National Asset Management Agency

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

30 September 2015

21 December 2015

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 third quarter of 2015 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 present for your information Q3 2015 Financial Highlights and Key Performance Indicators (KPIs).

Financial Highlights	YTD 2015 (9 Months) €m	Full year 2014 €m	Inception to 30 Sept 2015 €m
Total cash generated	**5,571**	**8,562**	**29,217**
Cash proceeds from property collateral and loan sales	5,103	7,757	23,730
Non-disposal cash receipts	514	809	4,930
Senior bond redemptions	4,500	9,100	21,100
Operating profit before impairment	554	648	
Impairment credit/(charge)	25	(137)	
Profit for the period	571	458	
Loans and receivables balance (net of impairment)	9,635	13,360	

Gníomhaireacht Náisiúnta um Bhainistíocht Sócmhainní
Treasury Building, Sráid na Canálach Móire, Baile Átha Cliath 2
info@nama.ie www.nama.ie

National Asset Management Agency
Treasury Building, Grand Canal Street, Dublin 2, Ireland
T +353 1 665 0000

Key Performance Indicators

Cash generation

NAMA continues to generate significant cash through disposals of assets and loans and non-disposal income:

- NAMA generated €5.6 billion in the nine month period to 30 September 2015 (Q3 2014: €6.9 billion).
- NAMA generated €8.9 billion in cash in the period to 18 December 2015, bringing cumulative cash generated to €32.6 billion since inception.
- Cash and cash equivalent balances held at 30 September 2015 were €1.4 billion.

Profitability

NAMA recorded a profit of €571 million for the nine month period to 30 September 2015 (nine months to 30 September 2014: €134 million; year ended 31 December 2014: €458 million).

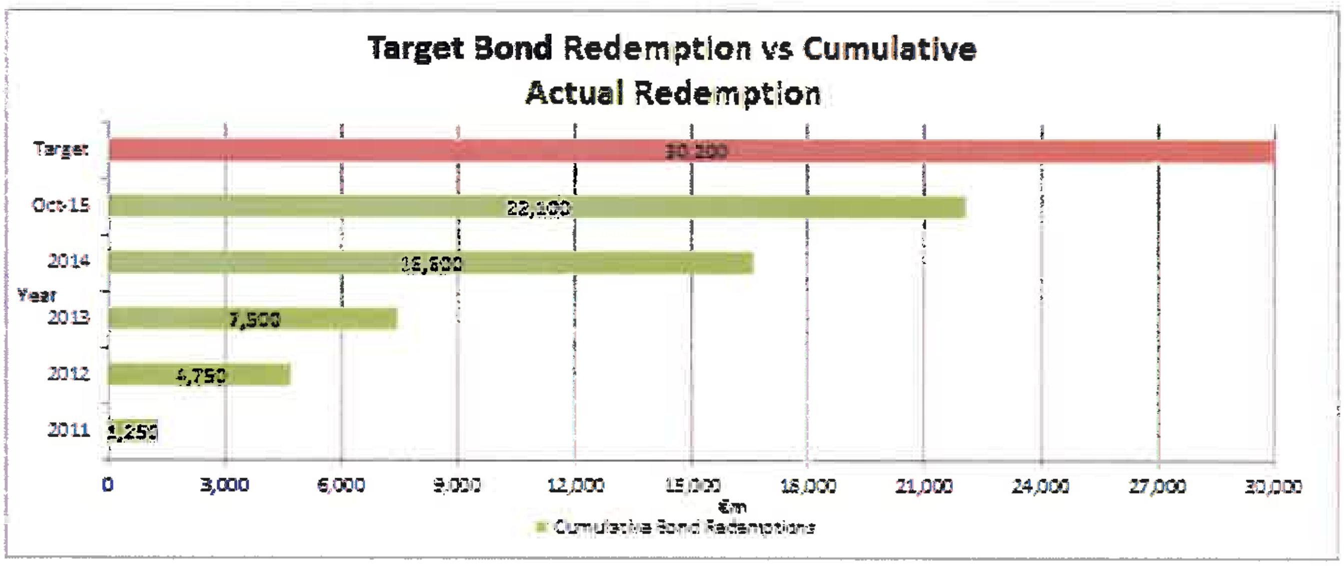
Loan portfolio

The carrying value of NAMA's loan portfolio at 30 September 2015, net of cumulative impairment provision of €3.3 billion, was €9.6 billion (30 June 2015: €11.3 billion). The carrying value as at 30 September 2015 includes assets sold as part of Project Arrow and Project Jewel transactions. These transactions completed in Q4 2015 and will be reflected in the Q4 2015 Section 55 accounts.

NAMA Strategic Objectives

Deleveraging and senior debt redemption

NAMA redeemed €4.5 billion of its senior bonds in the nine months to 30 September and a further €1 billion in Q4 2015, as set out in the table below. These redemptions bring the total cumulative amount redeemed to €22.1 billion – 73% of NAMA's original senior bonds in issue.



Dublin Docklands SDZ

In accordance with Section 10 of the NAMA Act, NAMA is committed to providing funding on a commercial basis to its debtors and receivers to maximise the return that can be generated on behalf of taxpayers from development assets within its portfolio. NAMA has already provided more than €1bn in development funding for projects in Ireland and has targeted substantial new commercial office and residential development in Dublin and the other major urban centres over the coming years. NAMA is particularly focused, in this respect, on the Dublin Docklands Strategic Development Zone (SDZ), which has been identified as a strategic location for new Grade A office space to accommodate future employment growth in Ireland, and the supply of new residential units throughout the greater Dublin area in response to strong demand.

A core focus of NAMA's development funding is the commercial delivery of Grade A office and residential accommodation in the Dublin Docklands SDZ where NAMA has an interest in 14 of the 20 development blocks identified in the SDZ. Some key developments by NAMA to date are as follows:

- Submission of two planning applications at the Point Village hub - the Exo Building and Block 10A – that will deliver a combined 600,000 sq. ft. of mainly office accommodation.
- Submission and receipt of planning permission for the construction of a new road identified as key infrastructure in the SDZ.
- Receipt of planning permission by the Receiver for Boland's Mill for proposed office, residential, cultural and retail development of up to 400,000 sq. ft.
- Receipt of planning permission for 257,000 sq.ft. office development at 72-80 North Wall Quay. NAMA has retained the freehold interest and receives a guaranteed percentage of rental income or sales proceeds of completed developments over a six year period.
- Submission of a planning application by the Receiver in relation to Spencer Dock for a proposed hotel development comprising approximately 89,000 sq.ft, an office development covering over 442,000 sq.ft. and residential development of 165 units.
- NAMA's 16.5% investment share in the South Docks Fund which obtained planning permission for the development of over 450,000 sq. ft. of office and residential accommodation at 5 Hanover Quay and 76 Sir John Rogerson's Quay.
- NAMA's 47.75% investment in and provision of funding to the City Development Fund for the construction of a new building comprising 50,000 sq. ft. of office space at 6-8 Hanover Quay, which is entirely pre-let to the US corporation, Airbnb. The fund has also submitted a planning application for 110,000 sq. ft. of office development at 13-18 City Quay.
- NAMA's 15% investment in the Kennedy Wilson Real Estate Fund VIII which has submitted planning permission for a 650,000 sq. ft. development at Sir John Rogerson's Quay – Capital Docks Scheme.
- As part of NAMA's capital development programmes it is working with debtors and receivers to identify commercial opportunities to fund the delivery of student accommodation in Dublin. An example is a recent planning application submitted to Dublin City Council for the development, within the Dublin Docklands SDZ Planning Area, of up to 900 quality student accommodation bed spaces. The Dublin Docklands SDZ Planning Scheme envisages the construction of quality student residences on both sides of the Liffey.

NAMA Residential Delivery

In the period from 2014 to September 2015 NAMA funded the commercial delivery of over 2,000 new residential units in the greater Dublin area. The NAMA Board recently announced an initiative to fund on a commercial basis the residential delivery of an additional 20,000 units by end-2020 through NAMA funding.

Year/Period	Completed residential units delivered	Additional units facilitated via site sales	Cumulative delivered total
2014	1,362	750	2,112
Sept 2015 year-to-date	649	166	815
Total	2,011	916	**2,927**

NAMA has established a dedicated Residential Delivery Division and has carried out a detailed, site-by-site, bottom-up review of the residential sites controlled by its debtors and receivers. Based on this analysis, NAMA has identified that sites capable of delivering 13,200 units are commercially viable to develop based on current sales prices, current planning and current completion costs. Sites capable of delivering at least another 6,800 units are commercially marginal to develop at current sales prices but may become commercially viable through intensive asset management and planning work by NAMA. The provision of requisite infrastructure by the local authorities, Irish Water and Transport Infrastructure Ireland will also contribute to the commercial viability of some sites. Funding the delivery of this programme is fully in line with the Agency's primary objective to achieve, under Section 10 of the NAMA Act, the maximum return to the State and to add value on a commercial basis to assets securing its loan portfolio. A major part of ensuring this is to maintain NAMA's operational platform and skillset.

Social housing

NAMA expects to achieve its social housing delivery target of 2,000 units by end-2015.

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,

Frank Daly
Chairman

Brendan McDonagh
Chief Executive Officer

National Asset
Management Agency

Unaudited Consolidated Accounts of the National Asset Management Agency

For the quarter ended 30 September 2015

National Asset Management Agency Group

Quarter to 30 September 2015

Contents of Unaudited Consolidated Accounts

Board and other information

Board

Frank Daly (Chairman)
Brendan McDonagh, Chief Executive Officer NAMA
Conor O'Kelly, Chief Executive Officer NTMA[1]
Oliver Ellingham (non-executive)
Mari Hurley (non-executive)
Brian McEnery (non-executive)
Willie Soffe (non-executive)

Registered Office

Treasury Building
Grand Canal Street
Dublin 2

Principal Bankers

Central Bank of Ireland
Dame Street
Dublin 2

Citibank
I.F.S.C.
Dublin 1

[1] The Chief Executive of the NTMA is an ex-officio Board member of NAMA.

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 Officer, 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.

Group structure

In accordance with the Act and to achieve its objectives, the Agency has set up certain special purpose vehicles (SPVs). 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.

On 18 December 2014, NARL (in Voluntary Liquidation) and NALHL (in Voluntary Liquidation) were placed into liquidation by its members. As the liquidator has assumed the rights of the shareholder and now controls both of these entities and NALHL's subsidiaries, NARL (in Voluntary Liquidation), NALHL (in Voluntary Liquidation) and its subsidiaries, RLHC and RLHC II, are not consolidated into the results of the NAMA Group.

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 in these financial statements.

National Asset Resolution Limited (in Voluntary Liquidation) (NARL)

On 7 February 2013, joint Special Liquidators were appointed to IBRC under the IBRC Act 2013. On 11 February 2013, NAMA established a 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 NAML and transferred to NARL via a profit participating loan facility. NARL is a 100% subsidiary of NAMAIL.

NARL was the senior creditor of IBRC (in liquidation), therefore funds received by the joint Special Liquidators were used to reduce the loan facility deed in the first instance. NAMA had no involvement in the liquidation process and the financial statements recognised 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. On 22 April 2014, the Minister announced that no assets would transfer to NAMA from IBRC (in liquidation). The loan facility deed was fully repaid on 21 October 2014, and the Company was placed into voluntary liquidation by its members on 18 December 2014.

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 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 (in Voluntary Liquidation). NARL (in Voluntary Liquidation) used these debt instruments as consideration for the loan facility deed acquired from the Central Bank of Ireland. The NARL senior bonds were fully redeemed in October 2014.

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

National Asset Management Group Services Limited (NAMGSL)

NAMGSL acts as the holding company for its ten subsidiaries: NALML, NAMSL, NAJVAL, NAPML, NANQL, NARPSL, NASLLC, NALHL (in Voluntary Liquidation), RLHC and RLHC II.

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.

NALML has one subsidiary, NANQL.

National Asset North Quays Limited (NANQL)

On 8 April 2015, National Asset North Quays Limited (NANQL) was established. NANQL is a 100% wholly owned subsidiary of NALML and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from such lands in the form of a licence fee, a fixed percentage of rent or a percentage of sales proceeds of any completed development to be built on the lands.

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)

On 4 July 2013, NAMA established a subsidiary, National Asset JV A Limited (NAJVAL). 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.

NAPML has five subsidiaries; NARPSL, NASLLC and NALHL (in Voluntary Liquidation), RLHC and RLHC II:

National Asset Residential Property Services Limited (NARPSL)

On 18 July 2012, NAMA established a 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.

1,600 residential properties were delivered to the social housing sector by NAMA debtors from inception to 30 September 2015. This includes the direct sale of 585 properties by NAMA debtors and receivers to various approved housing bodies, the direct leasing of 116 properties by NAMA debtors and receivers and the acquisition by NARPSL of 540 properties for lease to approved housing bodies. In addition, contracts were exchanged on a further 359 properties (for both direct sale and through NARPSL) at the reporting date.

National Asset Sarasota LLC (NASLLC)

On 1 August 2013, NAMA established a US subsidiary, National Asset Sarasota Limited Liability Company (NASLLC). NASLLC is a wholly owned subsidiary of NAPML, and was established to acquire any property assets located in the US, if and when required.

National Asset Leisure Holdings Limited (in Voluntary Liquidation) (NALHL)

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

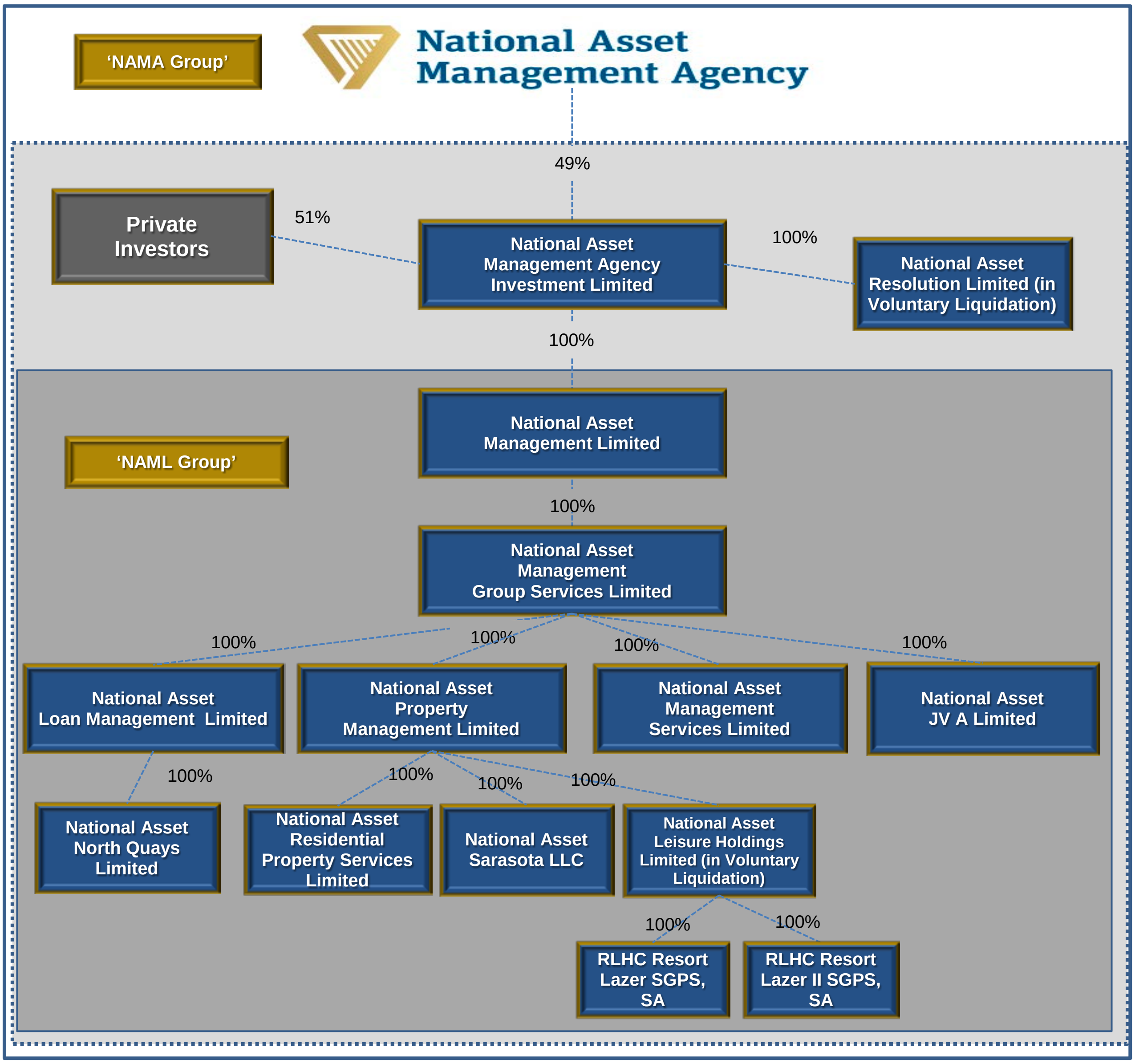
The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into voluntary liquidation on 18 December 2014. The control of NALHL (in Voluntary Liquidation) is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation).

RLHC Resort Lazer SGPS, S.A. (RLHC), RLHC Resort Lazer II SGPS, S.A. (RLHC II)

On 5 February 2014, NAMA established two subsidiaries, RLHC Resort Lazer SGPS, S.A. (RLHC) and RLHC Resort Lazer II SGPS, S.A. (RLHC II). RLHC and RLHC II are wholly owned subsidiaries of NALHL (in Voluntary Liquidation) and acquired 90% and 10% respectively of the share capital of a number of Portuguese entities, following the legal restructure of the debt owed by these entities.

With the exception of RLHC and RLHC II, 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, and RLHC and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC and RLHC II is Rua Garrett, no. 64, 1200-204 Lisbon, Portugal.

Chart 1 NAMA Group entities at 30 September 2015



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 the NAMA Group for the quarter ended 30 September 2015. For the purposes of these accounts, the 'NAMA Group' comprises the result of all entitles presented in Chart 1, excluding those in liquidation.

The financial information for all entities is presented showing items of income and expenditure for the quarter from 1 July 2015 to 30 September 2015 and for the year to date.

The statement of financial position is presented as at 30 September 2015 and 30 June 2015. The cash flow statement for the NAMA Group is presented for all cash movements for the quarter from 1 July 2015 to 30 September 2015 and for the year to date.

The income statements and statement of financial position for each NAMA Group Entity are provided on pages 36 to 39.

Consolidated Income Statement
For the quarter from 1 July 2015 to 30 September 2015

	Note	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
Interest and fee income	3	180,278	512,540
Interest expense	4	(56,596)	(184,061)
Net interest income		**123,682**	**328,479**
Other income / (expenses)	5	3,181	31,864
Profit on disposal of loans and property assets; and surplus income	6	22,166	280,943
Gains on derivative financial instruments	7	735	350
Total operating income		**149,764**	**641,636**
Administration expenses	8	(25,445)	(80,455)
Foreign exchange gains / (losses)	9	5,110	(7,018)
Operating profit before impairment		**129,429**	**554,163**
Impairment credit on loans and receivables	14	-	24,811
Operating profit after impairment		**129,429**	**578,974**
Tax charge	10	(31,659)	(7,714)
Profit for the period		**97,770**	**571,260**

The accompanying notes 1 to 25 form an integral part of these accounts.

Consolidated Statement of Financial Position
As at 30 September 2015

	Note	30 Sept 2015 €'000	30 June 2015 €'000
Assets			
Cash and cash equivalents	11	918,219	947,658
Cash placed as collateral with the NTMA	11	469,000	750,000
Amounts due from Participating Institutions	12	85,715	90,544
Derivative financial instruments	13	46,235	26,396
Loans and receivables (net of impairment)	14	9,635,102	11,274,850
Other assets	15	15,784	10,289
Inventories - trading properties	16	95,842	85,210
Property, plant and equipment	17	1,935	1,935
Investments in equity instruments	18	35,472	35,472
Deferred tax	19	89,333	131,175
Total assets		**11,392,637**	**13,353,529**
Liabilities			
Amounts due to Participating Institutions	12	20,338	21,078
Derivative financial instruments	13	410,250	557,772
Other liabilities	20	39,633	229,119
Senior debt securities in issue	21	9,090,000	10,840,000
Tax payable	22	841	2,320
Total liabilities		**9,561,062**	**11,650,289**
Equity			
Share capital		-	-
Other equity	23	1,593,000	1,593,000
Retained profits	25	412,304	314,536
Other reserves	24	(173,729)	(204,296)
Total equity and reserves		**1,831,575**	**1,703,240**
Total equity, reserves and liabilities		**11,392,637**	**13,353,529**

The accompanying notes 1 to 25 form an integral part of these accounts.

Consolidated Statement of Cash Flows
For the quarter from 1 July 2015 to 30 September 2015

	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
Cash flow from operating activities		
Receipts from borrowers	2,100,450	5,533,098
Receipts from derivatives acquired	1,043	13,584
Funds advanced to borrowers	(308,854)	(674,579)
New loans acquired	-	(139,071)
Funds in the course of collection	(4,377)	3,688
Cash held on behalf of debtors	-	(123)
Net cash provided by loans and receivables	**1,788,262**	**4,736,597**
Derivatives		
Cash inflow on foreign currency derivatives	2,422,480	7,218,639
Cash outflow on foreign currency derivatives	(2,479,518)	(7,431,974)
Net cash inflow on derivatives where hedge accounting is applied	(235,801)	(236,775)
Net cash outflow on other derivatives	(389)	(1,253)
Net cash used in derivatives	**(293,228)**	**(451,363)**
Other operating cashflows		
Payments to suppliers of services	(39,292)	(106,939)
Interest paid on senior debt securities in issue	(6,336)	(25,085)
Interest paid on cash and cash equivalents	(138)	(226)
Dividend paid by NAMAIL on B ordinary shares	-	(386)
Coupon paid by NAML on subordinated debt issued	(769)	(83,856)
Net outflow on amounts placed as collateral with the NTMA	281,000	221,000
Funds paid to acquire trading properties	(11,521)	(59,874)
Rental income received from social housing units (NARPSL)	944	1,970
Net cash used in other operating activities	**223,888**	**(53,396)**
Net cash provided by operating activities	**1,718,922**	**4,231,838**
Cash flow from investing activities		
Investments in equity instruments	-	(588)
Dividends from equity investments	2,127	21,353
Distributions received from equity instruments	186	553
Net cash used in investing activities	**2,313**	**21,318**
Cash flow from financing activities		
Redemption of senior debt securities	(1,750,000)	(4,500,000)
Net cash used in financing activities	**(1,750,000)**	**(4,500,000)**
Cash and cash equivalents at the beginning of the period	947,658	1,158,692
Net cash provided by operating activities	1,718,922	4,231,838
Net cash provided by investing activities	2,313	21,318
Net cash used in financing activities	(1,750,000)	(4,500,000)
Effects of exchange-rate changes on cash and cash equivalents	(674)	6,371
Cash and cash equivalents at 30 Sept 2015	**918,219**	**918,219**
Financial assets and cash collateral		
Amounts pledged as collateral with the NTMA	469,000	469,000
Total cash, cash equivalents and collateral held at 30 September 2015	**1,387,219**	**1,387,219**

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 11. 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 NAMAIL 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.

With the exception of RLHC and RLHC II, 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, and RLHC and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC and RLHC II is Rua Garrett, nº. 64, 1200-204 Lisbon, Portugal.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Group's consolidated accounts for the period to 30 September 2015 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. The Group's principal critical estimates and judgements include impairment of loans and receivables and related derivatives acquired; income recognition on loans and receivables; surplus income; and deferred tax.

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 period 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 consolidated financial statements of the Group comprise the financial statements of the parent entity, NAMA and its subsidiaries, with the exception of NARL, NALHL, RLHC and RLHC II. The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the same reporting date as that of the parent.

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 derivatives (other than on cross currency interest rate swaps) 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. Interest on cross currency interest rate swaps is recognised as part of fair value gains and losses on currency derivatives.

Equity instruments
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 the income statement as part of other income/(expenses).

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 secured 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.

(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 of derivatives acquired from Participating Institutions that were originally put in place to provide hedges to borrowers (‘borrower derivatives’). These derivatives were acquired from each Participating Institution 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 of interest rate derivatives. The fair value is determined using a valuation technique based on independent valuations obtained using observable market inputs such as Euribor and Libor yield curves, FX rates, option volatilities and par interest swap rates.

NAMA derivatives
NAMA derivatives comprise of 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 as 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.

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

Profits and losses on the disposal of loans/property assets is calculated as the difference between the carrying value of the loans/property assets and the contractual sales price at the date of sale, less related loan sale costs. 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 assets 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, or if the recognition of profit on disposal of loans may result in future impairment in the connection.

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, on a semi-annual basis, 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, 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 (i.e. the unit of account is the overall total debtor connection).

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.

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 released by adjusting the allowance account. The amount released 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 as impairment crystallisation. Such financial assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

NAMA may dispose of loans within a debtor connection or a portfolio of loans across multiple connections. The disposal of loans gives rise to a release or crystallisation of any impairment previously recognised relating directly to the loans sold.

When a loan or group of loans is sold the rights to the cash flows from the loans expire and the loan assets are de-recognised from the statement of financial position. On de-recognition, a gain or loss on the loans sold is calculated and is recognised in the consolidated income statement. The gain or loss is calculated as the difference between the consideration received net of transaction costs and the carrying value of the loans sold.

The assessment of the carrying value of the loans sold takes into account impairment previously recognised against these loans.

If impairment has previously been recognised on the loans
- a calculated *profit* on disposal results in the associated impairment provision for these assets being released.
- a calculated *loss* on disposal will result in the associated impairment provision being crystallised, whereby both the provision held and the carrying value of the loans are reduced.

Collective Assessment
Debtor connections which are not subject to individually significant assessment are grouped collectively for the purposes of performing an impairment assessment. When collectively assessed loans are disposed of, the calculated profit or loss on disposal does not take into account any previously recognised collective provision as this provision is not directly attributed to the loans. The related impact on the overall collective provision is reassessed following disposal of the loans.

2.12 Impairment of non-financial assets

The carrying amount of the Group's non-financial assets is 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 risk on performing borrower derivatives acquired from the Participating Institutions is hedged using 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 Inventories - 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 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 financial statements.

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.

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

Coupon payments on subordinated bonds that are classified as equity 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 recognised in the statement of financial position. 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 statement of financial position 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 in 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).

Subsequent to initial recognition, fair values are determined using 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 quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	€'000
Interest on loans and receivables	157,918	486,798
Interest on acquired derivative financial instruments	174	2,945
Interest on cash and cash equivalents	371	385
Interest on financial asset	332	332
Fee income from loans and receivables	21,483	22,080
Total interest and fee income	**180,278**	**512,540**

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.

Interest on loans and receivables recognised for the period 1 January 2015 to 30 September 2015 was €0.49bn, with €0.50bn realised by way of non-disposal cash receipts. Where applicable, 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 on acquired derivative financial instruments relates to interest received on derivatives acquired from Partipating Institutions that were associated with the loans acquired.

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

Interest on financial asset arises due to the lease on lands at 72-80 North Wall Quay ("Project Wave"). An asset has been recorded equal to the discounted net present value of the guaranteed income stream due over the life of the lease agreement. An effective interest rate of 5.31% has been calculated on the asset and recorded as income in the P&L.

Fees earned by the Group that are not part of EIR, such as exit or performance fees, are recognised immediately in profit or loss as fee income. Fee income recognised in the period includes arrangement fees and restructuring fees.

4 Interest expense

	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	€'000
Interest on senior debt securities in issue	2,479	13,185
Interest on derivatives where hedge accounting is applied	52,950	168,455
Interest on other derivative financial instruments	606	1,727
Interest on cash and cash equivalents	561	694
Total interest expense	**56,596**	**184,061**

5 Other income/(expenses)

	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	€'000
Dividend income from equity investments	2,127	21,353
Fair value loss on equity instrument (note 18)	-	(1,298)
Asset rental income	-	9,411
Lease rental income	1,054	2,398
Total other income/(expenses)	**3,181**	**31,864**

As a result of the restructure of one of the NAMA managed debtors in 2011, the Group acquired an equity investment of £2 in a debtor company. This equity investment provided NAMA with an entitlement to a share of any future profits generated by the debtor company. The Group received dividends totalling €2.1m (Q2 2015: €19.2m) on its investment during the period.

The fair value of NAMA's equity instruments is based on the net asset value of the investment entity at the reporting date, and changes in fair value are recognised in the income statement in accordance with accounting policy 2.5.

In Q1 2015, NAMA acquired certain lands at North Wall Quay, and entered an income sharing agreement which will provide a secure income stream from the lands in the form of a fixed percentage of rent or a percentage of sales proceeds of any completed development to be built on the lands. The present value of any portion of the income stream that is guaranteed is immediately recognised as asset rental income in line with accounting policy 2.9.

Lease rental income is earned from the lease of residential properties to approved housing bodies for social housing purposes and from the lease of certain trading properties. It is accounted for on a straight line basis over the lease term in accordance with accounting policy 2.25.

6 Profit on disposal of loans and property assets; and surplus income

	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	**€'000**
Surplus income on loan repayments (in excess of loan carrying values)	-	245,431
Net profit on disposal of loans	22,166	35,512
Profit on disposal of loans and property assets	**22,166**	**280,943**

For certain assets acquired, the proceeds from the disposal of the underlying collateral in a debtor connection exceeded the carrying value of those loans and receivables. This surplus is recognised in the income statement as realised profits on loans and is recognised semi-annually in accordance with accounting policy 2.10.

During the period to 30th September, the Group disposed of certain loans and receivables to third parties. Profit or loss on disposal of loans is measured as the difference between the cash received, including any deferred consideration, less related loan sale expenses less the net carrying value of those loans and receivables. The Group realised a net profit of €35.5m on the disposal of loans year to date in accordance with accounting policy 2.10. The €35.5m recognised year to date is profit on disposal of €40m (see note 14), less disposal costs of €4.5m. Profit on disposal of loans is not recognised where the overall debtor connection is impaired in accordance with the latest available impairment assessment data.

The costs of €4.5m incurred on the disposals of loans have been recognised within net profit on disposal of loans in line with IFRS, which outlines that any profit or loss on the derecognition of loans and receivables should be recognised after deduction of selling costs from disposal proceeds.

The following table summarises NAMA's overall profit/(loss) recognised on the transactions relating to the disposal of underlying collateral and loans:

	For the period from 1 Jan 2015 to 30 Sept 2015			For the period from inception to 30 Sept 2015		
	Disposals of underlying collateral	**Disposals of loans**	**Total**	**Disposals of underlying collateral**	**Disposals of loans**	**Total**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**
Proceeds	4,687	884	**5,571**	23,224	5,993	**29,217**
Profit recognised in income statement (Note 6)	245	35	**280**	1,993	(191)	**1,802**
Crystallisation of existing impairment provision (Note 14)	(24)	(211)	**(235)**	(55)	(843)	**(898)**
Total	**221**	**(176)**	**45**	**1,938**	**(1,034)**	**904**

The crystallisation of existing impairment provision represents the amount of the previously recognised impairment provision that is attributed to the disposal of underlying collateral and loans to date. It does not represent an income statement charge in the period of crystallisation. Instead, the Income Statement recognition occurred when the impairment provision was previously historically recorded. Combined with the 'Profit/(loss) recognised in income statement', it presents an overall profit/(loss) in respect of the disposal of underlying collateral and loans for the period.

7 Gains on derivative financial instruments

	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	€'000
Fair value losses on derivatives acquired from borrowers	(255)	(3,948)
Fair value (losses) / gains on other derivatives	(110)	538
Hedge ineffectiveness	1,100	3,760
Total gains on derivative financial instruments	**735**	**350**

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 13.

Gains or losses arising on derivatives acquired from borrowers comprise fair value movements on these derivatives. Other derivatives hedge NAMA's interest rate risk exposure arising from derivatives acquired from the PIs. Hedge accounting has not been applied on these derivatives.

Also included in the amount for other derivatives are the termination fees that incurred on the early termination of interest rate swaps that were previously designated into hedge relationships. On early termination, these derivatives were reclassified as other derivatives.

At the reporting date, NAMA had €8.4bn of interest rate swaps remaining to hedge its exposure to interest rate risk arising from the senior notes in issue. 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 (see Note 24). The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

8 Administration expenses

	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	€'000
Costs reimbursable to the NTMA	12,142	37,852
Primary servicer fees	9,653	29,785
Master servicer fees	492	999
Portfolio management fees	318	2,800
Legal fees	1,514	3,912
Finance, communication and technology costs	183	1,775
Rent and occupancy costs	713	2,113
Internal audit fees	188	486
Board and Committee fees and expenses	109	330
External audit remuneration	133	403
Total administration expenses	**25,445**	**80,455**

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) and Conor O'Kelly (CEO, NTMA) receive no payment as members of the NAMA Board.

8.1 Costs reimbursable to the NTMA	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	€'000
Staff costs	9,700	30,007
Overheads and shared service costs	2,442	7,845
Total	**12,142**	**37,852**

9 Foreign exchange gains/(losses)

	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	**€'000**
Foreign exchange translation (losses) / gains on loans and receivables	(62,779)	158,005
Unrealised foreign exchange gains on derivative financial instruments	126,157	41,044
Realised foreign exchange losses on derivative financial instruments	(57,038)	(213,335)
Foreign exchange (losses) / gains on cash	(674)	6,371
Other foreign exchange (losses) / gains	(556)	897
Total foreign exchange gains / (losses)	**5,110**	**(7,018)**

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 gain or loss on derivative products comprises both realised and unrealised gains and losses. Realised and unrealised gains and losses are recognised in accordance with accounting policy 2.14. Currency derivatives are explained in more detail in Note 13.

Included within total foreign exchange gains/(losses) for the quarter from 1 July 2015 to 30 September 2015 is cross currency swap interest expense of €1.1m (Q2 2015: €6.0m).

10 Tax charge

	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
Current tax charge	**€'000**	**€'000**
Corporation tax	(8)	(24)
Deferred tax charge		
On fair value gains and losses on derivatives & equity investments (note 19)	(31,651)	(7,689)
Total taxation charge	**(31,659)**	**(7,714)**

11 Cash, cash equivalents and collateral

	30 Sept 2015 €'000	30 Jun 2015 €'000
Balances with the Central Bank of Ireland	213,155	161,927
Balances with other banks	82,359	89,220
Term deposits	67,705	126,511
Exchequer note investments	555,000	570,000
Total cash and cash equivalents	**918,219**	**947,658**
Cash placed as collateral with the NTMA	469,000	750,000
Total cash, cash equivalents and collateral	**1,387,219**	**1,697,658**

Balances with other banks comprise balances held with Citibank, AIB and BNP. Exchequer notes are short term interest bearing notes, with maturities generally less than 30 days, which are held with the NTMA.

In accordance with an agreement entered into between NAMA and the NTMA in 2012, NAMA is required to post cash collateral with the NTMA under a collateral posting agreement (CPA). 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. At 30 September 2015, NAMA's derivative liability exposure was €0.4bn as set out in Note 13.

12 Amounts due from/(to) Participating Institutions

NAMA legally acquired overdraft accounts attached to debtor loan accounts in 2010 and 2011. At 30 September 2015 the following amounts were receivable from and payable to 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 year end. All amounts are classified as current.

	30 Sept 2015 €'000	30 Jun 2015 €'000
Amounts due from Participating Institutions	**85,715**	**90,544**
Amounts due to Participating Institutions	**(20,338)**	**(21,078)**

13 Derivative financial instruments

	30 Sept 2015 €'000	30 Jun 2015 €'000
(a) Derivative assets at fair value through profit or loss		
Derivative financial instruments acquired from borrowers	25,594	26,138
Other derivative financial instruments	-	-
Foreign currency derivatives	20,641	258
Total derivative assets	**46,235**	**26,396**
(a) Derivative liabilities at fair value through profit or loss		
Other derivative financial instruments	(5,411)	(5,301)
Foreign currency derivatives	(170,089)	(275,864)
(b) Derivative financial instruments designated in hedge relationships		
Interest rate swaps	(234,750)	(276,607)
Total derivative liabilities	**(410,250)**	**(557,772)**

(a) 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.

NAMA uses currency derivatives to hedge the foreign exchange exposure which arose on the transfer of foreign currency loans from Participating Institutions with Euro denominated NAMA Securities. The foreign currency derivatives are used to reduce its exposure to exchange rate fluctuation arising on foreign denominated loans and receivables acquired.

(b) 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.

14 Loans and receivables (net of impairment)

	30 Sept 2015 €'000	30 Jun 2015 €'000
Loans and receivables carrying value before impairment	12,896,195	14,746,776
Less: provision for impairment charges on loans and receivables	(3,261,093)	(3,471,926)
Total loans and receivables (net of impairment)	**9,635,102**	**11,274,850**

The above table reflects the carrying value of the Group's loans acquired from the Participating Institutions, 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), and loan movements since acquisition, less any additional impairment deemed to have occurred subsequent to acquisition.

The following table summarises the movement in loans and receivables.

Reconciliation of movement in loans and receivables	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
Opening balance	14,746,776	16,880,809
New loans issued/acquired	-	139,071
Receipts from and payments to borrowers		
Non-disposal income	(210,998)	(513,397)
Proceeds from the sale of collateral as security against loans and receivables and other loan repayments	(1,073,327)	(4,108,748)
Proceeds from the sale of loans	(793,484)	(882,852)
Deferred income	331	9,681
Funds advanced to borrowers	308,854	674,579
Funds in the course of collection	4,377	(3,688)
Costs recoverable from borrowers	3,815	11,992
Total receipts from and payments to borrowers	**(1,760,431)**	**(4,812,434)**
Other loan movements		
Loan interest income earned	157,733	486,245
Movement in overdraft accounts	3,814	(714)
(Loss) /profit recognised on sale of loans	22,430	40,027
Surplus income	-	245,431
Foreign exchange gain on loans and receivables	(62,779)	158,005
Impairment crystallised from disposals	(211,830)	(234,871)
Other	483	(5,374)
Total other loan movements	**(90,149)**	**688,750**
Total loan movements	**(1,850,581)**	**(3,984,613)**
Loans and receivables pre impairment	**12,896,195**	**12,896,195**
Provision for impairment of loans and receivables	(3,261,093)	(3,261,093)
Net loans and receivables after impairment	**9,635,102**	**9,635,102**

Impairment provision	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
Balance at the beginning of the period	**3,520,775**
Increase in specific provision	243,407
Release of specific provision	(503,089)
Total movement in provision (Note (i))	**(259,682)**
Balance at 30 Sept 2015	**3,261,093**
Note (i)	
Recognised in income statement	(24,811)
Recognised against loans and receivables	(234,871)
	(259,682)

Impairment is assessed semi-annually. The movement in the provision represents the amount of the previously recognised impairment provision that is attributed to the disposal of underlying collateral.

15 Other assets

	30 Sept 2015 €'000	30 Jun 2015 €'000
Accrued swap interest receivable	360	939
Deferred consideration receivable from loan sales	7,001	7,928
Other assets	8,423	1,422
Total other assets	**15,784**	**10,289**

Accrued swap interest relates to derivatives associated with loans acquired by the Group from Participating Institutions.

16 Inventories - trading properties

	30 Sept 2015 €'000	30 Jun 2015 €'000
Social housing	64,664	54,468
Other	31,178	30,742
Total trading properties	**95,842**	**85,210**

Trading properties are recognised in accordance with accounting policy 2.15.

The movement in carrying values relate to the following activity by the Group in Q3 2015:
- acquisition of 77 social housing units for leasing to approved housing bodies as part of the social housing initiative.

17 Property, plant and equipment

	30 Sept 2015 €'000	30 Jun 2015 €'000
Lease fit out costs	**1,935**	**1,935**

Property, plant and equipment relates to lease fit out costs incurred to date. The assets are depreciated annually at 31 December on a straight line basis over 10 years in accordance with accounting policy 2.23. A full year's depreciation is charged in the year the lease fit out costs are incurred and capitalised.

18 Investments in equity instruments

	30 Sept 2015 €'000	30 Jun 2015 €'000
Investments in equity instruments measured at fair value	**35,472**	**35,472**

The Group may invest in equity instruments to maximise value or gain control of an asset. Equity investments at the reporting date comprise:

- a 20% interest in a partnership of €1.3m, 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.

- a 16.5% ownership in qualifying investor alternative investment fund ("QIAIF 1"), a 47.75% ownership in a second QIAIF ("QIAIF 2"), and a 15% in a third QIAIF ("QIAIF 3") with a combined value of €29.7m. The units in QIAIF 1 and QIAIF 3 were acquired as consideration for the sale of certain property assets to QIAIF 1 and QIAIF 3, in 2013 and 2014 respectively. The units in QIAIF 2 were acquired by the Group in 2014 to facilitate the fund's purchase of property assets. The objective of the three funds is to enhance the development potential of combined sites in the Dublin Docklands, thereby generating capital growth over the longer term. NAMA has invested in these funds in line with its strategy to facilitate the delivery of commercial and residential development in the Dublin Docklands.

- following restructure of one of the NAMA managed debtors, the Group acquired a 98% ownership of one fund and 54% ownership of a second fund with a combined value of €4.0m. These funds hold real-estate in Portugal. All decision making is controlled by the funds' management company, therefore NAMA is not able to exercise control over the funds.

19 Deferred tax

	Deferred tax on derivatives and available for sale assets		Total
	Assets	(Liabilities)	
	€'000	€'000	€'000
Balance at 1 July 2015	139,443	(8,268)	131,175
Movement in the period	(36,881)	(4,960)	(41,841)
Balance at 30 Sept 2015	**102,563**	**(13,228)**	**89,333**
Balance at 1 January 2015	148,882	(16,518)	132,364
Movement in the period	(46,320)	3,290	(43,030)
Balance at 30 Sept 2015	**102,563**	**(13,228)**	**89,333**

	For the quarter from 1 Jul 2015 to 30 Sept 2015	For the period from 1 Jan 2015 to 30 Sept 2015
	€'000	€'000
Movement recognised in the income statement (Note 10)	(31,651)	(7,689)
Movement recognised in reserves (Note 24)	(10,190)	(35,341)
Net movement in deferred tax	**(41,841)**	**(43,030)**

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 €nil (2014: €nil) 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, should it arise. The Group calculates, on an annual basis only, the movement in respect of the deferred tax asset relating to unutilised tax losses.

20 Other liabilities

	30 Sept 2015	30 Jun 2015
	€'000	€'000
Accrued interest on debt securities in issue	295	4,153
Accrued swap interest payable on derivatives where hedge accounting is applied	14,083	196,935
Accrued swap interest payable on other derivatives	1,227	1,010
Interest payable on cash and cash equivalents	205	143
Accrued expenses	22,273	23,950
VAT payable	904	2,204
Other liabilities	646	724
Total other liabilities	**39,633**	**229,119**

Interest is payable on cash and cash equivalents as a result of negative Euribor interest rates.

21 Senior debt securities in issue

	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
In issue at beginning of period	10,840,000	13,590,000
Redeemed during the period	(1,750,000)	(4,500,000)
In issue at end of period	**9,090,000**	**9,090,000**

Terms of notes issued for the acquisition of loans by NALML

The total debt securities outstanding at 30 September 2015 issued in respect of the original acquisition of loans by NALML is €9.1bn (30 June: €10.8bn). 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 2 March 2015 were physically settled by issuing new securities with a maturity of 1 March 2016.

22 Tax payable

	30 Sept 2015 €'000	30 Jun 2015 €'000
Professional services withholding tax and other taxes payable	783	2,270
Current tax liability	58	50
Total tax payable	**841**	**2,320**

23 Other equity instruments

	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
In issue at beginning and the end of quarter	1,593,000	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 if deemed appropriate to do so, however the coupon is declared at the option of the issuer. Coupons not declared in any year will not accumulate. In February 2015, NAMA declared a payment of a coupon of €83.86m on its subordinated debt, which was paid on 1 March 2015.

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).

Under IAS 32, 'Financial Instruments: Presentation', 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, in accordance with IAS 32 the subordinated debt has been classified as equity in the statement of financial position, with any coupon payments classified as dividend payments (Note 25).

24 Other reserves

Other reserves are analysed as follows:	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
Cashflow hedge reserve		
At the beginning of the period	(204,296)	(279,752)
Net changes in fair value	41,857	145,126
Hedge ineffectiveness	(1,100)	(3,762)
Deferred tax recognised in other reserves (note 19)	(10,190)	(35,340)
At 30 September 2015	**(173,729)**	**(173,729)**
Total other reserves	**(173,729)**	**(173,729)**

Other reserves comprise the cash flow hedge reserve.

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.

25 Retained earnings

	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
At the beginnning of the period	314,536	(74,715)
Profit for the period	97,770	571,260
Dividend paid on B ordinary shares	-	(386)
Coupon paid on subordinated bonds	-	(83,856)
At the end of the period	**412,304**	**412,304**

On 31 March 2015, the Board of NAMAIL declared and approved a dividend payment of €0.00757 per share, amounting to €0.39m. The amount of the dividend per share was based on the ten year Irish government bond yield as at 31 March 2015. 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 dividends were paid to the A ordinary shareholders, NAMA the Agency, which has a 49% ownership in the Company.

In February 2015, 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 2 March 2015 be paid. The subordinated bonds are classified as equity in the statement of financial position, and related payments thereon are classified as coupon payments. Refer to Note 23 for further details in this regard.

NAMA Group

Section 55 (6) (j): Income Statement by NAMA group entity

For the period from 1 January 2015 to 30 September 2015

	National Asset Loan Management Limited	National Asset North Quays 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 (in voluntary liquidation)	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	National Asset Resolution Limited (in voluntary liquidation)	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
Interest and fee income	511,710	332	553	-	-	-	-	-	-	-	-	189	-	(244)	512,540
Interest expense	(170,876)	-	-	-	(3)	-	-	-	-	(13,374)	-	-	(52)	244	(184,061)
Net interest income / (expense)	**340,834**	**332**	**553**	**-**	**(3)**	**-**	**-**	**-**	**-**	**(13,374)**	**-**	**189**	**(52)**	**-**	**328,479**
Other income/(expenses)	20,055	14	-	9,424	-	2,371	-	-	-	-	-	-	39,425	(39,425)	31,864
Net profit/(loss) on disposal of loans and property; and surplus income	280,943	-	-	-	-	-	-	-	-	-	-	-	-	-	280,943
Gains/(losses) on derivative financial instruments	141,716	-	-	-	-	-	-	-	-	-	-	-	-	(141,366)	350
Total operating income / (expense)	**783,548**	**346**	**553**	**9,424**	**(3)**	**2,371**	**-**	**-**	**-**	**(13,374)**	**-**	**189**	**39,373**	**(180,791)**	**641,636**
Administration expenses	(79,725)	-	-	(35)	-	(365)	-	-	-	-	-	-	(39,755)	39,425	(80,455)
Foreign exchange gains and losses	(7,020)	-	-	-	2	-	-	-	-	-	-	-	-	-	(7,018)
Operating profit / (loss) before impairment	**696,803**	**346**	**553**	**9,389**	**(1)**	**2,006**	**-**	**-**	**-**	**(13,374)**	**-**	**189**	**(382)**	**(141,366)**	**554,163**
Impairment charges on loans and receivables	24,811	-	-	-	-	-	-	-	-	-	-	-	-	-	24,811
Profit / (loss) for the year before income tax	**721,614**	**346**	**553**	**9,389**	**(1)**	**2,006**	**-**	**-**	**-**	**(13,374)**	**-**	**189**	**(382)**	**(141,366)**	**578,973**
Tax credit/(charge)	(43,031)	-	-	-	-	-	-	-	-	-	-	(24)	-	35,341	(7,714)
Profit/(loss) for the year	**678,583**	**346**	**553**	**9,389**	**(1)**	**2,006**	**-**	**-**	**-**	**(13,374)**	**-**	**165**	**(382)**	**(106,024)**	**571,260**

Consolidation adjustments as appropriate are reclassified to the individual SPV on an annual basis, for the purposes of the 31 December financial statements.

NAMA Group

Section 55 (6) (j): Income Statement by NAMA group entity

For the period from 1 July 2015 to 30 September 2015

	National Asset Loan Management Limited	National Asset North Quays 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 (in voluntary liquidation)	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	National Asset Resolution Limited (in voluntary liquidation)	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
Interest and fee income	179,769	332	186	-	-	-	-	-	-	-	-	63	-	(72)	180,278
Interest expense	(54,117)	-	-	-	1	-	-	-	-	(2,542)	-	-	(10)	72	(56,596)
Net interest income / (expense)	**125,652**	**332**	**186**	**-**	**1**	**-**	**-**	**-**	**-**	**(2,542)**	**-**	**63**	**(10)**	**-**	**123,682**
Other income/(expenses)	2,127	14	-	5	-	1,042	-	-	-	-	-	-	12,667	(12,674)	3,181
Net profit/(loss) on disposal of loans and property; and surplus income	22,166	-	-	-	-	-	-	-	-	-	-	-	-	-	22,166
Gains/(losses) on derivative financial instruments	41,492	-	-	-	-	-	-	-	-	-	-	-	-	(40,757)	735
Total operating income / (expense)	**191,437**	**346**	**186**	**5**	**1**	**1,042**	**-**	**-**	**-**	**(2,542)**	**-**	**63**	**12,657**	**(53,431)**	**149,764**
Administration expenses	(25,356)	-	-	155	-	(137)	-	-	-	-	-	-	(12,776)	12,669	(25,445)
Foreign exchange gains and losses	5,111	-	-	-	(1)	-	-	-	-	-	-	-	-	-	5,110
Operating profit / (loss) before impairment	**171,192**	**346**	**186**	**160**	**-**	**905**	**-**	**-**	**-**	**(2,542)**	**-**	**63**	**(119)**	**(40,762)**	**129,429**
Impairment charges on loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the year before income tax	**171,192**	**346**	**186**	**160**	**-**	**905**	**-**	**-**	**-**	**(2,542)**	**-**	**63**	**(119)**	**(40,762)**	**129,429**
Tax credit/(charge)	(41,841)	-	-	-	-	-	-	-	-	-	-	(8)	-	10,190	(31,659)
Profit/(loss) for the year	**129,351**	**346**	**186**	**160**	**-**	**905**	**-**	**-**	**-**	**(2,542)**	**-**	**55**	**(119)**	**(30,572)**	**97,770**

Consolidation adjustments as appropriate are reclassified to the individual SPV on an annual basis, for the purposes of the 31 December financial statements.

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 30 September 2015

	National Asset Loan Management Limited	National Asset North Quays 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 (in voluntary liquidation)	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	National Asset Resolution Limited (in voluntary liquidation)	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															
Cash and cash equivalents	913,623	90	1,579	20	-	2,531	-	-	-	-	-	-	376	-	918,219
Cash placed as collateral with the NTMA	469,000	-	-	-	-	-	-	-	-	-	-	-	-	-	469,000
Amounts due from Participating Institutions	85,715	-	-	-	-	-	-	-	-	-	-	-	-	-	85,715
Derivative financial instruments	46,235	-	-	-	-	-	-	-	-	-	-	-	-	-	46,235
Loans and receivables (net of impairment)	9,610,638	9,681	12,105	-	2,678	-	-	-	-	-	-	-	-	-	9,635,102
Other assets	287,366	-	-	128	-	662	-	-	10,795,106	10,961,068	3	104,764	170,996	(22,304,308)	15,784
Inventories - trading properties	1,930	21,750	-	7,362	-	65,101	-	-	-	-	-	-	-	(301)	95,842
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	1,935	-	1,935
Investments in equity instruments	34,224	-	1,248	533	-	-	-	-	-	-	-	-	49,000	(49,533)	35,472
Deferred tax	89,333	-	-	-	-	-	-	-	-	-	-	-	-	-	89,333
Total assets	**11,538,064**	**31,521**	**14,932**	**8,043**	**2,678**	**68,294**	**-**	**-**	**10,795,106**	**10,961,068**	**3**	**104,764**	**222,307**	**(22,354,142)**	**11,392,637**
Liabilities															
Amounts due to Participating Institutions	20,338	-	-	-	-	-	-	-	-	-	-	-	-	-	20,338
Derivative financial instruments	410,250	-	-	-	-	-	-	-	-	-	-	-	-	-	410,250
Other liabilities	10,999,724	31,175	14,377	4,467	2,145	67,362	-	-	10,795,104	368,504	-	-	61,083	(22,304,308)	39,633
Senior debt securities in issue	-	-	-	-	-	-	-	-	-	9,090,000	-	-	-	-	9,090,000
Tax payable	775	-	-	8	-	3	-	-	-	-	-	55	-		841
Total liabilities	**11,431,087**	**31,175**	**14,377**	**4,475**	**2,145**	**67,365**	**-**	**-**	**10,795,104**	**9,458,504**	**-**	**55**	**61,083**	**(22,304,308)**	**9,561,062**
Equity															
Share capital	-	-	-	-	6,332	-	-	-	-	-	-	10,000	-	(16,332)	-
Share premium	-	-	-	-	-	-	-	-	-	-	-	90,000	-	(90,000)	-
Other equity instruments	-	-	-	-	-	-	-	-	-	1,593,000	-	-	-	-	1,593,000
Retained earnings	106,977	346	555	3,568	(5,799)	929	-	-	2	(90,436)	3	4,709	161,224	230,227	412,304
Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	(173,729)	(173,729)
Total equity	**106,977**	**346**	**555**	**3,568**	**533**	**929**	**-**	**-**	**2**	**1,502,564**	**3**	**104,709**	**161,224**	**(49,834)**	**1,831,575**
Total equity & liabilities	**11,538,064**	**31,521**	**14,932**	**8,043**	**2,678**	**68,294**	**-**	**-**	**10,795,106**	**10,961,068**	**3**	**104,764**	**222,307**	**(22,354,142)**	**11,392,637**

Consolidation adjustments as appropriate are reclassified to the individual SPV on an annual basis, for the purposes of the 31 December financial statements.

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 30 June 2015

	National Asset Loan Management Limited	National Asset North Quays 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	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															
Cash and cash equivalents	944,083	83	1,392	20	-	1,594	-	-	-	-	-	-	486	-	947,658
Cash placed as collateral with the NTMA	750,000	-	-	-	-	-	-	-	-	-	-	-	-	-	750,000
Amounts due from Participating Institutions	90,544	-	-	-	-	-	-	-	-	-	-	-	-	-	90,544
Derivative financial instruments	26,396	-	-	-	-	-	-	-	-	-	-	-	-	-	26,396
Loans and receivables (net of impairment)	11,250,714	9,350	12,105	-	2,681	-	-	-	-	-	-	-	-	-	11,274,850
Other assets	264,285	-	-	126	-	556	-	-	12,538,001	12,711,068	3	104,701	170,449	(25,778,900)	10,289
Inventories - trading properties	1,930	21,750	-	7,362	-	54,468	-	-	-	-	-	-	-	(300)	85,210
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	1,935	-	1,935
Investments in equity instruments	34,225	-	1,248	533	-	-	-	-	-	-	-	-	49,000	(49,534)	35,472
Deferred tax	131,175	-	-	-	-	-	-	-	-	-	-	-	-	-	131,175
Total assets	**13,493,352**	**31,183**	**14,745**	**8,041**	**2,681**	**56,618**	**-**	**-**	**12,538,001**	**12,711,068**	**3**	**104,701**	**221,870**	**(25,828,734)**	**13,353,529**
Liabilities															
Amounts due to Participating Institutions	21,078	-	-	-	-	-	-	-	-	-	-	-	-	-	21,078
Derivative financial instruments	557,772	-	-	-	-	-	-	-	-	-	-	-	-	-	557,772
Other liabilities	12,935,384	31,176	14,376	4,625	2,148	56,591	-	-	12,537,999	365,193	-	-	60,527	(25,778,900)	229,119
Senior debt securities in issue	-	-	-	-	-	-	-	-	-	10,840,000	-	-	-	-	10,840,000
Tax payable	1,493	-	-	8	-	3	-	-	-	769	-	47	-		2,320
Total liabilities	**13,515,727**	**31,176**	**14,376**	**4,633**	**2,148**	**56,594**	**-**	**-**	**12,537,999**	**11,205,962**	**-**	**47**	**60,527**	**(25,778,900)**	**11,650,289**
Equity															
Share capital	-	-	-	-	6,332	-	-	-	-	-	-	10,000	-	(16,332)	-
Share premium	-	-	-	-	-	-	-	-	-	-	-	90,000	-	(90,000)	-
Other equity instruments	-	-	-	-	-	-	-	-	-	1,593,000	-	-	-	-	1,593,000
Retained earnings	(22,375)	7	369	3,408	(5,799)	24	-	-	2	(87,894)	3	4,654	161,343	260,794	314,536
Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	(204,296)	(204,296)
Total equity	**(22,375)**	**7**	**369**	**3,408**	**533**	**24**	**-**	**-**	**2**	**1,505,106**	**3**	**104,654**	**161,343**	**(49,834)**	**1,703,240**
Total equity & liabilities	**13,493,352**	**31,183**	**14,745**	**8,041**	**2,681**	**56,618**	**-**	**-**	**12,538,001**	**12,711,068**	**3**	**104,701**	**221,870**	**(25,828,734)**	**13,353,529**

Consolidation adjustments as appropriate are reclassified to the individual SPV on an annual basis, for the purposes of the 31 December financial statements.

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 quarter from 1 July 2015 to 30 September 2015

	NALML	NAJVAL	NAPML	NASLLC	NARPSL	NANQL	NAMAIL	NAMA	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Costs reimbursable to the NTMA	12,143	-	-	-	-	-	-	-	12,143
Primary Servicer fees	9,653	-	-	-	-	-	-	-	9,653
Master servicer fees	492	-	-	-	-	-	-	-	492
Portfolio management fees	279	-	2	-	37	-	-	-	318
Finance, communication and technology costs	174	-	9	-	-	-	-	-	183
Legal fees	1,579	-	(166)	-	100	-	-	-	1,513
Rent and occupancy costs	713	-	-	-	-	-	-	-	713
Internal audit fees	188	-	-	-	-	-	-	-	188
Board and Committee fees and expenses	-	-	-	-	-	-	-	109	109
External audit remuneration	133	-	-	-	-	-	-	-	133
	25,354	**-**	**(155)**	**-**	**137**	**-**	**-**	**109**	**25,445**

For the quarter from 1 January 2015 to 30 September 2015

	NALML	NAJVAL	NAPML	NASLLC	NARPSL	NANQL	NAMAIL	NAMA	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Costs reimbursable to the NTMA	37,852	-	-	-	-	-	-	-	37,852
Primary Servicer fees	29,785	-	-	-	-	-	-	-	29,785
Master servicer fees	999	-	-	-	-	-	-	-	999
Portfolio management fees	2,700	-	10	-	90	-	-	-	2,800
Finance, communication and technology costs	1,751	-	24	-	-	-	-	-	1,775
Legal fees	3,636	-	1	-	275	-	-	-	3,912
Rent and occupancy costs	2,113	-	-	-	-	-	-	-	2,113
Internal audit fees	486	-	-	-	-	-	-	-	486
Board and Committee fees and expenses	-	-	-	-	-	-	-	330	330
External audit remuneration	403	-	-	-	-	-	-	-	403
	79,725	**-**	**35**	**-**	**365**	**-**	**-**	**330**	**80,455**

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

	Outstanding at 30 Sept 2015 €'000
Senior notes issued by NAML	9,090,000
Subordinated debt issued by NAML	1,593,000
Total	**10,683,000**

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

Government guaranteed senior debt securities

Financial Institution	Outstanding at 30 June 2015 €'000	Redeemed €'000	Outstanding at 30 Sept 2015 €'000
AIB	7,560,000	(1,220,000)	6,340,000
BOI	1,905,000	(308,000)	1,597,000
IL&P	1,035,000	(167,000)	868,000
CBI	340,000	(55,000)	285,000
Total	**10,840,000**	**(1,750,000)**	**9,090,000**

Subordinated debt securities held

Financial Institution	Outstanding at 30 Sept 2015 €'000	Outstanding at 30 Jun 2015 €'000
AIB	451,000	451,000
BOI	281,000	281,000
EBS	20,000	20,000
Other Noteholders	841,000	841,000
Total	**1,593,000**	**1,593,000**

There were no new issuances or transfers of NAMA senior or subordinated bonds during the quarter. Senior bonds of €1.75bn were redeemed in the period.

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 IN THE QUARTER

Participating Institutions and Primary Servicer	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000
Capita	265,054
AIB	43,800
Total	**308,854**

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	30 Sept 2015 €'000
Investment in NAMAIL	49,000
Cash and cash equivalents	376
Interest receivable on loan to NAML	165,717
Receivable from NALML	4,773
Other assets	506
Property, plant and equipment	1,935
Total	**222,307**

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

National Asset Management Agency Investment Limited	30 Sept 2015 €'000
Receivable from NAML	99,900
Receivable from NAML - accrued interest	4,864
Total	**104,764**

National Asset Resolution Limited (in Voluntary Liquidation)	30 Sept 2015 €'000
Other assets	**3**

National Asset Management Limited	30 Sept 2015 €'000
PPL receivable from NAMGSL	10,683,000
Receivable from NALML	278,068
Total	**10,961,068**

National Asset Management Group Services Limited	30 Sept 2015 €'000
PPL receivable from NALML	10,683,000
PPL interest receivable from NALML	926
PPL receivable from NAJVAL	13,450
Inter-group receivable	97,730
Total	**10,795,106**

National Asset Loan Management Limited	30 Sept 2015 €'000
Investments in equity instruments	34,225
Cash and cash equivalents	913,623
Cash placed as collateral with the NTMA	469,000
Amounts due from Participating Institutions	85,715
Derivative financial instruments	46,235
Loans and receivables (net of impairment)	9,610,638
Other assets	32,181
Inter-group receivable	255,184
Inventories - trading properties	1,930
Deferred tax asset	89,333
Total	**11,538,064**

National Asset North Quays Limited	30 Sept 2015 €'000
Cash and cash equivalents	90
Loans and receivables (net of impairment)	9,681
Inventories - trading properties	21,750
Total	**31,521**

National Asset JV A Limited	30 Sept 2015 €'000
Investments in equity instruments	1,248
Cash and cash equivalents	1,579
Loans and receivables	12,105
Total	**14,932**

National Asset Sarasota LLC	30 Sept 2015 €'000
Loans and receivables	**2,678**

National Asset Property Management Limited	30 Sept 2015 €'000
Cash and cash equivalents	20
Investments in equity instruments	533
Inter-group receivable	128
Inventories - trading properties	7,362
Total	**8,043**

National Asset Residential Property Services Limited	30 Sept 2015 €'000
Cash and cash equivalents	2,531
Other assets	662
Inventories - trading properties	65,101
Total	**68,294**

National Asset Leisure Holdings Limited (in Voluntary Liquidation)	30 Sept 2015 €'000
Investment in subsidiary[1]	4,947

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

Entity	Description	Amount in issue at 30 Sept 2015 €'000
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.	9,090,000

1 This amount represents the investment of NALHL in RHLC I and RHLC II. The amount is as per the 31 December 2014 final audited results.

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 FOR FINANCE

Compliance with Guidelines Issued by the Minister under Section 13 (NAMA Act 2009) as at 30 September 2015
No guidelines issued

Compliance with Directions Issued by the Minister under Section 14 (NAMA Act 2009) as at 30 September 2015	
(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 30 September 2015.
(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.
(6)	31st July 2015 - Direction (513/43/10) - Effect of a potential negative interest rates on the NAMA Senior Note Programme. The six month Euribor rate, effective 1st September, was positive and therefore there was no impact on the NAMA senior note programme of this direaction as at 30th September 2015. The next reset date for the Senior Note Programme is 26th February 2016, effective date 1st March 2016.

Compliance with Directions Issued by the Minister under Section 13 (IBRC Act 2013) as at 30 September 2015	
(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 adopted 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 - 9 months to 30 September 2015		
Income Statement	**€bn**	
EIR Income	0.49	
EIR cash received*	0.50	
Cash Flow		
Non Disposal Income	**Cash received €m**	**Par Debt at 30/09/15 €m**
Full performing loans	126	4,534
Partially and non-performing loans (including enforced loans)	374	46,199
Total non-disposal cash receipts	500	50,733
* Excludes debtor derivative cash receipts of €13m		

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.

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.

At 30 September 2015, NAMA has generated cash receipts of €29.2bn since inception, of which €23.8bn relates to disposal activity (properties and loan sales), €4.9bn relates to non-disposal income and €0.5bn to other income. This capturing of this €4.9bn is an important measure of NAMA's performance.

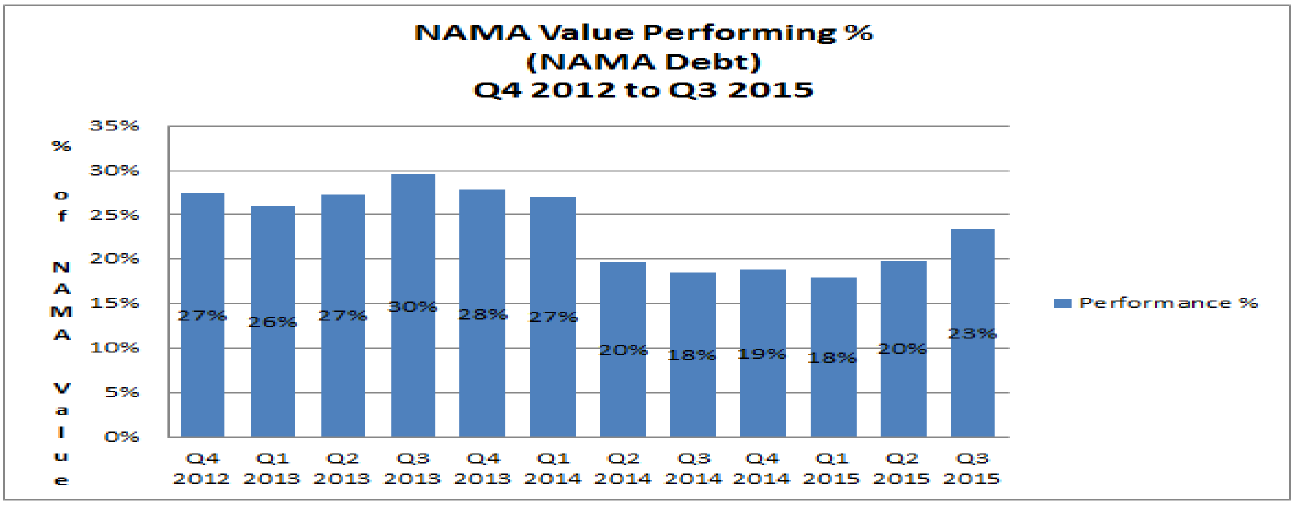
4 (ii) SECTION 55 (6) (A) - CONTINUED

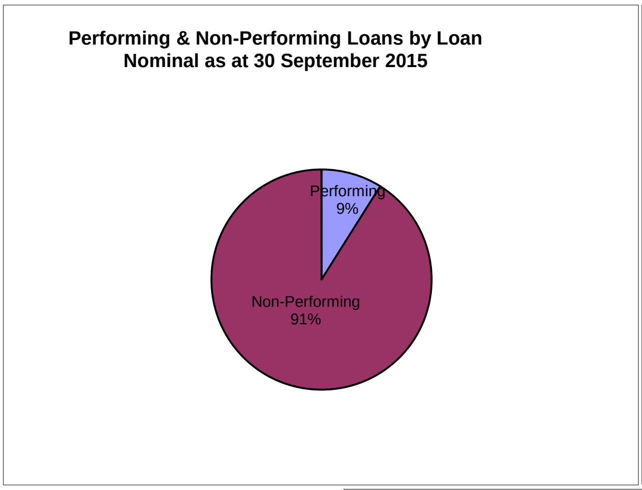
Legacy loan facility loan performance metric

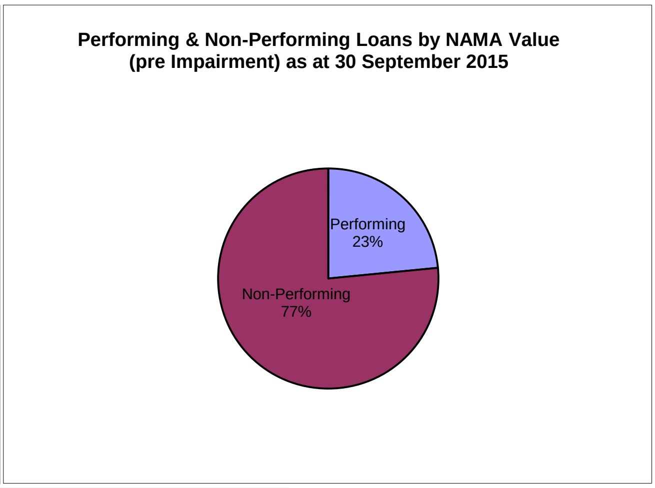
Classification	Number	Loan Nominal €m	NAMA Value (pre Impairment) €m	NAMA Value (less Impairment) €m
Performing	814	4,534	3,026	2,260
Non-Performing	11,232	46,199	9,870	7,375
Total	**12,046**	**50,733**	**12,896**	**9,635**

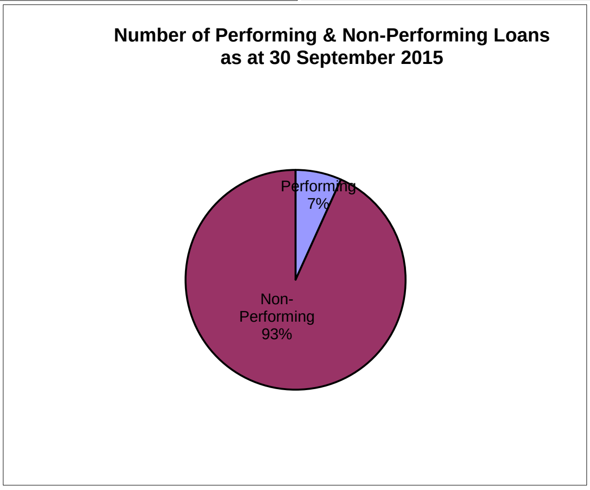
*The cumulative impairment recognised to 30 September 2015 was €3,261 million

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.







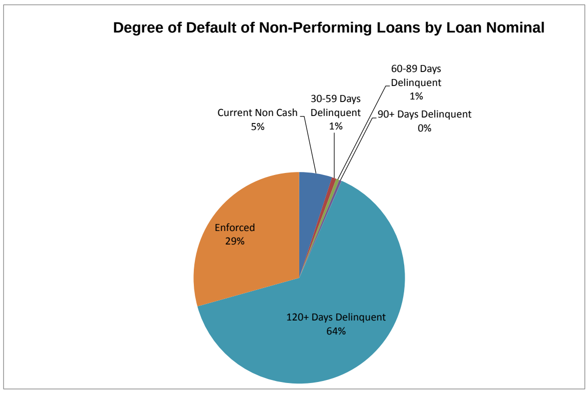


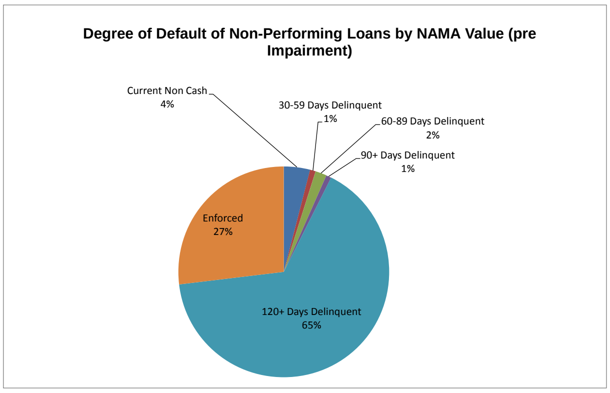
4 (iii) SECTION 55 (6) (B) - CATEGORISATION OF NON-PERFORMING AS TO THE DEGREE OF DEFAULT

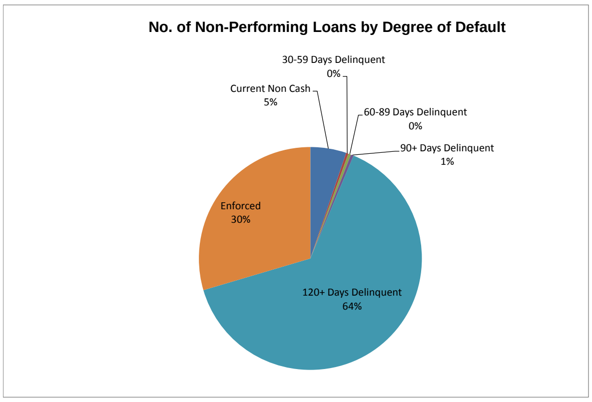
Categorisation of non performing loans in accordance with the Loan Payment Status as at 30 September 2015

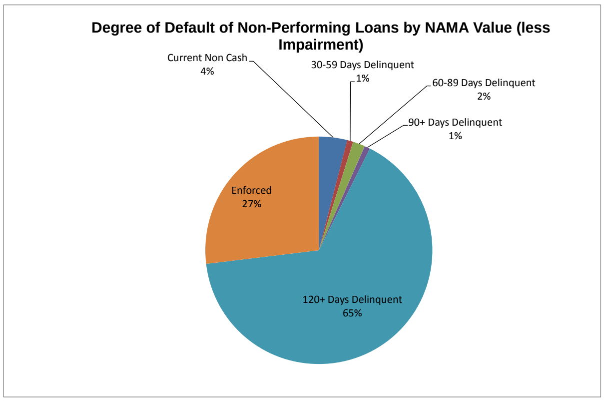
Loan Payment Status	Degree of Default	Number	Loan Nominal €m	NAMA Value (pre Impairment) €m	NAMA Value (less Impairment) €m
9	Current Non Cash	584	2,319	396	296
1	30-59 Days Delinquent	38	312	86	65
2	60-89 Days Delinquent	43	223	171	128
3	90+ Days Delinquent	46	172	78	59
4	120+ Days Delinquent	7,198	29,618	6,484	4,845
7 & 8	Enforced	3,323	13,554	2,655	1,983
	Total	**11,232**	**46,199**	**9,870**	**7,375**

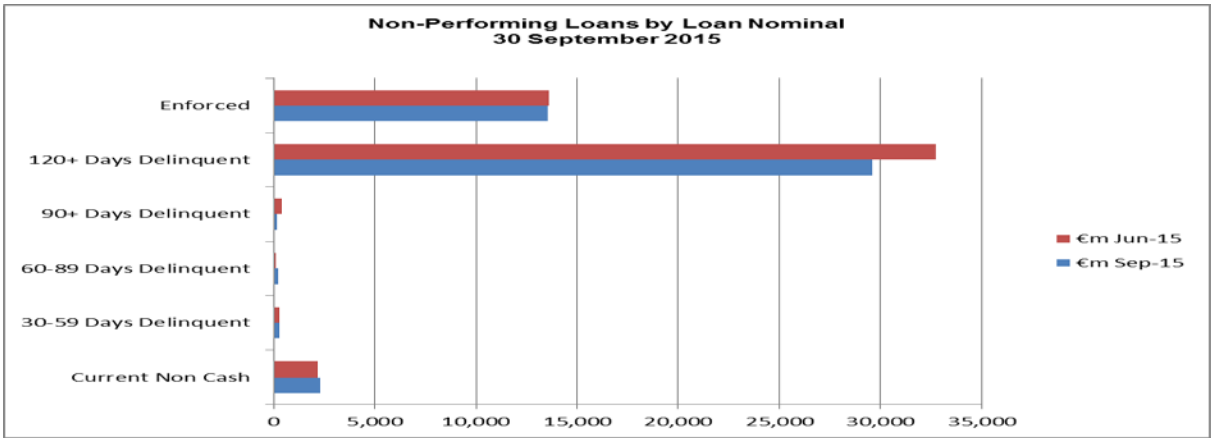
An analysis of the non-performing profile of the loan book indicates significant volume in the '120+ Days Delinquent' classifications. NAMA is addressing this issue in part by insisting, as part of any ongoing consensual support provided by NAMA to the debtor, that all income produced by the underlying 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 30 September 2015

Classification	Number	Loan Nominal €m	NAMA Value €m
Enforced	104	534	152

Note: Section 55 6 (B) on page 46 contains a category of default called 'Enforced' where 3,323 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 only.

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 30 September 2015

Classification	Number	Loan Nominal €m	NAMA Value €m
Liquidators	-	-	-
Receivers	104	534	152
Total	**104**	**534**	**152**

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 2015/1757 S	National Asset Loan Management v Georgina Appelbe	Judgment in the sum of approx. €4m
(ii)	High Court 2015/7084 P	National Asset Loan Management v F.B.D. Insurance	Declaratory Relief
(iii)	High Court 2015/284 SP	National Asset Loan Management v Guing & Ors	Well Charging Order

4 (vii) SECTION 55 (6) (F) - SCHEDULE OF FINANCE RAISED BY NAMA AND EACH NAMA GROUP ENTITY IN THE QUARTER

Schedule of finances raised by NAMA and each NAMA group entity in the quarter to 30 September 2015

Description	Date	€bn
N/A		

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

Amount of money recovered by sale of property in the quarter to 30 September 2015

Description	Date	€m
N/A		

4 (ix) SECTION 55 (6) (H) - OTHER INCOME FROM INTEREST-BEARING LOANS OWNED BY NAMA AND EACH NAMA GROUP ENTITY IN THE QUARTER

Other income from interest bearing loans in the quarter to 30 September 2015

Description	Date	€'000
National Asset Loan Management Limited (fee income)	1 July - 30 September 2015	21,483

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 30 September 2015

NAMAIL (company only)
Income Statement
For the quarter from 1 July 2015 to 30 September 2015

	Note	For the quarter from 1 Jul 2015 to 30 Sept 2015 €'000	For the period from 1 Jan 2015 to 30 Sept 2015 €'000
Interest income	3	63	189
Net interest income		**63**	**189**
Administration expenses		-	-
Operating profit before tax		**63**	**189**
Tax charge	4	(8)	(24)
Profit for the period		**55**	**165**

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

NAMAIL (company only)
Statement of Financial Position
As at 30 September 2015

	Note	30 Sept 2015 €'000	30 Jun 2015 €'000
Assets			
Investment in subsidiaries	5	-	-
Loan receivable from group entity	6	104,764	104,701
Total assets		**104,764**	**104,701**
Liabilities			
Current tax liability	7	55	47
Total liabilities		**55**	**47**
Equity			
Share capital	8	10,000	10,000
Share premium	8	90,000	90,000
Retained earnings	9	4,709	4,654
Total equity		**104,709**	**104,654**
Total equity and liabilities		**104,764**	**104,701**

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 quarter to 30 September 2015 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 quarter from 1 Jul 2015 to 30 Sept 2015**	**For the period from 1 Jan 2015 to 30 Sept 2015**
	€'000	**€'000**
Interest receivable on inter-group loan	63	189

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 charge	**For the quarter from 1 Jul 2015 to 30 Sept 2015**	**For the period from 1 Jan 2015 to 30 Sept 2015**
	€'000	**€'000**
Profit before tax	63	189
Tax charge for the period (12.5% of profit before tax)	**(8)**	**(24)**

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 Loan receivable from group entity

	30 Sept 2015	**30 Jun 2015**
	€'000	**€'000**
Loan receivable from NAML	99,900	99,900
Accrued interest on receivable from NAML	4,864	4,801
Loan receivable from group entity	**104,764**	**104,701**

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 Tax payable	**30 Sept 2015**	**30 Jun 2015**
	€'000	**€'000**
Tax payable	55	47

8 Share capital and share premium

	Number	€'000
At 30 September 2015		
Authorised:		
A Ordinary shares of € 0.10 each	49,000,000	4,900
B Ordinary shares of € 0.10 each	51,000,000	5,100
Issued and fully paid during the period:		
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 quarter from 1 Jul 2015 to 30 Sept 2015 €'000**	**For the period from 1 Jan 2015 to 30 Sept 2015 €'000**
Retained earnings at beginning of period	4,654	4,930
Profit for the period	55	165
Dividend paid	-	(386)
Retained earnings at end of period	**4,709**	**4,709**

On 31 March 2015, the Board of NAMAIL declared and approved a dividend payment of €0.00757 per share, amounting to €0.39m. 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.