charges. The cumulative impairment provision at 31 March 2014 is €4.1 billion.

Operating expenses for the quarter are in line with budget for 2014. Operating expenditure represents 2% of total cash generated in the quarter (full year 2013: 2.6%) which is significantly ahead of comparable international benchmark performance of an average of 6% per annum.

Subordinated debt coupon payment

On 1 March 2014, NAMA paid the coupon on its subordinated debt of €84 million. This payment of the subordinated debt coupon represents a very significant milestone for NAMA and demonstrates its optimism in terms of achieving its ultimate commercial objectives.



Loan portfolio

The carrying value of NAMA's acquired loan portfolio (excluding IBRC floating charge), net of cumulative impairment provision of €4.1 billion, as at 31 March 2014 was €18.3 billion (31 December 2013: €19.6 billion).

The carrying value of the IBRC loan facility deed and floating charge as at 31 March 2014 was €8.7 billion (31 December 2013: €11.7 billion), following repayments from the joint Special Liquidators of €3 billion during the period.

We trust the Quarterly Report and Accounts meet the requirements of Section 55 of the Act and any specific direction or guidelines issued by you as Minister for Finance. If you have any queries in this regard please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Frank Daly'.

Frank Daly
Chairman

A handwritten signature in blue ink, appearing to read 'Brendan McDonagh'.

Brendan McDonagh
Chief Executive Officer



Unaudited Consolidated Accounts of the National Asset Management Agency

For the quarter ended 31 March 2014

National Asset Management Agency Group

Quarter to 31 March 2014

Contents of Unaudited Consolidated Accounts

Board and other information	6
General information	7-10
Consolidated income statement	11
Consolidated statement of financial position	12
Consolidated statement of cash flows	13
Notes to the accounts	14-37
Income statement by NAMA group entity	38
Statement of financial position by NAMA group entity	39-40

Board and other information

Board

Frank Daly (Chairman)

Brendan McDonagh, Chief Executive Officer NAMA

John Corrigan, Chief Executive Officer NTMA

Oliver Ellingham (non-executive)

Mari Hurley (appointed 8 April 2014)

Brian McEnery (non-executive)

John Mulcahy, Head of Asset Management NAMA (retired and resigned 17 January 2014)

Willie Soffe (non-executive)

Registered Office

Treasury Building

Grand Canal Street

Dublin 2

Principal Bankers

Central Bank of Ireland

Dame Street

Dublin 2

Citibank

IFSC

Dublin 1

General information

The National Asset Management Agency (NAMA) was established by the Minister for Finance in November 2009. NAMA is a separate statutory body, with its own Board and Chief Executive, and operates in accordance with the National Asset Management Agency Act 2009 (the Act).

Under Section 10 of the Act, NAMA's purposes are to contribute to the achievement of the purposes of the Act by:

- (a) acquiring bank assets from the Participating Institutions;
- (b) dealing expeditiously with the acquired assets;
- (c) protecting and enhancing the value of assets acquired by it in the interests of the State.

The original Participating Institutions were: Allied Irish Banks, p.l.c. ('AIB'), Anglo Irish Bank Corporation Limited ('Anglo'), Bank of Ireland ('BOI'), Irish Nationwide Building Society ('INBS') and EBS Building Society ('EBS').

On 1 July 2011 AIB merged with EBS. On 1 July 2011 the business of INBS transferred to Anglo and on 14 October 2011 the latter's name was changed to Irish Bank Resolution Corporation ('IBRC'). IBRC was subsequently liquidated on 6 February 2013. On 7 February 2013, joint Special Liquidators were appointed under the IBRC Act 2013 and assumed the role of the Primary Servicer, and with effect from 12 August 2013, the role of the Primary Servicer of NAMA loans in IBRC is being fulfilled by Capita Asset Services (Capita).

Group structure

In accordance with the Act and to achieve its objectives, the Agency has set up certain special purpose vehicles (SPV). These are designated as NAMA Group entities within the meaning of Section 4 of the Act. The relationship between the NAMA Group entities is summarised in Chart 1.

The SPVs established are as follows:

National Asset Management Agency Investment Limited (NAMAIL)

NAMAIL was incorporated on 27 January 2010. NAMAIL is the company through which private investors have invested in the Group. NAMA holds 49% of the shares of the company. The remaining 51% of the shares of the company are held by private investors.

NAMA has invested €49m in NAMAIL, receiving 49m A ordinary shares. The remaining €51m was invested in NAMAIL by private investors, each receiving an equal share of 51m B ordinary shares. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA may exercise a veto over decisions taken by NAMAIL. As a result of this veto, the private investors' ability to control the financial and operating policies of the entity is restricted and NAMA has effective control of the company. By virtue of this control, NAMA has consolidated NAMAIL and its subsidiaries and the 51% external investment in NAMAIL is reported as a non-controlling interest.

National Asset Resolution Limited (NARL)

On 7 February 2013, joint Special Liquidators were appointed to IBRC under the IBRC Act 2013. On 11 February 2013, NAMA established a new NAMA Group Entity, National Asset Resolution Limited (NARL). The entity was formed in response to a Direction issued by the Minister for Finance under the Irish Bank Resolution Corporation Act 2013 to NAMA to acquire a loan facility deed and floating charge over certain IBRC assets. Consideration was in the form of Government Guaranteed debt securities and cash. The debt securities were issued by NAMAIL and transferred to NARL via a profit participating loan facility. NARL is a 100% subsidiary of NAMAIL.

NARL is the senior creditor of IBRC (in liquidation), therefore funds received by the joint Special Liquidators are used to reduce the loan facility deed in the first instance. NAMA has no involvement in the liquidation process and the financial statements recognise funds received from the joint Special Liquidators and other transactions to facilitate the orderly wind up of IBRC arising from the Minister's directions under the Act.

NARL established National Asset Residential Mortgages Limited to acquire mortgage loans from IBRC. As no assets are to transfer to NAMA the company will be dissolved.

National Asset Management Limited (NAML)

NAML was incorporated on 27 January 2010. NAML is responsible for issuing the government guaranteed debt instruments and the subordinated debt, which were used as consideration in acquiring loan assets. The Government guaranteed debt securities issued by NAML are listed on the Irish Stock Exchange.

The government guaranteed debt instruments and the subordinated debt instruments, issued before the reporting period in respect of the original loan portfolio, were transferred to NAMGSL and by NAMGSL to NALML. The latter used these debt instruments as consideration for the loan assets acquired from the Participating Institutions.

The government guaranteed debt instruments issued in respect of the IBRC loan facility deed were transferred to NARL. NARL used these debt instruments as consideration for the loan facility deed acquired from the Central Bank of Ireland.

NAML has eight subsidiaries. These are referred to as the NAML Group:

National Asset Management Group Services Limited (NAMGSL)

NAMGSL acts as the holding company for its seven subsidiaries; NALML, NAMSL, NAJVAL, NAPML, NARPSL, NASLLC and NALHL.

NAMGSL was incorporated on 27 January 2010. NAMGSL acquired certain debt instruments issued by NAML under a profit participating loan (PPL) agreement, and in turn, made these debt instruments available to NALML on similar terms. NAMGSL is wholly owned by NAML.

National Asset Loan Management Limited (NALML)

NALML was incorporated on 27 January 2010. The purpose of NALML is to acquire, hold, and manage the loan assets acquired from the Participating Institutions.

National Asset Management Services Limited (NAMSL)

NAMSL was incorporated on 27 January 2010. Previously a non-trading entity, NAMSL acquired a 20% shareholding in a general partnership associated with the NAJVAL investment during 2013.

National Asset JV A Limited (NAJVAL)

National Asset JVA Limited (NAJVAL) was incorporated on 18 July 2012. NAJVAL is a wholly owned subsidiary of NAMGSL. NAMA entered a joint venture arrangement with a consortium whereby a 20% interest in a limited partnership was acquired, and NAJVAL was established to facilitate this transaction. The Group is not able to exercise significant influence over the partnership, as the other 80% interest is held by one shareholder who controls the decision making of the partnership. NAJVAL's 20% investment in the partnership is recognised as an equity instrument.

National Asset Property Management Limited (NAPML)

NAPML was incorporated on 27 January 2010. The purpose of NAPML is to take direct ownership of property assets if and when required. In 2011 certain land and development sites were acquired by NALML as consideration for the settlement of a guarantee held by NALML. At the reporting date ownership of property interests had transferred from NALML to NAPML. In addition minor non-real estate assets were also acquired by NALML and transferred to NAPML during 2012.

NAPML has three subsidiaries; NARPSL, NASLLC and NALHL:

National Asset Residential Property Services Limited (NARPSL)

On 18 July 2012 NAMA established a new subsidiary National Asset Residential Property Services Limited (NARPSL). NARPSL is a wholly owned subsidiary of NAPML, and was established to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies for social housing purposes.

684 residential properties were delivered to the social housing sector by NAMA debtors from inception to the 31 March 2014.

National Asset Sarasota LLC (NASLLC)

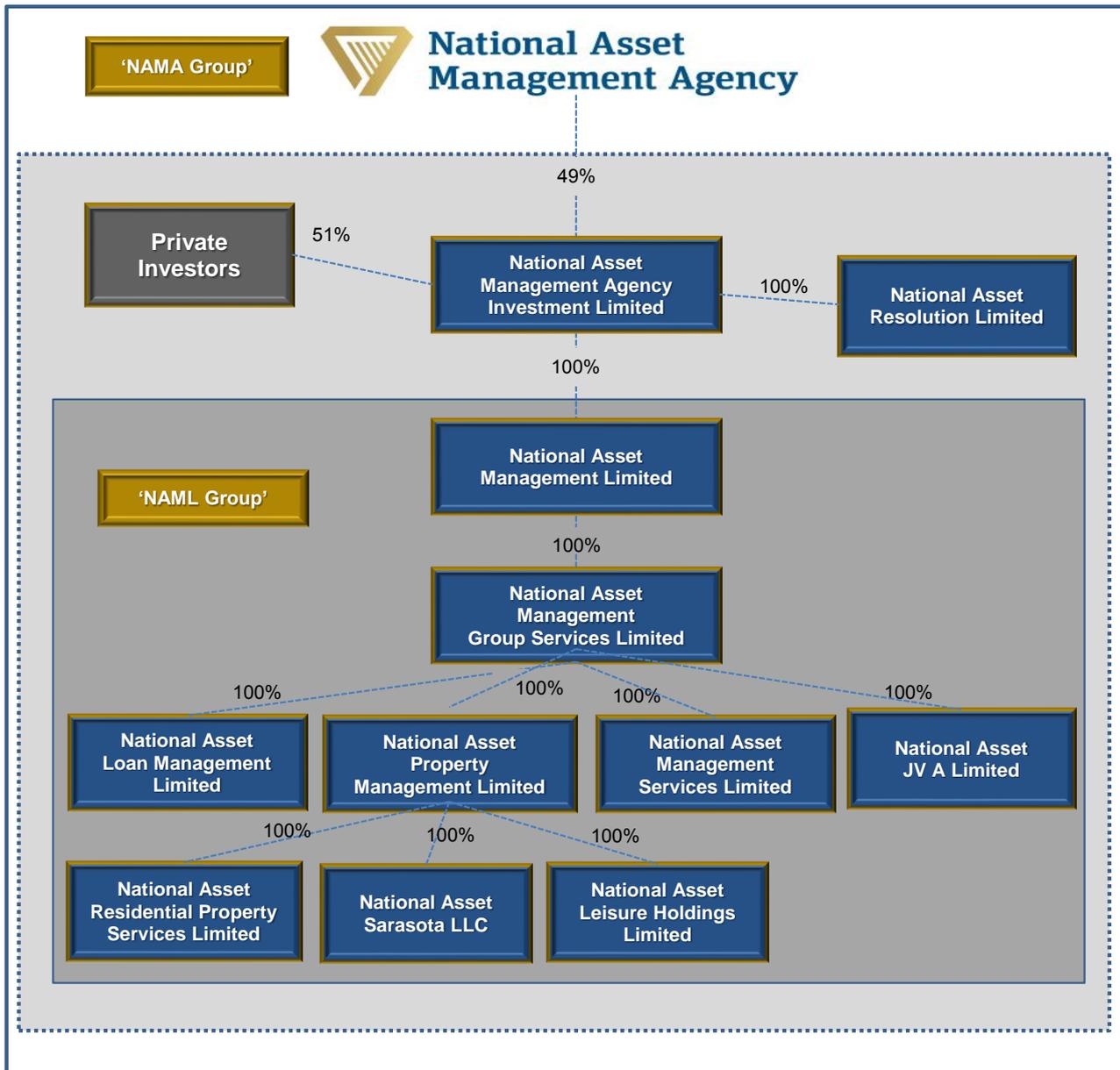
On 1 August 2013 NAMA established a new US subsidiary, National Asset Sarasota Limited Liability Company (NASLLC). NASLLC is a wholly owned subsidiary of NAPML, and was established to acquire a property asset located in the US, in settlement of debt owed to NAMA.

National Asset Leisure Holdings Limited (NALHL)

On 10 January 2014, NAMA established a new subsidiary National Asset Leisure Holdings Limited (NALHL). NALHL is a wholly owned subsidiary of NAPML and was established to acquire 100% of the share capital of two Portuguese entities.

The address of the registered office of each company is Treasury Building, Grand Canal Street, Dublin 2. Each Company is incorporated and domiciled in the Republic of Ireland, except for NASLLC, which is incorporated and domiciled in the US.

Chart 1 NAMA Group entities



Quarterly financial information

In accordance with Section 55 of the Act, NAMA is required every three months to report to the Minister on its activities and the activities of each NAMA Group entity, referred to in the Act as the 'quarterly report' or 'the accounts'. Section 55 of the Act sets out certain financial and other information to be provided in each quarterly report.

The financial statements present the consolidated results of NAMA Group for the quarter ended 31 March 2014. For the purposes of these accounts, the 'NAMA Group' comprises the result of all entities presented in Chart 1 above. The results of NARL are consolidated into the overall NAMA Group results but are separately presented. The Group and the relationship between NAMA Group entities is summarised in Chart 1.

The financial information for all entities is presented showing items of income and expenditure for the quarter from 1 January 2014 to 31 March 2014.

The balance sheet is presented as at 31 March 2014 and 31 December 2013. The cash flow statement for the NAMA Group is presented for all cash movements for the quarter from 1 January 2014 to 31 March 2014.

The income statements and statement of financial position for each NAMA Group Entity are provided on pages 38 to 40.

Consolidated Income Statement
For the period from 1 January 2014 to 31 March 2014

	Note	For the period from 1 January 2014 to 31 March 2014		
		NARL €'000	NAMA Group (excl. NARL) €'000	Consolidated NAMA Group €'000
Interest and fee income	3	46,757	258,845	305,602
Interest expense	4	(1,398)	(88,562)	(89,960)
Net interest income		45,359	170,283	215,642
Other income/(expenses)	5	-	(408)	(408)
Net profit/(loss) on disposal of loans and property assets	6	-	18,231	18,231
Gains/(losses) on derivative financial instruments	7	(14,250)	10,313	(3,937)
Total operating income		31,109	198,419	229,528
Administration expenses	8	(5,995)	(33,838)	(39,833)
Foreign exchange gains/(losses)	9	-	(2,902)	(2,902)
Operating profit before impairment		25,114	161,679	186,793
Impairment charges on loans and receivables	15	-	-	-
Operating profit after impairment		25,114	161,679	186,793
Tax credit/(charge)	10	3,563	(158)	3,405
Profit for the period		28,677	161,521	190,198

The accompanying notes 1 to 26 form an integral part of these accounts.

**Consolidated Statement of Financial Position
As at 31 March 2014**

		31 March 2014		31 December 2013	
		NARL	NAMA Group	Consolidated	Consolidated
		(excl. NARL)	NAMA Group	NAMA Group	NAMA Group
	Note	€'000	€'000	€'000	€'000
Assets					
Cash and cash equivalents	11	201,559	1,498,927	1,700,486	3,453,236
Cash placed as collateral with the NTMA	11	63,000	892,000	955,000	802,000
Financial assets available for sale	12	-	-	-	145,138
Amounts due from Participating Institutions	13	-	82,233	82,233	78,447
Derivative financial instruments	14	-	129,034	129,034	160,369
Loans and receivables	15	8,670,584	18,342,120	27,012,704	31,313,699
Other assets	16	18	16,068	16,086	23,755
Trading properties	17	-	38,872	38,872	38,924
Property, plant and equipment	18	-	1,288	1,288	1,071
Investments in equity instruments	19	-	6,094	6,094	6,373
Deferred tax asset	20	5,614	217,960	223,574	202,387
Total assets		8,940,775	21,224,596	30,165,371	36,225,399
Liabilities					
Amounts due to Participating Institutions	13	-	23,511	23,511	24,676
Derivative financial instruments	14	22,454	630,604	653,058	599,784
Debt securities in issue	21	-	28,418,000	28,418,000	34,618,000
Tax payable	22	-	1,795	1,795	407
Other liabilities	23	8,895,795	(8,688,524)	207,271	172,594
Total liabilities		8,918,249	20,385,386	29,303,635	35,415,461
Equity					
Share capital		-	-	-	-
Other equity instruments	24	-	1,593,000	1,593,000	1,593,000
Retained earnings	26	22,526	(365,323)	(342,797)	(447,599)
Other reserves	25	-	(388,467)	(388,467)	(335,463)
Total equity		22,526	839,210	861,736	809,938
Total equity and liabilities		8,940,775	21,224,596	30,165,371	36,225,399

The accompanying notes 1 to 26 form an integral part of these accounts.

Consolidated Statement of Cash Flows
For the period from 1 January 2014 to 31 March 2014

	For the period from 1 January 2014 to 31 March 2014		
	NARL	NAMA Group (excl. NARL)	Consolidated NAMA Group
	€'000	€'000	€'000
Cash flow from operating activities			
Loans and receivables			
Receipts from borrowers	-	1,603,579	1,603,579
Advances to borrowers	-	(103,590)	(103,590)
Funds paid to acquire properties for social housing	-	-	-
Funds in the course of collection	-	69,705	69,705
Cash held on behalf of debtors	-	1,073	1,073
Lease rental income received from social housing units	-	65	65
Fee income received on loans with borrowers	-	277	277
Repayment of facility deed by IBRC (in liquidation)	3,047,000	-	3,047,000
Interest received on loan facility deed from IBRC (in liquidation)	-	-	-
Net cash provided by loans and receivables	3,047,000	1,571,109	4,618,109
Derivatives			
Cash inflow on foreign currency derivatives	-	2,614,724	2,614,724
Cash outflow on foreign currency derivatives	-	(2,645,485)	(2,645,485)
Net cash inflow on derivatives where hedge accounting is applied	-	3,909	3,909
Net cash outflow on other derivatives	-	(6,211)	(6,211)
Net cash used in derivatives	-	(33,063)	(33,063)
Other operating cashflows			
Interest expense on debt securities in issue	(21,308)	(39,647)	(60,955)
Payments to suppliers of services	(1,323)	(34,002)	(35,325)
Amounts pledged as collateral with NTMA	-	(153,000)	(153,000)
Interest received on cash and cash equivalents	103	7,496	7,599
Dividend paid on behalf of NAMAIL	-	(1,540)	(1,540)
Dividend paid on NAMA subordinated debt coupon	-	(83,854)	(83,854)
Interest received on loan facility to partnership	44,647	-	44,647
Payments of corporation tax by NAMAIL	-	-	-
Interest received on loan to limited liability partnership	-	184	184
Net cash provided by/(used in) other operating activities	22,119	(304,363)	(282,244)
Net cash provided by operating activities	3,069,119	1,233,683	4,302,802
Cash flow from investing activities			
Equity investments	-	(100)	(100)
Purchase of available for sale assets	-	-	-
Maturity of available for sale assets	-	145,000	145,000
Net cash used in investing activities	-	144,900	144,900
Cash flow from financing activities			
Redemption of senior debt securities in issue	(3,200,000)	(3,000,000)	(6,200,000)
Net cash provided by financing activities	(3,200,000)	(3,000,000)	(6,200,000)
Cash and cash equivalents at the beginning of the period	332,440	3,120,797	3,453,237
Net cash provided by operating activities	3,069,119	1,233,683	4,302,802
Net cash provided by investing activities	-	144,900	144,900
Net cash used in financing activities	(3,200,000)	(3,000,000)	(6,200,000)
Effects of exchange-rate changes on cash and cash equivalents	-	(453)	(453)
Cash and cash equivalents at 31 March	201,559	1,498,927	1,700,486
Cash collateral			
Financial assets available for sale	-	-	-
Amounts pledged as collateral with NTMA	63,000	892,000	955,000
Total cash, cash equivalents and collateral held at 31 March	264,559	2,390,927	2,655,486

1 General Information

For the purposes of these accounts, the 'NAMA Group' comprises the parent entity NAMA (the Agency) and all entities shown in Chart 1 on page 10. The Agency owns 49% of the shares in NAMAIL and the remaining 51% of the shares are held by private investors.

The Agency may exercise a veto power in respect of decisions of the Company relating to the interests or objectives of NAMA or the State or any action which may adversely affect the financial interests of NAMA or the State.

The address of the registered office of each company is Treasury Building, Grand Canal Street, Dublin 2. Each Company is incorporated and domiciled in the Republic of Ireland, except for NASLLC, which is incorporated and domiciled in the US.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Group's consolidated accounts for the period to 31 March 2014 are presented in accordance with its accounting policies for the purposes of complying with the requirements of Section 55 of the Act.

The preparation of these accounts requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the accounts in the period the assumptions change. Management believes that the underlying assumptions are appropriate and that the Group's accounts therefore present the financial position and results fairly.

2.2 Basis of measurement

The consolidated accounts have been prepared under the historical cost convention, except for derivative financial instruments, equity instruments and available for sale assets, which have been measured at fair value.

The consolidated accounts are presented in euro (or €), which is the Group's functional and presentational currency. The figures shown in the consolidated accounts are stated in (€) thousands.

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. The cash flows from operating activities are determined using the direct method, whereby major classes of gross cash receipts and gross payments are disclosed.

Cash flows from investing and financing activities are reported on a gross basis. The Group's assignment of the cash flows to operating, investing and financing categories depends on the Group's business model (management approach).

In accordance with IAS 1, assets and liabilities are presented in order of liquidity.

2.3 Basis of consolidation

The Group consolidates all entities where it directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities.

Investments in subsidiaries are accounted for at cost less impairment. Accounting policies of the subsidiaries are consistent with the Group's accounting policies.

Inter-group transactions and balances and gains on transactions between Group companies are eliminated. Inter-group losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in euro, which is the Group's presentation and functional currency.

(b) Transactions and balances

Transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at quarter end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

All foreign exchange gains and losses recognised in the income statement are presented as a separate line item in the consolidated income statement.

2.5 Financial assets

The Group classifies its financial assets in to the following IAS 39 categories:

- (a) Financial assets at fair value through profit or loss;
- (b) Loans and receivables; and
- (c) Available for sale financial assets

The Group determines the classification of its financial instruments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category of assets comprises derivatives other than derivatives that are designated and are effective as hedging instruments and equity instruments.

Derivatives

These assets are recognised initially at fair value and transaction costs are taken directly to the consolidated income statement. Interest income and expense arising on these assets are included in interest income and interest expense in the consolidated income statement. Fair value gains and losses on these financial assets are included in gains and losses on derivative financial instruments in the consolidated income statement or as part of foreign exchange gains and losses where they relate to currency derivatives.

Equity instruments

During the year NAMA acquired certain equity instruments in other entities.

An equity instrument is any contract that results in a residual interest in the assets of an entity after deducting all of its liabilities. An equity instrument has no contractual obligation to deliver cash or another financial asset.

Equity instruments are initially measured at fair value. Equity instruments are subsequently measured at fair value unless the fair value cannot be reliably measured, in which case the equity instrument is measured at cost. The fair value of equity instruments is measured based on the net asset value of the entity at the reporting date. Changes in fair value are recognised in profit or loss.

Equity instruments are separately disclosed in the Statement of Financial Position.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans acquired by the Group are treated as loans and receivables because the original contracts provided for payments that were fixed or determinable. The Group has classified the loan assets it acquired from Participating Institutions as loans and receivables.

Loans and receivables are initially recognised at fair value plus transaction costs. Loan assets acquired by the Group from Participating Institutions, as provided for in the Act, are treated as having a fair value at initial recognition equal to the acquisition price paid for the asset, taking into account any cash flow movements in the loan balance between the valuation date and transfer date.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate (EIR) method (see accounting policy 2.8).

Loans and receivables are classified as follows:

- Land and development loans
- Investment property loans

Land and development loans includes loans on land which have been purchased for the purpose of development and loans secured on partly developed land.

Investment property loans are loans secured on any property purchased with the primary intention of earning the total return, i.e. income and/or capital appreciation, over the life of the interest acquired. This would include loans secured on completed residential property developments that are classified as investment property loans.

(c) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available for sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or exchange rates.

Available for sale financial assets are initially recognised at fair value plus transaction costs. They are subsequently held at fair value. Interest income calculated using the EIR method is recognised in profit or loss. Other changes in the carrying amount of available for sale financial assets are recognised in other comprehensive income in the available for sale reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available for sale reserve is reclassified to profit or loss.

Financial assets and liabilities at fair value

Financial assets and liabilities at fair value through profit or loss comprise derivative financial instruments. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Fair value gains or losses on derivatives are recognised in the income statement.

Borrower derivatives

Borrower derivatives comprise derivatives acquired from PIs that were originally put in place to provide hedges to borrowers ('borrower derivatives'). These derivatives were acquired from each PI as part of a total borrower exposure.

Borrower derivatives are measured at fair value with fair value gains and losses being recognised in profit or loss. Borrower derivatives are classified as performing and non-performing. A performing derivative is one that is meeting all contractual cash flow payments up to the last repayment date before the end of the reporting period. The performing status of borrower derivatives is assessed at each reporting date.

Borrower derivatives comprise interest rate, inflation and currency derivatives. Fair value is determined using a valuation technique, comprising a mark to market and a counterparty valuation adjustment. The fair value is derived from observable market data for similar financial instruments, using inputs such as Euribor and Libor yield curves, par interest and inflation swap rates FX rate, volatilities and counterparty credit spreads that existed at the reporting date. The fair value is adjusted for by taking account of counterparty credit risk as a measure of borrower credit rating.

NAMA derivatives

NAMA derivatives comprise derivatives entered into to hedge exposure to loans and receivables acquired and debt securities in issue ('NAMA derivatives'). NAMA derivatives include interest rate and cross currency swaps. The fair value of NAMA derivatives is determined using a mark to market valuation technique based on independent valuations obtained using observable market inputs such as Euribor and Libor yield curves, par interest and FX rates. Fair value movements arising on interest rate swaps are recognised in profit or loss. Gains and losses on currency swaps are recognised in profit or loss as part of foreign exchange gains and losses.

Hedge accounting

The Group designates certain derivatives as hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedges).

The Group documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The Group has entered into cash flow hedge relationships only.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. They are recorded in the revenue or expense lines in which the associated related hedged item is reported. Amounts recycled to profit or loss from equity are included in net interest income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.6 Financial liabilities

The Group carries all financial liabilities at amortised cost, with the exception of derivative financial instruments, which are measured at fair value. Further information on derivative liabilities is included in accounting policy 2.14.

2.7 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Interest income and interest expense

Interest income and interest expense for all interest-bearing financial instruments is recognised in interest income and interest expense in the income statement using the EIR method.

The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Group estimated cash flows using the mandated Long Term Economic Value (LTEV) methodology but did not consider future credit losses beyond any already recognised in the acquisition price of loans. The calculation includes transaction costs and all fees paid or received between parties to the contract that are an integral part of the EIR.

Where loan cash flows cannot be reliably estimated on initial recognition (generally when the due diligence process has not yet completed), interest income is recognised on a contractual interest receipts basis until the cash flows can be estimated, at which time interest income will be recognised using the EIR method. All loans and receivables acquired were recognised using the EIR method by the reporting date.

The EIR on the IBRC loan facility deed acquired is calculated with reference to the ECB Marginal Lending Facility Rate plus a fixed margin of 1%.

When a loan and receivable is impaired, the Group reduces the carrying amount to its estimated recoverable amount (being the estimated future cash flows discounted at the original EIR) and continues unwinding the remaining discount as interest income.

Once a financial asset (or a group of similar financial assets) has been written down as a result of an impairment loss, interest income is recognised using the original rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income on impaired loans is only recognised on the unimpaired amount of the loan balance using the original EIR rate.

Fees and commissions which are not an integral part of the EIR are recognised on an accrual basis when the service has been provided.

2.9 Fee income

Fee income that is an integral part of calculating the EIR or originating a loan is recognised as part of EIR as described in accounting policy 2.8. Fees earned by the Group that are not part of EIR are recognised immediately in profit or loss as fee income.

2.10 Profit / loss on the disposal of loans, property assets; and surplus income

a) Profit and loss on the disposal of loans and property assets

NAMA disposed of certain loan/property assets to third parties during the period. Profits and losses on the disposal of loans/property is calculated as the difference between the carrying value of the loans/property and the contractual sales price at the date of sale. The contractual sales price includes any deferred consideration where NAMA has the contractual right to receive any deferred cash flow in accordance with IAS 32. Profits and losses on the disposal of loans/property are recognised in the income statement when the transaction occurs. Profit on disposal of loans is not recognised when the overall debtor connection is impaired in accordance with latest available impairment assessment data.

b) Surplus income

Surplus income is calculated as the excess cash recovered on a total debtor connection over the loan carrying value and is recognised in the income statement:

a) to the extent that actual cashflows for a total debtor connection are in excess of the total debtor connection loan carrying values, i.e. to the extent that the debtor has repaid all of its NAMA debt. Such income is recognised semi-annually; or

b) when the estimated discounted cashflows for the total debtor connection are greater than the total debtor connection loan carrying value. Such surplus income, to the extent that cash is realised from specific loan assets within the connection, is assessed on a semi-annual basis.

2.11 Impairment of financial assets

The Group assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets, measured at amortised cost, is impaired.

Loans and receivables carried at amortised cost

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. The individually significant assessment is completed in respect of the total portfolio of borrowings of each individually significant debtor connection, rather than on an individual loan basis.

The vast majority of loans and receivables acquired had already incurred credit losses, which were reflected in the valuation of loans and receivables by NAMA.

Objective evidence that an asset or portfolio of assets is impaired after acquisition by NAMA includes:

- International, national or local economic conditions that correlate with defaults on the assets in the group (e.g. a decrease in property prices in the relevant area or adverse changes in industry conditions that affect the debtor);
- Observable data indicating that there is a measurable decrease in the value of estimated future cash flows from a portfolio of assets since the initial recognition of those assets;

- Adverse changes in expectations about the amount likely to be realised from the disposal of collateral associated with the loan or loan portfolio;
- Adverse changes in expectations of the timing of future cash flows arising from disposals of collateral;
- Adverse changes in the payment status of the debtor (e.g. an increased number of delayed payments);
- Further significant financial difficulty of the debtor since acquisition;
- Additional breaches of contract, such as a default or delinquency in interest or principal payments;
- It becoming increasingly probable that the debtor will enter bankruptcy or other financial reorganisation.

Individually Significant

For the purpose of the individually significant assessment, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original EIR. This is assessed at a total debtor connection level, which is the unit of account applied by NAMA. The carrying amount of the asset is reduced through use of an allowance account. The amount of the impairment loss is recognised in the consolidated income statement.

Collective Assessment

Loans which are not subject to individually significant assessment are grouped collectively for the purposes of performing an impairment assessment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated income statement.

Where there is no further prospect of recovery of the carrying value of a loan, or a portion thereof, the amount that is not recoverable is written off against the related allowance for debtor impairment. Such financial assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

2.12 Impairment of non-financial assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount exceeds its recoverable amount.

2.13 Cash and cash equivalents

Cash comprises cash on hand, demand deposits and exchequer notes.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Derivative financial instruments and hedge accounting

Derivatives, such as interest rate swaps, cross-currency swaps and foreign exchange swaps are used for hedging purposes as part of the Group's risk management strategy. In addition, the Group acquired, at fair value, certain derivatives associated with the loans acquired from the Participating Institutions. The Group does not enter into derivatives for proprietary trading purposes.

The Group's policy is to hedge its foreign currency exposure through the use of currency derivatives. Interest rate risk on debt issued by the Group is hedged using interest rate swaps. Interest rate swaps acquired from the Participating Institutions are hedged by means of equal and opposite interest rate swaps.

Derivatives are accounted for either at fair value through profit or loss or, where they are designated as hedging instruments, using the hedge accounting provisions of IAS 39.

Derivatives at fair value through profit or loss

Derivatives at fair value through profit or loss are initially recognised at fair value on the date on which a derivative contract is entered into or acquired and are subsequently re-measured at fair value.

The fair value of derivatives is determined using a mark to market valuation technique based on independent valuations obtained using observable market inputs such as Euribor and Libor yield curves, par interest and foreign exchange rates.

The assumptions involved in these valuation techniques include the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement is required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt.

Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Fair value gains or losses on derivatives, other than currency derivatives, are recognised in the income statement. However where they are designated as hedging instruments, the treatment of the fair value gains and losses depends on the nature of the hedging relationship.

Gains and losses on currency swaps are recognised in profit or loss as part of foreign exchange gains and losses.

Derivatives designated in hedge relationships

The Group designates certain derivatives as hedges of highly probable future cash flows, attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedges). At the inception of the hedge relationship, the Group documents the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and included in the cash flow hedge reserve, which is included in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss. Amounts reclassified to profit or loss from equity are included in net interest income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the income statement.

2.15 Trading Properties

Trading properties include property assets and non real estate assets which are held for resale and are stated at the lower of cost and net realisable value. Costs are determined on the basis of specific identification of individual costs relating to each asset. Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale.

2.16 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

The Group does not offset current income tax liabilities and current income tax assets.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax related to cash flow hedges is recognised in equity and subsequently in the consolidated income statement together with the deferred gain or loss.

Deferred income tax related to available for sale reserves is recognised in other comprehensive income and subsequently in the consolidated income statement together with the deferred gain or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group assesses, on an annual basis only, the deferred tax on derivatives and available for sale assets and the movement in respect of the deferred tax asset relating to unutilised tax losses.

2.17 Provisions for liabilities and charges and contingent assets and liabilities

Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The Group recognises no provisions for future operating losses.

Contingent liabilities

Contingent liabilities are not recognised by the Group but are disclosed unless the probability of their occurrence is remote.

Contingent assets

Contingent assets are not recognised by the Group but are disclosed where an inflow of economic benefits is probable. If the realisation of income becomes virtually certain then the related asset is recognised.

Contingent assets and liabilities are assessed continually to ensure that they are appropriately reflected in the accounts.

2.18 Amounts due to and from Participating Institutions

Unsettled overdraft positions

The Participating Institutions fund overdraft accounts and collect cash repayments on overdraft accounts on NAMA's behalf. The amounts funded by Participating Institutions are recognised in the statement of financial position as amounts due to Participating Institutions and the amounts collected are recognised as amounts due from Participating Institutions. The net amount due to / from Participating Institutions is applied against the outstanding loans and receivables balance.

2.19 Financial guarantee contracts acquired

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was acquired. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS 18 and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

2.20 Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual terms of the instruments. Instruments which do not carry a contractual obligation to deliver cash or another financial asset to another entity are classified as equity and are presented in equity. The coupon payments on these instruments are recognised directly in equity. The subordinated bonds issued by the Group contain a discretionary coupon and have no obligation to deliver cash and are therefore classified as equity instruments.

Senior debt securities issued by the Group are classified as debt instruments as the securities carry a fixed coupon based on Euribor and the coupon payment is non-discretionary.

Debt securities in issue are initially measured at fair value less transaction costs and are subsequently measured at amortised cost using the EIR method. The initial value of the senior bonds issued equates to 95% of the acquisition cost of the loans transferred from each Participating Institution. The initial value of subordinated bonds equates to 5% of the acquisition cost of loans transferred.

2.21 Share capital

(a) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the period that are declared after the date of the consolidated statement of financial position are dealt with in the Events after the Reporting Date note.

(b) Coupon on other equity instrument

This comprises the subordinated bonds that meet the definition of an equity instrument. Coupon payments on these instruments are reflected directly in equity when they are declared.

2.22 Cash placed as collateral with the NTMA

The Group is required to post cash collateral with the NTMA under a collateral posting agreement (CPA) agreed between the NTMA and NAMA. The NTMA is the counterparty to all NAMA derivatives (other than those acquired from borrowers). The NTMA require cash to be placed with it as collateral to reduce the exposure it has to NAMA with regard to its derivative positions.

The amount of collateral required depends on an assessment of the credit risk by the NTMA.

Cash placed as collateral is recorded in cash placed as collateral with the NTMA on the balance sheet. Any interest payable or receivable arising on the amount placed as collateral is recorded in interest expense or interest income respectively.

2.23 Property, plant and equipment

The Agency incurred costs for the fit-out of leased office space. Costs incurred are capitalised in the balance sheet as property, plant and equipment in accordance with IAS 16. The recognised asset is depreciated on a straight line basis over 10 years. A full year's depreciation is recognised in the year the asset is capitalised.

2.24 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the NAMA CEO who allocates resources to and assesses the performance of the operating segments of NAMA.

2.25 Operating leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The leased asset is recognised on the statement of financial position of the lessor. Properties acquired by NARPSL for the purposes of social housing are recognised as inventories in accordance with IAS 2. Rental income arising from operating leases on inventory property is accounted for on a straight line basis over the lease term.

2.26 Non-controlling interests in subsidiaries

Non-controlling interests in subsidiaries comprise ordinary share capital and/or other equity in subsidiaries not attributable directly or indirectly to the parent entity.

Profits which may arise in any period may be allocated to the non-controlling interest in accordance with maximum investment return which may be paid to the external investors. Losses arising in any period are allocated to the non-controlling interest only up to the value of the non-controlling interest in the Group, as NAMA takes substantially all the economic benefits and risks of the Group.

2.27 Determination of fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

Financial instruments are initially recognised at fair value and, with the exception of financial assets at fair value through profit or loss, the initial carrying amount is adjusted for direct and incremental transaction costs. In the normal course of business, the fair value on initial recognition is the transaction price (fair value of consideration given or received).

If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is determined by a quoted price in an active market for the same financial instrument, or by a valuation technique which uses only observable market inputs, the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss.

If the fair value is calculated by a valuation technique that features significant market inputs that are not observable, the difference between the fair value at initial recognition and the transaction price is deferred. Subsequently, the difference is recognised in the income statement on an appropriate basis over the life of the financial instrument, but no later than when the valuation is supported by wholly observable inputs; the transaction matures; or is closed out.

Subsequent to initial recognition, fair values are determined using valuation techniques. These valuation techniques maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation techniques used incorporate the factors that market participants would take into account in pricing a transaction. Valuation techniques include the use of recent orderly transactions between market participants, reference to other similar instruments, option pricing models, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Valuation techniques

In the absence of quoted market prices, and in the case of over-the-counter derivatives, fair value is calculated using valuation techniques. Fair value may be estimated using quoted market prices for similar instruments, adjusted for differences between the quoted instrument and the instrument being valued. Where the fair value is calculated using discounted cash flow analysis, the methodology is to use, to the extent possible, market data that is either directly observable or is implied from instrument prices, such as interest rate yield curves, equities and commodities prices, credit spreads, option volatilities and currency rates.

The valuation methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. In addition, future cash flows may also be sensitive to the occurrence of future events, including changes in market rates; and
- selecting an appropriate discount rate for the instrument, based on the interest rate yield curves including the determination of an appropriate spread for the instrument over the risk-free rate. The spread is adjusted to take into account the specific credit risk profile of the exposure.

All adjustments in the calculation of the present value of future cash flows are based on factors market participants would take into account in pricing the financial instrument.

Certain financial instruments (both assets and liabilities) may be valued on the basis of valuation techniques that feature one or more significant market inputs that are not observable. When applying a valuation technique with unobservable data, estimates are made to reflect uncertainties in fair values resulting from a lack of market data. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on non-observable data are inherently uncertain because there is little or no current market data available from which to determine the price at which an orderly transaction between market participants would occur under current market conditions.

The calculation of fair value for any financial instrument may require adjustment of the valuation technique output to reflect the cost of credit risk, if market participants would include one, where these are not embedded in underlying valuation techniques.

3 Interest and fee income

For the period from 1 January 2014 to 31
March 2014

	NAMA Group		Total
	NARL	(excl. NARL)	
	€'000	€'000	€'000
Interest on loans and receivables	46,641	242,755	289,396
Interest on acquired derivative financial instruments	-	13,094	13,094
Interest on cash and cash equivalents	116	2,675	2,791
Interest on financial assets held as available for sale	-	44	44
Other fee income	-	277	277
Total interest and fee income	46,757	258,845	305,602

Interest income on loans and receivables is recognised in accordance with accounting policy note 2.8.

Interest income is calculated using the EIR method of accounting. This method seeks to recognise interest income at a constant rate over the life of the loan and will differ from actual cash received. This implies that in any given reporting period the amount of interest recognised will differ from the cash received. However, over the life of the loan, the total cash received in excess of the acquisition value of the loan will, following adjustment for any impairment losses, equal the interest income recognised. No interest income is recognised on the element of any loan balance which is considered to be impaired.

Of the €0.3bn in interest income on loans and receivables recognised in the period 1 January 2014 to 31 March 2014, €0.23bn was realised by way of interest income and non-disposal cash receipts. Any difference between the EIR income recognised and the element realised in cash in any particular period is factored into NAMA's impairment process.

Interest income on acquired derivative financial instruments relates to interest received on derivatives acquired from Participating Institutions that were associated with the loans acquired.

Interest on cash and cash equivalents comprises interest earned on cash, short-term deposits and exchequer notes held during the period.

Interest on available for sale assets comprises interest earned on short term governments bonds held for liquidity purposes.

Fee income from borrowers that is an integral part of calculating the EIR or originating a loan is recognised as part of EIR as described in accounting policy 2.8. Fees earned by the Group that are not part of EIR, such as other fee income, are recognised immediately in profit or loss as fee income. Other fee income recognised in the period includes arrangement fees.

4 Interest expense

For the period from 1 January 2014 to 31
March 2014

	NAMA Group		Total
	NARL	(excl. NARL)	
	€'000	€'000	€'000
Interest on debt securities in issue	-	29,511	29,511
Interest on other derivative financial instruments	-	2,472	2,472
Interest on derivatives where hedge accounting is applied	1,398	56,579	57,977
Total interest expense	1,398	88,562	89,960

Interest on debt securities consists of €19.6m interest charged on the senior bonds issued in connection with the existing NAMA loan portfolio and €9.9m on the senior bonds issued in connection with the acquisition of the IBRC loan facility deed from the Central Bank of Ireland.

5 Other income/(expenses)	For the period from 1 January 2014 to 31 March 2014
	€'000
Lease rental income	110
Financial assets at fair value through the profit or loss	(518)
Total other expenses	<u>(408)</u>

Lease rental income is earned from the lease of residential properties to approved housing bodies for social housing purposes. It is accounted for on a straight line basis over the lease term.

During the quarter, the Group recognised losses on Irish government treasury bonds of €0.14m and on an investment in a qualifying investment fund ("QIF") of €0.38m.

6 Net profit/(loss) on disposal of loans and property assets	For the period from 1 January 2014 to 31 March 2014
	€'000
Net profit on disposal of loans and property assets	<u>18,231</u>

During the period, the Group sold certain loans and receivables acquired to third parties. Profit or loss on disposal is measured as the difference between proceeds of sale received and the carrying value of those loans and receivables. Profit on disposal of loans is not recognised where the overall debtor connection is impaired in accordance with the latest available impairment assessment data.

7 Gains/(losses) on derivative financial instruments	For the period from 1 January 2014 to 31 March 2014		
	NAMA Group		
	NARL	(excl. NARL)	Total
	€'000	€'000	€'000
Fair value losses on derivatives acquired from borrowers	-	(2,789)	(2,789)
Fair value gains/(losses) on other derivatives	(14,250)	13,102	(1,148)
Total gains/(losses) on derivative financial instruments	<u>(14,250)</u>	<u>10,313</u>	<u>(3,937)</u>

Fair value movements on derivatives are driven by market movements that occurred during the year. The fair value of these swaps are impacted by changes in Euribor rates and borrower derivatives performance levels. Further information on derivative financial instruments is provided in Note 14.

Losses on derivatives acquired from borrowers comprise fair value movements on derivatives acquired from borrowers that were associated with the loans acquired. Other derivatives hedge NAMA's interest rate risk exposure arising from derivatives acquired from debtors. Hedge accounting has not been applied on these derivatives.

At the reporting date, NAMA had entered into €20.9 billion of interest rate swaps to hedge its exposure to interest rate risk arising from Euribor floating rates. These derivatives are designated and are effective as hedge instruments. Fair value gains and losses on these derivatives are recognised in the cash flow hedge reserve in equity (see Note 25).

8 Administration expenses

For the period from 1 January 2014 to 31 March 2014

	NAMA Group	
	(excl. NARL)	Total
NARL		
€'000	€'000	€'000
Costs reimbursable to NTMA	988	13,796
Primary servicer fees	5,002	15,652
Master servicer fees	-	455
IBRC integration costs	-	606
Portfolio management fees	-	6,136
Finance, communication and technology costs	-	703
Legal fees	-	1,545
Rent and occupancy costs	-	488
Internal audit fees	5	240
NAMA Board and Committee Fees	-	88
External audit remuneration	-	124
Other administrative expenses	-	-
Total administration expenses	5,995	39,833

Under Section 42 (4) of the Act, the Agency shall reimburse the NTMA for the costs incurred by the NTMA as a consequence of its assignment of staff to the NAMA Group Entities. See 8.1 below for further breakdown of such costs.

NAMA Board and Advisory Committee fees are paid to Board members and external members of Committees. Brendan McDonagh (CEO, NAMA), John Corrigan (CEO, NTMA) and John Mulcahy (Head of Asset Management, NAMA) receive no payment as members of the Board.

8.1 Costs reimbursable to NTMA

For the period from 1 January 2014 to 31 March 2014

	NAMA Group	
	(excl. NARL)	Total
NARL		
€'000	€'000	€'000
Staff costs	656	9,888
Overheads and shared service costs	332	3,908
Total	988	13,796

9 Foreign exchange gains/(losses)

For the period
from 1 January
2014 to 31 March
2014
€'000

Foreign exchange translation gain on loans and receivables	37,910
Unrealised foreign exchange loss on derivative financial instruments	(9,715)
Realised foreign exchange loss on derivative financial instruments	(30,762)
Foreign exchange loss on cash	(453)
Other foreign exchange gains	118
Total foreign exchange gains/(losses)	(2,902)

Foreign exchange translation gains and losses on loans and receivables arise on the revaluation of foreign currency denominated loans and receivables. Foreign currency translation amounts are recognised in accordance with accounting policy 2.4.

Gains and losses on foreign exchange derivatives arise from market movements that affect the value of the derivatives at the reporting date.

Following the transfer of assets from the Participating Institutions, the Group entered into currency derivative contracts to reduce its exposure to exchange rate fluctuations arising on foreign currency denominated loans and receivables acquired. The loss on derivative products comprises both realised and unrealised losses. Realised and unrealised losses are recognised in accordance with accounting policy 2.14. Currency derivatives are explained in more detail in note 14.

10 Tax credit/(charge)	For the period from 1 January 2014 to 31 March 2014 €'000
Current tax	
Corporation tax in NAMAIL	(8)
Deferred tax	
On fair value gains and losses on derivatives and available for sale assets (Note 20)	3,413
On utilised tax losses forward	-
	<hr style="width: 100%; border: 0.5px solid black;"/>
	3,413
	<hr style="width: 100%; border: 0.5px solid black;"/>
Total taxation credit/(charge)	<u>3,405</u>

11 Cash, cash equivalents and collateral

	NARL	NAMA Group (excl. NARL)	31 March 2014 Total	31 Dec 2013 Total
	€'000	€'000	€'000	€'000
Balances with Central Bank	101,539	402,453	503,992	1,738,183
Balances with other banks	20	156,474	156,494	83,813
Treasury Bills	-	-	-	-
Exchequer notes	100,000	940,000	1,040,000	1,600,000
Term deposits	-	-	-	31,240
Total cash and cash equivalents	201,559	1,498,927	1,700,486	3,453,236
Cash placed as collateral with the NTMA	63,000	892,000	955,000	802,000
Total cash, cash equivalents and collateral postings	264,559	2,390,927	2,655,486	4,255,236

The Agency is required to post cash collateral with the NTMA under a collateral posting agreement (CPA) agreed between the NTMA and NAMA and the NTMA and NARL. The NTMA is the counterparty to all NAMA and NARL derivatives (other than those acquired from borrowers). The NTMA require cash to be placed with it as collateral to reduce the exposure it has to NAMA and NARL with regard to their derivative positions.

12 Financial assets available for sale

	31 March 2014 €'000	31 Dec 2013 €'000
Short term treasury bonds	-	145,138

Financial assets available for sale in the prior period comprise Irish government treasury bonds acquired for liquidity management and with a maturity of less than 1 year.

13 Amounts due (to)/from Participating Institutions

	31 March 2014 €'000	31 Dec 2013 €'000
Amounts due from Participating Institutions	82,233	78,447
Amounts due to Participating Institutions	(23,511)	(24,676)

Amounts due to and from Participating Institutions comprise unsettled overdraft positions. Amounts are settled when a terminating event occurs for overdrafts. NAMA legally acquired overdraft accounts attached to debtor loan accounts in 2010 and 2011. At 31 March 2014 the above amounts due to and from the Participating Institutions for cash collected or paid out by the Participating Institutions in relation to NAMA debtors' overdraft accounts. Amounts due are generally only settled by NAMA and the Participating Institutions upon a terminating event such as account closure. Amounts settled may differ to the balances reported at quarter end.

14 Derivative financial instruments

	NARL	NAMA Group (excl. NARL)	31 March 2014 Total	31 Dec 2013 Total
	€'000	€'000	€'000	€'000
<i>Derivative assets at fair value through profit or loss</i>				
Derivative financial instruments acquired	-	104,513	104,513	107,301
Other derivative financial instruments	-	14,428	14,428	13,334
Foreign currency derivatives	-	10,093	10,093	18,162
Total	-	129,034	129,034	138,797
Hedging derivative assets	-	-	-	21,572
Total derivative assets	-	129,034	129,034	160,369
<i>Derivative liabilities at fair value through profit or loss</i>				
Other derivative financial instruments	-	(31,348)	(31,348)	(29,105)
Foreign currency derivatives	-	(105,808)	(105,808)	(104,162)
Total	-	(137,156)	(137,156)	(133,267)
Hedging derivative liabilities	(22,454)	(493,448)	(515,902)	(466,517)
Total derivative liabilities	(22,454)	(630,604)	(653,058)	(599,784)

Derivative financial instruments at fair value through profit or loss

Derivative financial instruments acquired from borrowers relate to the fair value of derivatives acquired from borrowers that were associated with loans acquired.

Other derivative financial instruments relate to the fair value of derivatives entered into by the Group to hedge derivative financial instruments acquired from borrowers. These derivatives have not been designated into hedge relationships.

Following the transfer of assets from Participating Institutions and given that NAMA pays for these loans with Euro denominated bonds, NAMA entered into foreign currency derivatives to reduce its exposure to exchange rate fluctuation arising on foreign denominated loans and receivables acquired.

Hedging derivatives

Hedging derivatives relate to the fair value of derivatives entered into by the group to hedge its interest rate risk arising from Euribor floating rates on its senior debt securities. These derivatives have been designated into hedge relationships.

15 Loans and receivables

	NARL	NAMA Group (excl. NARL)	31 March 2014 Total	31 Dec 2013 Total
	€'000	€'000	€'000	€'000
Loans and receivables gross	8,670,584	22,439,175	31,109,759	35,438,959
Less provision for impairment charges on loans and receivables	-	(4,097,055)	(4,097,055)	(4,125,260)
	8,670,584	18,342,120	27,012,704	31,313,699

The above table reflects the carrying value of the Group's loans, taking into account the amount the Group acquired the loans for (which was at a discount to the contractual amounts owed under the loan agreements), loan movements since acquisition, new loans advanced, less any additional impairment deemed to have occurred subsequent to acquisition.

With the establishment of NARL, NAMA acquired a loan facility deed and floating charge over certain IBRC assets which were used as collateral by IBRC as part of its funding arrangements with the Central Bank of Ireland. As at 31 March 2014, NARL has received principal and interest repayments of €4.5bn of the loan facility deed.

	2014
Impairment provision	€'000
Balance at 1 January 2014	4,125,260
Release of specific provision (note i)	<u>(28,205)</u>
Balance at 31 March 2014	<u>4,097,055</u>

Note (i)

Recognised in income statement	-
Recognised against loans and receivables	<u>(28,205)</u>
	<u>(28,205)</u>

Impairment is assessed semi annually. The movement in the provision, relates to the crystallisation of an impairment provision on a debtor connection which was sold during the quarter.

The impairment review is subject to estimation and judgement in relation to the amount and timing of cash flows and the value of underlying collateral. Actual results may differ from expected results.

16 Other assets

	NARL	NAMA Group (excl. NARL)	31 March 2014 Total	31 Dec 2013 Total
	€'000	€'000	€'000	€'000
Accrued swap interest receivable	-	4,764	4,764	6,587
Deferred consideration	-	9,647	9,647	10,148
VAT receivable	-	-	-	299
Interest receivable on financial assets available for sale	-	-	-	5,578
Interest receivable on cash and cash equivalents	18	1,280	1,298	315
Prepayments	-	267	267	594
Other receivables	-	110	110	234
Total other assets	<u>18</u>	<u>16,068</u>	<u>16,086</u>	<u>23,755</u>

17 Trading properties

	31 March 2014 €'000	31 Dec 2013 €'000
Trading properties	<u>38,872</u>	<u>38,924</u>

In August 2013, NAMA acquired property assets by way of foreclosure, valued at USD38.5m. Properties are carried at the lower of cost and net realisable value. Non euro denominated assets are translated to euro in accordance with accounting policy 2.4.

18 Property, plant and equipment

	31 March 2014 €'000	31 Dec 2013 €'000
Lease fit out costs	<u>1,288</u>	<u>1,071</u>

The fixed assets relates to lease fit out costs incurred to date. The assets are depreciated on a straight line basis at rate of 10% per annum.

19 Investments in equity instruments

	31 March 2014 €'000	31 Dec 2013 €'000
Financial assets at fair value through profit or loss	6,094	6,373

Financial assets measured at fair value through profit or loss comprise:

- a 20% interest in a partnership of €1.25m, held by NAJVAL. The interest was acquired by the Group as consideration for the sale of certain loans. The Group is not able to exercise significant influence over the partnership, as the other 80% interest is held by one shareholder who controls the decision making of the partnership.
- units in a qualifying investment fund ("QIF"), valued at €4.75m. The units were acquired by the NAPM as consideration for the sale of certain property assets by NAMA to the fund, and transferred to NALM subsequent to it.
- an investment of €0.1m in two Portuguese entities, representing 100% of the issued share capital.

20 Deferred tax

	Deferred tax on derivatives and available for sale assets		Deferred tax on tax losses	Total
	Assets €'000	(Liabilities) €'000	€'000	€'000
Balance at 31 December 2013	144,553	(34,734)	92,568	202,387
Movement in the period	18,711	2,476	-	21,187
Balance at 31 March 2014	163,264	(32,258)	92,568	223,574

	For the period from 1 January 2014 to 31 March 2014 €'000
Movement recognised in the income statement (Note 10)	3,413
Movement recognised in reserves (Note 25)	17,774
Net movement in deferred tax	21,187

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets are recognised in respect of tax losses carried forward only to the extent that realisation of the related tax benefit is probable. A deferred income tax asset of €93m (31 December 2013: €93m) in respect of unutilised tax losses has been recognised in these financial statements. Based on the current period results, NAMA believes that future taxable profits will be available to offset any deferred tax asset recognised.

The Group calculates, on an annual basis only, the movement in respect of the deferred tax asset relating to unutilised tax losses.

21 Debt securities in issue

	For the period from 1 January 2014 to 31 March 2014 €'000
In issue at beginning of quarter	34,618,000
Redeemed during the quarter - NAMA	(3,000,000)
- NARL	(3,200,000)
In issue at end of quarter	28,418,000

Terms of notes issued for the acquisition of loans by NALML

The total debt securities outstanding at 31 March 2014 issued in respect of the original acquisition of loans by NALML is €19.7bn (31 December 2013: €22.7bn). The debt securities are all government guaranteed Floating Rate Notes, which were issued by NAML and transferred to NAMGSL under a profit participating loan facility and by it to NALML. The latter company used these securities as consideration (95%) for the loan portfolio acquired from each of the Participating Institutions.

Interest accrues from the issue date of the Notes and is paid semi annually on 1 March and 1 September. The interest rate is 6 month Euribor reset on 1 March and 1 September in each year. Euro denominated notes only have been issued.

The securities in issue permit the issuer (where the issuer has not received a Holder Physical Delivery Rejection Notice) to physically settle all, or some only, of the securities at maturity which may be up to 364 days from the date of issue, notwithstanding that the existing security may have had a shorter maturity.

All of the securities which matured on 3 March 2014 were physically settled by issuing new securities with a maturity of 2 March 2015.

Terms of notes issued for the acquisition of a loan facility deed and floating charge by NARL

On 28 March 2013, NAML issued government guaranteed senior debt securities to the value of €12.928bn as consideration for the acquisition by NARL of a loan facility deed and floating charge over certain assets of IBRC as part of its funding arrangements with the Central Bank of Ireland. The debt securities issued in respect of the acquisition of the loan facility deed and floating charge are all government guaranteed senior unsecured floating rate notes, which were issued at par and transferred to NARL under a profit participating loan arrangement. The balance in issue as at 31 March 2014 was €8.728bn (31 December 2013: €11.928bn).

Interest accrues from the issue date of the Notes and is paid semi annually on 20 February and 20 August. The interest rate is 6 month Euribor reset on 20 February and 20 August in each year. Euro denominated notes only have been issued.

The securities in issue permit the issuer (where the issuer has not received a Holder Physical Delivery Rejection Notice) to physically settle all, or some only, of the securities at maturity by issuing a new security on the same terms as the existing security (other than as to maturity which may be up to 364 days from the date of issue notwithstanding that the existing security may have had a shorter maturity).

All of the securities which matured on 20 February 2014 were physically settled by issuing new securities with a maturity of 20 February 2015.

Debt securities in issue by purpose

	€'000
Notes issued for the acquisition of loans by NALML	
In issue at beginning of quarter	22,690,000
Redeemed during the quarter	<u>(3,000,000)</u>
In issue at end of quarter	<u>19,690,000</u>
Notes issued for the acquisition of a loan facility deed and floating charge by NARL	
In issue at beginning of quarter	11,928,000
Redeemed during the quarter	<u>(3,200,000)</u>
In issue at end of quarter	<u>8,728,000</u>
Total in issue at the end of the quarter	<u>28,418,000</u>

22 Tax payable

	31 March 2014	31 Dec 2013
	€'000	€'000
Professional services withholding tax and other taxes payable	1,781	398
Current tax liability	14	9
Total tax payable	1,795	407

23 Other liabilities

	31 March 2014		31 Dec 2013	
	NARL	NAMA Group (excl. NARL)	Total	Total
	€'000	€'000	€'000	€'000
Intercompany - NAML / NARL	8,728,000	(8,728,000)	-	-
Accrued swap interest payable	1,398	144,019	145,417	87,270
Accrued interest on debt securities in issue - loans acquired by NALML	-	6,091	6,091	26,093
Accrued interest on debt securities in issue - loan facility deed acquired by NARL	-	3,743	3,743	15,184
Accrued expenses	10,367	37,457	47,824	41,057
VAT Payable	-	181	181	-
Other liabilities	156,030	(152,015)	4,015	2,990
Total other liabilities	8,895,795	(8,688,524)	207,271	172,594

24 Other equity instruments

For the period
from 1 January
2014 to 31
March 2014
€'000

At beginning of quarter	1,593,000
Issued in the quarter	-
Redeemed during the quarter	-
In issue at end of quarter	1,593,000

Terms of the instrument

The above are Callable Perpetual Subordinated Fixed Rate Bonds that were issued and transferred to NALML under a profit participating loan arrangement. The latter company used these securities as consideration (5%) for the loan portfolio acquired from each of the Participating Institutions.

The interest rate on the instruments is the 10 year Irish Government rate at the date of first issuance, plus 75 basis points. This rate has been set at a fixed return of 5.264%. Interest is paid annually, however the coupon is declared at the option of the issuer. Coupons not declared in any year will not accumulate. A coupon of €83.856m was declared during the period.

Although the bonds are perpetual in nature, the issuer may "call" (i.e. redeem) the bonds on the first call date (which is 10 years from the date of issuance), and every Interest Payment date thereafter (regardless of whether interest is to be paid or not).

It is the substance of the contractual arrangement of a financial instrument, rather than its legal form, that governs its classification. As the subordinated notes contain no contractual obligation to make any payments (either interest or principal) should the Group not wish to make any payments, the subordinated debt has been classified as equity in the statement of financial position, with any coupon payments classified as dividend payments (Note 26).

25 Other reserves

For the period
from 1 January
2014 to 31
March 2014

For the period
from 1 October
2013 to 31
December 2013

Other reserves are analysed as follows:

	Total €'000	Total €'000
Cashflow hedge reserve		
At the beginning of the period	(333,708)	(345,955)
Net changes in fair value	(70,957)	16,224
Hedge ineffectiveness	-	79
Deferred tax recognised in other reserves (note 20)	17,739	(4,056)
At 31 March	(386,926)	(333,708)
Available for sale reserve		
At the beginning of the period	(1,755)	(1,101)
Net changes in fair value	179	(253)
Deferred tax recognised in other reserves (note 20)	35	(401)
At 31 March	(1,541)	(1,755)
Total other reserves	(388,467)	(335,463)

The cash flow hedge reserve comprises the mark to market movement on interest rate swaps that have been designated into hedge relationships. Any fair value gains or losses arising on these derivatives in hedge relationships is accounted for in reserves. The available for sale reserve comprises the fair value movement on available for sale assets in the quarter (see note 12).

26 Retained earnings

For the period
from 1 January
2014 to 31
March 2014

	€'000
At the beginning of the period	(447,599)
Profit for the period	190,198
Dividend paid on B ordinary shares	(1,540)
Dividend paid on subordinated bonds	(83,856)
At the end of the period	(342,797)

On 13 March 2014, the Board of NAMAIL declared and approved a dividend payment of €0.0302 per share, amounting to €1.54m. The dividend was paid to the holders of B ordinary shares of NAMAIL only, the private investors, who have ownership of 51% in the Company. No dividend was paid to the A ordinary shareholders, NAMA the Agency, which has a 49% ownership in the Company.

On 13 February 2014, the Board of NAML resolved that it was appropriate, in the context of NAMA's overall aggregate financial performance and objectives, that the annual coupon on the subordinated bonds of €83.86m due on 1 March 2014 be paid. The subordinated bonds are classified as equity in the statement of financial position, and related coupon payments are classified as dividend payments. Refer to Note 25 for further details in this regard.

NAMA Group																
Section 55 (6) (j): Income Statement by NAMA group entity																
For the period from 1 January 2014 to 31 March 2014																
	National Asset Loan Management Limited	National Asset JVA Limited	National Asset Property Management Limited	National Asset Sarasota LLC	National Asset Residential Property Services Limited	National Asset Leisure Holdings Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Interest and fee income	258,603	312	-	-	-	-	-	-	-	(20)	258,895	46,757	62	-	(112)	305,602
Interest expense	(59,051)	-	-	(20)	-	-	-	-	(29,573)	20	(88,624)	(1,398)	-	(50)	112	(89,960)
Net interest income / (expense)	199,552	312	-	(20)	-	-	-	-	(29,573)	-	170,271	45,359	62	(50)	-	215,642
Other income/(expenses)	470	-	-	-	110	-	-	-	-	-	580	-	-	14,131	(15,119)	(408)
Net profit/(loss) on disposal of loans and property assets; and surplus income	18,245	-	(14)	-	-	-	-	-	-	-	18,231	-	-	-	-	18,231
Gains/(losses) on derivative financial instruments	(60,644)	-	-	-	-	-	-	-	-	56,707	(3,937)	(14,250)	-	-	14,250	(3,937)
Total operating income / (expense)	157,623	312	(14)	(20)	110	-	-	-	(29,573)	56,707	185,145	31,109	62	14,081	(869)	229,528
Administration expenses	(34,231)	-	(28)	(386)	(93)	-	-	-	-	-	(34,738)	(5,995)	-	(14,219)	15,119	(39,833)
Foreign exchange gains/(losses)	(2,898)	-	-	(4)	-	-	-	-	-	-	(2,902)	-	-	-	-	(2,902)
Operating profit / (loss) before impairment	120,494	312	(42)	(410)	17	-	-	-	(29,573)	56,707	147,505	25,114	62	(138)	14,250	186,793
Impairment charges on loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the year before income tax	120,494	312	(42)	(410)	17	-	-	-	(29,573)	56,707	147,505	25,114	62	(138)	14,250	186,793
Tax (charge)/credit	17,590	-	-	-	-	-	-	-	-	(14,177)	3,413	3,563	(8)	-	(3,563)	3,405
Profit/(loss) for the year	138,084	312	(42)	(410)	17	-	-	-	(29,573)	42,530	150,918	28,677	54	(138)	10,687	190,198

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 31 March 2014

	National Asset Loan Management Limited	National Asset JVA Limited	National Asset Property Management Limited	National Asset Sarasota LLC	National Asset Residential Property Services Limited	National Asset Leisure Holdings Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assets																
Investments	4,746	1,248	5,798	-	-	100	-	-	-	(5,798)	6,094	-	-	49,000	(49,000)	6,094
Cash	1,497,895	282	-	-	112	-	-	-	-	-	1,498,289	201,559	-	638	-	1,700,486
Cash placed as collateral with the NTMA	892,000	-	-	-	-	-	-	-	-	-	892,000	63,000	-	-	-	955,000
Financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivable from Participating Institutions	82,233	-	-	-	-	-	-	-	-	-	82,233	-	-	-	-	82,233
Derivative financial instruments	129,034	-	-	-	-	-	-	-	-	-	129,034	-	-	-	-	129,034
Loans and receivables	18,329,841	12,279	-	-	-	-	-	-	-	-	18,342,120	8,670,584	-	-	-	27,012,704
Other assets	756,012	-	158	-	52	-	-	21,906,987	30,266,930	(43,956,309)	8,973,830	18	119,305	10,770	(9,087,837)	16,086
Trading properties	-	-	6,121	26,104	7,163	-	-	-	-	(516)	38,872	-	-	-	-	38,872
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	1,288	-	1,288
Deferred tax asset	125,392	-	-	-	-	-	-	-	92,568	-	217,960	5,614	-	-	-	223,574
Total assets	21,817,153	13,809	12,077	26,104	7,327	100	-	21,906,987	30,359,498	(43,962,623)	30,180,432	8,940,775	119,305	61,696	(9,136,837)	30,165,371
Liabilities																
Payable to Participating Institutions	23,511	-	-	-	-	-	-	-	-	-	23,511	-	-	-	-	23,511
Derivative financial instruments	630,604	-	-	-	-	-	-	-	-	-	630,604	22,454	-	-	-	653,058
Debt securities in issue	-	-	-	-	-	-	-	-	28,418,000	-	28,418,000	-	-	-	-	28,418,000
Tax payable	1,778	-	3	-	-	-	-	-	-	-	1,781	-	14	-	-	1,795
Other liabilities	21,572,665	13,496	12,155	22,847	7,843	100	-	21,906,985	739,629	(43,956,313)	319,407	8,895,795	14,563	65,341	(9,087,835)	207,271
Total liabilities	22,228,558	13,496	12,158	22,847	7,843	100	-	21,906,985	29,157,629	(43,956,313)	29,393,303	8,918,249	14,577	65,341	(9,087,835)	29,303,635
Equity																
Share capital	-	-	-	5,798	-	-	-	-	-	(5,798)	-	-	100,000	-	(100,000)	-
Other equity instruments	-	-	-	-	-	-	-	-	1,593,000	-	1,593,000	-	-	-	-	1,593,000
Retained earnings	(409,864)	313	(81)	(2,541)	(516)	-	-	2	(391,131)	369,574	(434,244)	22,526	4,728	(3,645)	67,838	(342,797)
Other reserves	(1,541)	-	-	-	-	-	-	-	-	(370,086)	(371,627)	-	-	-	(16,840)	(388,467)
Total equity	(411,405)	313	(81)	3,257	(516)	-	-	2	1,201,869	(6,310)	787,129	22,526	104,728	(3,645)	(49,002)	861,736
Total equity & liabilities	21,817,153	13,809	12,077	26,104	7,327	100	-	21,906,987	30,359,498	(43,962,623)	30,180,432	8,940,775	119,305	61,696	(9,136,837)	30,165,371

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 31 December 2013

	National Asset Loan Management Limited	National Asset JVA Limited	National Asset Property Management Limited	National Asset Sarasota LLC	National Asset Residential Property Services Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assets															
Investments	5,125	1,248	5,798	-	-	-	-	-	(5,798)	6,373	-	-	49,000	(49,000)	6,373
Cash	3,119,500	97	-	-	47	-	-	-	-	3,119,644	332,440	-	1,152	-	3,453,236
Cash placed as collateral with the	739,000	-	-	-	-	-	-	-	-	739,000	63,000	-	-	-	802,000
Financial assets available for sale	145,138	-	-	-	-	-	-	-	-	145,138	-	-	-	-	145,138
Receivables from Participating Institutions	78,447	-	-	-	-	-	-	-	-	78,447	-	-	-	-	78,447
Derivative financial instruments	160,369	-	-	-	-	-	-	-	-	160,369	-	-	-	-	160,369
Loans and receivables	19,585,959	12,152	-	-	-	-	-	-	(1)	19,598,110	11,715,589	-	-	-	31,313,699
Other assets	637,349	-	27	-	8	-	24,783,486	36,488,239	(49,709,085)	12,200,024	6	119,245	5,961	(12,301,481)	23,755
Trading properties	-	-	6,173	26,104	7,162	-	-	-	(515)	38,924	-	-	-	-	38,924
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	1,071	-	1,071
Deferred tax asset	107,769	-	-	-	-	-	-	92,568	(1)	200,336	2,051	-	-	-	202,387
Total assets	24,578,656	13,497	11,998	26,104	7,217	0	24,783,486	36,580,807	(49,715,400)	36,286,365	12,113,086	119,245	57,184	(12,350,481)	36,225,399
Liabilities															
Payable to Participating Institutions	24,676	-	-	-	-	-	-	-	-	24,676	-	-	-	-	24,676
Derivative financial instruments	591,581	-	-	-	-	-	-	-	-	591,581	8,203	-	-	-	599,784
Debt securities in issue	-	-	-	-	-	-	-	34,618,000	-	34,618,000	-	-	-	-	34,618,000
Tax payable	398	-	3	-	-	-	-	-	-	401	-	6	-	-	407
Other liabilities	24,511,703	13,496	12,034	22,437	7,750	-	24,783,484	647,509	(49,709,090)	289,323	12,111,034	13,025	60,691	(12,301,480)	172,594
Total liabilities	25,128,358	13,496	12,037	22,437	7,750	0	24,783,484	35,265,509	(49,709,090)	35,523,981	12,119,237	13,031	60,691	(12,301,480)	35,415,461
Equity															
Share capital	-	-	-	5,798	-	-	-	-	(5,798)	-	-	100,000	-	(100,000)	-
Other equity instruments	-	-	-	-	-	-	-	1,593,000	-	1,593,000	-	-	-	-	1,593,000
Retained earnings	(547,948)	1	(39)	(2,131)	(533)	-	2	(277,702)	327,044	(501,306)	(6,151)	6,214	(3,507)	57,151	(447,599)
Other reserves	(1,754)	-	-	-	-	-	-	-	(327,557)	(329,311)	-	-	-	(6,152)	(335,463)
Total equity	(549,702)	1	(39)	3,667	(533)	0	2	1,315,298	(6,311)	762,383	(6,151)	106,214	(3,507)	(49,001)	809,938
Total equity & liabilities	24,578,656	13,497	11,998	26,104	7,217	0	24,783,486	36,580,807	(49,715,401)	36,286,364	12,113,086	119,245	57,184	(12,350,481)	36,225,399

Supplementary information required under Section 54 of the Act

In accordance with the requirements of Section 54 (2) and (3) and Section 55 (6) (k) of the NAMA Act 2009 the following additional information is provided, in respect of NAMA and each of its Group entities for the quarter.

3 (i) SECTION 54 (2) - ADMINISTRATION FEES AND EXPENSES INCURRED BY NAMA AND EACH NAMA GROUP ENTITY

Administration Expenses by NAMA group entity							
For the period from 1 January 2014 to 31 March 2014							
	NALML	NAPML	NASLLC	NARPSL	NARL	NAMA	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Costs reimbursable to NTMA	12,808	-	-	-	988	-	13,796
Primary servicer fees	10,650	-	-	-	5,002	-	15,652
Master servicer fees	455	-	-	-	-	-	455
IBRC integration costs	606	-	-	-	-	-	606
Portfolio management fees	5,772	28	246	90	-	-	6,136
Finance, communication and technology costs	707	-	-	(4)	-	-	703
Legal fees	1,398	-	140	7	-	-	1,545
Rent and occupancy costs	488	-	-	-	-	-	488
Internal audit fees	235	-	-	-	5	-	240
NAMA Board and Committee Fees	-	-	-	-	-	88	88
External audit remuneration	124	-	-	-	-	-	124
	33,243	28	386	93	5,995	88	39,833

3 (ii) SECTION 54 (3) (A) - DEBT SECURITIES ISSUED FOR THE PURPOSES OF THE ACT

	Outstanding at 31 March 2014 €'000
Senior notes issued by NAML	28,418,000
Subordinated debt issued by NAML	1,593,000
Total	30,011,000

3 (iii) SECTION 54 (3) (B) - DEBT SECURITIES ISSUED AND REDEEMED IN THE PERIOD

Government guaranteed senior debt securities

Financial Institution	Outstanding at 31 December 2013	Issued	Redeemed	Transferred	Outstanding at 31 March 2014
	€ '000	€ '000	€ '000	€ '000	€ '000
AIB	15,820,000	-	(2,091,000)	-	13,729,000
BOI	3,991,000	-	(528,000)	-	3,463,000
IL&P	2,169,000	-	(287,000)	-	1,882,000
CBI	12,638,000	-	(3,294,000)	-	9,344,000
Total	34,618,000	-	(6,200,000)	-	28,418,000

Subordinated debt securities held

Financial Institution	Outstanding at 31 December € '000	Issued € '000	Redeemed € '000	Transferred € '000	Outstanding at 31 March 2014 € '000
	AIB	451,000	-	-	-
BOI	281,000	-	-	-	281,000
EBS	20,000	-	-	-	20,000
IBRC (in liquidation)	841,000	-	-	-	841,000
Total	1,593,000	-	-	-	1,593,000

3 (iv) SECTION 54 (3) (C) - ADVANCES TO NAMA FROM THE CENTRAL FUND

There were no advances to NAMA from the Central Fund in the quarter.

3 (v) SECTION 54 (3) (D) - ADVANCES MADE BY NAMA TO DEBTORS AND VENDOR FINANCE IN THE QUARTER

Participating Institutions and Primary Servicer	For the period from 1 January 2014 to 31 March 2014 €'000
AIB	40,009
Capita	51,523
BOI	12,058
Total	103,590

3 (vi) SECTION 54 (3) (E) - ASSET PORTFOLIOS HELD BY NAMA AND EACH NAMA GROUP ENTITY

The assets held by NAMA and each NAMA Group entity are set out below. The assets include intergroup assets and liabilities and intergroup profit participating loans between NAMA Group entities.

National Asset Management Agency	31 March 2014 €'000
Investment in NAMAIL	49,000
Cash	638
Receivable from NALM	10,521
Other receivables	249
Property, plant and equipment	1,288
Total	61,696

National Asset Management Agency Investment Limited	31 March 2014 €'000
Loan to NAML	99,900
Intercompany loans and receivables - accrued interest	19,305
Inter-group receivable	100
Total	119,305

3 (vi) SECTION 54 (3) (E) - ASSET PORTFOLIOS HELD BY NAMA AND EACH NAMA GROUP ENTITY - CONTINUED

31 March 2014	
€'000	
National Asset Resolution Limited	
Loans and receivables	8,670,584
Cash and cash equivalents	201,559
Cash placed as collateral with the NTMA	63,000
Deferred tax asset	5,614
Other assets	18
Total	8,940,775

31 March 2014	
€'000	
National Asset Management Limited	
PPL receivable from NAMGSL	21,283,000
PPL receivable from NARL	8,728,000
PPL interest receivable from NARL	156,030
Loan to NALM	99,900
Deferred tax asset	92,568
Total	30,359,498

31 March 2014	
€'000	
National Asset Management Group Services Limited	
PPL receivable from NALML	21,283,000
Other assets	623,987
Total	21,906,987

31 March 2014	
€'000	
National Asset Loan Management Limited	
Investments in equity instruments	4,746
Cash	1,497,895
Cash placed as collateral with the NTMA	892,000
Due from Participating Institutions	82,233
Derivative financial instruments	129,034
Loans and receivables	18,329,841
Other assets	756,012
Deferred tax asset	125,392
Total	21,817,153

31 March 2014	
€'000	
National Asset JVA Limited	
Investments in equity instruments	1,248
Cash	282
Loans and receivables	12,279
Total	13,809

31 March 2014	
€'000	
National Asset Sarasota LLC	
Inventories - trading properties	26,104

31 March 2014	
€'000	
National Asset Property Management Limited	
Investments in equity instruments	5,798
Other assets	158
Inventories - trading properties	6,121
Total	12,077

31 March 2014	
€'000	
National Asset Residential Property Services Limited	
Cash	112
Other assets	52
Inventories - trading properties	7,163
Total	7,327

31 March 2014	
€'000	
National Asset Leisure Holdings Limited	
Investments in equity instruments	100
Total	100

3 (vii) SECTION 54 (3) (F) - GOVERNMENT SUPPORT MEASURES INCLUDING GUARANTEES, RECEIVED BY NAMA AND

		Amount in issue at 31 March 2014 €'000
Entity	Description	
National Asset Management Limited	On 26 March 2010, the Minister for Finance guaranteed Senior Notes issued by NAMA as provided for under Section 48 of the NAMA Act 2010. The maximum aggregate principal amount of Senior Notes to be issued at any one time is €51,300,000,000.	28,418,000

Supplementary information required under Section 55 of the NAMA Act 2009

In accordance with Section 55 of the Act, the following additional information is provided in respect of NAMA and each of its Group entities;

4 (i) SECTION 55 (5) - GUIDELINES & DIRECTIONS ISSUED BY THE MINISTER OF FINANCE

Compliance with Guidelines Issued by the Minister under Section 13 (NAMA Act 2009) as at 31 March 2014

No guidelines issued

Compliance with Directions Issued by the Minister under Section 14 (NAMA Act 2009) as at 31 March 2014

- (1) 14th May 2010 - Direction (Ref 513/43/10) - Pricing of government guaranteed debt issued by NAMA.
No such debt was issued by NAMA as at 30th June 2013.
- (2) 22nd October 2010 - Expeditious Transfer of Eligible Assets.
All transfers completed since 22 October 2011 have complied with this Direction.
- (3) 11th May 2011 - Direction (Ref 513/43/10) - Amendment to Senior Notes Terms & Conditions
All senior notes have been amended in accordance with this Direction.
- (4) 7th March 2012 - NAMA Advisory Group
A NAMA Advisory Group has been set up in accordance with this Direction
- (5) 29th March 2012 - Irish Bank Resolution Corporation - Short Term Financing
NAMA adopted all reasonable measures to facilitate the short-term financing of IBRC.

Compliance with Directions Issued by the Minister under Section 13 (IBRC Act 2013) as at 31 March 2014

- (1) 7th February 2013 - Irish Bank Resolution Corporation - Deed of Assignment and Transfer
NAMA complied with this direction.
- (2) 7th February 2013 - Irish Bank Resolution Corporation - Bid for Assets of IBRC
NAMA will adopt all reasonable measures to bid for the assets of IBRC.
- (3) 7th February 2013 - Irish Bank Resolution Corporation - Short-term facility to the Special Liquidators
NAMA adopted all reasonable measures to provide short-term facility to the Special Liquidators of IBRC.
- (4) 20th February 2013 - Irish Bank Resolution Corporation - Deed of Assignment and Transfer
NAMA complied with this direction.

4 (ii) SECTION 55 (6) (A) - NUMBER AND CONDITION OF OUTSTANDING LOANS

Loan Performance - 3 months to 31 March 2014

Income statement (NAMA excluding NARL)		€bn	
EIR income		0.24	
EIR cash received*		0.23	
Cash flow			
		Cash received	Par Debt at 31 March 2014
Non disposal income (NAMA excluding NARL)		€m	€m
Full performing loans		130	11,388
Partially and non-performing loans (including enforced loans)		113	54,467
Total non-disposal cash receipts		243	65,855

* Excludes debtor derivative cash receipts

One of NAMA's key objectives is to manage its assets so as to optimise, and capture for debt servicing purposes, their income producing potential (e.g. rental income). The capturing of such income was not a common feature prior to NAMA's acquisition of the loans and NAMA has undertaken significant steps to design and implement new structures so as to achieve this objective. In Q1 FY14, NAMA generated non-disposal income (EIR cash) cash receipts of €0.24bn. At 31 March 2014, NAMA has generated total cash receipts of €16.8bn since inception, of which €12.3bn relates to disposal activity (properties and loan sales), €3.8bn relates to non-disposal income and €0.7bn to other income. The capture of this €3.8bn is an important measure of NAMA's performance.

NAMA measures its performance on the extent to which it captures such income on an on-going basis and not wholly on the extent to which a debtor is in compliance with the terms of its legacy loan facility arrangements which predated NAMA.

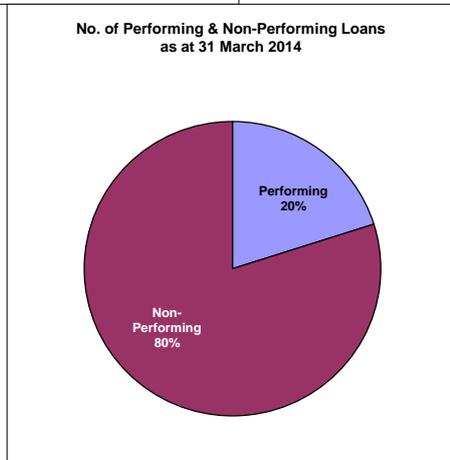
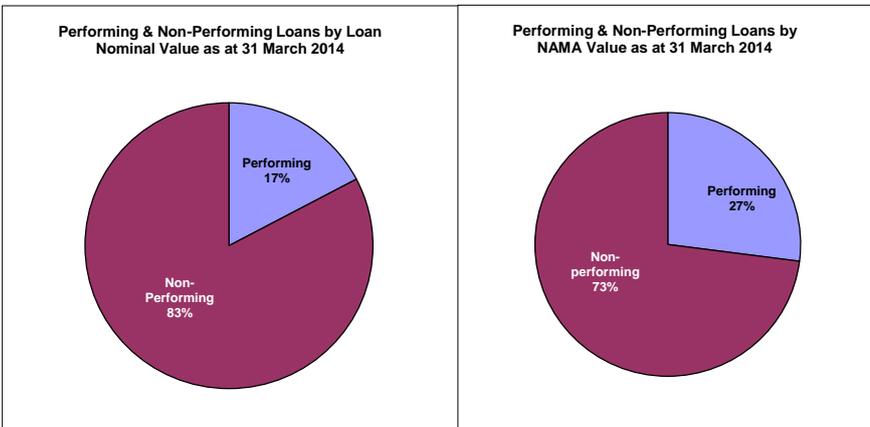
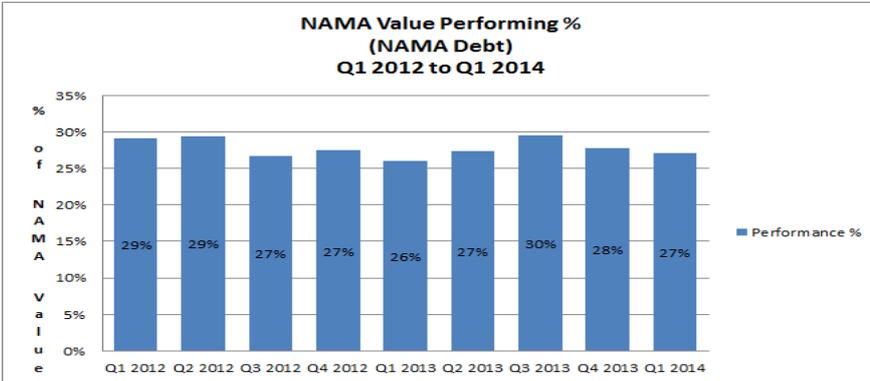
4 (ii) SECTION 55 (6) (A) - CONTINUED

Legacy loan facility loan performance metric

Classification	Number	Loan Nominal (Par Debt) €m	NAMA Value less Impairment* €m
Performing	2,637	11,388	4,959
Non-Performing	10,480	54,467	13,383
Total	13,117	65,855	18,342

*The cumulative impairment recognised to 31 March 2014 was €4,097 million

Another measure of loan performance is the Loan Payment Status. The Loan Payment Status is a measurement of loan performance based on cash receipts with regard to the contractual obligations of the legacy loan facility.

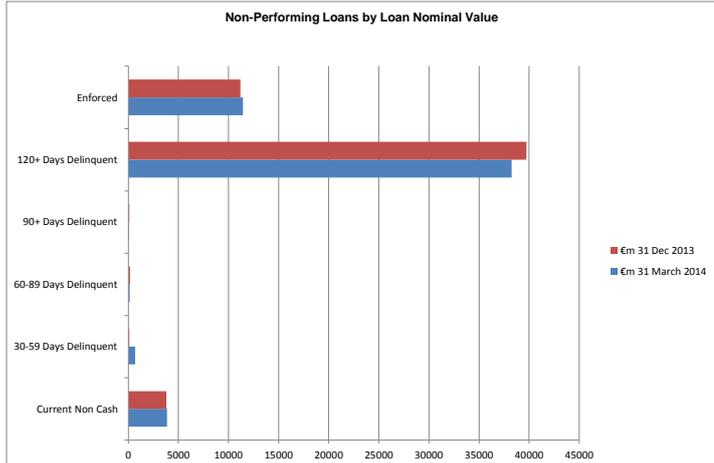
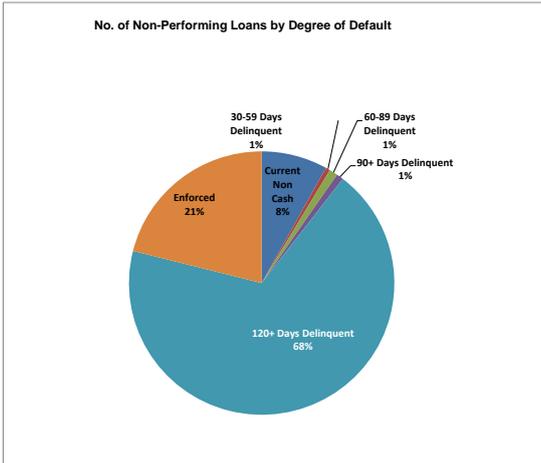
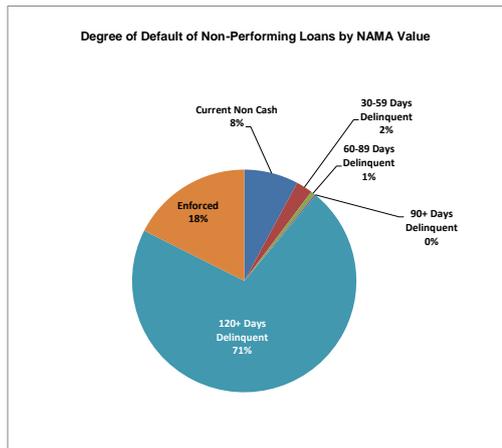
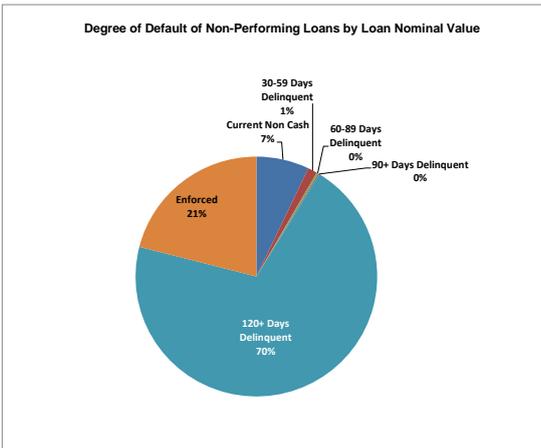


4 (iii) SECTION 55 (6) (B) - CATEGORISATION OF NON-PERFORMING AS TO THE DEGREE OF DEFAULT

Categorisation of non performing loans in accordance with the Loan Payment Status as at 31 March 2014

Loan Payment Status	Degree of Default	Number	Loan Nominal €m	NAMA Value less Impairment €m
9	Current Non Cash	843	3,857	1,048
1	30-59 Days Delinquent	58	684	319
2	60-89 Days Delinquent	107	148	86
3	90+ Days Delinquent	90	76	27
4	120+ Days Delinquent	7,173	38,251	9,556
7 & 8	Enforced	2,209	11,451	2,347
	Total	10,480	54,467	13,383

An analysis of the non-performing profile of the loan book indicates significant volume in the '120+ Days Delinquent' classifications. NAMA is addressing this issue in part by insisting, as part of any ongoing consensual support provided by NAMA to the debtor, that all income produced by the underlying secured assets is paid to NAMA. The extent to which debtors do not comply with this, and other key milestones set by NAMA, will determine whether these delinquent loans will be enforced. In some cases, the delinquent loans may be re-financed on new terms set by NAMA. The sole driver of NAMA's decisions in this regard is the maximisation of the return to the taxpayer.



4 (iii) SECTION 55 (6) (B) - CONTINUED

Definition of loan payment status

CodeID	CultureValue	Description	Comment
0	Current Cash	Performing	Accounts not in arrears due to cash receipts or where the arrears are outstanding less than 30 days. It includes matured loans that are still producing cash in accordance with their contractual terms
9	Current Non Cash	Non Performing	Accounts not in arrears because arrears are capitalized or account has a zero interest rate applying
1	30-59 Days Delinquent	Non Performing	Accounts in arrears where the amounts due are between 30 and 59 days outstanding
2	60-89 Days Delinquent	Non Performing	Accounts in arrears where the amounts due are between 60 and 89 days outstanding
3	90+ Days Delinquent	Non Performing	Accounts in arrears where the amounts due are between 90 and 119 days outstanding
4	120+ Days Delinquent	Non Performing	Accounts in arrears where the amounts due are 120 days or more outstanding
7 & 8	Enforced	Non Performing	Accounts subject to enforcement

4 (iv) SECTION 55 (6) (C) - NUMBER OF LOANS BEING FORECLOSED OR OTHERWISE ENFORCED

Number of loans foreclosed in the quarter to 31 March 2014

Classification	Number	Loan Nominal €m	NAMA Value €m
Enforced	185	857	218

Note: Section 55 6 (B) on page 47 contains a category of default called 'Enforced' where 2,209 loans have been classified. This includes enforcements that were instigated by the Participating Institutions prior to transfer of the loans to NAMA. This section deals with the number of loans being enforced by NAMA.

4 (v) SECTION 55 (6) (D) - NUMBER OF CASES WHERE LIQUIDATORS AND RECEIVERS HAVE BEEN APPOINTED

Number of cases where receivers and liquidators have been appointed in the quarter to 31 March 2014

Classification	Number	Loan Nominal €m	NAMA Value €m
Liquidators	2	21	6
Receivers	183	836	212
Total	185	857	218

4 (vi) SECTION 55 (6) (E) - LEGAL PROCEEDINGS COMMENCED BY NAMA AND EACH NAMA GROUP ENTITY IN THE QUARTER

List of all legal proceedings (except any proceeding in relation to which a rule of law prohibits publication)

Proceeding	Title	Parties to the proceeding	Relief sought by NAMA or the NAMA group entity
(i)	High Court 2014 / 535S	NALM v Donal McAuliffe	Summary Judgment - €5,466,946.46
(ii)	High Court 2014/774S	NALM v Henry A Crosbie	Judgment - €77,095,090
(iii)	High Court 2014/887S	NALM -v -Richard Murphy	Summary Judgment - €9,445,000
(iv)	High Court 2014/886S	NALM -v- Michael O'Leary and Dolores O'Leary	Summary Judgment €5,052,471 Michael O'Leary and €2,155,241 Dolores O'Leary
(v)	High Court 2014/598S	NALM - v- Declan Gardiner	Summary Judgment - €102,507,141
(vi)	High Court 2014/538S	NALM - v- Ifcana Developments Ltd, John McGee, Ronan O'Caomh, Eileen Browne & Howard Millar	Judgment - €1,982,371 Ifcana Developments Ltd, €5,420,193 John McGee, €5,420,193 Ronan O'Caomh, €5,420,193 Eileen Browne, €5,420,193 Howard Millar
(vii)	High Court 2014/847S	NALM - v- Thomas & Mairead Hopkins	Judgment - €2,848,011 & GBP£7,020,063
(viii)	High Court 2014/848S	NALM - v- Thomas Hopkins, Mairead Hopkins & Thomas Durcan	Judgment - €43,492,669 Thomas Hopkins, €915,242 Mairead Hopkins & €37,276,554 Thomas Durcan
(ix)	High Court 2014/948S	NALM - v- Pascal Conroy	Judgment - €156,901,430
(x)	High Court 2014/357S	NALM - v- D & J Builders (Cork) Ltd & James and David Coleman	Judgment - €50,750,000 D & J Builders (Cork) Ltd, €9,650,000 James Coleman, €9,650,000 David Coleman
(xi)	High Court 2014/525S	NALM - v- Brian Peters, Colum Peters & Hilary Peters	Judgment - €15,073,675 Brian Peters, €24,203,903 Colum Peters, €9,356,430 Hilary Peters

The following legal proceedings from previous periods were inadvertently omitted from the relevant Quarterly S.55 Reports.

Proceeding	Title	Parties to the proceeding	Relief sought by NAMA or the NAMA group entity
(i)	High Court 2012 / 821S	NALM - v - Moloughney & De Vere Hunt	Judgment - €30,059,000
(ii)	High Court 2012 / 4068S	NALM - v - Bank of Scotland plc	Judgment - €64,782.99
(iii)	High Court 2013 / 3738S	NALM - v - John Pugh & Billy Murphy	Judgment - €33,700,000
(iv)	High Court 2013 / 3746S	NALM - v - John Pugh & Patricia Pugh	Judgment - €8,700,000 & £1,200,000 John Pugh & €4,800,000 Patricia Pugh
(v)	High Court 2013 / 2970P	NALM - v - Desmond Fitzgerald & Valerie Craughwell	Declaratory Order
(vi)	High Court 2013 / 882S	NALM - v - Desmond Fitzgerald & Valerie Craughwell	Judgment - €5,671,949
(vii)	High Court 2013 / 184SP	NALM - v - Desmond Fitzgerald & Valerie Craughwell	Declaratory Order
(viii)	High Court 2013 / 4426S	NALM - v - Michael Barker, Conor O'Brien, Joe Hannon, John Lenihan & Martin Fitzpatrick	Judgment - €1,256,649
(ix)	High Court 2013 / 4425S	NALM - v - Michael Barker, Eugene McManemy, John Kingston, Joe Delaney, Mark Butler, Edmund Jennings & Edward O'Toole	Judgment - €19,546,374
(x)	High Court 2013 / 4427S	NALM - v - Michael Barker, Joe Hynes, Tom O'Regan & Daniel McKeogh	Judgment - €6,730,000

4 (vii) SECTION 55 (6) (F) - SCHEDULE OF FINANCE RAISED BY NAMA AND

Schedule of finances raised by NAMA and each NAMA group entity in the quarter

Description	Date	€bn
N/A		

4 (viii) SECTION 55 (6) (G) - SUMS RECOVERED FROM PROPERTY SALES IN TH

Amount of money recovered by sale of property up to 31 March 2014

Description	Date	€m
Disposal of property assets	06 March 2014	0.06
Total		0.06

National Asset Property Management Limited disposed of one property asset in the

At 31 March 2014, NAMA had received amounts in the order of €9.0 billion relating to the disposal of Debtor owned properties.

4 (ix) SECTION 55 (6) (H) - OTHER INCOME FROM INTEREST-BEARING LOANS

Other income from interest bearing loans in the quarter to 31 March 2014

Description	Date	€m
National Asset Loan Management Limited (fee income)	1 January - 31 March 2014	277
National Asset JVA Limited	1 January - 31 March 2014	312
		589

No other income was earned in any other NAMA Group entity in the quarter.



**5 - National Asset Management Agency Investment Limited Company only
accounts**

For the quarter ended 31 March 2014

Income Statement

For the period from 1 January 2014 to 31 March 2014

		For the period from 1 Jan 2014 to 31 March 2014
	Note	€'000
Interest income	3	62
Net interest income		62
Administration expenses		-
Operating profit before tax		62
Tax expense	4	(8)
Profit for the period		54

The accompanying notes 1 to 9 form an integral part of these accounts.

Statement of Financial Position
As at 31 March 2014

	Note	31 March 2014 €'000	31 Dec 2013 €'000
Assets			
Investment in subsidiaries	5	-	-
Loans receivable from group entity	6	119,305	119,245
Total assets		<u>119,305</u>	<u>119,245</u>
Liabilities			
Amounts due to group entity	7	14,563	13,025
Current tax liability		14	6
Total liabilities		<u>14,577</u>	<u>13,031</u>
Equity			
Share capital	8	10,000	10,000
Share premium	8	90,000	90,000
Retained earnings	9	4,728	6,214
Total equity		<u>104,728</u>	<u>106,214</u>
Total equity and liabilities		<u>119,305</u>	<u>119,245</u>

The accompanying notes 1 to 9 form an integral part of these accounts.

1 General Information

The proposed creation of the National Asset Management Agency ('NAMA') was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the National Asset Management Agency Act 2009, (the 'Act') was passed in November 2009.

National Asset Management Agency Investment Limited was established on 27 January 2010 to facilitate the participation of private investors in NAMA. It is the ultimate parent company for the NAMA group entities. On 29 March 2010, NAMA and private investors subscribed a total of €100 million for A and B shares in the Company.

The Agency owns 49% of the Company and the remaining 51% of the shares in the Company are held by private investors.

The Agency may exercise a veto power in respect of decisions of the Company relating to the interests or objectives of NAMA or the State or any action which may adversely affect the financial interests of NAMA or the State.

The address of the registered office of the Company is Treasury Building, Grand Canal Street, Dublin 2. The Company is incorporated and domiciled in the Republic of Ireland.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Company's accounts for the period to 31 March 2014 have been prepared in accordance with its accounting policies, for the purposes of complying with the requirements of Section 55 of the Act.

The accounts are for the Company only, and they have been prepared on a non-consolidated basis.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

The accounts are presented in euro (or €), which is the Company's functional and presentational currency. The figures shown in the accounts are stated in € thousands.

2.3 Inter-group receivables

Loans and receivables are initially recognised at fair value. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently held at amortised cost.

2.4 Inter-group payables

The Company carries all inter-group payables at amortised cost.

2.5 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.6 Taxation

Current income tax

Income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

The Company does not offset current income tax liabilities and current income tax assets.

2.7 Share capital

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved and paid by the Company's Board.

3 Interest income

For the period from
1 January 2014 to
31 March 2014

€'000

Interest income earned on inter-group loan

62

On 1 April 2010, the Company provided a loan of €99.9m to National Asset Management Limited. The interest rate on the loan was reset to 0.25% on 1 July 2012.

4 Tax expense

For the period from
1 January 2014 to
31 March 2014

€'000

Profit before tax

62

Tax expense for the period (12.5% of profit before tax)

(8)

5 Investment in subsidiaries

NAMAIL holds 100 €1.00 ordinary shares in NAML and NARL representing 100% of the issued share capital of NAML and NARL.

6 Loans receivable from group entity

	31 March 2014	31 Dec 2013
	€'000	€'000
Loan receivable from NAML	99,900	99,900
Accrued interest on inter-group loan	19,405	19,345
Loan receivable from group entity	<u>119,305</u>	<u>119,245</u>

NAMAIL issued a loan of €99.9m to NAML at an interest rate to be reviewed quarterly. This rate was set at 0.25% from 1 July 2012.

7 Amounts due to group entity

	31 March 2014	31 Dec 2013
	€'000	€'000
Amounts due from NALML	(100)	(100)
Loan due to NALML	14,663	13,125
Amounts due to group entity	14,563	13,025

The loan due to NALML primarily relates to dividend payments for 2010, 2011, 2012 and 2013 totalling €12.24m made by NALML on behalf of NAMAIL. The balance relates to taxes paid by NALML on behalf of NAMAIL.

8 Share capital and share premium

	Number	€'000
At 31 March 2014		
<u>Authorised:</u>		
A Ordinary shares of € 0.10 each	49,000,000	4,900
B Ordinary shares of € 0.10 each	51,000,000	5,100
<u>Issued and fully paid during the period:</u>		
A Ordinary shares of € 0.10 each	49,000,000	4,900
B Ordinary shares of € 0.10 each	51,000,000	5,100
Share premium A Ordinary Shares	-	44,100
Share premium B Ordinary Shares	-	45,900
	100,000,000	100,000

A Ordinary shares are held by NAMA. B Ordinary shares are held by private investors.

9 Retained earnings

	For the period from 1 January 2014 to 31 March 2014
	€'000
Retained earnings at beginning of period	6,214
Profit for the period	54
Dividend paid	(1,540)
Retained earnings at end of period	4,728

On 13 March 2014, the Board of NAMAIL declared and approved a dividend payment of €0.0302 per share, amounting to €1.54m. The dividend was paid to the holders of B ordinary shares of NAMAIL only, the private investors, who have ownership of 51% in the Company. No dividend was paid to the A ordinary shareholders, NAMA the Agency, which has a 49% ownership in the Company.



6 - National Asset Resolution Limited Company only accounts

For the quarter ended 31 March 2014

Income Statement

For the period from 1 January 2014 to 31 March 2014

		For the period from 1 Jan 2014 to 31 March 2014 €'000
	Note	
Interest income	3	46,757
Interest expense	4	(1,398)
Net interest income		45,359
Losses on derivative financial instruments	5	(14,250)
Administration expenses	6	(5,995)
Operating loss before tax		25,114
Tax credit	7	3,563
Profit for the period		28,677

The accompanying notes 1 to 16 form an integral part of these accounts.

Statement of Financial Position
As at 31 March 2014

		31 March 2014	31 Dec 2013
	Note	€'000	€'000
Assets			
Cash and cash equivalents	8	201,559	332,440
Cash placed as collateral with the NTMA	8	63,000	63,000
Loans and receivables	9	8,670,584	11,715,589
Other assets	10	18	6
Deferred tax asset	11	5,614	2,051
Total assets		<u>8,940,775</u>	<u>12,113,086</u>
Liabilities			
Derivative financial instruments	12	22,454	8,203
Amounts due to group entity	13	8,884,030	12,105,338
Other liabilities	14	11,765	5,696
Total liabilities		<u>8,918,249</u>	<u>12,119,237</u>
Equity			
Share capital	15	-	-
Share premium	14	-	-
Retained earnings	16	22,526	(6,151)
Total equity		<u>22,526</u>	<u>(6,151)</u>
Total equity and liabilities		<u>8,940,775</u>	<u>12,113,086</u>

The accompanying notes 1 to 16 form an integral part of these accounts.

1 General Information

On 11 February 2013, NAMA established a new NAMA Group entity, National Asset Resolution Limited (NARL). The entity was formed in response to a direction issued by the Minister for Finance under the IBRC Act 2013 to NAMA to acquire a loan facility deed and floating charge over certain IBRC assets. Consideration was in the form of Government Guaranteed debt securities and cash. The debt securities were issued by NAML and transferred to NARL via a profit participating loan facility.

NARL is a wholly owned subsidiary of NAMAIL. NAMA owns 49% of NAMAIL and the remaining 51% of the shares in the Company are held by private investors.

The address of the registered office of the Company is Treasury Building, Grand Canal Street, Dublin 2. The Company is incorporated and domiciled in the Republic of Ireland.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Company's accounts for the period to 31 March 2014 have been prepared in accordance with its accounting policies, for the purposes of complying with the requirements of Section 55 of the Act.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

The accounts are presented in euro (or €), which is the Company's functional and presentational currency. The figures shown in the accounts are stated in € thousands.

2.3 Intergroup receivables

Loans and receivables are initially recognised at fair value. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently held at amortised cost.

2.4 Inter-group payables

The Company carries all inter-group payables at amortised cost.

2.5 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.6 Interest income and expense

Interest income and expense for all interest-bearing financial instruments is recognised in interest income and interest expense in the income statement using the effective interest rate ('EIR') method.

The EIR on the IBRC loan facility deed acquired is calculated with reference to the ECB Marginal Lending Facility Rate plus a fixed margin of 1%.

When a loan and receivable is impaired, the Group reduces the carrying amount to its estimated recoverable amount (being the estimated future cash flows discounted at the original EIR) and continues unwinding the remaining discount as interest income.

2.7 Derivative financial instruments

Derivatives, such as interest rate swaps, are used for hedging purposes as part of the Group's risk management strategy. The Group does not enter into derivatives for proprietary trading purposes.

The Group's policy is to hedge its interest rate risk on debt issued by the Group using interest rate swaps. Derivative financial instruments are initially recognised at fair value and transaction costs are taken directly to the income statement. Interest income and expenses arising on derivatives are included in interest income and interest expense in the income statement. Fair value gains and losses on these financial instruments are included in gains/losses on derivatives financial instruments in the income statement or as part of foreign exchange gains and losses where they relate to currency derivatives.

2.8 Taxation

Current income tax

Income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

The Company does not offset current income tax liabilities and current income tax assets.

3 Interest income

	For the period from 1 Jan 2014 to 31 March 2014 €'000
Interest on IBRC loan facility deed	46,641
Interest on cash and cash equivalents	116
Total interest income	<u>46,757</u>

Interest income on loans and receivables is recognised in accordance with accounting policy note 2.6.

4 Interest expense

	For the period from 1 Jan 2014 to 31 March 2014 €'000
Interest on derivative financial instruments	1,398
Total interest expense	<u>1,398</u>

5 Losses on derivative financial instruments

	For the period from 1 Jan 2014 to 31 March 2014 €'000
Fair value losses on acquired derivatives	(14,250)
Total losses on derivative financial instruments	<u>(14,250)</u>

6 Administration expenses	For the period from 1 Jan 2014 to 31 March 2014 €'000
Costs reimbursable to NTMA	988
Primary servicer fees	5,002
Account & Audit Costs	5
Total administration expenses	5,995

7 Tax credit	For the period from 1 Jan 2014 to 31 March 2014 €'000
Current tax	-
Deferred tax (Note 11)	3,563
Total tax expense	3,563

8 Cash, cash equivalents and collateral	31 March 2014 €'000	31 Dec 2013 €'000
Balances with Central Bank	101,539	332,420
Balances with other banks	20	20
Exchequer notes	100,000	-
Total cash and cash equivalents	201,559	332,440
Cash placed as collateral with the NTMA	63,000	63,000
Total cash, cash equivalents and collateral	264,559	395,440

9 Loans and receivables	31 March 2014 €'000	31 Dec 2013 €'000
Loan facility due from IBRC	8,656,344	11,703,344
Accrued interest on loan facility	14,240	12,245
Total loans and receivables	8,670,584	11,715,589

With the establishment of NARL, NAMA acquired a loan facility deed and floating charge over certain IBRC assets which were used as collateral by IBRC as part of its funding arrangements with the Central Bank of Ireland. As consideration for the loan facility deed and floating charge, NAML issued government guaranteed senior debt securities worth €12.92bn to the CBI. As at 31 March 2014, NARL has received repayment of €4.3bn of the loan facility deed.

10 Other assets	31 March 2014 €'000	31 Dec 2013 €'000
Interest receivable on cash and cash equivalents	18	6
Total other assets	18	6

11 Deferred tax asset	Deferred tax on derivative financial instruments €'000
Balance at 31 December 2013	2,051
Movement in the period	3,563
Balance at 31 March 2014	5,614

12 Derivative financial instruments

	31 March 2014	31 Dec 2013
	€'000	€'000
Derivative liabilities at fair value through profit or loss	22,454	8,203
Total derivative liabilities	22,454	8,203

13 Amounts due to group entity

	31 March 2014	31 Dec 2013
	€'000	€'000
PPL loan due to NAML	8,728,000	11,928,000
PPL interest on loan due to NAML	156,030	177,338
Total amounts due to group entity	8,884,030	12,105,338

As consideration for the acquired loan facility and floating charge, NAML issued senior bonds, via a profit participating loan agreement, worth €12.928bn (guaranteed by the Minister for Finance) to the Central Bank on behalf of NARL.

14 Other liabilities

	31 March 2014	31 Dec 2013
	€'000	€'000
Accrued swap interest payable	1,398	-
Accrued expenses	10,367	5,696
Total other liabilities	11,765	5,696

15 Share capital

	Number	€'000
<u>Authorised:</u>		
Ordinary shares of €1 each	1,000	1
<u>Issued and fully paid during the period:</u>		
Ordinary shares of €1 each	100	-
At 31 December 2013	100	-

100% of the ordinary shares are held by NAMAIL.

16 Retained earnings

	For the period from 1 Jan 2014 to 31 March 2014
	€'000
Retained earnings at beginning of period	(6,151)
Profit for the period	28,677
Retained earnings at end of period	22,526