



**Unaudited Quarterly Accounts of the National Asset Management Agency  
and its Group Entities**

**For the period ended 31 December 2010**

# National Asset Management Agency

<b>Contents</b>	<b>Page</b>
Board and other information	3
Introduction and general information	4 - 6
<b>National Asset Management Agency</b>	7
Income statement	8
Balance Sheet	8
Notes to the accounts	9-10
<b>National Asset Management Agency Investment Limited</b>	11
Income Statement	12
Balance Sheet	13
Notes to the accounts	14-15
<b>National Asset Management Limited (Master SPV)</b>	16
Consolidated Income Statement	17
Consolidated Balance Sheet	18
Consolidated Statement of Cash Flows	19
Income Statement by NAMA group entity	20-21
Balance Sheet by NAMA group entity	22-23
Notes to the accounts	24-33

# National Asset Management Agency

## Board and other information

### Board

Frank Daly (Chairman)	appointed 22 December 2009
Michael Connolly	appointed 22 December 2009
Eilish Finan	appointed 22 December 2009
Brian McEnery	appointed 22 December 2009
Steven Seelig	appointed 26 May 2010
Willie Soffe	appointed 22 December 2009
Peter Stewart	appointed 22 December 2009
Brendan McDonagh	appointed 22 December 2009
CEO National Asset Management Agency, John Corrigan	
CEO National Treasury Management Agency	appointed 22 December 2009

### Registered Office

Treasury Building  
Grand Canal Street  
Dublin 2

### Bankers

Central Bank of Ireland  
Dame Street  
Dublin 2

Citibank  
IFSC  
Dublin 1

### External Auditor

Comptroller & Auditor General  
Dublin Castle  
Dublin 2

# National Asset Management Agency

## Introduction and general information

### 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.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive appointed by the Minister operating under the aegis of the National Treasury Management Agency (the NTMA).

### Group structure

In accordance with the Act and to achieve its objectives, NAMA has set up certain special purpose vehicles ('SPV'). These are known as 'NAMA Group Entities' and are collectively referred to as the 'NAMA Group'. The SPVs are as follows;

#### *National Asset Management Limited ('NAML' or 'Master SPV')*

The Master SPV is responsible for issuing the Government guaranteed debt instruments to be used for the purposes of acquiring eligible bank assets. It also issues the subordinated debt instruments which are used to provide up to 5% of the acquisition value of acquired bank assets.

#### *National Asset Management Agency Investment Limited ('NAMA IL')*

NAMA IL is the investment holding company for the Master SPV and was established to facilitate the participation of private investors in NAMA.

The Master SPV currently has four subsidiaries and one SPV.

#### *National Asset Management Group Services Limited*

Established as a limited company and acts as the holding company for the three subsidiaries. It is wholly owned by NAML.

#### *National Asset Loan Management Limited*

Established as a limited company and is responsible for the acquisition, holding and management of the eligible bank assets acquired from the PIs.

#### *National Asset Property Management Limited*

Established as a SPV, this is the vehicle that will take direct ownership of real property assets if and when required. There is no property held by the Group at present.

#### *National Asset Management Services Limited*

Established as a limited company and is responsible for tax administration and operating bank accounts for the Group. It also acts as the central invoice processor.

### National Treasury Management Agency ('NTMA')

The NTMA provides NAMA with business and support services, and will assign staff to NAMA as deemed necessary. NAMA reimburses the NTMA for the costs of staff and services provided.

# National Asset Management Agency

## 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'. Section 55 of the Act sets out certain financial and other information to be provided in each quarterly report. This information is unaudited and may change from the final 31 December audited figures.

The financial information provided in this report includes details of all NAMA group entities for the period to 31 December 2010, and includes accounts for:

1. The National Asset Management Agency
2. National Asset Management Agency Investment Limited
3. Consolidated accounts of National Asset Management Limited

## Annual Financial Report

In accordance with Section 57 of the Act, NAMA and each NAMA group entity shall submit its accounts to the Comptroller and Auditor General (C&AG) for audit within two months after the end of the financial year to which they relate. On 28 February, NAMA submitted for audit draft NAMA accounts and draft IFRS accounts for all NAMA Group entities to the C&AG for audit. The audit of these accounts is ongoing at the date of completion of these quarterly accounts.

Actual audited results of the full period accounts will differ from quarterly management accounts, in particular regarding the following areas;.

- **Impairment**  
An estimated impairment provision of €1bn has been included as part of the quarterly accounts. The impairment policy has not yet been finalised by the Board and discussions with the Comptroller and Auditor General, the external auditors is currently ongoing. A final impairment provision will be included in the full period IFRS accounts of NAMA IL and NAMA L on finalisation of the audit of the annual financial report.
- **Due diligence**  
At the date of these accounts, full due diligence on bank assets transferred from participating institutions (PIs) in the quarter has not been fully completed. Therefore the carrying value of loans and receivables acquired in Q4, may change following the completion of the full due diligence in 2011. Any adjustments will be reflected in during 2011 as it is completed in accordance with EU commission requirements. Total assets acquired in Q4 was €17bn in the form of bulk transfers with estimated valuations.

## Presentation of financial information

The financial information is presented in the quarterly accounts showing items of income and expenditure for the quarter from 1 October 2010 to 31 December 2010 and also the cumulative results from 27 February 2010 (date of incorporation) to 31 December 2010.

The Balance Sheets are presented as at 31 December 2010 and 30 September 2010. The Cash Flow Statement is presented for all cash movements from 27 February 2010 to 31 December 2010 and the quarterly movement from 1 October 2010 to 31 December 2010.

## NAMA Financial performance

NAMA had a loss for the period from inception to 31 December 2010 of €0.436m and a loss for the quarter of €0.208m. National Asset Management Limited made a loss of €714m in the period from inception to 31 December 2010 and a loss of €678m in the quarter.

# National Asset Management Agency

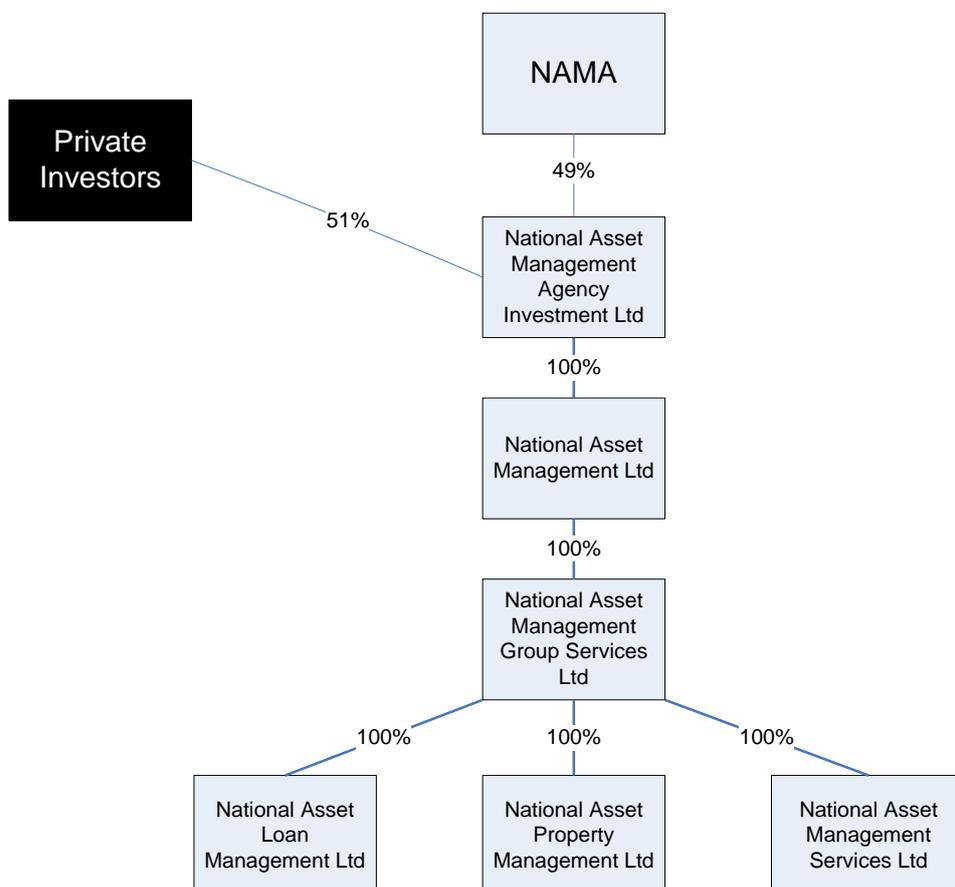
The Agency incurs all administrative costs on behalf of the NAMA Group for personnel and services such as finance, IT and risk, which are charged to it by the NTMA. These costs are reimbursed to the Agency by the NAMA Group. The total charge to the Group by the NTMA in 2010 was €15m, of which €7.8m related to salary costs. Board fees of the Group are incurred directly by the Agency and are not reimbursed by Group entities. Board fees for the year were €0.591m.

During the year the Agency entered a 10 year lease agreement in the Treasury Building, its registered office. The lease commenced on 22 October 2010, with a six month rent free period, which is recognised on a straight line basis over the life of the lease.

NAMA has a €49m investment in NAMAIL, representing a 49% ownership in NAMAIL and the NAMA Group. The Agency funded this investment with a loan of €49m from the Minister for Finance on which it pays interest at the six month Euribor rate. At the reporting date, 31 December 2010 this loan was outstanding. However and the loan, together with accrued interest, was repaid to the Minister on 25 February 2011.

Under Section 46 (2) of the National Asset Management Agency Act 2009 the Minister for Finance may advance to NAMA or a NAMA group entity such sums of money as are necessary for the performance of its functions from the Central Fund. On 5 May 2010 the Agency borrowed €250m at Euribor from the Minister to fund set up costs and provide working capital for the NAMA Group. This amount was subsequently lent to the National Asset Loan Management Limited, a NAMA Group entity and interest charged at Euribor plus a margin of 50bps. The loan and all accrued interest was repaid in full on 27 October 2010.

## Shareholding Structure



# **National Asset Management Agency**

**Unaudited Quarterly Accounts for the period to 31 December 2010**

# National Asset Management Agency

## Income statement

For the period to 31 December 2010

	Note	For the period 1 Oct 2010 to 31 Dec 2010 €'000	For the period from inception to 31 Dec 2010 €'000
<b>Income</b>			
Interest income		290	1,601
Other income	3	5,612	15,192
<b>Total income</b>		<b>5,902</b>	<b>16,793</b>
<b>Expenses</b>			
Agency costs	4	5,778	15,783
Interest expense	5	332	1,446
<b>Net expense for period</b>		<b>208</b>	<b>436</b>

## Balance Sheet as at 31 December 2010

	Note	31 Dec 2010 €'000	30 Sept 2010 €'000
<b>Assets</b>			
Investments	6	49,000	49,000
Cash		95	75
Loans and receivables	7	-	250,811
Other receivables	8	3,866	4,148
<b>Total assets</b>		<b>52,961</b>	<b>304,034</b>
<b>Liabilities</b>			
Interest bearing loans	9	49,380	300,114
Other liabilities	10	4,017	4,158
<b>Total liabilities</b>		<b>53,397</b>	<b>304,272</b>
<b>Net liabilities</b>		<b>436</b>	<b>238</b>

The accompanying notes form an integral part of these accounts.

# National Asset Management Agency

## Notes to the Accounts

### 1 General information

The National Asset Management Agency owns 49% of the NAMA group entity National Asset Management Agency Investment Limited. The remaining 51% of the shares are held by private investors.

### 2 Summary of significant accounting policies

#### Basis of preparation

The Company's accounts for the period to 31 December 2010 have been prepared under generally accepted accounting principles.

The accounts have been prepared on an accruals basis under the historical cost convention

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

#### 3 Other income

	For the period 1 Oct 2010 to 31 Dec 2010 €'000	For the period from inception to 31 Dec 2010 €'000
Costs reimbursed from National Asset Management Limited	5,612	15,192

#### 4 Agency costs

	For the period 1 Oct 2010 to 31 Dec 2010 €'000	For the period from inception to 31 Dec 2010 €'000
Costs reimburseable to the NTMA	5,420	15,000
NAMA Board and Advisory Committee Fees	166	591
Rental expense	192	192
	<b>5,778</b>	<b>15,783</b>

Under Section 42 (4) of the National Asset Management Agency Act, 2009, NAMA shall reimburse the NTMA for the costs incurred by the NTMA in consequence of its assigning staff to NAMA.

NAMA Board fees are paid to Board members other than the CEO NTMA and the CEO NAMA. During the period from inception to 31 December 2010, €591,000, including fees paid to the NAMA Board members of €573,000 and fees paid to Committee members of €18,000. All amounts due to Board members were fully paid at 31 December 2010.

# National Asset Management Agency

## Notes to the Accounts

<b>5 Interest expense</b>	<b>For the period 1 Oct 2010 to 31 Dec 2010 €'000</b>	<b>For the period from inception to 31 Dec 2010 €'000</b>
Interest payable on advances from the Central Fund	<b>332</b>	1,446

The Central Fund has been established by the Minister for Finance to provide funding to NAMA to perform its activities in accordance with the Act.

<b>6 Investments</b>	<b>31 Dec 2010 €'000</b>	<b>30 Sept 2010 €'000</b>
49,000,000 A shares in National Asset Management Agency Investment Limited	<b>49,000</b>	49,000

<b>7 Loans and receivables</b>	<b>31 Dec 2010 €'000</b>	<b>30 Sept 2010 €'000</b>
Loan receivable from National Asset Loan Management Limited	-	249,500
Accrued interest receivable	-	1,311
	-	<b>250,811</b>

<b>8 Other receivables</b>	<b>31 Dec 2010 €'000</b>	<b>30 Sept 2010 €'000</b>
Costs reimbursable from National Asset Management Limited	<b>3,866</b>	4,148

<b>9 Interest bearing loans</b>	<b>31 Dec 2010 €'000</b>	<b>30 Sept 2010 €'000</b>
Advances to NAMA from the Central Fund	49,000	299,000
Interest payable on advances from the Central Fund	380	1,114
	<b>49,380</b>	<b>300,114</b>

Under Section 46 (2) of the National Asset Management Agency Act 2009 the Minister for Finance may advance to NAMA or a NAMA group entity such sums of money as are necessary for the performance of its functions from the Central Fund. On 27 October, €249m plus accrued interest was repaid by NAMA to the Minister for Finance. The remaining €49m loan plus accrued interest was repaid to the Minister on 25 February 2011.

<b>10 Other liabilities</b>	<b>31 Dec 2010 €'000</b>	<b>30 Sept 2010 €'000</b>
Costs payable to the NTMA	<b>4,017</b>	4,158

**National Asset Management Agency Investment Limited**

**Unaudited quarterly accounts for the period to 31 December 2010**

# National Asset Management Agency Investment Limited

## Income Statement

For the period to 31 December 2010

		For the period from 1 Oct 2010 to 31 Dec 2010 €'000	For the period from inception to 31 Dec 2010 €'000
	<b>Note</b>		
Interest income	3	1,008	3,044
Interest expense		-	
<b>Net interest income</b>		<b>1,008</b>	3,044
Administration expenses		-	-
<b>Operating profit before income tax</b>		<b>1,008</b>	3,044
Tax expense	4	(126)	(380)
<b>Profit for the period</b>		<b>882</b>	2,664

The accompanying notes form an integral part of these accounts.

# National Asset Management Agency Investment Limited

## National Asset Management Agency Investment Limited Balance Sheet as at 31 December 2010

	Note	31 Dec 2010 €'000	30 Sept 2010 €'000
<b>Assets</b>			
Investment in subsidiary	5	-	-
Loans receivable from group entities	6	102,944	101,936
<b>Total assets</b>		<b>102,944</b>	101,936
<b>Liabilities</b>			
Amounts due to group entities	7	240	70
Current tax liability		40	84
<b>Total liabilities</b>		<b>280</b>	154
<b>Equity</b>			
Share capital	8	10,000	10,000
Share premium	8	90,000	90,000
Retained earnings		2,664	1,782
<b>Total equity and liabilities</b>		<b>102,944</b>	101,936

The accompanying notes form an integral part of these accounts.

# National Asset Management Agency Investment Limited

## Notes to the Accounts

### 1 General Information

National Asset Management Agency Investment Limited was established on 27 January 2010 as 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 National Asset Management Agency, owns 49% of the Company and the remaining 51% of the shares in the Company are held by private investors.

The National Asset Management 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.

Its registered office is Treasury Building, Grand Canal Street, Dublin 2.

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

The Company's accounts for the period to 31 December 2010 have been prepared under generally accepted accounting principles.

The accounts have been prepared on an accruals basis under the historical cost convention.

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

#### 2.2 Income and expenses

Income and expenses are recognised on an accruals basis

### 3 Interest income

	For the period from 1 Oct 2010 to 31 Dec 2010 €'000	For the period from inception to 31 Dec 2010 €'000
Interest on loans receivable from group entities	1,008	3,044

### 4 Tax expense

	For the period from 1 Oct 2010 to 31 Dec 2010 €'000	For the period from inception to 31 Dec 2010 €'000
Interest income on loans from group entities	1,008	3,044
Tax at 12.5%	(126)	(380)

### 5 Investment in subsidiary

National Asset Management Agency Investment Limited holds 100 €1.00 ordinary shares in National Asset Management Limited (NAML) representing 100% of the issued share capital of NAML.

# National Asset Management Agency Investment Limited

## Notes to the Accounts

### 6 Loans receivable from group entities

	31 Dec 2010 €'000	30 Sept 2010 €'000
Loan receivable from National Asset Management Limited	99,900	99,900
Accrued Interest on intercompany loan	3,044	2,036
	<b>102,944</b>	<b>101,936</b>

National Asset Management Agency Investment Limited issued a loan of €99.9m to National Asset Management Limited at an interest rate of 4% to be reviewed annually. This rate was changed to 12.5% on 1 January 2011.

### 7 Amounts due to group entities

	31 Dec 2010 €'000	30 Sept 2010 €'000
Loan receivable from National Asset Management Services Limited	(100)	(100)
Loan due to National Asset Management Services Limited	340	170
	<b>240</b>	<b>70</b>

The loan issued to National Asset Management Services Limited of €340,000 (30 Sept 2010: €170,000) relates to preliminary tax paid by National Asset Management Services Limited on behalf of National Asset Management Agency Investment Limited

### 8 Share capital and share premium

	Number	€'000
At 31 December 2010 and 30 September 2010		
<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
	<b>100,000,000</b>	<b>100,000</b>

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

**National Asset Management Limited (Master SPV)**

**Unaudited Quarterly Group Accounts for the period to 31 December 2010**

# National Asset Management Limited (Master SPV)

## Consolidated Income Statement

For the period to 31 December 2010

		For the period from 1 October 2010 to 31 Dec 2010	For the period from inception to 31 Dec 2010
	Note	€'000	€'000
Interest and similar income	3	358,171	528,994
Interest and similar expenses	4	(105,959)	(182,238)
<b>Net interest income</b>		<b>252,212</b>	<b>346,756</b>
Other operating income	5	11,074	32,571
Gains / (losses) on financial assets and liabilities carried at fair value	6	49,167	(39,347)
<b>Total operating income</b>		<b>312,453</b>	<b>339,980</b>
Administration expenses	7	(19,117)	(46,067)
Other operating expenses	8	(10,127)	(29,302)
Foreign exchange gains / (losses)	9	39,104	21,227
<b>Operating profit before impairment charges</b>		<b>322,313</b>	<b>285,838</b>
Impairment provision on loans and receivables <sup>1</sup>		(1,000,000)	(1,000,000)
<b>Operating loss before income tax</b>		<b>(677,687)</b>	<b>(714,162)</b>
Tax expense		-	-
<b>Loss for the period</b>		<b>(677,687)</b>	<b>(714,162)</b>

The accompanying notes form an integral part of these accounts.

<sup>1</sup> An estimated impairment provision of €1bn has been included as part of the quarterly accounts. The impairment policy has not yet been finalised by the Board and discussions with the Comptroller and Auditor General, the external auditors is currently ongoing. A final impairment provision will be included in the full period IFRS accounts of NAMAIL and NAML on finalisation of the audit of the annual financial report.

## National Asset Management Limited (Master SPV)

### Consolidated Balance Sheet as at 31 December 2010

		31 December 2010 €'000	30 Sept 2010 €'000
	Note		
<b>Assets</b>			
Cash		836,615	623,356
Receivable from PIs	10	97,970	73,837
Financial assets at fair value through profit or loss	14	494,192	299,432
Loans and receivables	11	28,597,826	12,565,239
Other assets	12	18,011	693
<b>Total assets</b>		<b>30,044,614</b>	<b>13,562,557</b>
<b>Liabilities</b>			
Interest bearing loans and borrowings	13	-	250,811
Payable to PIs		90,594	13,499
Financial liabilities at fair value through profit or loss	14	174,699	285,395
Debt securities in issue	15	28,650,000	12,330,000
Other liabilities	16	258,929	132,738
<b>Total liabilities</b>		<b>29,174,222</b>	<b>13,012,443</b>
<b>Equity</b>			
Share capital	17	-	-
Subordinated equity instrument	18	1,507,000	647,000
Retained earnings		(714,162)	(36,475)
Cash flow hedge reserve		77,554	(60,411)
<b>Total equity and liabilities</b>		<b>30,044,614</b>	<b>13,562,557</b>

The accompanying notes form an integral part of these accounts.

# National Asset Management Limited (Master SPV)

## Consolidated Statement of Cash Flows

for the period ended 31 December 2010

	Period from 1 Oct 2010 to 31 Dec 2010 €'000	Period from inception to 31 Dec 2010 €'000
<b>Cash flow from operating activities</b>		
Receipts from borrowers	603,530	1,013,750
Funds advanced to borrowers	(114,777)	(240,369)
NAMA derivative cashflows	(8,888)	46,867
Cash payments to suppliers of services	(18,360)	(49,473)
Interest expense on debt securities in issue	-	(30,127)
Bank interest received	1,039	1,127
Loan interest paid	(289)	(1,601)
<b>Net cash generated from operating activities</b>	<b>462,255</b>	<b>740,174</b>
<b>Net cash used in investing activities</b>		
	-	-
<b>Cash flow from financing activities</b>		
Proceeds from loans from Group entities	-	100,000
Loan received from the Central Fund	-	249,500
Repayment of loan principal to the Central Fund	(249,500)	(249,500)
<b>Net cash provided by financing activities</b>	<b>(249,500)</b>	<b>100,000</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>623,356</b>	<b>-</b>
Net cash provided by operating activities	462,255	740,174
Net cash used by investing activities	-	-
Net cash provided by financing activities	(249,500)	100,000
Effects of exchange-rate changes on cash and cash equivalents	504	(3,559)
<b>Cash and cash equivalents at the end of the period</b>	<b>836,615</b>	<b>836,615</b>

**National Asset Management Limited**  
**Income Statement by NAMA group entity**

For the period to 1 October 2010 to 31 December 2010

	National Asset Loan Management Limited €'000	National Asset Property Management Limited €'000	National Asset Management Services Limited €'000	National Asset Management Group Services Limited €'000	National Asset Management Limited €'000	Consolidation Adjustments €'000	Consolidated Total €'000
Interest and similar income	358,171	-	-	-	-	-	358,171
Interest and similar expenses	(47,832)	-	-	-	(58,127)	-	(105,959)
<b>Net interest income</b>	<b>310,339</b>	-	-	-	<b>(58,127)</b>	-	<b>252,212</b>
Other operating income	11,074	-	-	-	-	-	11,074
Gains / (losses) on financial assets and liabilities at fair value through profit or loss	49,167	-	-	-	-	-	49,167
<b>Total operating income</b>	<b>370,580</b>	-	-	-	<b>(58,127)</b>	-	<b>312,453</b>
Administration expenses	(19,117)	-	-	-	-	-	(19,117)
Other operating expenses	(10,127)	-	-	-	-	-	(10,127)
Foreign exchange losses	40,999	-	(1,895)	-	-	-	39,104
<b>Operating profit / (loss) before impairment charges</b>	<b>382,335</b>	-	<b>(1,895)</b>	-	<b>(58,127)</b>	-	<b>322,313</b>
Impairment provision on loans and receivables	(1,000,000)	-	-	-	-	-	(1,000,000)
<b>Operating loss before income tax</b>	<b>(617,665)</b>	-	<b>(1,895)</b>	-	<b>(58,127)</b>	-	<b>(677,687)</b>
Tax expense	-	-	-	-	-	-	-
<b>Loss for the period</b>	<b>(617,665)</b>	-	<b>(1,895)</b>	-	<b>(58,127)</b>	-	<b>(677,687)</b>

**National Asset Management Limited**  
**Income Statement by NAMA group entity**

For the period from inception to 31 December 2010

	National Asset Loan Management Limited €'000	National Asset Property Management Limited €'000	National Asset Management Services Limited €'000	National Asset Management Group Services Limited €'000	National Asset Management Limited €'000	Consolidation Adjustments €'000	Consolidated Total €'000
Interest and similar income	528,994	-	-	-	-	-	528,994
Interest and similar expenses	(80,362)	-	-	-	(101,876)	-	(182,238)
<b>Net interest income</b>	<b>448,632</b>	-	-	-	<b>(101,876)</b>	-	<b>346,756</b>
Other operating income	32,571	-	-	-	-	-	32,571
Gains/(losses) on financial assets and liabilities at fair value through profit or loss	(39,347)	-	-	-	-	-	(39,347)
<b>Total operating income</b>	<b>441,856</b>	-	-	-	<b>(101,876)</b>	-	<b>339,980</b>
Administration expenses	(46,067)	-	-	-	-	-	(46,067)
Other operating expenses	(29,302)	-	-	-	-	-	(29,302)
Foreign exchange loss	21,227	-	-	-	-	-	21,227
<b>Operating profit/(loss) before impairment charges</b>	<b>387,714</b>	-	-	-	<b>(101,876)</b>	-	<b>285,838</b>
Impairment provision on loans and receivables	(1,000,000)	-	-	-	-	-	(1,000,000)
<b>Operating loss before income tax</b>	<b>(612,286)</b>	-	-	-	<b>(101,876)</b>	-	<b>(714,162)</b>
Tax expense	-	-	-	-	-	-	-
<b>Loss for the period</b>	<b>(612,286)</b>	-	-	-	<b>(101,876)</b>	-	<b>(714,162)</b>

**National Asset Management Limited**  
**Balance Sheet by NAMA group entity**  
**as at 31 December 2010**

	National Asset Loan Management Limited €'000	National Asset Property Management Limited €'000	National Asset Management Services Limited €'000	National Asset Management Group Services Limited €'000	National Asset Management Limited €'000	Consolidation Adjustments €'000	Consolidated Total €'000
<b>Assets</b>							
Cash	836,615	-	-	-	-	-	836,615
Receivable from PIs	97,970	-	-	-	-	-	97,970
Financial assets at fair value through profit or loss	494,192	-	-	-	-	-	494,191
Loans and receivables	28,597,826	-	-	-	-	-	28,597,826
Other assets	300,632	-	382,961	30,157,000	30,256,900	(61,079,482)	18,011
<b>Total assets</b>	<b>30,327,235</b>	<b>-</b>	<b>382,961</b>	<b>30,157,000</b>	<b>30,256,900</b>	<b>(61,079,482)</b>	<b>30,044,614</b>
<b>Liabilities</b>							
Amounts due to PIs	90,594	-	-	-	-	-	90,594
Financial liabilities at fair value through profit or loss	174,699	-	-	-	-	-	174,699
Debt securities in issue	-	-	-	-	28,650,000	-	28,650,000
Other liabilities	30,596,674	-	382,961	30,157,000	201,776	(61,079,482)	258,929
<b>Total liabilities</b>	<b>30,861,967</b>	<b>-</b>	<b>382,961</b>	<b>30,157,000</b>	<b>28,851,776</b>	<b>(61,079,482)</b>	<b>29,174,222</b>
<b>Equity</b>							
Share capital	-	-	-	-	-	-	-
Subordinated equity	-	-	-	-	1,507,000	-	1,507,000
Retained losses	(612,286)	-	-	-	(101,876)	-	(714,162)
Other reserves	77,554	-	-	-	-	-	77,554
<b>Total equity and liabilities</b>	<b>30,327,235</b>	<b>-</b>	<b>382,961</b>	<b>30,157,000</b>	<b>30,256,900</b>	<b>(61,079,482)</b>	<b>30,044,614</b>

**National Asset Management Limited**  
**Balance Sheet by NAMA group entity**  
**as at 30 September 2010**

	National Asset Loan Management Limited €'000	National Asset Property Management Limited €'000	National Asset Management Services Limited €'000	National Asset Management Group Services Limited €'000	National Asset Management Limited €'000	Consolidation Adjustments €'000	Consolidated Total €'000
<b>Assets</b>							
Cash	-	-	623,356	-	-	-	623,356
Receivable from participating institutions	73,837	-	-	-	-	-	73,837
Financial assets at fair value through profit or loss	299,432	-	-	-	-	-	299,432
Loans and receivables	12,565,239	-	-	-	-	-	12,565,239
Other assets	732,153	-	210,168	12,977,000	13,076,900	(26,995,528)	693
<b>Total assets</b>	<b>13,670,661</b>	<b>-</b>	<b>833,524</b>	<b>12,977,000</b>	<b>13,076,900</b>	<b>(26,995,528)</b>	<b>13,562,557</b>
<b>Liabilities</b>							
Interest bearing loans and borrowings	250,811	-	-	-	-	-	250,811
Amounts due to PIs	13,499	-	-	-	-	-	13,499
Financial liabilities at fair value through profit or loss	285,395	-	-	-	-	-	285,395
Debt securities in issue	-	-	-	-	12,330,000	-	12,330,000
Other liabilities	13,175,987	-	831,629	12,977,000	143,650	(26,995,528)	132,738
<b>Total liabilities</b>	<b>13,725,692</b>	<b>-</b>	<b>831,629</b>	<b>12,977,000</b>	<b>12,473,650</b>	<b>(26,995,528)</b>	<b>13,012,443</b>
<b>Equity</b>							
Share capital	-	-	-	-	-	-	-
Subordinated equity	-	-	-	-	647,000	-	647,000
Retained earnings	5,380	-	1,895	-	(43,750)	-	(36,475)
Other reserves	(60,411)	-	-	-	-	-	(60,411)
<b>Total equity and liabilities</b>	<b>13,670,661</b>	<b>-</b>	<b>833,524</b>	<b>12,977,000</b>	<b>13,076,900</b>	<b>-</b>	<b>13,562,557</b>

## **1 General Information**

The Company's immediate parent company is National Asset Management Agency Investment Limited. The Group is ultimately controlled through the existence of a public interest veto exercisable by the National Asset Management Agency, which owns 49% of the Group's immediate parent. The remaining 51% of the shares in the Group's parent company are held by institutional investors.

The address of its registered office is Treasury Building, Grand Canal Street, Dublin 2.

## **2 Summary of significant accounting policies**

### **(a) Basis of preparation**

The Group's consolidated accounts for the period to 31 December 2010 are presented under generally accepted accounting principles.

The consolidated accounts have been prepared under the historical cost convention, except for loans and receivables which are carried at amortised cost, financial assets and financial liabilities at fair value through profit or loss and all derivative contracts 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 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.

### **(b) Consolidation**

The consolidated accounts of the Group comprise the accounts of the parent entity and all consolidated subsidiaries, including certain special purpose entities as of the period end date.

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

Unless otherwise stated, the Group has a 100% holding in all subsidiaries.

### **(c) Financial assets – Loans and receivables**

The Group allocates financial assets to the following categories: financial assets at fair value through profit or loss and loans and receivables. The Group determines the classification of financial assets at initial recognition.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Group upon initial recognition designates as available for sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value. The fair value of loans and receivables acquired from PIs has been calculated based on a single valuation methodology performed by a panel of independent loan asset valuers with oversight provided by an independent audit coordinator.

The valuation methodology uses the concept of long term economic value of the loan\underlying security and this is reflected in the acquisition price paid by NAMA. Consideration paid for the acquisition value is in the form of senior and subordinated bonds issued to PIs equal to the acquisition value (to the nearest €1,000,000) of purchased loans and receivables.

The acquired value of the loan and receivable is adjusted to reflect the change in the loan balance between the valuation date and the acquisition date. Any amount due from or to the PI for this period is settled by cash.

Loans and receivables acquired are subsequently measured at amortised cost using the effective interest rate method.

#### **(d) 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 at acquisition is determined using a valuation technique, comprising a mark to market and a counterparty valuation adjustment. At each reporting date 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 and inflation swap rates FX rate, volatilities and counterparty credit spreads that existed at the reporting date.

##### *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 recognized 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 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.

#### **(e) Financial liabilities**

The Group has two categories of financial liabilities – those that are carried at amortised cost and those that are carried at fair value through profit or loss. The Group has categorised all financial liabilities at amortised cost, with the exception of derivative financial instruments, which are classified as held for trading and are carried at fair value through profit or loss.

#### **(f) Derecognition**

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

#### **(g) Interest income and expense**

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest rate method.

The effective interest rate 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 effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

#### **(h) Fee and commission income and expense**

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

#### **(i) Due diligence costs**

Due diligence costs are incurred by the Group when loan assets are acquired from PIs. Costs are recognised on an accruals basis when the service has been provided.

**(j) Cash and cash equivalents**

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks with original maturities of three months or less.

**(k) Provisions for liabilities and charges and contingent assets and liabilities**

*Provisions*

Provisions for restructuring costs and 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

*Contingent liabilities*

Contingent assets and 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 they are appropriately reflected in the financial statements.

**(l) Amounts due to and from PIs**

Any adjustments arising on completion of due diligence on assets transferred are initially recognised in the statement of financial position as an adjustment to the carrying value of assets acquired and as amounts due to or from PIs. Settlement of due diligence adjustments is in the form of cash or a reduction or increase in future bond issuances.

Over or under payments for bank assets in accordance with Section 93 of the NAMA Act are recognised as amounts due to or from PIs when a S93 certificate has been issued from the Group to a PI. Settlement of S93 claims will be in the form of cash or a reduction in further issuances of government securities equal to the amount overpaid to the PI.

**(m) Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the requirements of IAS 32. The classification of instruments as a financial liability or an equity instrument is dependent upon the nature of the contractual arrangement. 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 within equity. The coupon payments on these instruments are recognised directly in equity.

**(n) Share capital**

*(i) Share issue costs*

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

*(ii) 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 year that are declared after the date of the consolidated Balance Sheet are dealt with in the subsequent events note.

*(iii) Subordinated equity instrument*

Equity includes perpetual subordinated bonds that meet the definition of an equity instrument. Coupon payments on these instruments are reflected directly in equity when they become due.

<b>3 Interest and similar income</b>	<b>For the period from 1 Oct 2010 to 31 Dec 2010</b>	<b>For the period from inception to 31 Dec 2010</b>
	<b>€'000</b>	<b>€'000</b>
Interest on loans and receivables to customers	330,317	445,361
Bank interest	1,729	1,848
Interest on financial instruments held for trading	26,125	81,785
<b>Total interest income</b>	<b>358,171</b>	<b>528,994</b>

Interest on financial instruments held for trading relates to interest received on interest rate derivatives acquired from borrowers as part of the acquisition of assets. In the Q2 and Q3 accounts this was included as part of interest on loans and receivables to customers.

<b>4 Interest and similar expenses</b>	<b>For the period from 1 Oct 2010 to 31 Dec 2010</b>	<b>For the period from inception to 31 Dec 2010</b>
	<b>€'000</b>	<b>€'000</b>
Interest on debt securities in issue	57,121	98,833
Interest on interest bearing loans and borrowings	1,297	4,644
Interest on derivatives held for trading	17,934	35,269
Interest on derivatives held for hedging	29,607	43,492
<b>Total interest expense</b>	<b>(105,959)</b>	<b>(182,238)</b>

<b>5 Other operating income</b>	<b>For the period from 1 Oct 2010 to 31 Dec 2010</b>	<b>For the period from inception to 31 Dec 2010</b>
	<b>€'000</b>	<b>€'000</b>
Release of prepaid acquisition costs	8,732	29,333
Fee and commission income	2,342	3,238
	<b>11,074</b>	<b>32,571</b>

Prepaid acquisition costs relate to costs incurred in relation to valuation, legal, audit and other property related costs that are reimbursed from PIs following the transfer of assets to NAMA.

<b>6 Gains and (losses) on financial assets and liabilities carried at fair value</b>	<b>For the period from 1 Oct 2010 to 31 Dec 2010</b>	<b>For the period from inception to 31 Dec 2010</b>
	<b>€'000</b>	<b>€'000</b>
Borrower derivatives	(43,187)	18,617
NAMA derivatives	92,354	(58,063)
	<b>49,167</b>	<b>(39,347)</b>

Gains and losses on borrower derivatives represents the fair value movement on borrower derivatives from acquisition date to reporting date. Gains and losses on NAMA derivatives represents the fair value movement on NAMA derivatives that are in place to hedge NAMA's exposure to interest rate risk from bank assets acquired and debt securities issued.

<b>7 Administration expenses</b>	<b>For the period from 1 Oct 2010 to 31 Dec 2010</b>	<b>For the period from inception to 31 Dec 2010</b>
	<b>€'000</b>	<b>€'000</b>
Costs reimbursed to the NTMA	5,420	15,000
Master and primary servicer fees	6,641	15,399
Legal and tax fees	1,841	3,099
Financial adviser, audit and secondment fees	1,084	7,045
Portfolio management and credit fees	3,943	5,084
Other administrative expenses	188	440
	<b>19,117</b>	<b>46,067</b>

<b>8 Other operating expenses</b>	<b>For the period from 1 Oct 2010 to 31 Dec 2010</b>	<b>For the period from inception to 31 Dec 2010</b>
	<b>€'000</b>	<b>€'000</b>
Due diligence costs for loan acquisitions	<b>10,127</b>	<b>29,302</b>

<b>9 Foreign exchange gains and losses</b>	<b>For the period from 1 Oct 2010 to 31 Dec 2010</b>	<b>For the period from inception to 31 Dec 2010</b>
	<b>€'000</b>	<b>€'000</b>
FX gains/(losses) on loans and receivables	6,021	(72,108)
FX gains on NAMA currency derivatives	30,482	88,839
Other foreign exchange gains	2,601	4,496
	<b>39,104</b>	<b>21,227</b>

Following the transfer of assets from PIs, NAMA entered into currency transactions to reduce its exposure to exchange rate fluctuations arising on foreign denominated loans and receivables acquired. Other foreign exchange gains relates to the translation of foreign denominated cash balances

<b>10 Receivables from PIs</b>	<b>31 Dec 2010</b> <b>€'000</b>	<b>30 Sept 2010</b> <b>€'000</b>
Receivables from PIs	<b>97,970</b>	<b>73,837</b>

Receivables from PIs relates to net movements that occurred on borrower exposures between bank assets' valuation date and acquisition date. Any amount due to or from the PI for this period is settled in cash.

#### 11 Loans and receivables

	<b>31 Dec 2010</b> <b>€'000</b> <b>Nominal</b>	<b>31 Dec 2010</b> <b>€'000</b> <b>NAMA</b>	<b>30 Sept 2010</b> <b>€'000</b> <b>Nominal</b>	<b>30 Sept 2010</b> <b>€'000</b> <b>NAMA</b>
Anglo – Loans acquired	34,191,153	12,623,484	16,045,870	6,572,070
AIB – Loans acquired	18,443,285	8,446,308	5,996,159	3,067,163
BOI – Loans acquired	9,250,528	5,342,111	3,716,358	2,365,536
INBS – Loans acquired	8,672,418	3,014,983	1,323,409	449,399
EBS – Loans acquired	839,538	170,940	181,799	111,071
	<b>71,396,922</b>	<b>29,597,826</b>	<b>27,263,595</b>	<b>12,565,239</b>
Impairment provision on loans and receivables	-	(1,000,000)	-	-
Net loans and receivables	<b>71,396,922</b>	<b>28,597,826</b>	<b>27,263,595</b>	<b>12,565,239</b>

#### Impairment:

An estimated impairment provision of €1bn has been included as part of the quarterly accounts. The impairment policy has not yet been finalised by the Board and discussions with the Comptroller and Auditor General, the external auditors is currently ongoing. A final impairment provision will be included in the full period IFRS accounts of NAMAIL and NAML on finalisation of the audit of the annual financial report.

#### Due diligence

Following the Minister for Finance's statement on banking delivered on 30 of September 2010, all eligible assets were to be transferred into NAMA before 31 December 2010. This led to a the expedited transfer of €17bn of eligible assets in Q4. At the date of these accounts, due diligence was not fully completed on these transfers. Any valuation adjustment between the amount initially paid by NAMA and the results of due diligence will be settled between NAMA and the PI either in cash or through the issuance or redemption of NAMA Bonds. This adjustment will impact the carrying value of loans and receivables.

#### 12 Other assets

	<b>31 Dec 2010</b> <b>€'000</b>	<b>30 Sept 2010</b> <b>€'000</b>
VAT receivable	401	522
Other assets	17,610	171
<b>Total other receivables</b>	<b>18,011</b>	<b>693</b>

Other assets includes accrued bank interest and accrued interest on interest rate derivatives and amounts due from related parties

<b>13 Interest bearing loans and borrowings</b>	<b>31 Dec 2010</b>	<b>30 Sept 2010</b>
	<b>€'000</b>	<b>€'000</b>
Loan due to NAMA	-	249,500
Accrued interest payable	-	1,311
	<u>-</u>	<u>250,811</u>

The loan principal and all accrued interest due to NAMA was repaid in full by the Master SPV to the Minister for Finance on 27 October 2010.

#### 14 Financial assets and (liabilities) at fair value

	<b>31 Dec 2010</b>	<b>30 Sept 2010</b>
	<b>€'000</b>	<b>€'000</b>
Trading derivative assets – interest rate and inflation linked swaps	278,894	253,504
Trading derivative assets – cross currency swaps	163,024	45,928
	<u>441,918</u>	<u>299,432</u>
Hedging derivative assets	52,274	-
<b>Total derivative assets</b>	<b>494,192</b>	<b>299,432</b>
Trading derivative liabilities – interest rate swaps	(64,818)	(174,137)
Trading derivative liabilities – cross currency swaps	(104,742)	-
	<u>(169,560)</u>	<u>(174,137)</u>
Hedging derivative liabilities	(5,139)	(111,258)
<b>Total derivative liabilities</b>	<b>(174,699)</b>	<b>(285,395)</b>

Financial assets and liabilities at fair value comprises derivative financial assets and liabilities. The Group has entered certain foreign currency swaps and interest rate swaps to hedge its exposure to foreign currency risk and interest rate risk arising from the acquisition of assets and certain interest rate swaps from PIs.

#### 15 Debt Securities in issue

	<b>INBS</b>	<b>EBS</b>	<b>BOI</b>	<b>AIB</b>	<b>Anglo</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
In issue at the end of Quarter 3	421,000	104,000	2,273,000	3,143,000	6,389,000	12,330,000
<b>Issued in the quarter</b>	2,470,000	210,000	2,861,000	4,893,000	5,886,000	16,320,000
<b>In issue at the end of period</b>	<b>2,891,000</b>	<b>314,000</b>	<b>5,134,000</b>	<b>8,036,000</b>	<b>12,275,000</b>	<b>28,650,000</b>

The above are all Government Guaranteed Floating Rate Notes that were issued as part consideration (95%) of the acquired loan portfolio from the PIs. Interest resets to the prevailing market interest rate on the notes every 6 months.

Notes will be issued on each acquisition date and on each maturity date if the issuer elects to physically settle existing Notes with new Notes. Any new such Notes will be issued on the same terms as the existing Notes at prevailing market interest rates.

The Notes may be issued with an extendable maturity at the option of the Issuer, which extension may be exercised upon not less than 30 business days notice to holders. As the Notes maturity can only be extended at the prevailing market interest rate at the time of the extension, the option to extend is clearly and closely related to the host contract (the Floating Rate Notes), and as such is not separated and separately measured.

<b>16 Other liabilities</b>	<b>31 Dec 2010</b>	<b>30 Sept 2010</b>
	<b>€'000</b>	<b>€'000</b>
Professional services withholding tax	664	726
Prepayment of due diligence costs	3,430	4,675
Accrued interest on debt securities in issue	68,706	11,587
Accrued expenses	25,971	13,814
Loans due to group entities	103,043	101,936
Accrued swap interest	57,115	-
	<b>258,929</b>	<b>132,738</b>

The prepayment of due diligence costs above refer to due diligence costs that the group incurs in relation to loans acquired from the PIs. The Group is entitled to recover these costs from the PIs as per the National Asset Management Agency Act 2009 and regulations published by the Minister for Finance on 5 March 2010. Although the Group has not compensated all various third parties for said costs, the PIs compensate the group upfront for these costs in the form of reduced consideration.

It is the policy of the group to match the prepayment from the PIs with the subsequent payment of the acquisition costs in the income statement when the payment of the acquisition costs occurs.

<b>17 Share capital</b>	<b>Number</b>	<b>€</b>
<b>National Asset Management Limited</b>		<b>31 December 2010</b>
<u>Authorised:</u>		
Ordinary shares of € 1 each	1,000	1,000
<u>Issued and fully paid during the period:</u>		
Ordinary shares of € 1 each	100	100

**18 Subordinated equity instrument**

	<b>INBS</b>	<b>EBS</b>	<b>BOI</b>	<b>AIB</b>	<b>Anglo</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
In issue at the end of Quarter 3	<b>22,000</b>	<b>6,000</b>	<b>119,000</b>	<b>165,000</b>	<b>335,000</b>	<b>647,000</b>
	-	-	-	-	-	-
<b>Issued in the period</b>	<b>130,000</b>	<b>11,000</b>	<b>151,000</b>	<b>258,000</b>	<b>310,000</b>	<b>860,000</b>
<b>In issue at the end of the period</b>	<b>152,000</b>	<b>17,000</b>	<b>270,000</b>	<b>423,000</b>	<b>645,000</b>	<b>1,507,000</b>

The above are Callable Perpetual Subordinated Bonds that were issued as part compensation (5%) of the acquired loan portfolio from the PIs.

The interest rate on the instruments is the 10 year Irish Government yield at the first issue date of the Bonds, plus 75 basis points. Interest may be paid annually, however the coupon is declared at the option of the issuer. Coupons not declared in any year will not accumulate.

Although the Bonds are perpetual in nature, the Issuer may call the bonds on the first call date (which is 10 years from the first issue date), and every Interest Payment date thereafter (regardless of whether interest is to be paid or not). The Bonds will be redeemed in full at par without undeclared interest at the discretion of the NAMA Board based on the performance of the National Asset Management Agency.