



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

31 March 2013

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19th June 2013

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

Section 55 Quarterly Report and Accounts - NAMA Act 2009

Dear Minister,

Please find attached the Quarterly Report and Accounts for the first quarter of 2013 which is submitted to you pursuant to Section 55 of the NAMA Act 2009.

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

To assist in your review of the Quarterly Report and Accounts, we would draw your attention to the following matters in respect of NAMA's financial performance, together with some details of other milestones and achievements during the period:

1. Financial Performance

Cash Generation

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

- NAMA generated **€0.6 billion in cash during Quarter 1**, bringing the total cash generated since inception to €11.2 billion as at 31 March 2013 and **in excess of €12 billion** at the date of this letter.
- At the end of Quarter 1 2013 NAMA held cash and cash equivalent balances of €3.9 billion, after NAMA senior bond redemptions and other debt repayments totalling over €5 billion since inception to the end of Quarter 1, 2013.

An analysis of cash generated since inception is included in *Appendix 1*.

Profit

NAMA remains profitable and has reported an operating profit for the quarter of €128 million (Quarter 1 2012: €133 million).



Debt Reduction

NAMA is firmly on target to achieve its Senior Bond redemption target of €7.5 billion by the end of 2013:

- NAMA redeemed €1.5 billion of NAMA Senior Bonds on 5 June 2013.
- €6.25 billion has been redeemed to date of this letter (83% of the end-of-2013 target of €7.5 billion).

Loan Portfolio

The carrying value of NAMA's acquired loan portfolio as at 31 March 2013 was €22.3 billion (net of impairment provision of €3.3 billion).

- The carrying value of the loan portfolio has reduced from €22.8 billion at 31 December 2012 to €22.3 billion at 31 March 2013.
- The underlying performance of the loan portfolio, on a weighted average cashflow basis, of fully performing and part performing loans is 32% at 31 March 2013 (31 December 2012: 33%).
- Impairment is assessed semi-annually. As a result there is no movement shown in this quarter to the end 2012 impairment provision of €3.3 billion.

2. Other Milestones and Achievements

Capital Investment, Vendor Finance, and Joint Ventures

NAMA is progressing its €2 billion capital investment plan announced in May 2012. The plan includes the completion of properties which are currently under development and the development of land in anticipation of future supply shortages and demand, particularly in the office sector. To date, NAMA has approved €1.8 billion in advances to debtors, of which over €800 million relates to projects in Ireland. The Agency is funding a wide range of commercial, retail and residential development projects across locations in which debtor and receiver properties are located.

NAMA has also committed to making €2 billion in vendor finance available to prospective buyers of commercial assets controlled by its debtors and receivers. The first vendor finance transaction was completed during 2012 and a number of other significant vendor finance transactions have recently completed, including the sale of the Aspen loan portfolio in a joint venture deal and the sale of Edward Square Shopping Centre in Galway and the recent sale of a property in London. A number of other substantial transactions involving NAMA vendor finance are currently under negotiation, with a feature being new international investment in the Irish property market. In total over €360m in vendor finance transactions have been completed or are close to completion.

Other measures introduced by NAMA to attract international investor interest in Irish property include entering into joint venture transactions with leading global private investment organisations.



Rent Abatements

NAMA is agreeing rent abatements through its debtors and receivers to support small and medium sized businesses around the country that are struggling to survive because of the current economic environment. To end-March 2013, NAMA had approved rent abatements with an aggregate annual value of €14 million. Only 10 of the 284 eligible applications for rent abatements received since inception have been refused as they did not meet NAMA's published criteria.

Engagement with Public Bodies

NAMA continues to work with a wide range of public bodies, including Government Departments, Local Authorities and State Agencies, in relation to the identification and the lease or purchase of property which may be suitable for their purposes. Examples include NAMA's engagement with the Department of Education and Science on the provision of sites for school buildings and the Agency's work with the IDA to identify prime office space in response to demand from the FDI sector.

NAMA is also working very closely with the Minister for the Environment, Community and Local Government and the Minister of State for Housing and Planning to ensure the maximum possible delivery of properties controlled by its debtors and receivers for social housing. Whilst the pace at which properties are accepted by the various Approved Housing Bodies is not controlled by NAMA, NAMA has to date identified over 4,200 residential properties as being available and potentially suitable for social housing. Of these, demand has been confirmed by local authorities for 1,575 properties and a further 625 are currently being evaluated, bringing the total that may be deemed suitable under this initiative to 2,200.

Of the properties for which demand has been confirmed, 294 properties have been delivered for social housing to date, with contract terms signed in respect of a further 73 properties. This brings the overall total of residential properties completed and committed to social housing to 367 properties, across 19 developments in ten counties. A further 334 are at an advanced stage of negotiation between NAMA debtors or receivers and various Approved Housing Bodies.

A summary of the social housing made available by NAMA is included in *Appendix 2*.

National Asset Resolution Limited (NARL)

The results for the period include the activities of National Asset Resolution Limited ("NARL").

NARL is a new NAMA entity which was formed in response to the Ministerial Directions issued under the IBRC Act 2013 to NAMA to acquire a floating charge over certain IBRC assets which were used as collateral by IBRC as part of its funding arrangements with the Central Bank.

NARL acquired the floating charge from the Central Bank on 28 March for €12.9 billion in the form of the issuance of €12.9 billion of Government Guaranteed debt securities and €0.3 million in cash.



Following the Direction, NAMA entered into a loan facility with a maximum drawdown of €1 billion with the Special Liquidators of IBRC. The facility is to provide the Special Liquidators with working capital and cash collateral required by the NTMA to post to derivative counterparties of IBRC. As at 31 March €0.17 billion had been advanced to the Special Liquidators.

Other

NAMA has made 26,000 individual credit decisions since inception, ranging from straightforward approvals for individual house sales through to highly complex and substantial applications. The average turnaround time for credit decisions within NAMA is currently less than 5 days (NAMA works to a target turnaround time of 7 days).

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,

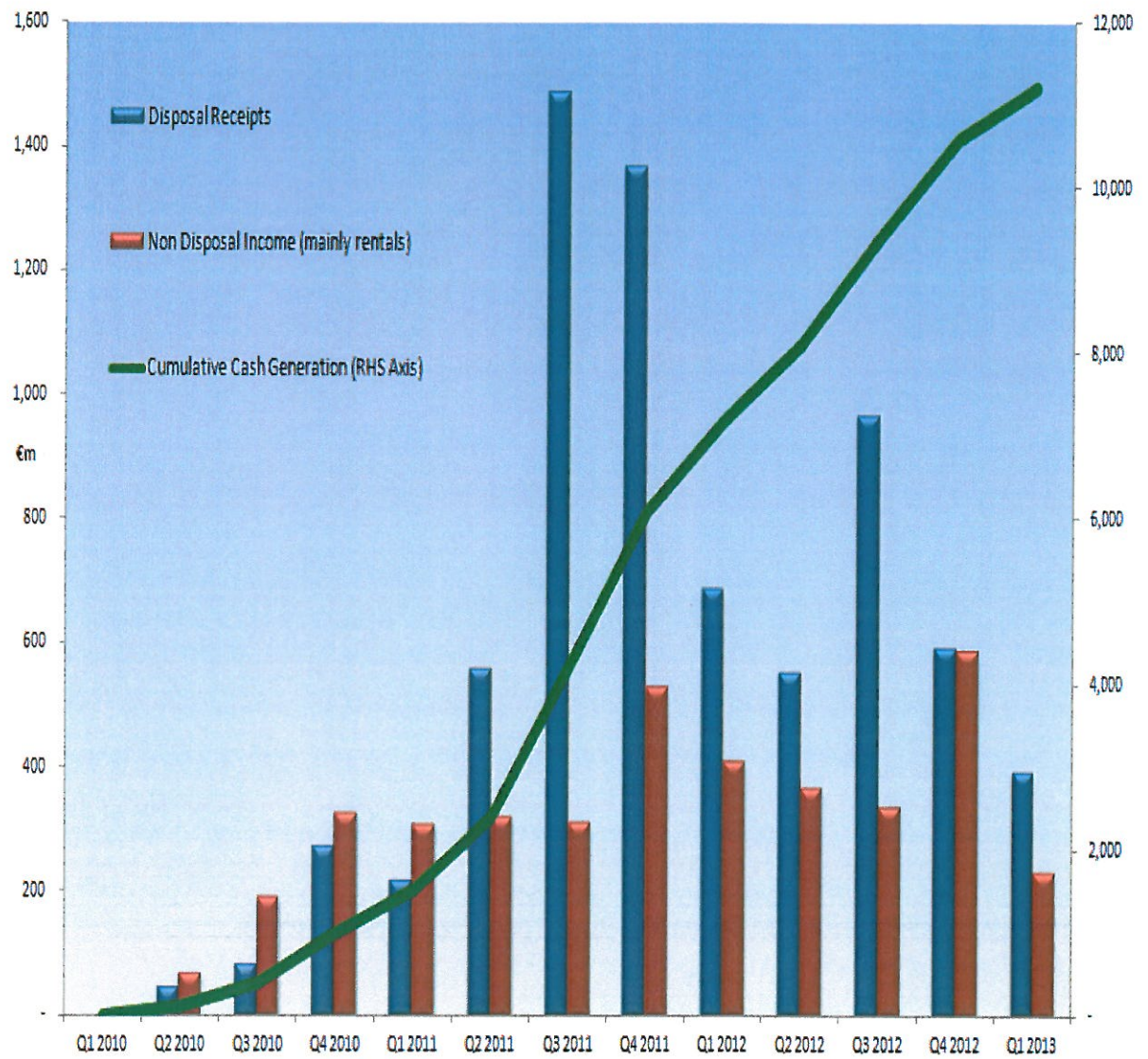
Mr. Frank Daly
Chairman

Mr. Brendan McDonagh
Chief Executive Officer



Appendix 1

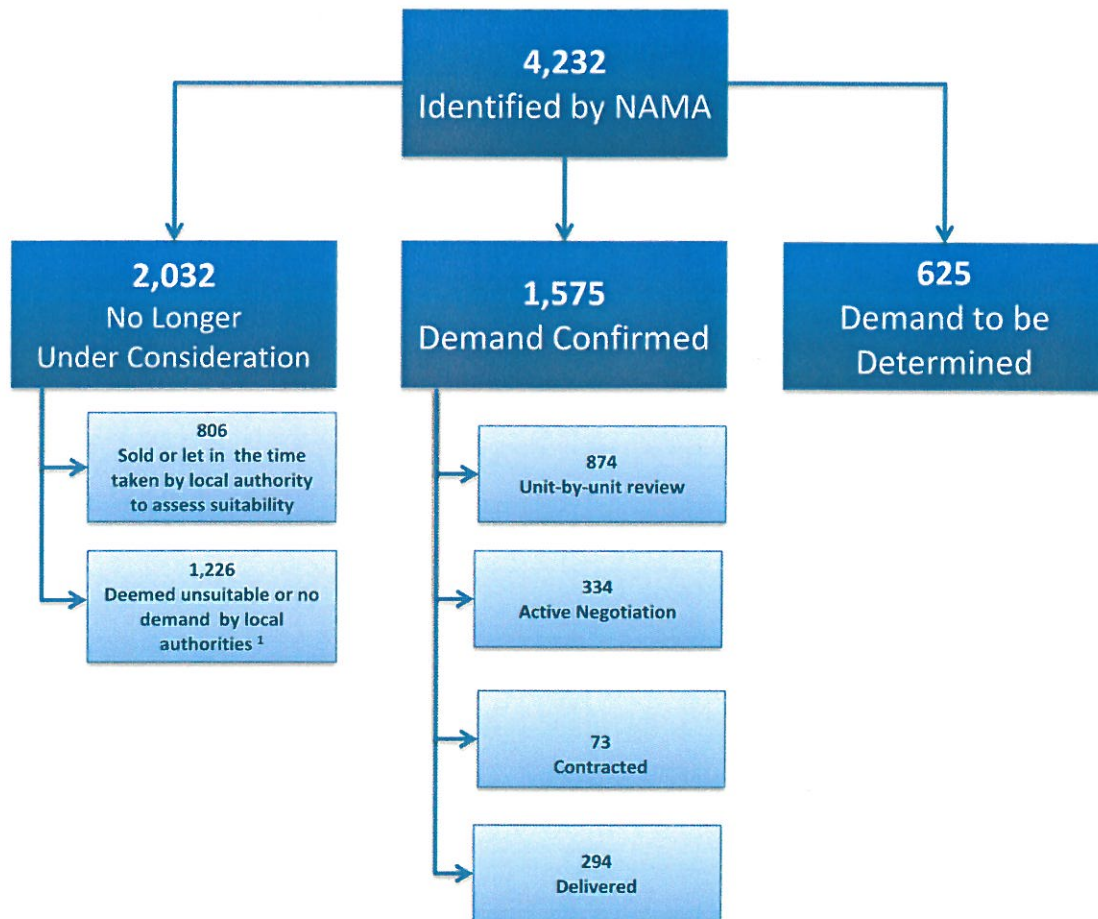
Table 1: Cash Generation





Appendix 2

Table 2: Social Housing summary



Note 1 Local authorities have confirmed that the properties are located in areas with no demand for social housing or are considered unsuitable by reference to housing policy, including the avoidance of undue segregation within developments and areas.

Unaudited Consolidated Accounts of the National Asset Management Agency

For the quarter ended 31 March 2013

National Asset Management Agency Group

Quarter to 31 March 2013

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NAMA Group

Board and other information

Board

Frank Daly (Chairman)
Brendan McDonagh, Chief Executive Officer NAMA
John Corrigan, Chief Executive Officer NTMA
Oliver Ellingham (non executive) (appointed 10 April 2013)
Eilish Finan (non-executive)
Brian McEnery (non-executive)
John Mulcahy, Head of Asset Management NAMA
Steven Seelig (non-executive) (term ended 25 May 2013)
Willie Soffe (non-executive)

Registered Office

Treasury Building
Grand Canal Street
Dublin 2

Principal Bankers

Central Bank of Ireland
Dame Street
Dublin 2

Citibank
IFSC
Dublin 1

NAMA Group

General information

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

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

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

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

On 1 July 2011 AIB merged with EBS. On 1 July 2011 the business of INBS transferred to Anglo and on 14 October 2011 the latter's name was changed to Irish Bank Resolution Corporation ('IBRC').

Group structure

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

The SPVs established are as follows:

National Asset Management Agency Investment Limited (NAMAIL)

NAMAIL 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, the private investors and NAMAIL, NAMA can 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.

National Asset Resolution Limited (NARL)

On 11 February 2013, NAMA established a new NAMA Group Entity, National Asset Resolution Limited (NARL). The entity was formed in response to a Direction issued by the Minister for Finance under the Irish Bank Resolution Corporation Act 2013 to NAMA to acquire a floating charge over certain IBRC assets which are currently used as collateral by IBRC as part of its repo arrangements with the Central Bank. As consideration for the floating charge, NARL issued Senior Bonds (guaranteed by the Minister for Finance) to the Central Bank. NARL is a 100% subsidiary of NAMAIL.

National Asset Management Limited (NAML)

NAML is responsible for issuing the Government guaranteed debt instruments, and the subordinated debt, which are used as consideration in acquiring loan assets from the Participating Institutions. The Government guaranteed debt securities issued by NAML are listed on the Irish Stock Exchange. Both the Government guaranteed debt instruments and the subordinated debt instruments are transferred to National Asset Management Group Services Limited (NAMGSL) and by it to National Asset Loan Management Limited (NALML). The latter uses these debt instruments as consideration for the loan assets acquired from the Participating Institutions.

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

National Asset Management Group Services Limited (NAMGSL)

NAMGSL acts as the holding company for its three subsidiaries, National Asset Loan Management Limited, National Asset Property Management Limited and National Asset Management Services Limited.

NAMGSL acquires the debt instruments issued by NAML under a profit participating loan (PPL) agreement, and in turn, makes these debt instruments available to NALML on similar terms.

NAMGSL is wholly owned by NAML.

National Asset Loan Management Limited (NALML)

The purpose of NALML is to acquire, hold, and manage the loan assets acquired from the Participating Institutions.

NAMA Group

National Asset Property Management Limited (NAPML)

The purpose of NAPML is to take direct ownership of property assets if and when required. During 2011, certain land and development sites were acquired as consideration for the settlement of a guarantee held by NALML. In addition minor non-real estate assets were also acquired during 2012. At the reporting date ownership of the majority of property interests have been transferred from NALML to NAPML, all remaining properties will be transferred during the current year.

National Asset Residential Property Services Limited (NARPSL)

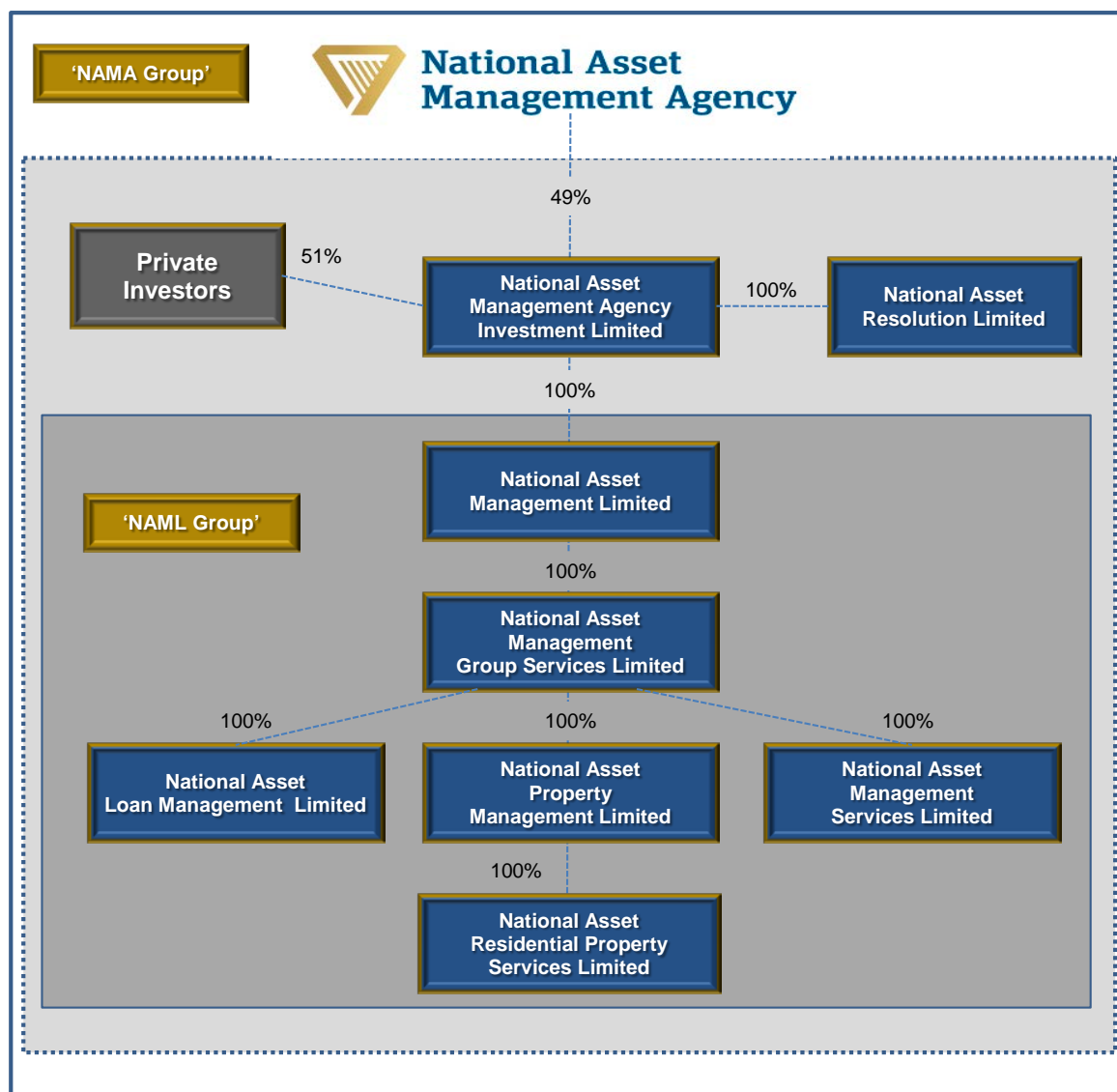
On 16 July 2012 NAMA established a new subsidiary National Asset Residential Property Services Limited (NARPSL). The Company is a wholly owned subsidiary of NAPML, and is established to acquire residential properties and to lease these properties to approved housing bodies for social housing purposes.

National Asset Management Services Limited (NAMSL)

NAMSL is a non-trading entity and has no activity at present.

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.

Chart 1 NAMA Group Entities



Quarterly financial information

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

The financial statements present the consolidated results of NAMA Group for the quarter ended 31 March 2013. For the purposes of these accounts, the 'NAMA Group' comprises; the parent entity NAMA, National Asset Management Agency Investment Limited (NAMAIL), National Asset Management Limited (NAML), National Asset Management Group Services Limited (NAMGSL), National Asset Loan Management Limited (NALML), National Asset Property Management Limited (NAPML), National Asset Residential Property Services Limited (NARPSL), National Asset Management Services Limited (NAMSL), National Asset Resolution Limited (NARL). The results of National Asset Resolution Limited are consolidated into the overall NAMA Group results but are separately presented. The Group and the relationship between NAMA Group entities is summarised in Chart 1.

The financial information for all entities is presented showing items of income and expenditure for the quarter from 1 January 2013 to 31 March 2013.

The balance sheets are presented as at 31 March 2013 and 31 December 2012. The cash flow statement for the NAMA Group is presented for all cash movements for the quarter from 1 January 2013 to 31 March 2013.

The income statements and statement of financial position for each NAMA Group Entity is provided on pages 34 and 35.

Consolidated Income Statement
For the period from 1 Jan 2013 to 31 March 2013

		NAMA Group NARL €000	(excl. NARL) €000	Consolidated NAMA Group €000
Interest and fee income	3	3,592	296,846	300,438
Interest expense	4	-	(92,038)	(92,038)
Net interest income		3,592	204,808	208,400
Net loss on disposal of loans, property and surplus income	5	-	(6,259)	(6,259)
Gains/(losses) on derivative financial instruments	6	-	(738)	(738)
Total operating income		3,592	197,811	201,403
Administration expenses	7	(382)	(28,986)	(29,368)
Foreign exchange gains / (losses)	8	-	(43,614)	(43,614)
Operating profit before impairment		3,210	125,211	128,421
Impairment charges on loans and receivables	15	-	-	-
Operating profit after impairment		3,210	125,211	128,421
Tax charge	9	-	(52,884)	(52,884)
Profit for the year before dividend		3,210	72,327	75,537
Dividend paid	10	-	(2,162)	(2,162)
Profit for the year		3,210	70,165	73,375

The accompanying notes 1 to 24 form an integral part of these accounts.

Consolidated Statement of Financial Position

			31 Mar 2013	31 Dec 2012
		NAMA Group	Consolidated	Consolidated
		(excl. NARL)	NAMA Group	NAMA Group
Note	NARL	€000	€000	€000
Assets				
Cash and cash equivalents	11	-	2,313,577	2,235,822
Cash placed as collateral with the NTMA	11	-	1,173,000	1,150,000
Financial assets available for sale	12	-	403,790	257,932
Receivable from Participating Institutions	13	-	80,204	78,953
Derivative financial instruments	14	-	362,051	350,706
Loans and receivables	15	12,931,936	22,455,373	22,776,262
Other assets	16	-	34,346	33,490
Trading properties	17	-	6,745	6,758
Property, plant and equipment	18	-	831	831
Deferred tax asset	19	-	265,425	337,288
Total assets		12,931,936	27,095,342	27,228,042
Liabilities				
Payable to Participating Institutions	13	-	24,021	36,423
Derivative financial instruments	14	-	890,157	1,168,688
Debt securities in issue	20	-	38,368,000	25,440,000
Tax payable	22	-	1,884	1,627
Other liabilities	21	12,928,726	(12,725,224)	169,557
Total liabilities		12,928,726	26,558,838	26,816,295
Equity				
Share capital		-	-	-
Other equity instruments	23	-	1,593,000	1,593,000
Retained earnings		3,210	(588,875)	(659,039)
Other reserves	24	-	(467,621)	(522,214)
Total equity		3,210	536,504	411,747
Total equity and liabilities		12,931,936	27,095,342	27,228,042

The accompanying notes 1 to 24 form an integral part of these accounts.

Consolidated Statement of Cash Flows
For the period ended 31 March 2013

€000

Cash flow from operating activities

Loans and receivables

Receipts from borrowers	602,957
Advances to borrowers	(63,827)
Advances to Special Liquidators	(173,188)
Fee income received on loans with borrowers	98
Net cash provided by loans and receivables	366,040

Derivatives

Cash inflow on foreign currency derivatives	4,321,636
Cash outflow on foreign currency derivatives	(4,343,205)
Net cash inflow on derivatives where hedge accounting is applied	(1,082)
Net cash inflow on other derivatives	6,621
Net cash used in derivatives	(16,029)

Other operating cashflows

Interest expense on debt securities in issue	(68,428)
Payments to suppliers of services	(27,869)
Amounts pledged as collateral with NTMA	(23,000)
Interest received on cash and cash equivalents	1,176
Dividend paid on behalf of NAMA IL	(2,162)
Interest on loan to Special Liquidators	74
Net cash used in other operating activities	(120,208)

Net cash provided by operating activities

229,803

Cash flow from investing activities

Purchase of available for sale assets	(149,719)
Net cash provided by investing activities	(149,719)

Cash and cash equivalents at the beginning of the period

2,235,823

Net cash provided by operating activities	229,803
Net cash provided by investing activities	(149,719)
Net cash used in financing activities	-
Effects of exchange-rate changes on cash and cash equivalents	(2,330)
Cash and cash equivalents at 31 March 2013	2,313,577

Financial assets and cash collateral

Financial assets available for sale	403,790
Amounts pledged as collateral with NTMA	1,173,000
Total cash, cash equivalents and collateral held	3,890,367

There were no cashflows in NARL in the period ending 31 March 2013. NARL will be presented separately in the cash flow statement in future periods.

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 the Company relating to the interests or objectives of NAMA or the State or any action which may adversely affect the financial interests of NAMA or the State.

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The Group's consolidated accounts for the period to 31 March 2013 are presented in accordance with its accounting policies for the purposes of complying with the requirements of Section 55 of the Act.

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

2.2 Basis of measurement

The consolidated accounts have been prepared under the historical cost convention, except for loans and receivables which are carried at amortised cost, and all derivative contracts which have been measured at fair value.

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

2.3 Consolidation

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

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

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

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

2.5 Financial assets – Loans and receivables

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

- (a) Financial assets at fair value through profit or loss,*
- (b) Loans and receivables,*
- (c) Financial assets available for sale*

(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. These assets are recognised initially at fair value and transaction costs are taken directly to the consolidated income statement. Interest income and expense arising on these assets are included in interest income and interest expense. 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.

(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 method.

Loans and receivables are classified as follows:

- Land and development loans
- Investment property loans

Land and development loans includes loans on land which has 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 retaining it and enjoying the total return, i.e. income and/or capital appreciation, over the life of the interest acquired.

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

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

(c) Financial assets available for sale

Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) 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 effective interest 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.

(d) Financial assets and liabilities at fair value

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

Borrower derivatives

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

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

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

NAMA derivatives

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

Hedge accounting

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

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

Cash flow hedge

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

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

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

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 2.13.

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 expense

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

The EIR 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 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.

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 and loss on the disposal of loans, property assets and surplus income

Profit and loss on the disposal of loans and property assets

NAMA has disposed of certain loan/property assets to third parties during the period. Profits and losses on the disposal of loans/property is calculated as the difference between the carrying value of the loans/property and the contractual sales price at the date of sale. The contractual sales price includes any deferred consideration where NAMA has the contractual right to receive any deferred cash flow. Profits and losses on the disposal of loans/profits 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.

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; or
- b) when the estimated 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 taken to the income statement at each annual reporting date only.

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.

2.12 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.

2.13 Derivative financial instruments and hedge accounting

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

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

Derivatives are accounted for either at fair value through profit or loss or, where they are designated as hedging instruments, as derivatives designated in hedging relationships.

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.

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 these 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 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.

2.14 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.

2.15 Taxation

(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.

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 movement in respect of the deferred tax asset relating to unutilised tax losses.

2.16 Provisions for liabilities and charges and contingent assets and liabilities

Provisions

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

Contingent liabilities

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

Contingent assets

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

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

2.17 Amounts due to and from Participating Institutions

Amounts due to and from Participating Institutions are classified as unsettled overdraft positions

Unsettled overdraft positions

Adjustments for unsettled overdraft positions relate to overdraft accounts which were legally acquired by NAMA in 2010 and 2011. 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 balance sheet as amounts payable to Participating Institutions and the amounts collected are recognised as amounts receivable from Participating Institutions. The net amount due to/from Participating Institutions is applied against the outstanding loans and receivables balance.

2.18 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.

2.19 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 and are subsequently measured at amortised cost using the effective interest rate method. The initial value of the senior bonds issued equates to 95% of the acquisition cost of the loans transferred from each Participating Institution. The initial value of subordinated bonds equates to 5% of the acquisition cost of loans transferred.

2.20 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 Board. 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) Other equity instrument

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

2.21 Cash placed as collateral with the NTMA

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

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

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

2.22 Property, plant and equipment

The Agency incurred costs for the fit-out of leased office space. Costs incurred are capitalised in the balance sheet as property, plant and equipment. 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.

2.23 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.

3 Interest and fee income

For the period from 1 Jan 2013 to
31 March 2013

	NARL	NAMA Group (excl. NARL)	Total
	€000	€000	€000
Interest on loans and receivables	3,592	277,366	280,958
Interest on derivative financial instruments	-	12,295	12,295
Interest on cash and cash equivalents	-	3,964	3,964
Interest on financial assets held as available for sale	-	2,914	2,914
Interest on loan to Special Liquidators of IBRC	-	209	209
Other fee income	-	98	98
Total Interest and other income	3,592	296,846	300,438

Interest on loans and receivables

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

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

Of the €281m in interest income on loans and receivables in the period 1 January 2013 to 31 March 2013, €222m was realised in cash.

Interest on derivative financial instruments

Interest income on derivative financial instruments relates to interest received on derivatives acquired from the Participating Institutions.

Other Fee income

Other fee income is earned by NAMA on disposal of assets, refinancing of debt and restructuring of loans. Fee income is recognised in accordance with accounting policy 2.9.

4 Interest expense

For the period from 1 Jan 2013 to
31 March 2013

	NARL	NAMA Group (excl. NARL)	Total
	€000	€000	€000
Interest on debt securities in issue	-	30,526	30,526
Interest on other derivative financial instruments	-	6,233	6,233
Interest on derivatives where hedge accounting is applied	-	55,279	55,279
Total interest expense	-	92,038	92,038

On 28th March 2013, NAML issued bonds to the value of €12.9bn as consideration for the acquisition by NARL of a floating charge over the assets of IBRC from Central Bank of Ireland. The interest expense incurred by NAML on these bonds in the quarter was €0.5m.

5 Net profit / (loss) on disposal of loans, property assets and surplus income

For the period from 1 Jan 2013 to 31 March 2013

	NAMA Group	
	NARL	(excl. NARL)
	€000	€000
Net loss on disposal of loans	-	(6,259)
Total net profit on disposal of loans and surplus income	-	(6,259)

During the quarter, the Group sold certain loans and receivables acquired to third parties. Profit or loss on disposal is measured as the difference between proceeds of sale received and the carrying value of those loans and receivables. The Group realised net losses of €6.3m on the disposal of loans in the quarter. Profit on disposal of loans is not recognised where the overall debtor connection is impaired in accordance with the latest available information.

6 (Losses) / gains on derivative financial instruments

For the period from 1 Jan 2013 to 31 March 2013

	NAMA Group	
	NARL	(excl. NARL)
	€000	€000
Fair value losses on acquired derivatives	-	(12,158)
Fair value gains on other derivatives	-	9,054
Hedge ineffectiveness adjustment	-	2,366
Total losses on derivative financial instruments	-	(738)

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

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

In 2010 a fair value loss of €30.4m in respect of derivatives that are now designated in hedge relationships was included in fair value losses on other derivatives. This loss is amortised to the cash flow hedge reserve as hedge ineffectiveness over the remaining life of the derivatives. At the reporting date cumulative hedge ineffectiveness of €26.0m is recognised in the cashflow hedge reserve, current year hedge ineffectiveness is €2.4m.

7 Administration expenses

For the period from 1 Jan 2013 to 31 March 2013

	NAMA Group	
	NARL	(excl. NARL)
	€000	€000
Costs reimbursable to NTMA	382	9,339
Primary servicer fees	-	15,389
Legal fees	-	1,848
Master servicer fees	-	746
Finance and technology costs	-	464
Portfolio management fees	-	422
Rent and occupancy costs	-	284
Internal audit fees	-	254
NAMA Board and Committee Fees	-	127
External audit remuneration	-	113
Total administration expenses	382	29,368

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 7.1 below for further breakdown of such costs.

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

**For the period from 1 Jan 2013 to
31 March 2013**

7.1 Costs reimbursable to NTMA

	NAMA Group	
	NARL	(excl. NARL)
	€000	€000
Staff costs	181	6,916
Overheads and shared service costs	201	2,423
Total	382	9,339
		9,721

8 Foreign exchange gains/ (losses)

**For the period from 1 Jan 2013 to
31 March 2013**

	NAMA Group	
	NARL	(excl. NARL)
	€000	€000
Foreign exchange translation loss on loans and receivables	-	(234,328)
Unrealised foreign exchange gain on derivative financial instruments	-	214,613
Realised foreign exchange loss on derivative financial instruments	-	(21,569)
Foreign exchange loss on cash	-	(2,330)
Total foreign exchange gains / (losses)	-	(43,614)
		(43,614)

Gains and losses on foreign exchange derivatives arise from market movements that affect the value of the derivatives at the reporting date. On a cumulative basis since 2010, NAMA has recorded a loss of €58m on currency derivatives. This cumulative net cost is akin to an “insurance” cost of protecting NAMA from the impact of foreign exchange rate fluctuations.

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.

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. Realised and unrealised gains are recognised in accordance with accounting policy 2.13. Currency derivatives are explained in more detail in note 14.

Other foreign exchange gains relate to the translation of foreign denominated cash balances at the reporting date.

9 Tax charge

**For the period from 1 Jan 2013 to
31 March 2013**

	NARL	NAMA Group	
	€000	(excl. NARL)	Total
		€000	€000
Current tax			
Corporation Tax in NAMAIL	-	(8)	(8)
Deferred Tax			
On fair value gains and losses on derivatives (Note 19)	-	(52,876)	(52,876)
On utilised tax losses forward	-	-	-
Total taxation charge	-	(52,884)	(52,884)

10 Dividend declared and paid

**For the period from 1 Jan 2013 to
31 March 2013**

	NARL	NAMA Group	
	€000	(excl. NARL)	Total
		€000	€000
Dividend paid	-	(2,162)	(2,162)

On 28 March 2013, the Board of NAMAIL declared and approved a dividend payment of €0.0424 per share, amounting to €2.162m. The amount of the dividend per share was based on the ten year Irish government bond yield as at 31 March 2013. 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.

11 Cash and cash equivalents

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
		€000		
Balances with Central Bank	-	361,451	361,451	2,142,922
Balances with other banks	-	60,215	60,215	62,266
Exchequer notes	-	1,750,000	1,750,000	-
Term deposits	-	141,911	141,911	30,634
Total cash and cash equivalents	-	2,313,577	2,313,577	2,235,822
Cash placed as collateral with the NTMA	-	1,173,000	1,173,000	1,150,000
Total cash, cash equivalents and collateral postings	-	3,486,577	3,486,577	3,385,822

NAMA 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.

12 Financial assets available for sale

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
		€000		
Short term treasury bonds	-	403,790	403,790	257,932

Financial assets available for sale comprise Irish government treasury bonds acquired for liquidity management.

13 Receivables from and payables to Participating Institutions

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
		€000		
Receivables from Participating Institutions	-	80,204	80,204	78,953
Payable to Participating Institutions	-	(24,021)	(24,021)	(36,423)

Receivables from and payables to Participating Institutions comprise unsettled overdraft positions. Amounts are settled when a terminating event occurs for overdrafts. NAMA legally acquired overdraft accounts attached to debtor loan accounts in 2010 and 2011. At 31 March 2013 the above 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 quarter end.

14 Financial assets and liabilities at fair value

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
		€000		
<i>Derivative assets at fair value through profit or loss</i>				
Derivative financial instruments acquired	-	309,683	309,683	321,842
Other derivative financial instruments	-	15,950	15,950	17,114
Foreign currency derivatives	-	36,418	36,418	11,750
Total derivative assets	-	362,051	362,051	350,706
<i>Derivative liabilities at fair value through profit or loss</i>				
<i>Derivative financial instruments acquired</i>				
Other derivative financial instruments	-	(144,768)	(144,768)	(154,985)
Foreign currency derivatives	-	(116,014)	(116,014)	(305,956)
Total	-	(260,782)	(260,782)	(460,941)
Hedging derivative liabilities	-	(629,375)	(629,375)	(707,747)
Total derivative liabilities	-	(890,157)	(890,157)	(1,168,688)

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. The fair value of these derivatives at the quarter end was €310m (2012: €322m) and the fair value movement on these derivatives in the quarter was a loss of €12m (2012: €53m) (see Note 6).

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

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

Derivative financial instruments designated in hedge relationships

At the reporting date, NAMA had entered into €23.6bn of interest rate swaps to hedge its exposure to interest rate risk arising from Euribor floating rates.

Some of these interest rate swaps were formally designated into hedge relationships during 2010, when the fair value of these derivatives was (negative) €30.4m. This amount was recognised as a fair value loss on other derivative financial instruments in the income statement in 2010. This fair value gain is amortised as hedge ineffectiveness over the remaining life of the derivatives. A cumulative amount of €23.6m has been recognised as income in the income statement and cash flow hedge reserve.

15 Loans and receivables

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
Loans and receivables	12,931,936	25,545,471	38,477,407	26,039,684
Less provision for impairment charges on loans and receivables	-	(3,263,422)	(3,263,422)	(3,263,422)
	12,931,936	22,282,049	35,213,985	22,776,262
Loan to IBRC Special Liquidators	-	173,324	173,324	-
	12,931,936	22,455,373	35,387,309	22,776,262

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

With the establishment of NARL, NAMA acquired a floating charge of €12.92bn over certain IBRC assets which were used as collateral by IBRC as part of its funding arrangements with the Central Bank. Interest receivable on the floating charge is €3.6m. As consideration for the loan facility and floating charge, NAMA issued Senior Bonds, via a profit participating loan agreement, worth €12.92bn (guaranteed by the Minister for Finance) to the Central Bank.

Impairment is assessed semi annually. No movement is recognised for the quarter to 31 March 2013.

NAMA and the Special Liquidators of IBRC have entered into a loan facility, agreeing an external loan of €1bn between NAMA and the Special Liquidators of IBRC. The purpose of the facility is to provide the Special Liquidators with working capital and cash collateral required by the NTMA to post to derivative counterparties of IBRC. To date, €173m of the loan has been drawn down by the Special Liquidators.

16 Other assets

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
Accrued swap interest receivable	-	10,826	10,826	14,211
Deferred consideration	-	6,426	6,426	9,223
VAT receivable	-	524	524	668
Interest receivable on financial assets	-	13,364	13,364	9,012
Interest receivable on cash and cash equivalents	-	2,948	2,948	160
Prepayments	-	258	258	216
Total other assets	-	34,346	34,346	33,490

17 Trading properties

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
Trading properties	-	6,745	6,745	6,758

During 2011 NAMA received certain property assets as settlement for an outstanding guarantee. NAMA also acquired other non real estate assets in settlement of debt during 2012. Properties are carried at the lower of cost and net realisable value. Non euro denominated assets are translated to euro in accordance with accounting policy 2.4.

18 Property, plant and equipment

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
		€000		
Lease fit out costs	-	831	831	831

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

19 Deferred tax

	Deferred tax on derivatives		Deferred tax	Total
	Assets	(Liabilities)	on tax losses	
	€000	€000	€000	€000
Balance at 1 Jan 2013	292,172	(88,277)	133,393	337,288
Movement in the period	(68,818)	(3,045)	-	(71,863)
Balance at 31 March 2013	223,354	(91,322)	133,393	265,425

	For the period from 1 Jan 2013 to 31 March 2013 €000
Current tax (Note 9)	(8)
Movement recognised in the income statement (Note 9)	(52,876)
Movement recognised in reserves (Note 24 (a))	(18,987)
Net movement in deferred tax	(71,863)

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 €133m (2012: €133m) in respect of unutilised tax losses has been recognised in these financial statements. Based on the current year results, NAMA believes that future taxable profits will be available to offset any deferred tax asset recognised.

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

20 Debt securities in issue

For the period from 1 Jan 2013 to 31 March 2013			
	NARL	NAMA Group (excl. NARL)	Total
	€000	€000	€000
In issue at beginning of quarter	-	25,440,000	25,440,000
Issued in the quarter	-	12,928,000	12,928,000
Redeemed during the quarter	-	-	-
In issue at end of quarter	-	38,368,000	38,368,000

On 28th March 2013, NAML issued bonds to the value of €12.9bn as consideration for the acquisition by NARL of a floating charge over the assets of IBRC from Central Bank of Ireland. This was recharged to NARL via a profit participating loan ("PPL") agreement.

Terms of notes issued for the acquisition of loans by NALML

The above debt securities are all Government Guaranteed Floating Rate Notes, which were issued by NAML and transferred to NAMGSL under a profit participating loan arrangement 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. To date only euro denominated notes 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 1 March 2013 were physically settled by issuing new securities with a maturity of 1 March 2014.

Terms of notes issued for the acquisition of floating charge by NARL

The above debt securities are all Government Guaranteed senior unsecured Floating Rate Notes, which were issued at par and transferred to NARL under a profit participating loan arrangement, which were used as consideration for the loan facility and floating charge acquired from the Central Bank.

Interest accrues from the issue date of the Notes and is paid semi annually on 20 February and 20 August. The interest rate is 6 month Euribor reset on 1 March and 1 September in each year. To date only euro denominated notes have been issued.

Senior debt securities were issued on 20 February 2013 and all securities issued prior to 20 February 2014 are due to mature on 20 February 2014. The securities issued permitted the issuer to settle all, or some only, of the securities at maturity by issuing a new security on the same terms as the existing security (other than as to maturity which may be up to 364 days from the date of issue notwithstanding that the existing security may have had a shorter maturity).

21 Other liabilities

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
		€000		
Intercompany - NAML / NARL	12,928,344	(12,928,344)	-	-
Accrued swap interest payable	-	159,165	159,165	92,114
Accrued interest on debt securities in issue - loans acquired by NALML	-	7,361	7,361	45,746
Accrued interest on debt securities in issue - floating charge acquired by NARL	-	484	484	-
Accrued expenses	382	35,816	36,198	31,376
Other liabilities	-	294	294	321
Total other liabilities	12,928,726	(12,725,224)	203,502	169,557

22 Tax payable

			31 Mar 2013	31 Dec 2012
	NARL	NAMA Group	Total	Total
	€000	(excl. NARL)	€000	€000
		€000		
Professional services withholding tax and other taxes payable	-	1,836	1,836	1,587
Current tax liability	-	48	48	40
Total tax payable	-	1,884	1,884	1,627

23 Other equity instruments

**For the period
from 1 Jan 2013 to
31 March 2013
€000**

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

Terms of the instrument

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

The interest rate on the instruments is the 10 year Irish Government rate at the date of first issuance, plus 75 basis points. This rate has been set at a fixed return of 5.264%. Interest is paid annually, however the coupon is declared at the option of the issuer. Coupons not declared in any year will not accumulate. No coupon was declared at the reporting date.

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

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

24 Other reserves

**For the period
from 1 Jan 2013 to
31 March 2013**

Other reserves are analysed as follows:

€000

Cashflow hedge reserve

At the beginning of the period	(524,019)
Net changes in fair value	78,373
Hedge ineffectiveness	(2,368)
Deferred tax recognised in other reserves	(19,593)
At 31 March 2013	(467,608)

Available for sale reserve

At the beginning of the period	1,805
Net changes in fair value	(2,424)
Deferred tax recognised in other reserves	606
At 31 March 2013	(13)

Total other reserves

(467,621)

The cash flow hedge reserve comprises the mark to market movement on interest rate swaps that have been designated into hedge relationships. Any fair value gains or losses arising on these derivatives in hedge relationships is accounted for in reserves. The available for sale reserve comprises the fair value movement on available for sale assets in the quarter (see note 12). Total deferred tax recognised in reserves in the period is €19m (Q4: credit of €107m) (note 19).

(a) Movement in deferred tax is recognised as follows:

€000

€000

Deferred tax on movement in cash flow hedge reserve from 1 Jan 2013 to 31 Mar 2013	(19,593)	
Deferred tax on movement in available for sale reserve from 1 Jan 2013 to 31 Mar 2013	606	(18,987)
Total deferred tax movement on reserves from 1 Jan 2013 to 31 Mar 2013		(18,987)

NAMA Group													
Section 55 (6) (j): Income Statement by NAMA group entity													
For the period from 1 January 2013 to 31 March 2013													
	National Asset Loan Management Limited	National Asset Property Management Limited	National Asset Residential Property Services Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Resolution Limited	National Asset Management Agency Investment Limited €000	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Interest and fee income	296,804	-	-	-	-	-	-	296,804	3,592	62	209	(229)	300,438
Interest expense	(61,512)	-	-	-	-	(30,588)	-	(92,100)	-	-	(167)	229	(92,038)
Net interest income / (expense)	235,292	-	-	-	-	(30,588)	-	204,704	3,592	62	42	-	208,400
Other income	382	-	-	-	-	-	-	382	-	-	9,933	(10,315)	-
Net Profit on disposal of loans, property and surplus income	(6,259)	-	-	-	-	-	-	(6,259)	-	-	-	-	(6,259)
(Losses) on derivative financial instruments	75,267	-	-	-	-	-	(76,005)	(738)	-	-	-	-	(738)
Total operating income /	304,682	-	-	-	-	(30,588)	(76,005)	198,089	3,592	62	9,975	(10,315)	201,403
Administration expenses	(29,152)	(4)	(85)	-	-	-	-	(29,241)	(382)	-	(10,060)	10,315	(29,368)
Foreign exchange (losses)	(43,601)	(13)	-	-	-	-	-	(43,614)	-	-	-	-	(43,614)
Operating profit / (loss) before impairment	231,929	(17)	(85)	-	-	(30,588)	(76,005)	125,234	3,210	62	(85)	-	128,421
Impairment charges on loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the period before income tax	231,929	(17)	(85)	-	-	(30,588)	(76,005)	125,234	3,210	62	(85)	-	128,421
Tax credit/(expense)	(72,469)	-	-	-	-	-	19,593	52,876	-	(8)	-	-	(52,884)
Profit for the year before dividend	159,459	(17)	(85)	-	-	(30,588)	(56,411)	72,358	3,210	54	(85)	-	75,537
Dividend paid	-	-	-	-	-	-	-	-	-	(2,162)	-	-	(2,162)
Profit for the year	159,459	(17)	(85)	-	-	(30,588)	(56,411)	72,358	3,210	(2,108)	(85)	-	73,375

NAMA Group

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

	National Asset Loan Management Limited	National Asset Property Management Limited	National Asset Residential Property Services Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Assets													
Investments	-	-	-	-	-	-	-	-	-	-	49,000	(49,000)	-
Cash	2,290,197	-	-	-	-	-	-	2,290,197	-	-	23,380	-	2,313,577
Cash placed as collateral with the NTMA	1,173,000	-	-	-	-	-	-	1,173,000	-	-	-	-	1,173,000
Financial assets available for sale	403,790	-	-	-	-	-	-	403,790	-	-	-	-	403,790
Receivables from Participating Institutions	80,204	-	-	-	-	-	-	80,204	-	-	-	-	80,204
Derivative financial instruments	362,051	-	-	-	-	-	-	362,051	-	-	-	-	362,051
Loans and receivables	22,282,049	-	-	-	-	-	-	22,282,049	12,931,936	-	173,324	-	35,387,309
Other assets	860,917	-	-	-	27,588,510	40,061,244	(55,284,586)	13,226,085	-	119,055	14,782	(13,325,576)	34,346
Trading properties	200	7,061	-	-	-	-	(516)	6,745	-	-	-	-	6,745
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	831	-	831
Deferred tax asset	132,031	-	-	-	-	137,981	187	270,199	-	-	-	(4,774)	265,425
Total assets	27,584,439	7,061	0	0	27,588,510	40,199,225	(55,284,915)	40,094,320	12,931,936	119,055	261,317	(13,379,350)	40,027,278
Liabilities													
Payable to Participating Institutions	24,021	-	-	-	-	-	-	24,021	-	-	-	-	24,021
Derivative financial instruments	890,157	-	-	-	-	-	-	890,157	-	-	-	-	890,157
Debt securities in issue	-	-	-	-	-	38,368,000	-	38,368,000	-	-	-	-	38,368,000
Tax payable	1,836	-	-	-	-	-	-	1,836	-	48	-	-	1,884
Other liabilities	27,328,972	7,125	274	-	27,588,509	682,754	(55,284,586)	323,048	12,928,726	12,959	264,345	(13,325,576)	203,502
Total liabilities	28,244,986	7,125	274	-	27,588,509	39,050,754	(55,284,586)	39,607,062	12,928,726	13,007	264,345	(13,325,576)	39,487,564
Equity													
Share capital	-	-	-	-	-	-	-	-	-	100,000	-	(100,000)	0
Other equity instruments	-	-	-	-	-	1,593,000	-	1,593,000	-	-	-	-	1,593,000
Retained earnings	(660,535)	(64)	(274)	-	1	(444,529)	467,279	(638,121)	3,210	6,048	3,028	46,226	(585,665)
Other reserves	(13)	-	-	-	-	-	(467,608)	(467,621)	-	-	-	-	(467,621)
Total equity	(660,547)	64	(274)	-	1	1,148,471	(329)	487,258	3,210	106,048	(3,028)	(53,774)	539,714
Total equity & liabilities	27,584,439	7,061	-	-	27,588,510	40,199,225	(55,284,915)	40,094,320	12,931,936	119,055	261,317	(13,379,350)	40,027,278

NAMA Group												
Statement of Financial Position by NAMA group entity as at 31 December 2012												
	National Asset Loan Management Limited	National Asset Property Management Limited	National Asset Residential Property Services Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€000	€000	€000	€000	€000	€000	€000	€000				
Assets												
Investments	-	-	-	-	-	-	-	-	-	49,000	(49,000)	-
Cash	2,234,554	-	-	-	-	-	-	2,234,554	-	1,268	-	2,235,822
Cash placed as collateral with the NTMA	1,150,000	-	-	-	-	-	-	1,150,000	-	-	-	1,150,000
Financial assets available for sale	257,932	-	-	-	-	-	-	257,932	-	-	-	257,932
Receivables from Participating Institutions	78,953	-	-	-	-	-	-	78,953	-	-	-	78,953
Derivative financial instruments	350,706	-	-	-	-	-	-	350,706	-	-	-	350,706
Loans and receivables	22,776,262	-	-	-	-	-	-	22,776,262	-	-	-	22,776,262
Other assets	592,858	599	-	-	27,520,082	27,132,900	(55,147,853)	98,586	119,093	9,306	(193,495)	33,490
Trading properties	200	7,074	-	-	-	-	(516)	6,758	-	-	-	6,758
Property, plant and equipment	-	-	-	-	-	-	-	-	-	831	-	831
Deferred tax asset	203,894	-	-	-	-	137,981	187	342,062	-	-	(4,774)	337,288
Total assets	27,645,359	7,673	-	-	27,520,082	27,270,881	(55,148,182)	27,295,813	119,093	60,405	(247,269)	27,228,042
Liabilities												
Payable to Participating	36,423	-	-	-	-	-	-	36,423	-	-	-	36,423
Derivative financial instruments	1,168,688	-	-	-	-	-	-	1,168,688	-	-	-	1,168,688
Debt securities in issue	-	-	-	-	-	25,440,000	-	25,440,000	-	-	-	25,440,000
Tax payable	1,588	-	-	-	-	-	-	1,588	39	-	-	1,627
Other liabilities	27,256,849	7,720	189	-	27,520,081	651,822	(55,147,853)	288,808	10,897	63,347	(193,495)	169,557
Total liabilities	28,463,548	7,720	189	-	27,520,081	26,091,822	(55,147,853)	26,935,507	10,936	63,347	(193,495)	26,816,295
Equity												
Share capital	-	-	-	-	-	-	-	-	100,000	-	(100,000)	-
Other equity instruments	-	-	-	-	-	1,593,000	-	1,593,000	-	-	-	1,593,000
Retained earnings	(819,994)	(47)	(189)	-	1	(413,941)	523,690	(710,480)	8,157	(2,942)	46,226	(659,039)
Other reserves	1,805	-	-	-	-	-	(524,019)	(522,214)	-	-	-	(522,214)
Total equity	(818,189)	(47)	(189)	-	1	1,179,059	(329)	360,306	108,157	(2,942)	(53,774)	411,747
Total equity & liabilities	27,645,359	7,673	0	-	27,520,082	27,270,881	(55,148,182)	27,295,813	119,093	60,405	(247,269)	27,228,042

Supplementary information required under Section 54 of the Act

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

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

Administration Expenses by NAMA group entity						
For the period from 1 January 2013 to 31 March 2013						
	NALML	NAPML	NARPSL	NARL	NAMA	NAMA Group Consolidated
	€000	€000	€000	€000	€000	Total €000
Costs reimbursable to NTMA	9,339	-	-	382	-	9,721
Primary servicer fees	15,389	-	-	-	-	15,389
Legal fees	1,810	1	37	-	-	1,848
Master servicer fees	746	-	-	-	-	746
Finance and technology costs	451	-	13	-	-	464
Portfolio management fees	384	3	35	-	-	422
Internal audit fees	367	-	-	-	-	367
Rent and occupancy costs	72	-	-	-	212	284
NAMA Board and Committee Fees	-	-	-	-	127	127
	28,558	4	85	382	339	29,368

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

	NARL	NAMA Group (exc NARL)	31 March 2013
Senior notes issued by NAML	-	38,368,000	38,368,000
Subordinated debt issued by NAML	-	1,593,000	1,593,000
Total	-	39,961,000	39,961,000

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

Financial Institution	Outstanding at 1 January 2013 €'000	Issued €'000	Redeemed €'000	Transferred €'000	Outstanding at 31 March 2013 €'000
AIB	17,876,000	-	-	-	17,876,000
BOI	4,756,000	-	-	-	4,756,000
IBRC	1,637,000	-	-	(1,637,000)	-
EBS	332,000	-	-	-	332,000
IL&P	2,432,000	-	-	-	2,432,000
CBI	-	-	-	1,637,000	1,637,000
Total	27,033,000	-	-	-	27,033,000

There were no debt securities issued to or redeemed in NARL during the quarter.

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 VIA PARTICIPATING INSTITUTIONS IN THE QUARTER

Participating Institution	NARL €000	NAMA Group (exc NARL) €000	For the period from 1 Jan 2013 to 31 March 2013 €000
AIB	-	19,764	19,764
IBRC	-	8,048	8,048
BOI	-	36,015	36,015
Total	-	63,827	63,827

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 (NAMA)	31 March 2013 €000
Investment in NAMAIL	49,000
Cash	23,380
Loans and receivables	173,324
Receivable from NALM	14,529
VAT receivable	23
Other receivables	0
Property, plant and equipment	831
Total	261,087

National Asset Management Agency Investment Limited	31 March 2013 €000
Loan to NAML	99,900
Intercompany loans and receivables - accrued interest	19,055
Inter-group receivable	100
Total	119,055

National Asset Resolution Limited	31 March 2013 €000
Loans and receivables	12,931,936
Total	12,931,936

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

National Asset Management Limited		31 March 2013 €000
PPL with NAMGSL		27,033,000
PPL receivable from NARL		12,928,344
Intergroup assets		99,900
Deferred tax asset		137,981
Total		40,199,225

National Asset Management Group Services Limited		31 March 2013 €000
PPL with NAML		27,033,000
Other assets		555,510
Total		27,588,510

National Asset Loan Management Limited		31 March 2013 €000
Cash		2,290,197
Cash placed as collateral with the NTMA		1,173,000
Financial assets available for sale		403,790
Receivable from Participating Institutions		80,204
Financial assets at fair value through profit or loss		362,051
Loans and receivables		22,282,049
Intergroup assets		-
Accrued interest receivable		-
Inventories		200
Other assets		860,917
Deferred tax asset		132,031
Total		27,584,439

National Asset Property Management Limited		31 March 2013 €000
Inventories		7,061

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

		Amount in issue at 31 March 2013 €000
Entity	Description	
National Asset Management Limited	On 26 March 2010, the Minister for Finance guaranteed Senior Notes issued by NAMA as provided for under Section 48 of the NAMA Act 2010. The maximum aggregate principal amount of Senior Notes to be issued at any one time is €51,300,000,000.	38,368,000

Supplementary information required under Section 55 of the NAMA Act 2009

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

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

Compliance with Guidelines Issued by the Minister under Section 13 (NAMA Act 2009) as at 31 March 2013

No guidelines issued

Compliance with Directions Issued by the Minister under Section 14 (NAMA Act 2009) as at 31 March 2013

- | | |
|-----|--|
| (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 31 December 2012. |
| (2) | 22nd October 2010 - Expeditious Transfer of Eligible Assets.
All transfers completed since 22 October 2011 have complied with this Direction. |
| (3) | 11th May 2011 - Direction (Ref 513/43/10) - Amendment to Senior Notes Terms & Conditions
All senior notes have been amended in accordance with this Direction. |
| (4) | 7th March 2012 - NAMA Advisory Group
A NAMA Advisory Group has been set up in accordance with this Direction |
| (5) | 29th March 2012 - Irish Bank Resolution Corporation - Short Term Financing
NAMA adopted all reasonable measures to facilitate the short-term financing of IBRC. |

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

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

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

Weighted average loan performance metric

Weighted Average Loan Performance - 3 months to 31/03/2013			
Income Statement			
	€bn		
EIR Income	0.28		
EIR cash received*	0.22		
Cash Flow			
	Cash received	Par Debt at 31/03/13	Weighted Average
Non Disposal Income	€m	€m	Performance
Full performing loans	123	12,138	
Partially and non-performing loans (including enforced loans)	106	57,843	
Total recurring non-disposal cash receipts	229	69,981	32%
€229m income equates to a weighted average performance level of 32%			
* Excludes debtor derivative cash receipts			

One of NAMA's key objectives is to manage its assets so as to optimise, and capture for debt servicing purposes, their income producing potential (e.g. rental income). The capturing of such income was not a common feature prior to NAMA's acquisition of the loans and NAMA has undertaken significant steps to design and implement new structures so as to achieve this objective.

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 31 March 2013, NAMA has generated cash receipts of €11.2 billion since inception, of which €7.2 billion relates to disposal activity (properties and loan sales), €3.4 billion relates to non-disposal income and €0.6 billion to other income. This capturing of this €3.4 billion is an important measure of NAMA's performance.

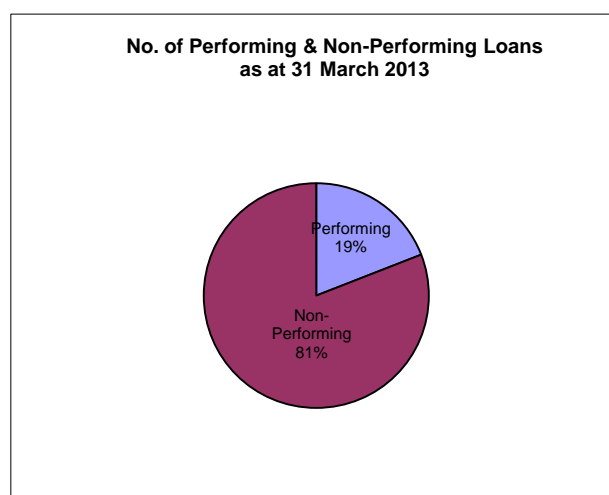
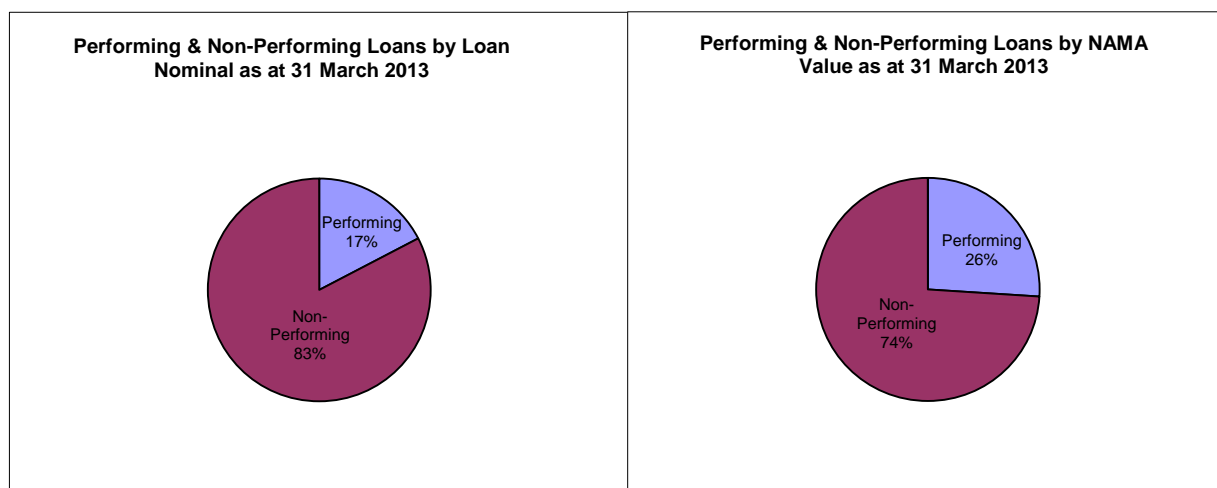
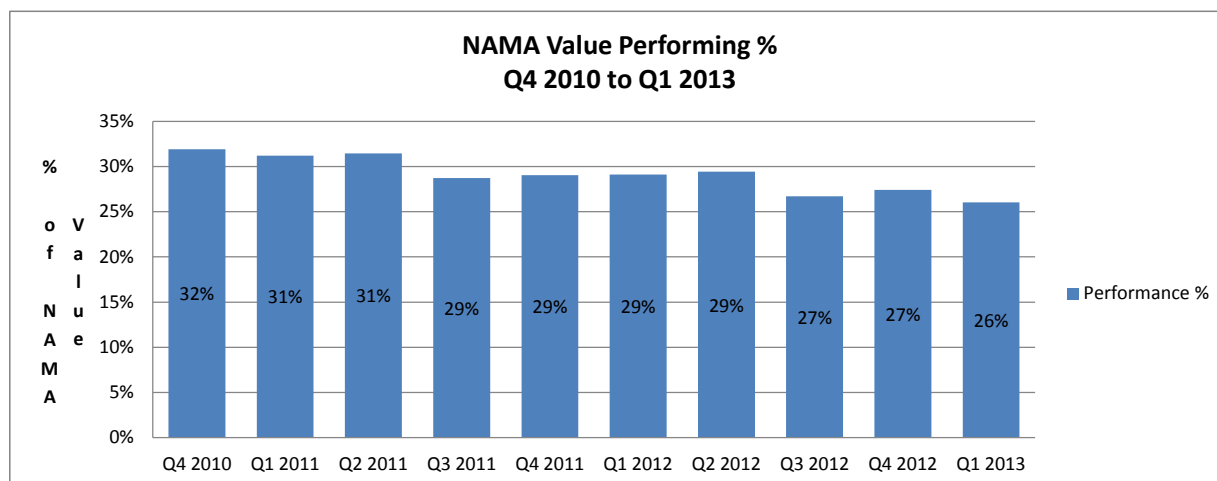
4 (ii) SECTION 55 (6) (A) - CONTINUED

Legacy loan facility loan performance metric

Classification	Number	Loan Nominal (Par Debt) €m	NAMA Value less Impairment* €m
Performing	2,520	12,138	5,798
Non-Performing	10,693	57,843	16,484
Total	13,213	69,981	22,282

*The cumulative impairment recognised to 31 March 2013 was €3,263 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. The definition of Loan Payment Status is detailed on page 44.



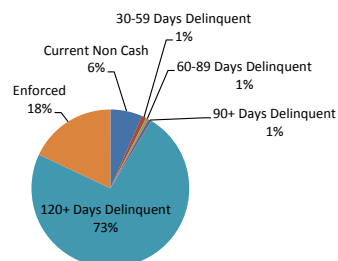
4 (iii) SECTION 55 (6) (B) - CATEGORISATION OF NON-PERFORMING AS TO THE DEGREE OF DEFAULT

Categorisation of non performing loans in accordance with the Loan Payment Status as at 31 March 2013

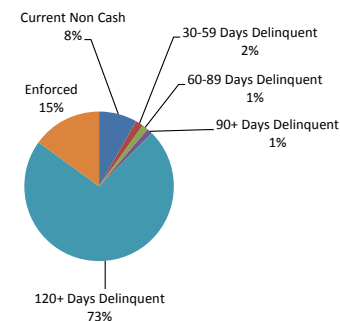
Loan Payment Status	Degree of Default	Number	Loan Nominal €m	NAMA Value less Impairment €m
9	Current Non Cash	972	3,797	1,361
1	30-59 Days Delinquent	99	533	269
2	60-89 Days Delinquent	82	327	222
3	90+ Days Delinquent	77	374	200
4	120+ Days Delinquent	7,594	42,401	11,956
7 & 8	Enforced	1,869	10,410	2,476
	Total	10,693	57,843	16,484

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.

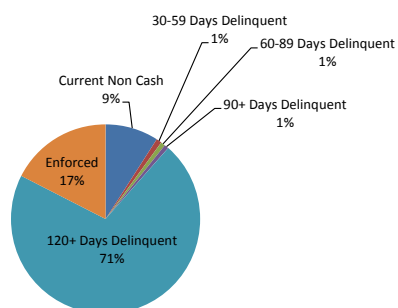
Degree of Default of Non-Performing Loans by Loan Nominal



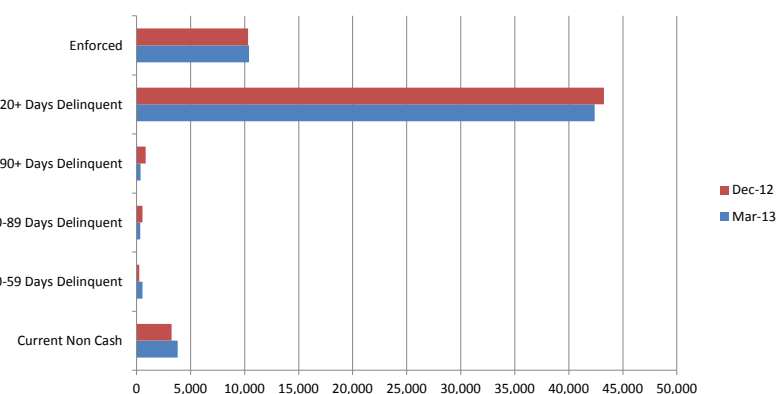
Degree of Default of Non-Performing Loans by NAMA Value



No. of Non-Performing Loans by Degree of Default



**Non-Performing Loans by Loan Nominal
31 March 2013**



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

Definition of loan payment status

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

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

Number of loans foreclosed in the quarter to 31 March 2013

Classification	Number	Loan Nominal €m	NAMA Value €m
Enforced	232	932	207

Note: Section 55 6 (B) on page 43 contains a category of default called 'Enforced' where 1,869 loans have been classified. This includes enforcements that were instigated by the Participating Institutions prior to transfer of the loans to NAMA. This section deals with the number of loans being enforced by NAMA.

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

Number of cases where receivers and liquidators have been appointed in the quarter to 31 March 2013

Classification	Number	Loan Nominal €m	NAMA Value €m
Liquidators	-	-	-
Receivers	232	932	207
Total	232	932	207

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 2013/967P	NALM and Aiden Murphy v Quaylane Management Company	Delivery of vacant possession of House Hotel, Galway
(ii)	High Court (Dublin) 2013/2329 P Geoffrey Carton-Kelly & George Maloney v Raymond Grehan & Leanne Grehan	Bankruptcy Trustees of Raymond Grehan v Leanne Grehan (daughter of Raymond Grehan)	Reversal of transfer of a property from Raymond Grehan to Leanne Grehan The property is: 33 Inver Gael (also sp. 'Geal') Carrick-on-Shannon, Co. Leitrim
(iii)	High Court 2013/ 785S	NALM v Fergus Appelbe	Judgment in the amount of €4,000, 000
(iv)	High Court 2013 2013/213S	NALM v. John Fraher	Judgment proceedings for €5,508,983.00
(v)	High Court 2013 No. 701S	NALM v John McCann	Judgment
(vi)	High Court 2013/1031S	NALM v Gemma Stack	Judgement in the amount of €5,916,062.65
(vii)	High Court 2013/1334P	NALM v Stephen Harris and Donal Downes practising under the style and title of O'Dea and Company Solicitors	Specific Performance against SH to provide first legal charge over certain property (and not to dispose) and Specific Performance against DD of an undertaking to have a charge provided and registered against certain property

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 31 March 2013

Description	Date	€bn
National Asset Resolution Limited	28/3/2013	12.9

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

Amount of money recovered by sale of property up to 31 March 2013

Description	Date	€m
None	None	Nil
Total		Nil

National Asset Property Management Limited holds €7.1m and National Asset Loan Management Limited holds €0.2m million in property assets. NAMA or its group entities did not dispose of property assets in the quarter.

At 31 March 2013, NAMA had received amounts in the order of €5.8 billion relating to the disposal of Debtor owned properties.

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 up to 31 March 2013

Description	Date	€m
National Asset Management Limited (Master SPV - Consolidated) - NOTE 1	1 January - 31 March 2013	0.1

NOTE 1 - Breakdown of Consolidated Master SPV by NAMA Group Entity		
Description	Date	€m
National Asset Loan Management Limited	1 January - 31 March 2013	0.1



5 - National Asset Management Agency Investment Limited Company only accounts

For the quarter ended 31 March 2013

National Asset Management Agency Investment Limited

Income Statement

For the period from 1 Jan 2013 to 31 March 2013

		€000
	Note	
Interest income	3	62
Interest expense		-
Net interest income		62
Administration expenses		-
Operating profit before tax and dividend		62
Tax expense	4	(8)
Profit before dividend payment		54
Reserves brought forward		8,156
Retained earnings before dividend payments		8,210
Dividend paid	5	(2,162)
Retained earnings at 31 March 2013		6,048

The accompanying notes 1 to 10 form an integral part of these accounts.

National Asset Management Agency Investment Limited

Balance Sheet

		31 March 2013	31 Dec 2012
	Note	€000	€000
Assets			
Investment in subsidiaries	6	-	-
Loans receivable from group entity	7	119,055	118,993
Total assets		119,055	118,993
Liabilities			
Amounts due to group entity	8	12,959	10,797
Current tax liability		48	40
Total liabilities		13,007	10,837
Equity			
Share capital	9	10,000	10,000
Share premium	9	90,000	90,000
Retained earnings	10	6,048	8,156
Total equity		106,048	108,156
Total equity and liabilities		119,055	118,993

The accompanying notes 1 to 10 form an integral part of these accounts.

1 General Information

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

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

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The Company's accounts for the period to 31 March 2013 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 Intergroup receivables

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

Loans and receivables are subsequently held at amortised cost.

2.4 Inter-group payables

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

2.5 De-recognition of financial assets and financial liabilities

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

2.6 Taxation

Current income tax

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

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

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

2.7 Share capital

Dividends on ordinary shares

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

3 Interest income	For the period from 1 Jan 2013 to 31 March 2013 €000
Interest income earned on inter-group loan	<u>62</u>

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 (1 Jan 2012: 7%).

4 Tax expense	For the period from 1 Jan 2013 to 31 March 2013 €000
Profit before tax	<u>62</u>
Tax expense for the period (12.5% of profit before tax)	<u>(8)</u>

5 Dividend declared and paid	For the period from 1 Jan 2013 to 31 March 2013 €000
Dividend paid	<u>(2,162)</u>

On 28 March 2013, the Board of NAMAIL declared and approved a dividend payment of €0.0424 per share, amounting to €2.162m. The amount of the dividend per share was based on the ten year Irish government bond yield as at 31 March 2013. The dividend was paid to the holders of B ordinary shares of NAMAIL only, the private investors, who have ownership of 51% in the Company. No dividend was paid to the A ordinary shareholders, NAMA the Agency, which has a 49% ownership in the Company.

6 Investment in subsidiary

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

7 Loans receivable from group entity	31 March 2013 €000	31 Dec 2012 €000
Loan receivable from NAML	99,900	99,900
Accrued interest on inter-group loan	19,155	19,093
Loan receivable from group entity	<u>119,055</u>	<u>118,993</u>

NAMAIL issued a loan of €99.9m to NAML at an interest rate to be reviewed quarterly. This rate was set at 0.25% from 1 July 2012 (1 Jan 2012: 7%).

8 Amounts due to group entity	31 March 2013 €000	31 Dec 2012 €000
Amounts due from NALML	(100)	(100)
Loan due to NALML	13,059	10,897
Amounts due to group entity	<u>12,959</u>	<u>10,797</u>

The loan due to NALML primarily relates to dividend payments for 2010, 2011 and 2012 totalling €10.6m made by NALML on behalf of NAMAIL. The balance relates to taxes paid by NALML on behalf of NAMAIL.

9 Share capital and share premium

Number

€000

At 31 March 2013

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.

10 Reconciliation of reserves

31 March 2013

31 Dec 2012

€000

€000

Retained earnings at beginning of period

8,156

8,152

Profit before dividend payment for the period

54

4

Total retained earnings at end of period

8,210

8,156

Dividend paid (Note 5)

(2,162)

-

Retained earnings at end of period

6,048

8,156