ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

National Asset Management Agency

€4.9 Billion

Total projected NAMA contribution to the Exchequer (€4.5bn surplus + €422m tax).

€3.9 billion paid to the Exchequer to date.

Contents

Explore online

Visit our website to find out more: www.NAMA.ie

Gníomhaireacht Náisiúnta um Bhainistíocht Sócmhainní
National Asset Management Agency

17 May 2022

Mr Michael McGrath TD

Minister for Finance

Government Buildings

Upper Merrion Street

Dublin 2

Dear Minister,

We have the honour to submit to you the Report and Accounts of the National Asset Management Agency for the year ended 31 December 2022.

Yours sincerely,

Aidan Williams
Chairman

Brendan McDonagh
Chief Executive Officer

Introduction

Strategic Objectives set by the NAMA Board

Generate the largest surplus

The Board's primary commercial objective is to generate the largest surplus that can feasibly be achieved from the management and disposal of its remaining portfolio, subject to prevailing market conditions, by December 2025

1

Intensive asset management of residential sites

NAMA will focus on the intensive asset management of its remaining residential land portfolio, to both prepare sites for future development and to optimise realisable value in accordance with our commercial mandate. NAMA also aims to work with its remaining debtors/receivers to facilitate delivery of the maximum number of new homes possible from approved funding, subject to commercial viability.

2

Phased and orderly wind down

NAMA aims to conclude its work no later than December 2025 through a phased and orderly wind down, having regard to the primacy of its Section 10 commercial mandate. NAMA aims to continue to meet all future commitments out of its own resources.

3

Make a positive social and economic contribution

Subject to the primacy of its Section 10 commercial mandate but often complementing it, and within the context of a much-reduced secured portfolio, NAMA will seek to make a positive social and economic contribution across its remaining activities.

4

2022 Financial Highlights

Profit

€81 million

2022 profit after tax **(2021: €195m)**

Cash Generation

€492 million

Total cash generated during 2022

€47.4 billion

Cumulative cash generated from inception to end-2022

Disposal Receipts

€404 million

2022 disposal receipts

€40.8 billion

Cumulative disposal receipts since inception

Loan & Asset Portfolio

€527 million

Fair value of NAMA's loan portfolio at end-2022

€342 million

Property and investment assets at end-2022

Surplus Transfers

€500 million

Cash transferred to the Exchequer during 2022

€3.5 billion

Cash transferred to the Exchequer to date

Lifetime Exchequer Contribution

€4.5 billion

NAMA's projected lifetime surplus

€422 million

Corporation tax paid to date

Business Highlights Progress to end-March 2023

Residential Delivery[1]

29,710

new residential units have been facilitated by NAMA since 2014

=

13,840

delivered through NAMA funding

+

15,870

delivered on sites formerly secured to NAMA

Unit Delivery Pipeline

850 Units

Under construction

or have funding approved for construction

17,150 Units

Future development capacity

mainly post-2025, subject to commercial viability and planning

1 *Figures are rounded to the nearest 10*

Dublin Docklands Strategic Development Zone

99%

Construction completed or sold

4.16m sq. ft. commercial space and 2,033 residential units of NAMA's original interest is construction complete or sold

1%

Relates to site

in which NAMA has a leasehold interest

Poolbeg West Strategic Development Zone

894 Units

Planning permission granted

Planning permission has been granted for 894 residential units (including 223 social and affordable homes)

495,000 sq.ft.

Planning submitted

Planning application has been submitted for 495k sq. ft. of commercial space

Social Housing

2,862

Homes delivered

by NAMA for social housing, excluding those delivered under Part V arrangements on NAMA-funded residential developments

7,600+

Units offered

Over NAMA's lifetime, in excess of 7,600 units were identified as potentially suitable for social housing and offered to local authorities

Chairman's Statement

> NAMA continued to make very strong progress over the course of 2022. We reported a profit for the year of €81m – our twelfth consecutive year of profitability. We continued the transfer of our surplus funds to the State with a further €500 million cash paid. This brings our total surplus cash contribution to date to €3.5 billion. Including corporation tax paid by the Agency, NAMA has contributed over €3.9 billion cash to the Exchequer.

Aidan Williams
Chairman

In the wider macro-economic environment, 2022 was a challenging year. Inflation and interest rate increases placed new pressures on real estate markets globally, and Ireland was not immune. Russia's invasion of Ukraine in February caused devastating loss of life and immense suffering. It also triggered an energy crisis across Europe and further disrupted supply chains thereby exacerbating an already enhanced inflationary environment.

Despite an increasingly difficult market, NAMA continued to focus on completing its remaining interests: finalising the deleveraging of residual assets and working towards our strategic objectives. We have now facilitated the delivery of over 29,700 new residential units and significantly, in 2022, we achieved our Dublin Docklands strategic objective.

The practical completion during the year of our final two Dublin Docklands construction projects – Bolands Quay and Exo – effectively brought our Dublin Docklands strategic objective to a successful conclusion. The NAMA Board first set the objective in 2014 to ensure the timely and coherent delivery of key Grade A office, retail, and residential space in the Dublin Docklands SDZ and Central Business District. At the time, NAMA, through its debtors and receivers, held an interest in 75% of the developable area within the SDZ, putting the Agency in a unique position to drive development. Over the following years, detailed asset management strategies were drawn up, planning applications lodged, private capital sourced, and NAMA funding committed where required. Today, 99% of NAMA's original interests in the area are construction complete or have been sold.

It is no exaggeration to state that NAMA was critical in leading the development and regeneration of the North and South Docklands area. The SDZ model is an exemplar of the plan led approach promoted by Government in the Draft Planning and Development Bill, and the methodology developed by NAMA to deliver the SDZ planning scheme has been key to its implementation. Our involvement brought coherence, direction and expediency to what could have otherwise been a drawn-out and less orderly development process. Working closely with other key parties and stakeholders, NAMA acted as development manager, attracting inward investment to an underdeveloped area of Dublin City and ensuring that any sites sold had appropriate planning to enable expeditious development. The comprehensive regeneration that has taken place means the entire Docklands area is virtually unrecognisable from just a decade ago, as the photographs on pages 20 and 21 attest, and a new urban quarter has been created, opening up public access to a previously underused section of the city.

Throughout the planning and development of the Dublin Docklands, NAMA was conscious of its capacity to make a wider contribution. ESG (Environmental, Social, and Governance) is now a key consideration for every property company and asset manager, and rightly so. However, back in 2014, NAMA was already embracing this concept in its asset management strategies for the Docklands. Planning permissions sought contained criteria for the highest standards of sustainable design and development. As a result, all NAMA-related buildings in the Docklands have achieved Gold or Platinum LEED accreditation and buildings located on the Dublin District Heating Scheme pipeline network are ready to link into the

2022 Profit
€81m

Dublin Docklands
99%
Complete or sold

2022 Surplus Transfers
€500m

Scheme as soon as it is rolled out by Dublin City Council. Indeed, many Docklands projects have received property industry awards in recognition of their quality and contribution to placemaking.

High density development and compact urban growth were also critical considerations given the central location of the Docklands and its proximity to existing public and active transport infrastructure such as the Luas, segregated cycle lanes and the Dublin Bikes scheme. This type of placemaking attracts investment into urban environments that offer a good quality of life for people to live and work.

Continuing the theme of ESG, NAMA's social contribution is something of which the Board and I are very proud. Through collaboration with the Department of Housing and the Housing Agency, NAMA has delivered over 2,800 homes for social housing – exceeding our original target for social housing delivery by 40%. While NAMA's portfolio of residential properties has been almost fully deleveraged at this stage, we are still seeking opportunities to deliver social homes from new residential builds, with 135 new units currently under consideration by local authorities and approved housing bodies. This delivery is supplementary to the statutory social housing delivery which forms part of the Part V planning conditions for all new residential developments.

From my engagements with my fellow Board members, it is clear to me just how committed each member is to ensuring the highest standards of operational performance and corporate governance for the Agency. In particular, I would like to pay tribute to our valued Board colleague, Oliver Ellingham, who retired from the NAMA Board in April 2023 after ten years. The vast progress made by NAMA since 2013, when Oliver joined the Board, is a testament to the wealth of insight and experience he brought. Oliver was a stalwart member who helped guide the Agency through many difficult decisions and NAMA greatly benefitted from his deep experience in both banking and asset management.

I will conclude by thanking my Board colleagues and all NAMA staff, so ably led by the Chief Executive and the Executive team, for their significant contribution and efforts during 2022. Their unwavering commitment to NAMA and the State is to be commended, particularly as NAMA staff are in the unique position of working towards an ultimate goal to finalise NAMA's work which, in turn, will see their employment with the Agency come to an end. They deserve great credit for their success in helping NAMA achieve its objectives. 2023 will be an important year, as with higher interest rates and more economic uncertainty, we will endeavour to continue the progress towards our wind-down at end-2025. The Board and Executive team remain focused on resolving our business activities while creating additional long-term value for the State.

Aidan Williams
Chairman

Chief Executive's Statement

2022 was a successful year for NAMA. We achieved our Dublin Docklands objective - to conclude the remaining projects. We have deleveraged the bulk of our loan portfolio and continued the strong progress made in our residential delivery programme. Our principal focus now is to maximise the delivery of new homes from that programme, both in terms of units built and sites ready for future development.

Brendan McDonagh
Chief Executive Officer

Since the establishment of this programme once it became commercially viable in 2014, NAMA has been a judicious funder of new homes. We have carefully assessed and selected the residential sites in our portfolio that have the best capacity for development, always mindful of our commercial mandate. To date, we have advanced residential development funding of €2.15 billion to our debtors and receivers. This capital has facilitated the delivery, through a wide range of channels, of over 29,700 new homes in Ireland.

The residential development cycle – from undeveloped site to housing completion – takes upwards of 36 months. This timeframe has been increasing over the last two years due to planning decision delays, third party objections, or judicial challenges. NAMA works with its debtors and receivers to bring suitable sites as far as possible through the cycle. This adds value to the sites, consistent with NAMA's commercial mandate, and in many cases ensures that the sites are shovel-ready for private development when they exit from the Agency.

Getting suitable planning permission is an important part of the cycle. Through careful management, strategic assessment and selective funding, the overall success rate of NAMA-funded planning applications has been comparatively high. Since 2016, NAMA debtors and receivers have submitted planning applications for over 23,600 residential units, 5,770 of which are currently in the planning system, and were successfully granted planning permission for more than 16,400 units – a success rate of close to 70%.

While NAMA has achieved a high level of planning grants, planning is seen within the industry as one of the most cumbersome stages of the development cycle in Ireland. Per a recent industry survey, planning was cited as the most significant barrier to expedient residential development in Ireland, more so than labour shortages or material costs. Indeed, many of the applications lodged by NAMA debtors and receivers have been with An Bord Pleanála for over a year. Furthermore, the appeals process and judicial reviews can block the development of otherwise viable sites for many months. Often when planning is finally received, the sites are no longer commercially viable.

It is important to address sustainability when discussing residential development. Sustainability is more than just a buzzword or a box-ticking exercise. Climate change is a very real and identifiable risk, and the real estate industry is responsible for an estimated 40% of global carbon emissions. It is true that the most environmentally sustainable building is the one never built – but that is not a realistic stance for an agency such as NAMA to take. As the Chairman outlined in his Statement, NAMA has been conscious of its capacity to make a meaningful contribution in terms of ESG for many years now. Our approaching end-date does not make that goal any less important. Instead, we continue to ensure that any residential or commercial development in which we are engaged is consistent with the highest standards of sustainable and energy-efficient development; and undertaken in the context of its impact on the environment and the local community. From a purely commercial perspective, embracing sustainability is the difference between a viable asset with a tangible future value and an obsolete property with limited resale value – this runs to the core of NAMA's commercial mandate.

Residential Funding Advanced

€2.15bn

Residential Units Delivered

29,700+

Lifetime Contribution to Exchequer

€4.9bn

The planned urban development in the Poolbeg West SDZ, in which NAMA holds a 20% interest, is a prime example of a development in which ESG criteria have been to the forefront of the design process. This high-density mixed-use development will contain 25% social and affordable housing, high-quality walking and cycling infrastructure, cultural and community facilities, and open-air public amenity space, all within walking distance of Dublin City Centre. In addition, the entire development will utilise district heating from the nearby Dublin Waste to Energy plant.

We made great strides during 2022 in terms of making NAMA a more sustainable organisation. We established the NAMA Environmental and Sustainability Committee to engage with NAMA staff to promote climate awareness and sustainability initiatives, as well as to provide them with education and learning opportunities. In March 2023, NAMA submitted its first Climate Action Roadmap to the Government. Noting NAMA's finite timeframe and the fact that certain business and support services, as well as NAMA's office premises, are provided by the NTMA, NAMA will primarily rely on the NTMA's Roadmap to meet the requirements of the Climate Action Mandate. Information on initiatives undertaken to improve organisational sustainability, as well as the sustainability of NAMA's offices, can be found on pages 31 to 33 of this report.

We continued to right-size NAMA last year through our annual voluntary redundancy programme. During 2022, 32 staff left the Agency as part of this programme and a further 14 staff will leave during 2023. This number represents quite a significant proportion of our remaining workforce of 94 and requires the people who remain to become more flexible, as their roles are modified to fill the gaps left by those exiting and to reflect the evolving needs of the Agency. Retaining experienced staff at this juncture is critical to NAMA achieving its objectives, but it is increasingly challenging as alternative employment opportunities offering long-term career paths are logically more attractive to staff. Each year, the Executive team and I scrutinise our current and projected staffing requirements to ensure we have the right balance to deliver on our remaining objectives while winding down our operations in an orderly, controlled, risk-appropriate manner. I am confident that to date we have achieved that balance based on our consistent strong progress and results.

As the Agency progresses towards its wind-down at the end of 2025, we are concentrating on two overarching aims. The first is maximising value and delivery from our remaining portfolio. The second is the orderly resolution of our multiple workstreams. Each of our remaining strategic objectives is designed to meet these aims. In terms of our surplus, we expect to generate sufficient profits from our remaining portfolio to enable the transfer of an additional €1 billion to the State by the time we complete our work in 2025. This will bring our overall contribution to the taxpayer to close to €5 billion – a tremendous achievement for an Agency initially forecast by some to lose €10 billion. Our residential delivery programme continues at pace, with 600 units directly delivered by NAMA during 2022 and 460 currently under construction. While our capacity to fund new construction is limited at this late stage of our evolution, we will maximise the number of units with appropriate planning permissions so new development can be achieved even after NAMA has completed its mandates. All our activities will be undertaken in a manner that recognises the limited time that remains for NAMA and our ultimate goal to be fully wound down by the end of 2025.

I echo the Chairman's gratitude to the NAMA Board and staff, particularly those who departed the Agency during 2022 and thus far in 2023. I also want to thank the Board, staff and management of the wider NTMA who provide invaluable support services to NAMA. The contribution of all those who have worked for the Agency over NAMA's lifetime is clear from our remarkable progress and achievements to date. I have no doubt that the staff who remain with us will ensure that we continue to deliver on our objectives.

Brendan McDonagh
Chief Executive Officer

Business Review

NAMA's legislative remit is to maximise the return on, and deal expeditiously with, the Agency's acquired bank assets. Simply put, this involves intensive asset management and disposals. However, over NAMA's lifetime, the Board has sought to meet market demand while making a tangible economic and social contribution. Objectives focussing on residential and commercial development, as well as social housing delivery, have been set and achieved, all while delivering a substantial surplus to the taxpayer.

Portfolio Management and Deleveraging

NAMA's deleveraging activity is guided by the objective of maximising recovery from property-backed loans through strategic asset management and investment, and phased disposal. NAMA works closely with its debtors and receivers in order to devise the most commercially optimal strategy for each asset.

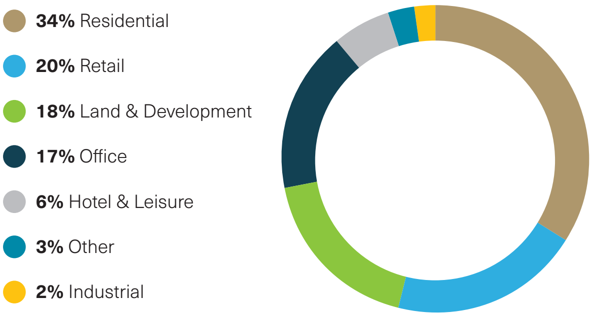
Debtor Engagement

NAMA initially acquired the loans of some 5,000 borrowers (personal and corporate SPVs) which were consolidated into approximately 800 debtor connections. By end-March 2023, the loans of some 126 debtors remained under the management of NAMA. 55 debtors are actively engaging with NAMA including 24 in support strategies and 31 subject to enforcement with receivers appointed. The remaining 71 debtors are being monitored under forbearance strategies or exit agreements. NAMA's preferred approach is to work consensually with debtors however, in certain circumstances, this is not feasible and enforcement action is necessary in order to protect the value of the assets.

Asset Disposals

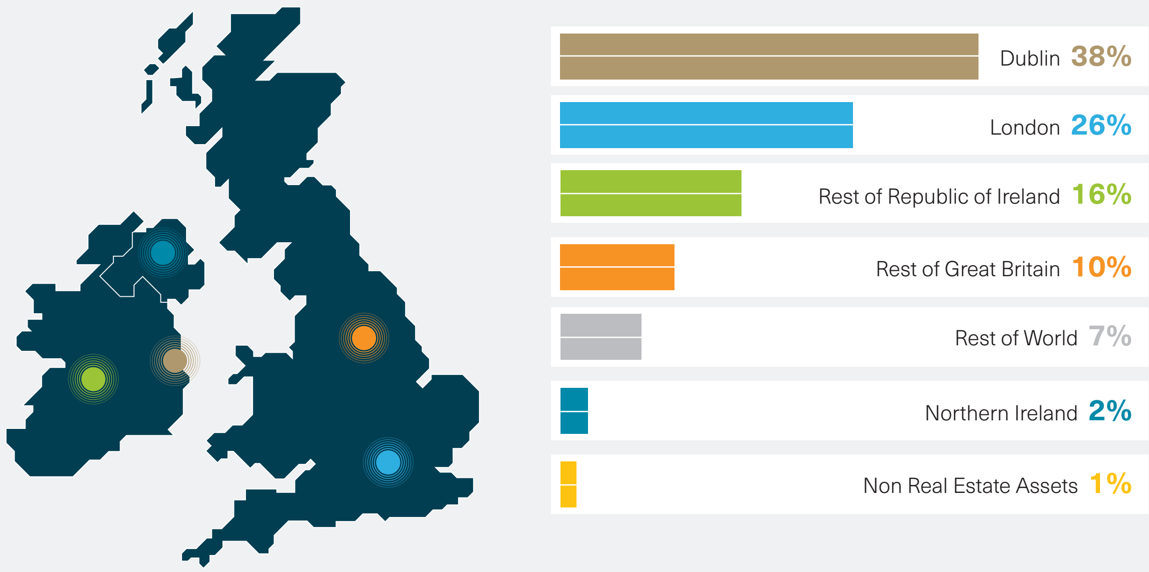
NAMA's acquired loans were secured by approximately 60,000 properties, located in multiple jurisdictions and across a variety of sectors. The secured properties had a market value at acquisition of €32.4 billion. NAMA released assets in a phased and orderly manner consistent with the level of demand, the availability of credit and the absorption capacity of each relevant market. By end-2022, NAMA's acquired portfolio was 98% deleveraged and had generated total cash of €47.4 billion.

Disposals by sector since inception (Ireland)



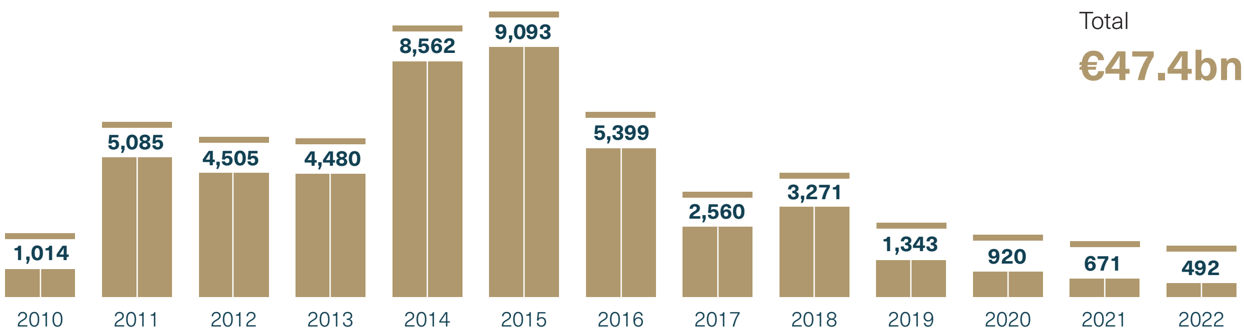
Cash is primarily generated through asset and loan disposals. The cumulative value of loans and assets sold to end-2022 was €40.8 billion. A further €6.6 billion has been generated from non-disposal income, mainly comprising rental income from secured properties and proceeds from the refinancing of loans.

Disposals by location since inception

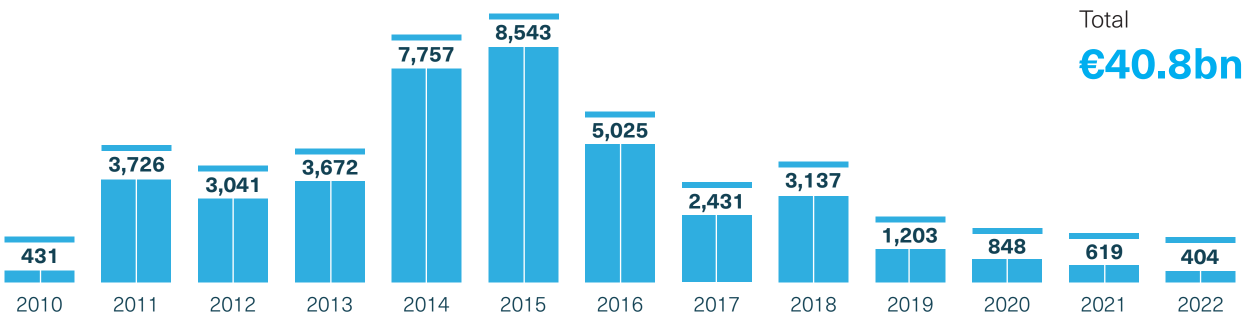


Portfolio Management and Deleveraging (continued)

Cash Generation €m



Disposal Receipts €m



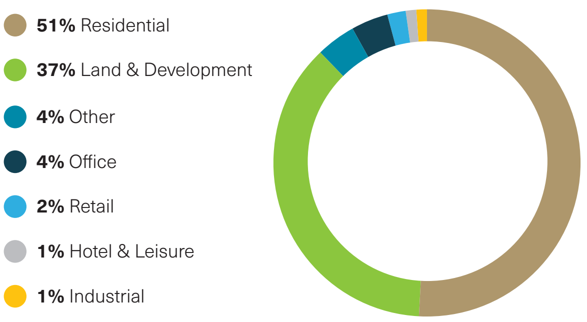
Development Funding

A programme of intensive asset management has been pursued by NAMA in order to protect or enhance future cashflows and disposal values of assets. Overall, NAMA has advanced €4.2 billion to its debtors and receivers for the following capital expenditure purposes, subject to commercial viability:

- investing in existing properties in order to improve their income producing potential and increase their appeal to purchasers;
- the planning, design and construction of new residential and commercial projects;
- the completion of existing unfinished residential and commercial projects, if commercially feasible;
- infrastructure works, as necessary, to facilitate property development;
- essential expenditure such as fire safety works to ensure that properties are compliant with health and safety requirements; or
- remediation works to bring unfinished or defective housing to a habitable standard.

All funding is procured from NAMA's own resources without any reliance on the Exchequer or third-party debt.

Capital expenditure funding by sector since inception



Vacant Units

NAMA ensures that its debtors and receivers keep vacant periods in residential properties to a minimum, devising appropriate strategies for vacant units, including assessing their suitability for social housing.

As at end-2022, NAMA held security over approximately 128 vacant residential properties. However, over 90% of these are uninhabitable as they are derelict or in need of extensive remediation works. In addition, a small proportion of vacant properties are compromised by legal or other issues which need to be resolved before they can be rented or sold.

Of the remaining 11 vacant units, the majority are actively being marketed, or are sale agreed or contracted for sale.

NAMA's stock of newly built residential units is consistently low with houses regularly sale agreed within days of coming to the market.

Surplus Funds

NAMA's strategy of intensive asset management and investment greatly enhanced the cashflow and disposal value of secured assets, generating significant cash returns for the Agency. Once NAMA had repaid all debt (€31.8bn) and equity obligations (€56m), it was in a position to commence the transfer of its surplus funds to the Exchequer. NAMA has transferred €3.5 billion to the State to date and expects to transfer a further €1 billion (including NARPS) by the time it completes its work.

Surplus Transfers

Actual			Projected		
2020	**2021**	**2022**	**2023**	**2024**	**2025**
€2bn	€1bn	€500m	€350m	€350m	€300m
Total: €4.5bn					

NAMA Wind-Down

In line with the EU Commission approval, NAMA aims to conclude its work no later than end-December 2025, subject to prevailing market conditions. In this context, the Board submitted a Strategic Plan for the orderly wind-down of the Agency to the Minister in November 2021.

NAMA is currently taking a number of commercial and operational steps to implement the wind-down.

Commercial

- Completing deleveraging of remaining loan portfolio.
- Providing committed funding for commercially viable residential development.
- Maximising the number of residential sites that are ready for future development through achievement of suitable planning permissions.
- Resolving NAMA's remaining equity interests in Dublin Docklands SDZ.
- Progressing transfer of the NARPS social housing portfolio to the Land Development Agency.

Operational

- Transformation unit established to oversee the phased and orderly wind-down of the business.
- Consolidating business units within NAMA.
- Progressing the resolution of residual par debt following disposal of related assets.
- Planning for the management of data and records.
- Progressing the dissolution/exit of group entities post disposal of related assets.

In line with the experience of workout vehicles in other jurisdictions, final resolution of NAMA may take several years after completion of primary deleveraging, owing to unresolved litigation or remaining assets with significant value uplift potential.

Residential Delivery

NAMA's residential delivery programme seeks to enhance the value of secured assets while addressing the serious housing supply shortages in Ireland. NAMA works with its debtors and receivers through all stages of the residential development process, where this is the commercially optimal asset strategy. An important part of the programme is to prepare development sites for future private residential construction. Over 92% of the residential land originally secured to NAMA has now been built on, refinanced, or sold.

NAMA Residential Delivery Targets

Board Approved Target	Target Details	Status
4,500 units	Initial target set in 2014 for the delivery of units in the Dublin area by end-2016	Target achieved in 2016
20,000 units	In September 2015, a more ambitious delivery target and expanded programmed was approved, to include units delivered on sites that were refinanced or sold	Target achieved in 2021

Delivery Progress[2]

29,710 residential units delivered by NAMA

13,840 units have been directly delivered by NAMA to date, either through provision of funding to debtors and receivers, or via licence agreement or joint venture. Under its legislation, NAMA can only finance developments that are expected to yield a profit and cannot provide preferential funding terms. This is crucial for compliance with EU State Aid rules and Section 10 of the NAMA Act.

A further 15,870 residential units have been built on sites which initially benefitted from NAMA funding, but which were subsequently sold or refinanced by NAMA's debtors and receivers. NAMA facilitated the future delivery of housing on these sites by funding planning permissions, legal costs, holding costs, or site enabling works.

Examples of housing delivered 2022


Ardilea Crescent, Clonskeagh


Cuirt Bhoirne, Roscam, Galway


Tuairin, Galway

2 All residential unit delivery and pipeline figures on pages 16 and 17 are reported at end-March 2023 and rounded to the nearest 10

Delivery Pipeline

50 units Q1 2023 Delivery	460 units Under Construction	390 units Funding Approved

NAMA will use its remaining lifespan to maximise delivery of units from sites in its secured portfolio. In 2021, the NAMA Board approved a strategic priority to facilitate the delivery of 1,800 new homes, subject to commercial viability, while the Agency progresses its wind-down during the period 2022-2025. 600 units were delivered in 2022 and, in the first three months of 2023, a further 50 new units were delivered. 460 units are currently under construction on sites secured to NAMA, while funding is approved for a further 390 units. Development of these units is contingent on commercial viability, planning and completion of construction before end-2025. It is possible that some of the units for which funding is approved will be refinanced out of NAMA, in which case, the delivery of those units will be outside of NAMA's control. As related debtor loans are refinanced, or if development becomes unviable, unit delivery projections will reduce proportionately.

Asset Management of Residential Sites

As of end-March 2023, NAMA's loans were secured by an estimated 479 hectares of land in Ireland, excluding sites under construction or with funding approved. Some 399 hectares of this land currently has residential zoning and may be suitable for future residential development, subject to planning and infrastructural constraints.

The zoned landbank has potential to deliver circa 17,150 housing units in the medium to long term. While most of these units cannot be delivered within NAMA's remaining lifetime, NAMA's objective is to maximise the number of sites that are shovel-ready for future development through successful planning applications and pre-planning feasibility assessments.

Since 2016, NAMA debtors and receivers have submitted planning applications for over 23,656 residential units (some of which are currently in the planning system) and were successfully granted planning permission for 16,436 units. A decision to grant was issued for a further 1,242 units however the decision is either under appeal, subject to judicial review or still within the period in which an appeal or review may occur.

Residential zoned landbank

17,150 potential units

2,460 units	5,770 units	460 units	8,460 units
Planning Permission Granted	**Planning Applications Lodged**	**Planning Applications Being Prepared**	**Longer Term Sites**
Will be sold or refinanced by debtors/receivers.	Planning applications currently under consideration by planning authorities. The majority of these applications have been with An Bord Pleanála for over a year.	Applications being prepared or pre-planning consultations underway.	Sites subject to viability, planning, infrastructure, and zoning – unlikely to be built before 2025.

Residential Delivery (continued)

Examples of housing under construction 2022

Residential Sites Sold

NAMA seeks to ensure that there is an adequate supply of development land available to private developers in the market. Since 2011, NAMA's debtors and receivers have sold sites with the potential to deliver some 86,000 residential units, on which the aforementioned 15,870 homes have been built. It should be noted that some of these sites may currently be impeded by one or more constraints relating to commercial viability, infrastructure, or the absence of planning permission.

Strategic Development Zones

Dublin Docklands SDZ

In 2014, NAMA held an interest in 75% of the 22 hectares of developable land in the Dublin Docklands Strategic Development Zone (SDZ). Since then, the Agency has been vital in driving and facilitating the development of the Docklands area. The SDZ model is an exemplar of a plan led approach, and the delivery methodology developed by NAMA has been key to its implementation.

SOLD

99% of NAMA's original interests in the Dublin Docklands are now construction complete or sold:

9%
Construction Complete
361k sq. ft. commercial space

53%
Projects Complete and Sold
2,240k sq. ft. commercial space and 606 residential units

37%
Sites Sold
with planning permission for 1,575k sq. ft. commercial space and 1,427 residential units

1% The remaining 1% relates to NAMA's leasehold interest in a site which will be sold in conjunction with the freeholder.

NAMA retains an interest in three properties:

North Dock

- 274k sq. ft. commercial space
- c50% let
- NAMA 40% equity stake, 60% held by Oaktree

Ten Hanover Quay

- 87k sq. ft. commercial space
- Fully let to Fiserv
- NAMA 40% equity stake, 60% held by Kennedy Wilson

Block 19 - Site

- 56k sq. ft. commercial space & 150 residential units, subject to planning
- Site sale planned with Waterways Ireland
- NAMA leasehold interest, Waterways Ireland own freehold

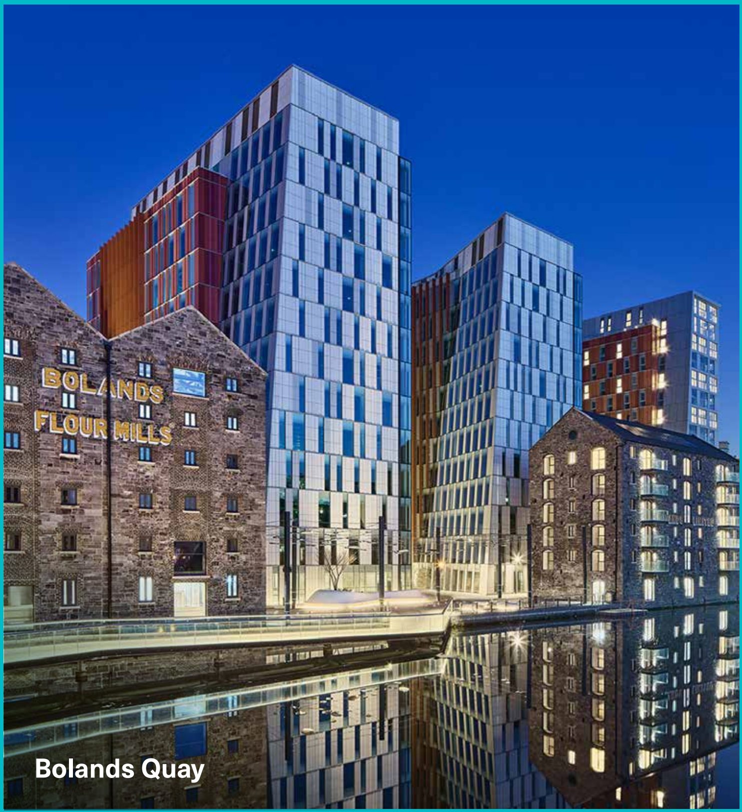
Poolbeg West SDZ

NAMA retains a 20% stake in a company that owns a 37.2acre development site in the Poolbeg West SDZ. The site has potential for 3,800 homes, of which 25% will be social and affordable, and over 1 million sq. ft. of commercial space, including cultural and community facilities.

- Planning permission has been granted for 894 residential units (including 224 social and affordable homes)
- Planning application has been submitted for 495,000 sq. ft. of commercial space

NAMA's contribution to the Dublin Docklands

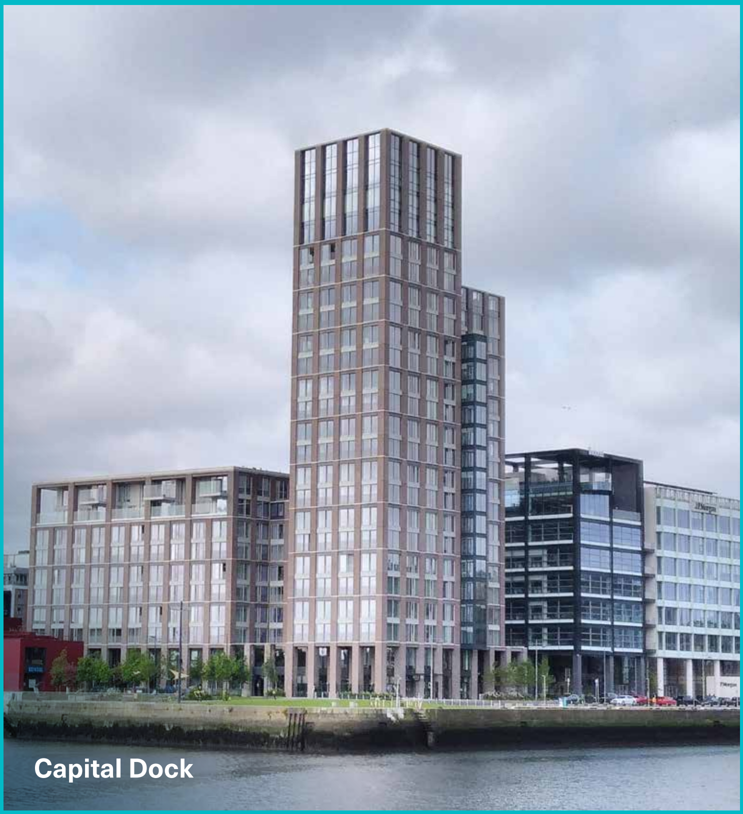
2015



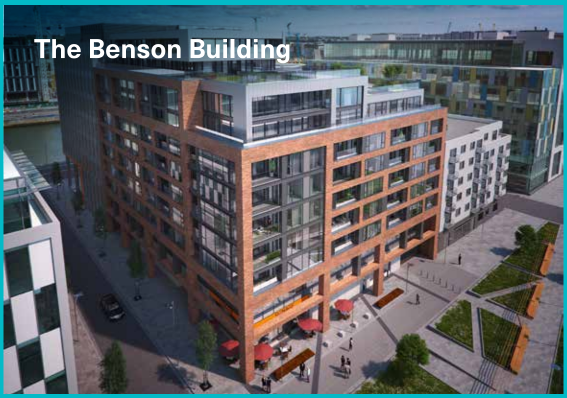
Bolands Quay

76 SJRQ

5 Hanover Quay



Capital Dock



The Benson Building

Exo

2021

Financial Review

Financial Review

Financial Highlights 2022	2022 €m	2021 €m	From inception to end-2022 €m
Cash generation			
Total cash generated	**492**	**671**	**47,395**
Disposal receipts	404	619	40,838
Non-disposal income	88	52	6,557
Lifetime Surplus			
Cash transfers to the Irish Exchequer	500	1,000	**3,500**
Profitability (key income statement items)			
Net gains on debtor loans measured at FVTPL*	100	181	
Interest income, fee income & other income/(expense)	16	28	
Net gains on investment properties	10	22	
Profit on derecognition of subsidiaries	-	26	
Operating profit for the year before tax	84	211	
Tax charge	(3)	(16)	
Profit for the year after tax	**81**	**195**	
Financial position at year-end			
Cash and cash equivalents	511	748	
Debtor loans carrying value	527	715	
Investment properties	325	314	
Investments in equity instruments	17	22	

** Fair Value Through Profit or Loss*

Debt redemption

As part of its original acquisition of loans from the participating institutions, NAMA issued €30.2 billion of government guaranteed senior debt and €1.6 billion of floating rate perpetual subordinated debt.

The senior bonds represented a contingent liability to the Irish State as they were guaranteed by the Government prior to being redeemed in full by October 2017. The subordinated debt was fully redeemed by March 2020 and NAMA has therefore repaid all €31.8 billion debt issued to acquire loans from the participating institutions.

Transfer of NAMA's lifetime surplus to the Exchequer

NAMA's projected total contribution to the Exchequer, subject to no deterioration in market conditions, is €4.9 billion. This is comprised of a projected lifetime surplus of €4.5 billion and corporation tax payments made to date of €0.4 billion. By the end of 2022, NAMA had transferred €3.5 billion of its lifetime surplus to the Exchequer. Further transfers to the Exchequer are expected to follow in 2023 and later years. The future transfers will include the transfer value of National Asset Residential Property Services DAC ('NARPS') which will remain in State ownership based on a Direction to NAMA from the Minister for Finance.

1 Introduction
2 Business Review
3 Financial Review
4 Environmental, Social and Governance
5 Financial Statements

Key components of NAMA's 2022 performance

Income Statement NAMA Group	2022 €m	2021 €m
Net gains on debtor loans measured at FVTPL	100	181
Interest income, fee income & other income/(expense)	16	28
Net gains on investment properties	10	22
Net profit on disposal and refinancing of loans and property assets	2	5
Profit on derecognition of subsidiaries	-	26
Administration expenses	(44)	(51)
Profit for the year before tax	**84**	**211**
Tax charge	(3)	(16)
Operating Profit for the year after tax	**81**	**195**

Net fair value gains on debtor loans measured at FVTPL

	2022 €m	2021 €m
Net fair value gains on debtor loans measured at FVTPL	100	181

Fair value is a key area of judgment in NAMA's financial statements and the judgment process is conducted as part of Fair Value Reviews. These reviews use a present value methodology to assess the fair value of debtor loans. During the year, NAMA has recognised a fair value gain of €100 million (2021: €181 million). This outcome reflects a number of factors such as progress towards monetisation timelines and the net appreciation of collateral securing certain debtor loans.

The Fair Value Reviews were based on detailed individual assessments of expected future cash flows for all debtor connections that include relevant loans. These assessments represent NAMA's best estimate of expected future cash flows for each debtor connection. They include estimated cash flows arising from the disposal of collateral (generally property), loan sales, and non-disposal income (such as rental income).

Interest income, fee income & other income/(expense)

	2022 €m	2021 €m
Lease rental income	15	14
Distributions from equity instruments	4	1
Interest Income	1	-
Fair value (loss)/gain on equity instruments	(1)	6
Fee income/Other income/(expense)	(3)	7
Total	**16**	**28**

Interest income, fee income & other income/(expense) amounted to €16 million. This is mainly comprised of NARPS lease rental income (€15 million) and interest income of €1 million earned on cash, short-term Exchequer Notes and Exchequer Notes held during the financial year. Fee income & other income/(expense) mainly consists of €1 million for the discharge of receivership property liabilities and €1 million for contracted fees in the financial year following the reaching of a designated rate of return on equity investments. The prior year fee income & other income/(expense) amounts mainly related to the receipt of €6 million from the IBRC Special Liquidator in respect of claims lodged by NAMA in the liquidation of IBRC.

Net gains on investment properties

	2022 €m	2021 €m
Net gains on investment properties	10	22

Investment properties are valued at fair value. The difference between the fair value and the carrying amount of the properties resulted in a net gain of €10 million to the income statement in 2022.

Net profits generated from disposal and refinancing of loans and property assets

	2022 €m	2021 €m
Net profit on disposal and refinancing of loans	2	2
Net profit on disposal of property assets	-	3
Total profit	**2**	**5**

Profits or losses on disposal and refinancing of loans are measured as the difference between the consideration received (after sales/refinancing costs) and the NAMA carrying value of the relevant loans.

Profits on disposal of property assets are measured as the difference between the sales proceeds and the property's carrying value which is required to be the lower of the cost and the Net Realisable Value of that property.

Administration expenses recognised in 2022 amounted to €44 million (2021: €51 million). From inception to 31 December 2022, NAMA's total expenses paid to fund income generation amount to €1.4 billion representing 2.9% of total cash generation (2022: 8.9%). The higher level of costs as a % of cash generation in 2022 largely reflects the lower annual cash generation as the NAMA book winds down.

NAMA's cash generation

	2022 €m	2021 €m	Inception to end-2022 €m
Disposals of underlying collateral	482	671	**36,478**
Disposals of loans	10	-	**10,917**
Total Proceeds	**492**	**671**	**47,395**

Disposal and non-disposal receipts during 2022 totalled €0.5 billion (2021: €0.7 billion), primarily comprising receipts from property collateral disposals. From a cash generation perspective, there was one material loan sale transaction in 2022 (2021: none).

Cash Position

	2022 €m	2021 €m
Cash and cash equivalents	511	748

At the end of 2022, NAMA had a cash and cash equivalents balance of €511 million (2021: €748 million) of which €491 million (2021: €735 million) was held with Central Bank of Ireland.

Loan portfolio

NAMA acquired loans from the participating institutions for a consideration of €31.8 billion. This acquisition value is the amount NAMA originally recognised on its statement of financial position as being the carrying value for those debtor loans. Debtors are legally obliged to repay the loan par value as per the original loan agreements with the participating institutions. NAMA's carrying value of debtor loans at end-2022 was €0.5 billion (2021: €0.7 billion).

A summary of the movement in debtor loans for the reporting period is provided below:

Movement in carrying value of debtor loans

	2022 €m	2021 €m
Debtor loans at 1 January	715	850
Receipts on debtor loans	(475)	(449)
Advances to borrowers (cash and non-cash)	187	192
Other movements on debtor loans measured at FVTPL	(2)	(61)
Profit on disposal and refinancing of debtor loans	2	2
Net fair value gains on debtor loans	100	181
Debtor loans as at 31 December	**527**	**715**

NARPS

	2022 €m	2021 €m
Investment properties	325	314

Under the Government's housing strategy, "Housing for All", it is proposed that NARPS will transfer to the Land Development Agency (LDA) from NAMA. As part of the agreed transfer process, the transfer price will be set at the NAMA valuation and will form part of the NAMA lifetime surplus contribution to the Exchequer. At the reporting date, the proposed transfer has yet to complete. There is a requirement for appropriate legislative changes to the LDA Act to facilitate the proposed transfer from the Minister for Finance to the LDA. There is no impediment to NAMA transferring NARPS to the Minister for Finance, the first step in the agreed transfer process. NARPS assets are held as investment properties which are carried at fair value.

Investments in equity instruments

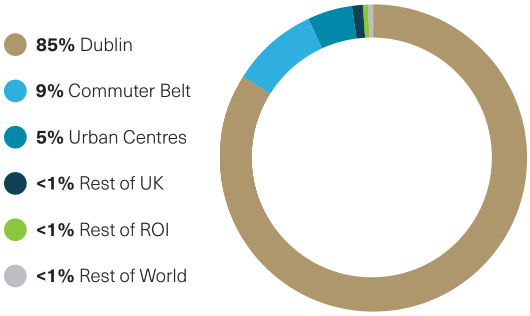
	2022 €m	2021 €m
Investments in equity instruments	17	22

NAMA invests in equity instruments to maximise value and to facilitate the effective delivery of commercial or residential developments. These assets are measured at Fair Value through profit or loss. Changes in carrying value are driven by movements in the asset value of the underlying funds/companies and distributions/encashments/advances made during the year.

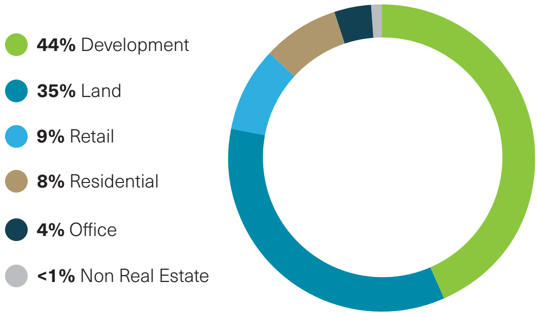
Remaining portfolio

The concentration of NAMA's remaining acquired debtor loan portfolio by sector and geography based on the underlying security is outlined below:

Remaining portfolio by geography 31 December 2022



Remaining portfolio by asset class 31 December 2022



Rate of return benchmark

In 2014, the NAMA Board approved an entity return on investment (EROI) target benchmark of 20%. The projected return as at end-2022 was 39% (2021: 39%).

The EROI is calculated based on the comparison of NAMA's projected €4.5 billion lifetime surplus position with NAMA's initial investment, as adjusted to exclude the €5.6 billion in State Aid which NAMA was required to pay to the participating institutions as part of the loan acquisition price.

Following a successful asset management and deleveraging programme and subject to market conditions, the acquired debtor loans portfolio (excluding State Aid) forecast internal rate of return (IRR), excluding costs, to the end of NAMA's lifespan is circa 12.9% (2021: 12.9%) per annum as at end-2022.

The projected return based on the total cost to acquire the debtor loans portfolio, including State Aid of €5.6 billion, is 6% (2021: 6%) per annum. This compares favourably to the expected rate of return when NAMA was established of 5%.

Environmental, Social and Governance

Social and Economic Contribution

In the context of its overriding commercial mandate, NAMA seeks to manage its portfolio in Ireland in a manner that complements the objectives of other public bodies including Government departments, State agencies and local authorities.

Social Housing

Supplementary to its statutory remit, NAMA recognised that residential properties owned by its debtors and receivers offered an opportunity to contribute to social housing in Ireland. NAMA established a dedicated social housing team to identify suitable housing and facilitate its delivery through engagement with the Department of Housing and the Housing Agency.

This process has been very successful with 2,862 properties delivered to date. Homes have been delivered via sale or lease to local authorities or approved housing bodies, or direct sale to NARPS. A further 135 properties are currently under consideration by local authorities and approved housing bodies.

Over NAMA's lifetime, in excess of 7,600 units have been identified as potentially suitable for social housing and offered to local authorities. Many of these units were not required or deemed unsuitable by local authorities at the time, or subsequently became unavailable.

NAMA's social housing delivery is in addition to statutory Part V social housing provision on NAMA-funded residential developments.

NARPS

National Asset Residential Property Services (NARPS) was established in 2012 to expedite the delivery of social housing from NAMA's secured portfolio. 1,366 homes have been delivered through NARPS representing 48% of all NAMA social housing delivery.

NARPS is seen as a model of good practice and has acted as a precedent for further leasing initiatives which have since been rolled out across the sector. In recognition of its important contribution to the delivery of social housing, the Minister for Finance directed that the NARPS portfolio is to remain in State ownership. Under the Government's housing strategy, 'Housing for All', it is proposed that NARPS will transfer to the Land Development Agency (LDA).

Remediation Funding

Where commercially viable, NAMA has provided funding to its debtors and receivers to complete unfinished or defective housing. NAMA also funds essential works to ensure that properties in its secured portfolio are structurally sound and compliant with current health and safety requirements. This in turn protects or enhances the value of the assets, consistent with NAMA's commercial mandate.

NAMA has advanced remediation funding of approximately **€135m** for works to existing residential and commercial properties securing its loans. Works include essential fire safety remediation, health and safety works, and the fixing of structural defects.

Sales to Public Bodies

An important part of NAMA's work is to facilitate the sale of properties for civic purposes. NAMA works closely with Government departments,State agencies and local authorities to identify properties that may have a community, economic, or social benefit.

NAMA has successfully delivered over **75** properties for a variety of civic and social purposes across Ireland, including: education, public parks, community centres, healthcare, transport, and infrastructure. NAMA continues to engage with public bodies in relation to assets that may be suitable for their use, although the scope for identifying such assets is greatly reduced given the small size of NAMA's residual portfolio.

Social and Economic Contribution (continued)

Inward Investment and Employment

NAMA has sought to foster Foreign Direct Investment and employment through its investment and disposal activities. NAMA regularly engaged with IDA Ireland to identify suitable properties for companies seeking to establish or expand operations in the State. In particular, the delivery of Grade A office accommodation in the Dublin Docklands area has been instrumental in encouraging inward investment and employment opportunities.

Furthermore, NAMA-facilitated construction projects have created substantial employment in the sector. It is currently estimated that every €1bn invested in construction creates 8,000 jobs; to date NAMA has provided funding of €4.2bn for capital expenditure projects.

Social, Economic, and Physical Infrastructure

NAMA seeks to facilitate the delivery of high-density mixed-use commercial and residential development in areas of high demand with existing public transport and community services.

Such compact development is necessary to achieve the correct balance of social, economic and physical infrastructure that allows communities to thrive. This in turn reduces carbon footprint and encourages active modes of travel, such as walking and cycling.

Furthermore, NAMA has provided funding for high standards of landscaping on its residential developments, which include quality walking and cycling infrastructure, public amenities such as playgrounds, sports pitches and green areas, as well as the planting of native Irish tree species and other pollinator friendly plants.

Community amenities at Oldtown, Swords

Sustainability and the Environment

NAMA is committed to contributing to the achievement of sustainability goals and climate resilience through its remaining activities.

Climate Action Mandate

Pursuant to the Public Sector Climate Action Mandate (the "Mandate"), each public sector body is required to implement the Climate Action Plan 2023 (CAP23). CAP23 envisages the public sector leading by example on climate action to reach the target of reducing Ireland's greenhouse gas emissions by 51% by 2030 and becoming climate neutral no later than 2050.

The Mandate requires that public sector bodies put in place a Climate Action Roadmap (the "Roadmap"). As NAMA operates under the aegis of the NTMA, with the NTMA providing business and support services to NAMA, much of the content of the NTMA Climate Action Roadmap applies to NAMA. NAMA submitted its first Board approved Roadmap, which was primarily reliant on the NTMA Roadmap, at end-March 2023.

In accordance with the reporting requirements of the Mandate, NAMA's sustainability initiatives are summarised below, under the criteria specified by the Roadmap guidance:

1. Our People

In April 2022, NAMA appointed the Chief Strategy and Transformation Officer (CSTO) as Climate and Sustainability champion. NAMA also established the NAMA Environmental and Sustainability Committee (NESC), chaired by CSTO and reporting to the NAMA Board, and Finance and Operating Committee.

The NESC engages closely with NAMA staff and the NTMA Green Team to promote climate awareness and sustainability initiatives, as well as providing education and learning opportunities for staff. Formal staff training will be rolled out in conjunction with the NTMA during 2023.

BER A1

BER A2 A3

2. Our Targets

The NTMA is bound by the public sector target to reduce emissions by 51% by 2030. The NTMA emissions reduction targets are inclusive of NAMA (noting that NAMA is due to wind down by end-2025). Further to the targets set by CAP23, the NTMA aims to be a Net Zero organisation by 2030.

Emissions data for the NTMA (inclusive of NAMA) is published in the NTMA Annual Report & Financial Statements.

Sustainable Development

Separate to the NTMA, NAMA facilitates commercial and residential development which is consistent with the highest standards of sustainable and energy efficient design and development.

All NAMA-related commercial developments in the Dublin Docklands conform to Leadership in Energy and Environmental Design (LEED) standards, achieving platinum or gold certification. Furthermore, several NAMA-managed Docklands projects have been in receipt of property industry awards in recognition of their quality and contribution to placemaking. Placemaking is important to attract investment to urban environments that offer a good quality of life for people to live and work.

New homes constructed on NAMA-funded residential developments achieve A3 Building Energy Ratings (BER) as a minimum with some meeting Nearly Zero Energy Buildings (nZEB) standards.

3. Our Way of Working

In order to improve sustainability in day-to-day processes and reduce resource use, NAMA (and the NTMA) have introduced various initiatives, including:

- Digitisation of all invoice and credit approval processes since 2020. A review of other paper-based processes is underway to identify further possibilities for digitisation.
- Reviewing and reducing the number of IT systems and the energy consumption of NAMA servers.
- Replacement of bleached printer paper with non-bleached recycled paper and actively encouraging an overall reduction in printing.

Green Public Procurement

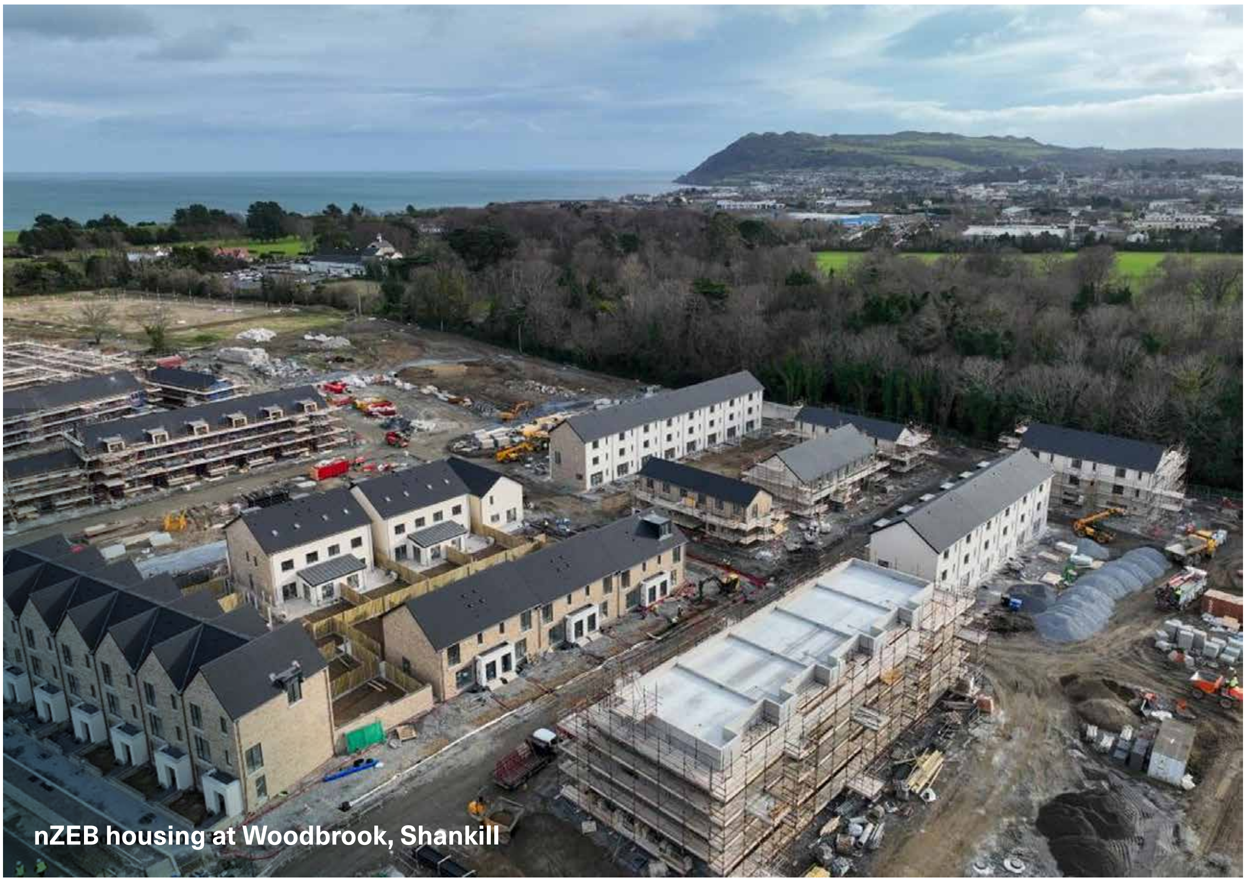
NAMA fully supports the Government's Environmental and Social Consideration Initiative and has adopted such practices by way of Board approved policies and procedures. NAMA incorporates appropriate social and environmental criteria in its procurement practices, as they relate to the performance of services. Criteria include:

- the prevention or minimisation of waste;
- the use of recycled products and recycling facilities;
- energy conservation in buildings and in the use of equipment;
- the minimising of storage requirements; and
- the use of paperless office solutions.

NAMA incorporated green criteria into the procurement processes of the undernoted contracts concluded in 2022.

Reference year 2022	A. Total number of contracts issued over €25,000 by priority sector	B. Total value of contracts issued over €25,000 by priority sector	C. Total number of contracts issued over €25,000 by priority sector which have incorporated Green Public Procurement (GPP)	D. Total value of contracts issued over €25,000 by priority sector which have incorporated GPP
Priority Sector				
Other (Statutory Audit, Legal, Property Valuation/advice, PR/Communications)	14	€2,209,450.00	7	€1,533,250.00
Totals	**14**	**€2,209,450.00**	**7**	**€1,533,250.00**

Note: Of the 7 contracts that did not incorporate a green criterion, 5 of these were derogations from procurement and therefore not subject to a procurement process. NAMA derogations from procurement are detailed in NAMA's Statement on Internal Control.



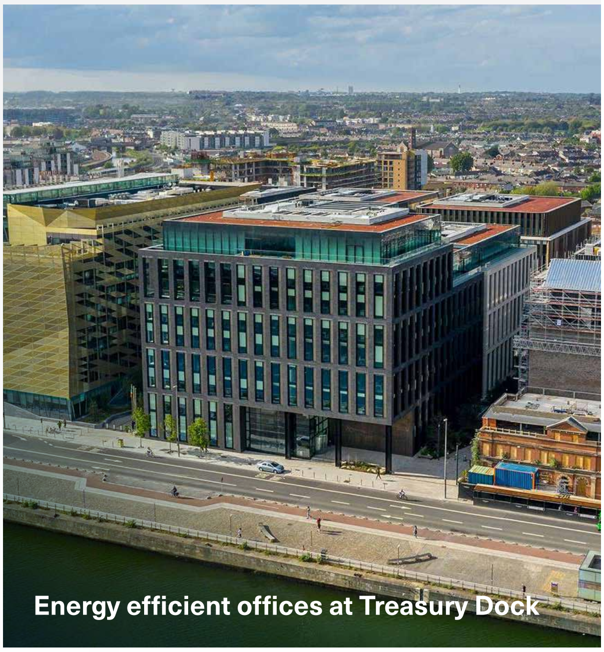
nZEB housing at Woodbrook, Shankill

4. Our Buildings and Vehicles

The NAMA and NTMA offices are located at Treasury Dock, which is certified as BER A3, LEED Platinum and nZEB. The development of Treasury Dock was facilitated by NAMA as part of the Dublin Landings project. The building includes high specification energy, heat, and water saving systems and will be connected to the Dublin District Heating scheme when rolled out by DCC.

Precedence is given to active modes of commuting to Treasury Dock, with ample bicycle parking and quality changing facilities onsite. Over one third of NTMA staff use active modes to commute to the office.

Electric vehicle charging points are also provided onsite, however, there are limited car parking spaces available overall given the proximity of the building to bus, train and Luas routes. Since 2022, any new or replacement company vehicles procured are required to be electric or hybrid.



Energy efficient offices at Treasury Dock

Organisation

Organisational Structure

NAMA is organised across four divisions, each of which is managed by a member of the Executive Team.

Chief Executive Officer

Chief Commercial Officer

The Chief Commercial Officer oversees all aspects of NAMA's deleveraging and residential development activities, as well as managing NAMA's remaining property and equity investments, and social housing delivery. The division comprises expertise in the areas of property, banking, credit risk, planning and insolvency. It works closely with debtors, receivers, and joint venture partners to commercially manage and dispose of secured assets and investments. In particular, the division intensively manages assets in order to enhance their future disposal value, consistent with NAMA's commercial mandate.

Chief Financial Officer

The CFO division manages the organisation's financial and operational requirements. The division provides financial leadership and acts as a specialist business partner to the wider organisation.

The CFO division incorporates a wide range of business functions with operational and strategic responsibilities including finance, audit & risk, systems, operations, and tax.

Chief Legal Officer

The Legal division provides independent advice to the Board, CEO, and business divisions on the wide spectrum of legal issues affecting the Agency and its operations. The division comprises a wealth of expertise spanning commercial property, banking, insolvency, litigation and other legal areas.

The Legal division supports NAMA's regulatory and compliance obligations, including responsibility for NAMA procurement and the General Data Protection Regulation (GDPR).

Chief Strategy & Transformation Officer

The Chief Strategy and Transformation Officer oversees NAMA's Strategy, Communications and Transformation activities. The division is responsible for the ongoing evaluation and development of NAMA's strategy to ensure that it remains appropriate in the context of NAMA's stated objectives. In this regard, the division is overseeing the implementation of NAMA's wind-down strategy.

The division has overall responsibility for the Agency's Freedom of Information (FOI), communications and public affairs activities. This primarily involves co-ordination of NAMA's interaction with the media and engagement with Oireachtas members and committees as well as the preparation of NAMA publications.

Staff Resources

NAMA, through the NTMA, has recruited staff with a diverse range of skills and experience from the disciplines of banking, finance, law, property, insolvency, and planning among others.

The number of NTMA staff assigned to NAMA at the end of 2022 was 110. This figure includes 14 employees leaving during 2023 as part of NAMA's voluntary redundancy scheme.

Gender balance, diversity, and inclusion

Equality of opportunity and diversity is a priority in NAMA to foster a supportive and positive work environment for all staff. In this context, NAMA has regard to the statutory obligation on public bodies, under Section 42 of the Irish Human Rights and Equality Commission Act 2014, to eliminate discrimination, promote equality of opportunity, and protect human rights of staff and service users.

Gender balance at all levels of the Agency is an issue of particular importance to NAMA. The breakdown of NAMA staff by gender was

53% males and

47% females

at the end of 2022. As NAMA is engaged in a wind-down, it is not recruiting new employees thus maintaining gender balance to end-2025 will be difficult. Of the six ministerial appointees to the NAMA Board, four (66%) are female which is ahead of the Government's target of 40%.

NAMA management and staff partake in various NTMA programmes and initiatives to encourage gender balance, diversity, and inclusion.

- The Gender Matters programme
- NTMA Women's Network
- Membership of the 30% Club
- The Disability Advocacy Team
- The LGBT+ Network
- The International & Multicultural Awareness Team
- NTMA Thrive – supporting new parents
- Unconscious bias training
- Mental health awareness training
- Engagement with Specialisterne, an organisation which empowers people on the autism spectrum

Gender pay gap

The Gender Pay Gap Information Act 2021 requires organisations with more than 250 employees to report on the hourly gender pay gap across a range of metrics. The gender pay gap refers to the difference between what is earned, on average by men and women, based on their average hourly wage. As staff are assigned to NAMA by the NTMA, gender pay gap data for NAMA (at end-June 2022) is incorporated in the 2022 NTMA Gender Pay Gap Report. As a distinct organisation, NAMA has an assigned staff of less than 250 employees and therefore does not report separate pay gap data.

Governance

Board and Committees of the Board

Board of NAMA

- Audit Committee
- Credit Committee
- Finance and Operating Committee
- Risk Management Committee
- Planning Advisory Committee
- Remuneration Committee

Pursuant to Section 19 of the National Asset Management Agency Act 2009 (the "Act"), the Board comprises a Chairperson and up to eight members. The Chairperson and six members are appointed by the Minister for Finance while the Chief Executive Officer of NAMA and Chief Executive of the NTMA are ex-officio members of the Board. The Board's principal functions are set out in Section 18 of the Act:

- To ensure that NAMA's functions are performed effectively and efficiently.
- To set strategic objectives and targets for NAMA.
- To ensure that appropriate systems and procedures are in place to achieve the strategic objectives and targets.
- To take all reasonable steps available to it to achieve these targets and objectives.

The Board has a schedule of matters reserved for its approval and deals with credit matters within its delegated authority level.

The Board is currently comprised of eight members. Details of Board members and appointments are set out on pages 38 to 41.

No appointed member is eligible to serve more than two consecutive terms. The Minister determines the level of remuneration of appointed members and their entitlement to reimbursement for expenses. The ex-officio members do not receive any additional remuneration for their membership of the Board.

During 2022 the Board met on 15 occasions while the six committees of the Board met on 48 occasions. Details of Board and committee member attendance at meetings are outlined on page 37.

In accordance with Section 32 of the Act, the Board established four statutory committees: Audit Committee, Credit Committee, Finance and Operating Committee, and Risk Management Committee. The Board also established three committees under Section 33: the Planning Advisory Committee, the Remuneration Committee, and the Northern Ireland Advisory Committee, the latter of which was subsequently dissolved on 8 September 2014 following sale of the loans of Northern Ireland debtors.

The Board is supported in its functions by the Secretary to the Board who also co-ordinates the operation of the various Board committees; each of the committees is supported by a NAMA Officer with relevant expertise who acts as secretary to the committee.

Schedule of Reserved Matters

Under Section 18 of the Act, the Board is responsible for ensuring the functions of NAMA are performed effectively and efficiently. The Board may delegate performance of its functions to an officer of NAMA. The Board has approved a Schedule of Reserved and Delegated Matters as part of a comprehensive formal delegation of Board functions and powers to the Chief Executive Officer. This was most recently approved by Board in October 2022. The Chief Executive Officer may sub-delegate some functions to a member of the Senior Executive Team under his overall control and supervision. The Board has also approved delegations of functions in a Delegated Authority Credit Policy and Balance Sheet Policy.

Board Delegated Authority Policy

The Board has delegated certain credit decisions to the Credit Committee and Senior Executive Team through its Delegated Authority Credit Policy, which is subject to regular review. Under this policy, the Board has set varying authority levels for approving proposals. These depend on the debtor's total financial exposure, the value of the transaction and on whether or not new funds have been requested. Under the Delegated Authority Credit Policy, lower-level authorities may refer their decisions to higher level authorities if a second opinion is deemed desirable or where there is a conflict of opinion.

Board and Committee Evaluation

The Board and each committee undertake a self-assessment evaluation annually in relation to the effectiveness and efficiency of its decision making. In accordance with Section 4.6 of the Code of Practice for the Governance of State Bodies 2016, the Board undertakes an external evaluation approximately every three years. The most recent external evaluation was conducted for the period to end-2022.

Board responsibility for Preparation of Annual Report & Financial Statements

The Board is responsible for preparing the 2022 Annual Report and Financial Statements. Following detailed review and having regard to the recommendations of the Audit Committee[3], the Board considers that the Financial Statements represent a true and fair view of NAMA's financial performance and financial position at year-end 2022.

3 *In addition to the Audit Committee, the Risk Management Committee also has a role in the review of the Statement on Internal Control*

Attendance at Board and Board Committee Meetings in 2022

	Board	Audit	Credit	Finance and Operating	Risk Management	Planning Advisory	Remuneration
NAMA Board Members:							
Aidan Williams	15					1(iii)	2
Brendan McDonagh	15		20	5	6	6	
Conor O'Kelly (to 30/6/22)	4(i)						1
Frank O'Connor (from 1/7/22)	9(ii)						1
Oliver Ellingham	15	7	16				
Mari Hurley	13		21				2
Eileen Maher	15	8		5	6		
Michael Wall	14	7	21			6	2
Charlotte Sheridan	15	8		5		6	
Davina Saint	15		19		6	6	2
External Committee Members:							
Liam Gallagher		8					
Angela Tunney						6	
Sean Quigley		2(iv)					

Notes:

i. Conor O'Kelly's term on the NAMA Board concluded on 30 June 2022.

ii. Frank O'Connor's term on the NAMA Board commenced on 1 July 2022 when he commenced his role as NTMA Chief Executive, however he attended the Board meeting as an invitee from April 2022 onwards.

iii. Aidan Williams attended one Planning Advisory Committee meeting as an invitee in 2022.

iv. Sean Quigley was appointed to the Audit Committee on 1 May 2022.

Board Members

Mr Aidan Williams
Chairman

LENGTH OF SERVICE

Initially appointed as Board Member on 2 April 2019 and appointed as NAMA Board Chairman on 20 December 2019 for a 5-year term.

BIOGRAPHY

Aidan Williams has over forty years' experience in International Capital Markets, Investment Banking, Fund Management, and Stockbroking. He holds a number of Non-Executive Directorships and is the former Chair of both UniCredit Bank Ireland plc and Macquarie Capital Ireland DAC.

Mr Williams is an Institute of Directors accredited Chartered Director, a Chartered Fellow of the Institute for Securities and Investment, and a former Registered Stockbroker of the Irish Stock Exchange. He is a member of the Institute of Directors and the Irish Fund Directors Association.

COMMITTEE MEMBERSHIP

- Member of the Remuneration Committee

Mr Brendan McDonagh
Chief Executive Officer

Mr McDonagh's role as an ex-officio Board member commenced on 22 December 2009 following his appointment as NAMA Chief Executive Officer.

Brendan McDonagh was appointed Chief Executive Officer of NAMA by the Minister for Finance in December 2009. Prior to that, he was the Director of Finance, Technology and Risk at the NTMA from 2002 until 2009 and held the post of NTMA Financial Controller from 1998 to 2002. Mr McDonagh joined the NTMA in 1994 from the ESB, Ireland's largest power utility, where he worked in a number of areas including accounting, internal audit, and treasury.

- Board member (ex-officio)
- Member of the Finance and Operating Committee
- Member of the Risk Management Committee
- Member of the Credit Committee
- Member of the Planning Advisory Committee

Mr Oliver Ellingham

Appointed 10 April 2013 for a 5-year term and re-appointed on 10 April 2018 for a 5-year term.

Final term of appointment completed on 9 April 2023.

Oliver Ellingham is a chartered accountant and a former Head of Corporate Finance (Europe) at BNP Paribas and a senior executive within BNP Paribas UK. He currently holds non-executive directorships in a number of companies and is owner of Ellingham Limited. He has served as a board member of Eurobank Cyprus since April 2014, chairing the Risk Committee until February 2020 when he became Chairperson of the Board.

- Chairperson of the Audit Committee
- Member of the Credit Committee

Ms Mari Hurley

Appointed 8 April 2014 for a 5-year term and re-appointed on 9 April 2019 for a 5-year term.

Mari Hurley is the Chief Financial Officer of AA Ireland and was previously Chief Financial Officer of Premier Lotteries Ireland and Hostelworld Group plc and Finance Director of Sherry FitzGerald Group. She is a Fellow of the Institute of Chartered Accountants in Ireland having trained and qualified in Arthur Andersen. Ms Hurley has a Bachelor of Commerce degree from University College Cork. She served as a director of Ervia until August 2021.

- Chairperson of the Credit Committee
- Chairperson of Audit Committee (effective from 10 April 2023)
- Member of the Remuneration Committee

Ms Eileen Maher

Appointed 3 July 2018 for a 5-year term.

Eileen Maher is an experienced strategic advisor with commercial, transformation, regulatory, and legal expertise. She holds a Bachelor of Commerce degree and MBS from University College Galway and is a member of the Institute of Directors in Ireland. She has a track record for developing and executing key strategic infrastructure projects as well as negotiating commercial joint ventures, partnerships, and acquisitions. She worked in the telecoms industry for 30 years. Ms Maher is a member of the Board of Uisce Éireann (since 1 January 2023) and is a member of the Compliance Committee of the Broadcasting Authority of Ireland. Ms Maher is a former member of the Eirgrid Board. She was the Director of Strategy and External Affairs in Vodafone and a member of the Vodafone Ireland Executive Board.

- Chairperson of the Risk Management Committee
- Member of the Finance and Operating Committee
- Member of the Audit Committee

Mr Frank O’Connor

Mr O’Connor’s role as an ex-officio Board member commenced on 1 July 2022 following his appointment as NTMA Chief Executive.

Frank O’Connor was appointed Chief Executive of the NTMA in July 2022. He is the former Director of Funding and Debt Management at the NTMA. Mr O'Connor's prior roles included NAMA Head of Treasury (2010-2012); a variety of senior roles within AIB including the Head of Trading in AIB’s Primary Dealer Bond Unit (late 1990s); and Head of Wholesale Treasury (2004-2010) at Bank Zachodni WBK in Warsaw, Poland (now Santander). Mr O'Connor holds an MSc in Investment and Treasury from Dublin City University and a BSc in Management from Trinity College Dublin. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a graduate of the Institute of Bankers in Ireland (MIB Grad).

- Board member (ex-officio)
- Member of the Remuneration Committee

Board Members (continued)

Mr Conor O'Kelly

LENGTH OF SERVICE

Mr O'Kelly's role as an ex-officio Board member commenced on 5 January 2015 following his appointment as NTMA Chief Executive.

Term of appointment completed on 30 June 2022 following his retirement as NTMA CEO.

BIOGRAPHY

Conor O'Kelly was appointed Chief Executive of the National Treasury Management Agency (NTMA) in January 2015. He is the former Deputy Chairman of Investec Holdings (Ireland) Ltd. Prior to that he was Chief Executive Officer of NCB Group and in 2003, he successfully negotiated and led a management buyout of the firm which was subsequently acquired by Investec plc. Before joining NCB as Head of Fixed Income, he had spent 11 years with Barclays Capital where he held senior management positions and worked in London, Tokyo, and New York. Mr O'Kelly is a former director of the Irish Stock Exchange and a former member of the Trinity College Foundation Board. He is a graduate of Trinity College Dublin and holds a master's degree from Senshu University in Japan.

COMMITTEE MEMBERSHIP

- Board member (ex-officio)
- Member of the Risk Management Committee
- Member of the Remuneration Committee

Ms Davina Saint

Appointed 22 December 2020 for a 5-year term, commencing 18 January 2021.

Davina Saint is a senior level banking executive and qualified solicitor, experienced in the structuring and execution of complex finance transactions. Ms Saint has extensive legal experience with 19 years as the Head of Legal and General Counsel for BNP Paribas' operations in Ireland. Ms Saint is both a Chartered Director and a Certified Bank Director and has built corporate governance and risk management experience across multiple boards and executive committees. Ms Saint is a graduate of the London School of Economics and started her career in the City of London. She is currently the Independent Chair of Business to Arts, an organisation that builds creative partnerships between arts and business, and also a Director of the Dublin IFSC Inner City Trust. Davina sits as an independent director on a number of financial services companies and funds.

- Chairperson of the Remuneration Committee
- Member of the Credit Committee
- Member of the Planning Advisory Committee
- Member of the Risk Management Committee

Ms Charlotte Sheridan

Appointed 22 December 2020 for a 5-year term.

Charlotte Sheridan is a registered architect and town planner and President of the Royal Institute of Architects of Ireland (RIAI). She is a member of the Irish Planning Institute (IPI), with over 20 years' professional experience as a director of Sheridan Woods, an architecture and urban planning practice. She has specialised in urban regeneration, housing, sustainable communities, and collaborative planning in towns and cities in Ireland, with past experience in London and Berlin. Ms Sheridan was a member of the RIAI Council in 2018, Honorary Secretary in 2019–2020, a Non-Executive Director and Board Member of the RIAI since January 2019, and President of the RIAI for 2022-2023.

- Chairperson of the Finance and Operating Committee
- Member of the Planning Advisory Committee
- Member of the Audit Committee

Mr Michael Wall

Appointed 3 July 2018 for a 5-year term.

Michael Wall is a barrister specialising in planning, environmental, and construction law. He is a former member of the board of An Bord Pleanála and has worked as an architect in private practice and in project management. He is a Fellow of the Royal Institute of Architects of Ireland. Mr Wall has an MBA from University College Dublin as well as degrees in architecture, planning and law. He is Chairman of the Irish Georgian Society and a board member of the Abbey Theatre and Simpson's Hospital.

- Chairperson of the Planning Advisory Committee
- Member of the Credit Committee
- Member of the Remuneration Committee
- Member of the Audit Committee

Reports from Chairpersons of NAMA Committees

Audit Committee

Oliver Ellingham | Chairperson

Pursuant to Section 32 of the Act, the Board established an Audit Committee which operates to a Board-approved Terms of Reference.

Under Section 32(2) of the Act, the Audit Committee shall have six members, two of whom are external to NAMA and are appointed by the Minister. The remaining four members are appointed by the Board from among its members.

The Audit Committee is comprised of the following members:

- Oliver Ellingham (Chairperson, Board member) (term completed 9 April 2023)
- Mari Hurley (Chairperson, Board member) (appointed 10 April 2023)
- Eileen Maher (Board member)
- Michael Wall (Board member)
- Charlotte Sheridan (Board member)
- Liam Gallagher (External member)
- Sean Quigley (External member, appointed May 2022)

Mr Gallagher is a former senior official with the Revenue Commissioners and held the role of Director of Internal Audit for the Office of the Revenue Commissioners from 2015 to 2018. Mr Gallagher is also a member of the Audit and Risk Committee for the Teaching Council of Ireland.

Mr Quigley is a former senior official with the Courts Services and held the roles of Head of Resource Management and Accountant of the Courts of Justice. Mr Quigley is also a Board member of Tusla Child and Family Agency, MBRS, and the Courts Service Investment Committee.

The Committee met on eight occasions in 2022.

The Audit Committee assists the Board in fulfilling its oversight responsibilities in the following functions:

- The quality and integrity of the financial reporting process.
- The independence and integrity of the external and internal audit processes.
- The effectiveness of NAMA's internal control system.
- The processes in place for monitoring the compliance of the loan service providers with their contractual obligations to NAMA.
- Compliance with relevant legal, regulatory and taxation requirements by NAMA.
- Arrangements for reporting of "Relevant Wrongdoing" and "Protected Disclosures", for NAMA's employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensuring that these arrangements allow proportionate and independent investigation and follow up action.

The principal activities of the Committee in 2022 were as follows:

1. Financial reporting

The Committee reviewed the Annual Report and Financial Statements, as well as all other formal announcements relating to the Financial Statements, before submission to the Board.[4]

2. External audit

The Comptroller and Auditor General (C&AG) is the designated external auditor under the Act. No non-audit services were provided by the C&AG during 2022. Mazars are the Statutory Auditor for the NAMA Irish Group Entities. The Committee reviewed the external audit plans and final audit reports of both the statutory and external audits. The Committee also met with both the external and statutory auditors to review any findings from their audits of the financial statements.

3. Internal audit

The Committee received regular reports from the Internal Auditor which included summaries of the key findings of each audit in the period and updates on the planned work programme. On an ongoing basis, the Committee ensures that these activities are adequately resourced and have appropriate standing within NAMA.

4. Internal controls

Another area of attention of the Committee is evaluating NAMA's system of internal controls, including procedures adopted by the NTMA in the performance of its compliance and control functions for NAMA.

5. Monitoring of service providers

The Committee received regular updates from Management and the Internal Auditor on the performance of NAMA's Service Providers. A new contract was awarded for the provision of Statutory Audit Services to the NAMA Irish Group Entities for the financial years 2022 to 2025

6. Committee Interactions

The Chief Financial Officer of NAMA, the Head of Audit and Risk, other senior NAMA executives and representatives of the internal and external auditors were invited as appropriate to attend all or part of any meeting. The Committee also met individually with the external auditors, the internal auditor, Chief Financial Officer, Head of Audit and Risk and NTMA Head of Compliance. Each of these has direct access, without restriction, to the Chairperson of the Audit Committee.

Expectations for 2023

The Committee will continue to focus on Financial Reporting and to provide a robust challenge to the key judgements included in the financial statements. The Committee will also be focusing on maintaining the high standard of governance and strong controls in a phased and orderly wind down environment.

Oliver Ellingham
Chairperson

4 *Mari Hurley was Chairperson of the Audit Committee when the 2022 Annual Report & Financial Statements were reviewed by the Audit Committee and approved by the NAMA Board on 20 April 2023.*

Credit Committee

Mari Hurley | Chairperson

Pursuant to Section 32 of the Act, notwithstanding that the Board retains ultimate responsibility for the credit risk of NAMA, the Board established a Credit Committee operating under its delegated authority. In accordance with Section 32(6) of the Act, the Credit Committee operates to Board-approved Terms of Reference.

The Credit Committee is comprised of the following members:

- Mari Hurley (Chairperson, Board member)
- Oliver Ellingham (Board member) (term completed 9 April 2023)
- Michael Wall (Board member)
- Davina Saint (Board member)
- Brendan McDonagh (Chief Executive, NAMA and ex-officio Board member)
- Alan Stewart (Chief Legal Officer)
- Noelle Condon (Chief Financial Officer)
- John Collison (Chief Commercial Officer)

The Committee convened on 21 occasions in 2022, typically meeting on a fortnightly basis or more or less frequently as required. The Credit Committee plays a critical role in advising the Board on NAMA credit policy and in ensuring that credit decision making in relation to debtors is consistent with Board policy.

The Credit Committee is responsible for the approval or rejection of credit applications within its delegated authority level (below Board level delegated authority but exceeding the credit approval authority delegated to the NAMA Chief Executive and Chief Commercial Officer by the Board). The Committee is required to operate in a considered and timely manner in order to support efficient credit-related decision making with respect to NAMA's debtor connections.

A credit application is broadly defined to mean any event that materially changes the underlying risk profile of an exposure or debtor. It includes, inter alia, debtor strategy reviews, applications for additional credit including capital expenditure projects, the restructuring or compromise of loan obligations, approval for asset sales, applications for vendor finance or financing for joint venture projects, decisions with respect to personal guarantees and approval of enforcement action, including receivership, repossession and other such actions.

The Committee's principal responsibilities include:

1. Assessing credit applications which fall within the Committee's delegated authority, noting that it may approve/decline and/or amend same as appropriate. Where the level of risk exceeds the authority of the Committee, a credit application is referred, with a Credit Committee recommendation, to the Board for decision.
2. Assessing proposed credit policies for Board consideration/approval.
3. Determining key performance indicators (KPIs) and monitoring them, establishing policies and strategies upon which the performance of the overall portfolio can be assessed and re-defined as appropriate on a periodic basis, and reporting its findings to the Board.

The principal activities of the Committee in 2022 were as follows:

1. Ensuring that systems in place for processing credit applications presented to the Committee and the Board were effective, efficient and appropriate.
2. Review of NAMA approved debtor strategies and progress made to date. The Committee also conducts a bi-annual review of NAMA's top debtor strategies (top debtors are comprised of the Top 10 connections in terms of total remaining NAMA debt).
3. Assessing, recommending and approving 8 individual credit requests ranging from asset management decisions to complex matters related to debtor strategy actions such as continued funding of development assets or final resolution of connections. 7 papers were reviewed by the Committee for recommendation to the Board. Additionally, the Committee oversaw 167 individual credit decisions made within the CEO and CCO level of delegated authority.
4. Making decisions in relation to debtor agreements, Fair Value movements and enforcements.
5. Developing and enhancing credit policies; and assimilation of associated management information.
6. Review of Asset Management strategy and regular reviews of progress on their selected projects.
7. Regular review of progress on business plans of social and economic importance; in particular, those relating to Residential Delivery and the Dublin Docklands SDZ.

2023 is expected to be another active year for the Credit Committee as NAMA endeavours to maximise value from the remaining portfolio by supporting active management of NAMA debtors and receivers in relation to underlying security and continues its deleveraging activity through the processing of a high volume of relatively lower value credit decisions required to meet cash generation targets.

Also, the Credit Committee continues to ensure that deleveraging activity continues in a timely manner.

The Credit Committee, cognisant of NAMA's commercial mandate and its Section 10 objective to maximise returns for the State, assesses all proposals rigorously, with the various commercial options being fully considered. The Committee recognises that its decisions may have a significant impact on the assets and the debtors concerned, and it is determined to support projects which add value with a view to stimulating activity and employment but at all times with a view to maximising the return for the Irish taxpayer.

Mari Hurley
Chairperson

Finance and Operating Committee

Charlotte Sheridan | Chairperson

The Finance and Operating Committee comprises two non-executive Board members, one ex-officio Board member and three senior NAMA executives.

The Finance and Operating Committee is comprised of the following members:

- Charlotte Sheridan (Chairperson, Board member)
- Eileen Maher (Board member)
- Brendan McDonagh (Chief Executive, NAMA and ex-officio Board member)
- Noelle Condon (Chief Financial Officer)
- John Collison (Chief Commercial Officer)
- Jamie Bourke (Chief Strategy & Transformation Officer)

The Committee met on five occasions in 2022.

The principal responsibility of the Finance and Operating Committee is to monitor the financial and operational management of NAMA and its budgetary and management reporting, including:

1. All financial and management reporting whether to the Minister for Finance, the Oireachtas or otherwise (except for NAMA's annual accounts which are the responsibility of the Audit Committee).
2. Oversight of the preparation of management information to include management accounts, budgetary analysis and financial performance.
3. The review of performance e.g. variance against budget.
4. Approving any major capital expenditure and investment.
5. The management of procurement.
6. Oversight of service providers (other than those whose oversight is reserved specifically to other Board committees)

The Committee oversees the Executive Team's responsibilities for developing, implementing and managing NAMA's financial, operational and budgetary policies and reporting in relation thereto. It makes recommendations to the Board concerning NAMA's expenditure and budgetary requirements. The Chairperson reports formally to the Board on the key aspects of the Committee's proceedings.

Continued progress was made in 2022 in terms of updating, where appropriate, NAMA's underlying finance, operations and systems infrastructure, whilst also being cognisant of where NAMA is in terms of its overall operational lifespan.

A key consideration for the Committee during the year was the impact of rising interest rates and other market factors on NAMA's cash flows and the value of NAMA assets. The Committee was kept up to date on technology upgrades including improvements in Cyber risk mitigation. The Committee also reviewed the sustainability activities within the Agency's business and operations in the context of NAMA's obligations under the Climate Action Mandate and the Management Information reports which were subject to ongoing refinement during the year.

In 2023 the Committee will continue to receive updates on key operational activities including ongoing system enhancements. The Committee will also have a continued focus on cost monitoring and control.

Charlotte Sheridan
Chairperson

Risk Management Committee

Eileen Maher | Chairperson

Pursuant to Section 32 of the Act, the Board established a Risk Management Committee which operates to a Board-approved Terms of Reference.

The Risk Management Committee is comprised of the following members:

- Eileen Maher (Chairperson, Board member)
- Davina Saint (Board member)
- Brendan McDonagh (Chief Executive Officer, NAMA and ex-officio Board member)
- Noelle Condon (Chief Financial Officer)
- John Collison (Chief Commercial Officer)

The following member resigned from the Committee:

- Conor O'Kelly (Chief Executive Officer, NTMA and ex-officio Board member) (resigned 1 July 2022)

The Committee met on six occasions in 2022.

The overarching purpose of the Risk Management Committee is to embed and oversee the implementation of the Board approved risk policies and tolerances. The Committee is responsible for the ongoing review and oversight of the risk profile of NAMA within the context of the approved risk tolerance and the principal responsibilities include:

- Reviewing and overseeing the Executive Team's plans for the identification, management, reporting and mitigation of the Principal Risks faced by NAMA.
- Overseeing the implementation and review of an Enterprise Risk Management Framework and satisfying itself that appropriate actions are taken in the event that any significant concerns are identified.
- Ensuring that NAMA's risk management, governance and organisational model provide appropriate levels of independence and challenge.

Risk categories identified in the NAMA Enterprise Risk Policy cover a wide spectrum of risks to the achievement of NAMA's objectives.

The principal activities of the Committee in 2022 were as follows:

1. The Committee continuously reviewed NAMA's five Principal Risks which form the basis for the Principal Risks and Uncertainties disclosure in the Annual Report. A Principal Risk is defined as a risk, or combination of risks, that could seriously impact NAMA's ability to achieve its objectives, including its solvency or liquidity, performance or reputation.

   The identification and assessment of Principal Risks is an ongoing process which responds to changes in strategy, business objectives and the external environment. The Committee was briefed on particular Principal Risks or specific elements of such risks by a subject matter expert, where appropriate, to ensure all aspects of the Principal Risks were considered.
2. Integration of risk related data sources such as incident reporting, key risk indicators and audit findings and the overarching Risk Appetite Statements provide a clearer relationship between the organisation's appetite (or lack thereof) for certain risks in the pursuit of its strategic objectives. This analysis complements and reinforces the existing well-established framework of risk tolerances and limits around key risks which have been delegated by the Board to various levels of NAMA management.
3. The composition of the NAMA balance sheet (and associated risks) was monitored throughout 2022. The Committee regularly reviewed the various components of balance sheet risk, the methods by which those risks are measured and reported, and considered alternative strategies to mitigate those risks. The Committee made recommendations to the Board where changes in policy, measurement, risk limits or risk management strategy were required to reduce risk to an acceptable level having regard to the balance sheet and changes in the underlying NAMA loan portfolio, interest rate and reducing foreign exchange exposures.
4. The Committee regularly reviewed Divisional Risk Registers, which were continually updated during 2022, and which include operational risks inherent to the business of NAMA. Each division presented at least one review of their risk register during the year to identify new and emerging risks, redundancy or changes in existing risks. The Committee continued to regularly review the risk registers of the Service Providers to gain oversight of the impact and likelihood of risks managed by these entities that could influence the achievement of NAMA's objectives. The Committee requires a quarterly control attestation and ongoing risk awareness training for NAMA employees. The Committee was supported in this effort by Audit and Risk which ensured that the material and emerging risks were reported and considered by the Committee.
5. The potential impact on NAMA's objectives from the ongoing macroeconomic uncertainty exacerbated by the impact of the continuing war in Ukraine, rising interest rates and inflation were key areas of focus for the Committee and NAMA Board during the year.

Expectations for 2023

A continuing review of the Risk Appetite Statement, linked to the Principal Risks will remain a priority for the Committee in 2023 along with ensuring that the risk appetite and risk management framework are appropriate given the phased and orderly wind down of NAMA.

The Committee will continue to monitor the global economic environment and construction activity in 2023 and the potential impact these may have on the pace at which NAMA's portfolio reduces.

Eileen Maher
Chairperson

Planning Advisory Committee

Michael Wall | Chairperson

The purpose of the Planning Advisory Committee is to advise the Board on planning, land-use and related legislative and case law matters that may have an impact on the realisation of the value of NAMA assets and thereby affect the achievement of NAMA's purpose and functions as set out in Sections 10 and 11 of the Act. The Committee may make recommendations to the Board concerning NAMA's objectives with respect to approved strategies, guidelines and statutory plans, including City and County Development Plans, SDZ Planning Schemes and Local Area Plans and their impact on NAMA assets.

Planning Advisory Committee Members:

- Michael Wall (Chairperson, Board member)
- Charlotte Sheridan (Board Member)
- Davina Saint (Board Member)
- Brendan McDonagh (CEO, NAMA and ex-officio Board member)
- John Collison (Chief Commercial Officer)
- Angela Tunney (External Member)

Ms Tunney has vast experience as both an Architect and Planner. Ms Tunney has contributed to the delivery of a wide variety of building types for both public and private sector clients, including residential, educational, commercial, retail and aviation related projects.

The Committee met on six occasions in 2022.

During 2022, the Committee focussed on NAMA's remaining secured land assets and advised on NAMA's external engagement with key stakeholders, including planning authorities, Irish Water (Uisce Éireann) and the National Transport Authority.

The Committee provided information to NAMA regarding:

- NAMA security included in the Residential Zoned Land Tax draft mapping and the process for making submissions/ appealing the inclusion of sites on the draft mapping.
- Judicial Reviews of planning decisions of relevance to NAMA assets.
- Legislative amendments and government initiatives which could impact on the planning and development of lands in which NAMA has an interest.
- The content, context and relevance to NAMA of submissions made by the Office of the Planning Regulator (OPR) to various Development Plans.
- Preparation of Development Plans relevant to lands in which NAMA has an interest, in particular the Fingal and Kildare Plans, and the content of submissions made by NAMA/ NAMA borrowers/receivers in respect of same.
- The relevance to NAMA of the Draft National Transport Strategy for the Greater Dublin Area 2022-2042.
- The impact of major transport proposals on NAMA security.
- The Land Value Sharing and Urban Development Zone Bill 2021.
- Preliminary results of the 2022 Census updates with regard to specific NAMA assets.

The Committee had presentations from external guests concerning transportation, infrastructure, public utilities and planning/environmental law.

The Committee received updates on NAMA's overall housing delivery targets, including indirect delivery, planning application progress, social housing delivery and NARPS.

The Committee provides guidance in relation to facilitating the delivery of new homes (assuming commercial viability). The Committee monitored the significant progress made in 2022. In carrying out its functions, the Committee is greatly assisted by the knowledge and support of the NAMA Planning and Residential Delivery Teams.

Michael Wall
Chairperson

Remuneration Committee

Davina Saint | Chairperson

The Committee was established in June 2016, with formal Terms of Reference approved by the Board in September 2016. The Terms of Reference have been reviewed annually, most recently in March 2023.

The Remuneration Committee is comprised of the following members:

- Davina Saint (Chairperson, Board member)
- Aidan Williams (Chairman of the Board)
- Mari Hurley (Board member)
- Michael Wall (Board member)
- Frank O'Connor (Chief Executive, NTMA and ex-officio Board member, appointed in July 2022)

The following member resigned from the Committee:

- Conor O'Kelly (Chief Executive Officer, NTMA and ex-officio Board member) (resigned 30 June 2022)

The Committee met on two occasions in 2022.

Without prejudice to the role of the NTMA as employer of NAMA Officers, the NAMA Board is responsible for NAMA's overall Remuneration Policy and any performance related pay/retention and redundancy schemes for NAMA officers and is guided in its responsibilities by the advice and recommendations of the NAMA Remuneration Committee.

The principal responsibilities of the Remuneration Committee include to:

1. Review and make recommendations to the NAMA Board on NAMA's overall remuneration policy.
2. Review and make recommendations to the NAMA Board on any redundancy, retention and/or performance related pay schemes for NAMA Officers and on the total annual payments to be made under any such schemes.
3. Make recommendations to the NAMA Board on the remuneration of the NAMA Chief Executive Officer and Executive Team and any changes thereto having regard, inter alia, to Government policy and the requirements of the Code of Practice for the Governance of State Bodies 2016 in relation to such remuneration.
4. Obtain reliable, up-to-date information about remuneration in other bodies of comparable scale and complexity. To help it fulfil its obligations, the Committee may appoint remuneration consultants and commission or purchase reports, surveys or information it deems necessary at NAMA's expense but within budgetary constraints set by the Board.
5. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the Terms of Reference for any remuneration consultants who advise the Committee.
6. Monitor succession planning of the NAMA Chief Executive Officer and Executive Team and the development of current and future leaders of the organisation.
7. Review the criteria and oversight arrangements relating to remuneration matters for NAMA officers which are agreed from time to time between the NAMA Chief Executive Officer and the NTMA.

Responsibility for agreeing with the NTMA on behalf of NAMA the contract terms (including remuneration) which are to apply for any individual employee has been delegated by the Board to NAMA Chief Executive Officer who in this regard, must comply with the terms of the Remuneration Policy and any other relevant decisions of the NAMA Board/NAMA Remuneration Committee.

The Remuneration Committee reviewed, and approved HR and remuneration matters during 2022.

The Chairperson reports to the Board on the key aspects of the Committee's proceedings.

Davina Saint
Chairperson

Code of Practice for the Governance of State Bodies 2016

Governance

At its inception, NAMA adopted the 2009 Code of Practice for the Governance of State Bodies ("2009 Code") as adapted to its particular governance structure and the statutory requirements of the Act.

The revised Code (the "Code") was launched by the Minister for Public Expenditure and Reform in August 2016 with an effective date of 1 September 2016. The Code represents a substantial revision of the 2009 Code to take account of governance developments, public sector reform initiatives and stakeholder consultations. The existing State Code was supplemented by a new Annex issued in September 2020 on "Gender Balance, Diversity and Inclusion".

The provisions of the Code do not override existing statutory requirements and obligations imposed by, inter alia, the Companies Acts, Ethics legislation, Standards in Public Office legislation, employment legislation or equality legislation or the statutory provisions of the NAMA Act 2009. The NAMA Act sets out a detailed and extensive statutory framework which provides a number of governance measures equivalent to the provisions of the Code, including, inter alia, the preparation of strategic plans, the framework for Department of Finance oversight, periodic reviews of NAMA, reporting and accounting obligations, arrangements relating to Board membership and appointment of the Chief Executive Officer and the system for providing staff to NAMA.

Statement of Compliance

NAMA has implemented the Code subject to a limited number of explanations (as provided for in the 'comply or explain' approach to adopting the Code) all of which were notified and agreed in writing with the Department of Finance. In each case, these explanations achieve the objectives of the Code through alternative statutory or governance measures as summarised below:

- NAMA submits a Section 53 Annual Statement to the Minister under the NAMA Act, setting out its strategic plans.
- The Code requires the submission to the Minister of a confidential annual report conforming to specific reporting requirements in the Business and Reporting Requirements section of the Code. This is achieved through a slightly amended comprehensive report, as well as reference to points in the annual report.
- Following a public procurement process, NAMA's internal auditors undertake a periodic review of the effectiveness of the risk management framework, in lieu of the periodic external review.
- With regard to Audit and Risk Committee members, while NAMA will endeavour to comply with the Code, the provisions of the Act take precedence over the Code.
- NAMA's statutory oversight and reporting framework under the Act takes precedence over the corresponding provisions of the Code.
- In relation to Procurement, please see the Statement on Internal Control for details.
- Section 12 of the Act gives NAMA the power to acquire or dispose of property, taking precedence over the corresponding provisions of the Code on acquisition of land, buildings or other material assets.
- The Public Spending Code is not directly applicable to NAMA. In order to apply the best practice financial and economic appraisal principles contained in the Public Spending Code, NAMA utilises a range of market standard appraisal methods and techniques.
- NAMA has adopted policies with regard to business travel which comply with the economy and efficiency principles of the Code. NAMA does not provide subsistence claims to its officers but operates a vouched expense process for the re-imbursement of travel expenses and Department of Public Expenditure and Reform circulars and office notices regarding subsistence are therefore not applied. Revenue approved civil service mileage rates (reflecting Circular 09/2022) are applied.
- With respect to the diversification and establishment of subsidiaries and acquisitions by State Bodies, NAMA is governed by Sections 11 and 12 of the Act, which take precedence over corresponding provisions of the Code.
- NAMA does not operate its own pension scheme; therefore the relevant Code provisions thereon do not apply.
- NAMA applies its own internal Board-approved policies for tax compliance.
- Certain arrangements relating to Board membership and appointment of the Chief Executive Officer, and the system for providing staff to NAMA, have been implemented subject to the NAMA Act, the NTMA Act, and via Executive Committees.
- NAMA does not provide services to the general public; hence no customer charter is required.

Where necessary, as part of its implementation of the Code, NAMA has put in place arrangements to ensure its compliance with the Code. NAMA reviews its policies and procedures on a periodic basis to ensure compliance with the Code and principles of good corporate governance. The Board's adoption of the Code will evolve in line with good corporate governance practices.

Disclosure and Accountability

Disclosure requirements

NAMA Board members are subject to a number of disclosure of interest requirements including Sections 30 and 31 of the Act, Section 17 of the Ethics in Public Office Act 1995 and Section 5.8 of the Code of Practice for the Governance of State Bodies 2016.

Section 30 of the Act requires Board members to disclose to other members of the Board the nature of any pecuniary interest or other beneficial interest they may have in any matter that is under consideration by the Board. Members must absent themselves from a Board meeting while the matter is under consideration and they are precluded from any vote that may take place on the matter.

Section 31 of the Act imposes an obligation on each member of the Board of NAMA and each Director of a NAMA group entity to give notice to NAMA annually of all registrable interests within the meaning given by the Ethics in Public Office Act 1995.

The members of the Board, members of committees established under Sections 32 and 33 of the Act and Directors of the NAMA group entities are 'designated directors' pursuant to the Ethics in Public Office Act 1995 as amended by the Standards in Public Office Act 2001 ("Ethics Acts") and are required to comply with Section 17 of the Ethics Acts in respect of the disclosure of interests.

NAMA Board and Committee members are also required to comply with Section 5.8 of the Code of Practice for the Governance of State Bodies 2016.

Staff assigned to NAMA

Staff assigned to NAMA have obligations to make disclosures of interests pursuant to Section 13 (b) of the National Treasury Management Agency Act 1990 (as amended), Section 18 of the Ethics Acts and Section 42 of the Act. In addition, staff assigned to NAMA are subject to a Code of Practice - Conduct of Officers of NAMA approved by the Minister for Finance under Section 35 of the Act, which sets out their obligations in respect of disclosure of interests, confidentiality, data protection, and insider dealing.

Staff assigned to NAMA are required to sign an undertaking that they will comply with the provisions of the Code of Practice and regular compliance training is mandatory for all staff.

NAMA accountability

In carrying out its functions, the Board of NAMA must comply with its obligations under the Act and is subject to a high level of public accountability.

1. NAMA submits quarterly reports to the Minister for Finance on its activities, as set out in Section 55 of the Act. This includes information about its loans, its financing arrangements and its income and expenditure. Each quarterly report is laid before both Houses of the Oireachtas.
2. NAMA submits annual accounts, in a form directed by the Minister for Finance, under Section 54 of the Act. The accounts must include a list of all debt securities issued, a list of all advances made from the Central Fund or by NAMA and its group entities and a list of asset portfolios with their book valuation. NAMA's accounts are audited by the C&AG and the audited accounts are laid before both Houses of the Oireachtas.
3. In addition to its annual accounts, NAMA is also required to submit to the Minister for Finance, under Section 53 of the Act, an Annual Statement setting out its proposed objectives for each year, the scope of activities to be undertaken, its strategies and policies and its proposed use of resources. Each annual statement is laid before both Houses of the Oireachtas.
4. The Chief Executive Officer and the Chairman, whenever required by the Committee of Public Accounts, attend and give evidence. The Chief Executive Officer and the Chairman also appear before other committees of the Oireachtas whenever required to do so.
5. The Minister for Finance may require NAMA to report to him at any time on any matter including performance of its functions or information or statistics relating to performance.
6. NAMA has prepared codes of practice in accordance with Section 35 of the Act to govern certain matters including the conduct of its officers, servicing standards for acquired bank assets, risk management, disposal of bank assets and the manner in which NAMA is to take account of the commercial interests of non-participating banks. The codes of practice have been approved by the Minister for Finance and are published on www.nama.ie/about-us/governance/codes-of-practice-and-conduct.
7. In accordance with Section 226 and 227 of the Act, after 31 December 2012, the Minister and the C&AG were required separately to assess the extent to which NAMA had made progress toward achieving its overall objectives. Thereafter, the Minister reviews progress every five years and the C&AG every three years. The C&AG's first, second and third Section 226 Progress Reports on NAMA were published in May 2014, June 2018 and July 2020 respectively. The fourth progress report will be published in 2023. The Minister's first Section 227 Review was published in July 2014 and the second was published in July 2019.

Official Languages Act

The Official Languages (Amendment) Act 2021 came into force in October 2022. Pursuant to Section 4B (of the amending legislation), NAMA CEO appointed the Chief Strategy and Transformation Officer to oversee the performance of and report in relation to the obligations under the Act. Pursuant to Section 10 of the Official Languages Act 2003, NAMA ensures that its annual reports and financial statements, and statements of strategy are published in both Irish and English. NAMA will continue to comply with these and other relevant sections of the Act as they are applicable to the Agency and its work.

Risk Management

Principal risks and uncertainties

NAMA is exposed to a wide variety of risks which have the potential to impact the financial and operational performance of the Agency and its reputation. The NAMA Enterprise Risk Policy approved by the Board has an integrated approach designed to ensure that all material classes of risk are identified so that business strategy and execution are aligned to minimise the risk to the achievement of NAMA's Strategic Plan. The Risk Governance Framework establishes the processes to identify, assess, evaluate, mitigate and monitor risk. NAMA has identified the following principal risks and uncertainties which may adversely affect the achievement of its objectives.

1. Macro-economic and property risk

Risk that a domestic or international financial or macroeconomic shock causes an inability to meet the Minister for Finance's expectation of NAMA's remaining projected surplus. If there were a downturn in the Irish economy and property market, cash flows realised by NAMA assets could be lower than projected.

2. Human capital risk

If there is a material unplanned loss of human capital, and in particular, key senior staff with specialist expertise and experience, it increases the risk of the Agency not achieving its objectives. A failure to motivate and retain key staff with requisite experience and expertise could result in corporate knowledge loss, capacity constraints to maximise asset realisation values and potentially lower asset realisation values as a result.

3. Wind down risk

If NAMA does not conclude its phased and orderly wind down, having regard to the primacy of its Section 10 commercial mandate, by December 2025, subject to market conditions and resolving, if possible, all outstanding litigation, this could result in additional costs and reputational damage to the Agency.

4. Residential and SDZ development risks

If NAMA fails to deliver its Residential Delivery plans or its Dublin Docklands or Poolbeg SDZ plans, there may be a significant reputational and financial impact on NAMA's ability to achieve its objectives having regard to NAMA's commercial mandate.

5. Reputation risk

If there is negative public, political or industry opinion, it may adversely impact NAMA's core business activities and financial prospects and undermine the Agency's ability to achieve its objectives.

The Principal Risks are regularly monitored by the Risk Management Committee and any changes in the risk profile or significant updates are reported to the Board on a timely basis. Subject matter experts are invited to present at the Risk Management Committee, where appropriate, to ensure that all aspects of these risks are considered.

NAMA has robust risk processes in place to manage risks related to its business so as to reduce the potential for, and the impact of, unexpected losses. Risks identified by management are prioritised according to probability and impact. Risk status and management assessment of risks, including control action plans, are reviewed by the Risk Management Committee and the Board on a regular basis. Management is challenged to identify risks which have not already been considered. NAMA's response strategies to each risk are designed to ensure that NAMA operates within a defined risk tolerance by avoiding the risk, transferring the risk where possible, reducing the likelihood and/or impact of the risk or accepting the risk subject to ongoing review. The Risk Management Committee makes recommendations to the Board where changes in policy, measurement, risk limits or risk management strategy are required to reduce risk to an acceptable level.

The level of uncertainty associated with the composition of the NAMA balance sheet has significantly reduced with the continuing monetisation of the NAMA loan portfolio. The operational model and reliance on retaining key skillsets continue to be risks that require vigilance. NAMA's risk profile has evolved as the core processes and systems have become established and embedded within its operational activities.

The impact of the Russian invasion of Ukraine on the macroeconomic situation emerged as a major threat to the Irish and wider global economy during 2022, triggering energy and construction price inflation and increased interest rates. The situation continues to be monitored closely, in terms of its impact on the domestic economy and property market, and in turn, on NAMA's ability to continue to realise favourable cash flows from secured assets, and the eventual timing and value of the future transfer of NAMA's remaining projected surplus.

Financial Statements

Board and Other Information

Board

Aidan Williams (Chairman)

Brendan McDonagh[5] (Chief Executive Officer)

Conor O'Kelly[5] (term completed 30 June 2022)

Frank O'Connor[5] (term commenced 1 July 2022)

Oliver Ellingham (term completed 9 April 2023)

Mari Hurley

Eileen Maher

Davina Saint

Charlotte Sheridan

Michael Wall

Office

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Principal Bankers

Central Bank of Ireland
North Wall Quay
Dublin 1
D01 F7X3

Citibank
North Wall Quay
Dublin 1
D01 T8Y1

Allied Irish Banks, p.l.c.
Baggot Street Lower
Dublin 2
D02 X342

Auditor

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

5 *The Chief Executives of NAMA and the NTMA are ex-officio Board members of NAMA.*

Board Report

The Board of the National Asset Management Agency ('NAMA' or 'the Agency') presents its report and audited NAMA consolidated and Agency financial statements for the financial year ended 31 December 2022.

The financial statements are set out on pages 62 to 127.

Statement of Board's Responsibilities for Financial Statements

The Board of NAMA is responsible for preparing the financial statements of the NAMA Group ('the Group') and the Agency in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Code of Practice for the Governance of State Bodies (2016). The Board is also required by the National Asset Management Agency Act 2009 ('the Act') to prepare financial statements in respect of its operations for each financial year.

The Board considers that the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Agency as at the financial year end date and of the profit of the Group and Agency for the financial year.

In preparing the financial statements, the Board:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether the financial statements have been prepared in accordance with applicable accounting standards, identifies those standards, and notes the effect and the reasons for any material departure from those standards; and
- prepares the financial statements on a going concern basis unless it is inappropriate to do so.

The Board is responsible for keeping in such form as may be approved by the Minister for Finance ('the Minister') all proper and usual accounts of all monies received or expended by it and for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Agency and its related entities.

The Board is also responsible for safeguarding assets under its control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk management

During the year, the Group was exposed to principal risks with the potential to have a significant impact on the achievement of the Group's overall strategic objectives:

- Domestic or international macroeconomic or financial shock;
- Material unplanned loss of human capital;
- A failure to deliver Dublin Docklands or Poolbeg SDZ plans;
- A failure to deliver Residential Delivery plans;
- Reputation damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes are reported to the NAMA Board. In March and September 2022, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives.

The Group is exposed to financial risks such as credit risk, market risk (in the form of interest rate risk, foreign exchange risk and other price risk) and liquidity risk in the normal course of business. Further details on how the Group manages these financial risks are given in Notes 20 to 22 of the financial statements.

Board Members' interests

The Members of the Board have no beneficial interest (2021: nil) in NAMA or any NAMA group entity and have complied with Section 30 of the Act in relation to the disclosure of interests.

Auditor

The Comptroller and Auditor General is the Group's auditor by virtue of Section 57 of the Act.

On behalf of the Board

20 April 2023

Brendan McDonagh	**Aidan Williams**
Chief Executive Officer	Chairman

Statement on Internal Control

The consolidated and Agency financial statements of National Asset Management Agency ('NAMA') are prepared within a governance framework established by NAMA. The NAMA Board ('the Board') and committees established by the Board are responsible for the monitoring and governance oversight of NAMA and all NAMA Group entities.

The results presented are for the financial year ended 31 December 2022, with comparative results for the financial year ended 31 December 2021.

Responsibility for the System of Internal Control

The Board acknowledges its responsibilities for NAMA's system of internal control. This system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Control Environment

The National Asset Management Agency Act, 2009 (the 'Act') provides that the functions of the Board are:

a) to ensure that the functions of NAMA are performed effectively and efficiently;

b) to set the strategic objectives and targets for NAMA;

c) to ensure that appropriate systems and procedures are in place to achieve NAMA's strategic objectives and targets and to take all reasonable steps available to it to achieve those targets and objectives.

The Act provides that the Chief Executive Officer (CEO) shall manage and control generally the administration and business of NAMA and the staff assigned to it and shall perform any other function conferred on them by the Board. The Chief Executive Officer is also the accountable person for the purposes of the Comptroller and Auditor General (Amendment) Act, 1993.

The Board has four statutory committees to oversee the operations of NAMA and its Executive Team: an Audit Committee, a Risk Management Committee, a Credit Committee and a Finance and Operating Committee. In addition, the Board has two other committees: a Planning Advisory Committee and a Remuneration Committee. The Board has agreed formal terms of reference for its committees which are subject to regular review. The Board has delegated certain credit decisions to the Credit Committee and the Executive Team through the Delegated Authority Policy, which is subject to regular review. The Board has also delegated the management of certain aspects of its balance sheet and treasury related policies to the Risk Management Committee and the Executive Team.

The Board's monitoring of the effectiveness of internal control includes the review and consideration of regular reporting to the Board by the Audit Committee (which oversees the work of the Internal Auditor), Risk Management Committee, Credit Committee, Finance and Operating Committee, the Remuneration Committee, the Head of Audit and Risk and the Executive Team.

The Board adopted the 2009 Code of Practice for the Governance of State Bodies ("2009 Code") as adapted to its particular governance structure and the statutory requirements of the Act. A revision to the 2009 Code (the "Code") was launched by the Minister for Public Expenditure and Reform in August 2016 with an effective date of 1 September 2016. An Annex to the Code was published in September 2020 on Gender Balance, Diversity and Inclusion. The Board has implemented the Code from its effective date subject to a limited number of explanations (as provided for in the 'comply or explain' approach to adopting the Code) which, in each case, achieve the objectives of the Code through alternative statutory or governance measures. Where necessary, as part of its implementation of the Code, NAMA has put in place arrangements to ensure its compliance with the Code, and it reviews its policies and procedures on a periodic basis to ensure ongoing compliance with the Code as well as with best practice in corporate governance.

The Audit Committee operates in accordance with the principles outlined in the Code. Its responsibilities include the overseeing of the financial reporting process, reviewing the system of internal control, reviewing the internal and external audit processes and adoption of the Anti–Fraud and Corruption Policy.

NAMA's Anti–Fraud and Corruption Policy is reviewed annually by the Board and Audit Committee and was most recently approved by the Board in November 2022. Under this policy, the Audit Committee is to be advised of all reports of fraud or suspected fraud. NAMA also has a NAMA Protected Disclosures Policy which is reviewed by the Board annually and was most recently approved by the Board in November 2022. This policy promotes principles of good corporate governance by providing a procedure for reporting and addressing concerns about possible relevant wrongdoing within the meaning of the Protected Disclosures Act 2014, as amended. The policy applies to all NAMA "workers" and makes provision for disclosure of relevant information either internally through a line manager or the NTMA's Head of Compliance or externally by means of a "Nominated Person" (as defined in the Protected Disclosures Procedures). The Policy is published on the NAMA website. The NTMA Head of Compliance and the Nominated Person are then required to report to the Chairperson of the Audit Committee. The Audit Committee is responsible for the ownership of the NAMA Protected Disclosure Policy insofar as it relates to the functions of NAMA, oversight of the implementation of the policy with regard to these functions and oversight of any investigations to include liaison with the NTMA Head of Compliance to ensure any reports received are properly evaluated and investigated.

In accordance with Section 22 of the Protected Disclosures Act 2014, as amended. NAMA publishes a report on its website by the end of June each year (published by end of March from 2023 onwards) relating to the number of protected disclosures made in the preceding year and any actions taken in response to such disclosures.

NAMA has an Executive Team which, in conjunction with the CEO, is responsible for the management of the business of NAMA. Management responsibility, authority and accountability has been formally defined and agreed with the Board.

Codes of Practice have been approved by the Minister for Finance ('the Minister') in accordance with Section 35 of the Act, including, inter alia, a Code of Conduct setting out the standards expected of the officers of NAMA. The codes of practice are reviewed annually by the Board and any proposed amendments to the codes are submitted to the Minister for his approval prior to publication on NAMA's website.

NAMA depends to a significant degree on the controls operated by a number of third parties including the NTMA and the Primary and Master Servicers. In this regard, the following should be noted:

- the NTMA has an appropriate system of internal control and any shared services provided to NAMA are provided within this existing control framework;
- NAMA has established procedures with the Primary Servicers and the Master Servicer for the reporting of incidents, including control failures and escalation procedures;
- NAMA has sought and received assurances from the NTMA, BCMGlobal ASI Limited and Allied Irish Banks p.l.c. that they have reviewed their systems of internal control in relation to their service provision to NAMA.

NAMA continued to ensure that an appropriate control environment exists within the NAMA group for compliance with all applicable tax laws during the financial year. The most recent meeting between NAMA and the Revenue Commissioners under the Co-operative Compliance Framework took place in December 2022. This framework underpins the co-operative engagement that currently exists between the Revenue Commissioners and NAMA.

The Board of NAMA remains committed to continued exemplary compliance with all applicable tax laws.

Risk Assessment

The Risk Management Committee is responsible for overseeing the implementation of the Board approved risk policies and tolerance levels. The Risk Management Committee ensures that risk is managed effectively and efficiently to achieve an overall commercial outcome in accordance with the Act. The Risk Management Committee has established reporting mechanisms to monitor and review key risks and mitigation strategies to ensure that those risks operate within Board approved limits.

A risk register is maintained by each NAMA division, which identifies and categorises risks which may prevent NAMA from achieving its objectives and assesses the impact and likelihood of various risk events across the organisation and its operating environment. On the basis of risks identified, actions are agreed to manage and mitigate these risks. Divisional risk registers are reviewed on a quarterly basis by Divisional Heads and sign off attestations are submitted to the NAMA Audit and Risk function. These risk registers are reviewed by the NAMA Audit and Risk function. Each division presents a high-level paper on its risk register to the Risk Management Committee at least once a year.

Divisional risk registers are consolidated into an overall entity-wide risk register which is reviewed by the Risk Management Committee on a quarterly basis, and by the Board at least annually. On a quarterly basis, Senior Management are required to attest to the operation of controls that have been agreed in their divisions to manage and mitigate risks.

The Risk Management Committee identified five Principal Risks which have the potential to have a significant impact on the achievement of NAMA's overall Strategic Objectives. These principal risks are:

- Domestic or international macroeconomic or financial shock;
- Material unplanned loss of human capital;
- A failure to deliver Dublin Docklands plans or Poolbeg SDZ plans;
- A failure to deliver Residential Delivery plans;
- Reputation damage.

The principal risks remain under constant review by the Risk Management Committee and any changes are recommended to the NAMA Board for approval. In March and September 2022, the NAMA Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for NAMA to take certain risks in order to achieve its strategic objectives.

BCMGlobal ASI Limited and Allied Irish Banks, p.l.c. also submit quarterly risk registers to the NAMA Audit & Risk (CFO) function in line with standard templates agreed with NAMA.

Key Internal Control Processes

NAMA has developed policies and procedures in respect of the key aspects of the administration and management of its business. These policies and procedures are regularly reviewed by their business owners and updated to align with business processes.

NAMA has established a financial reporting framework to support its monthly, quarterly and annual financial reporting objectives and for the preparation of consolidated and Agency financial statements which incorporates the processes and controls described in this statement. NAMA operates an automated consolidation process to mitigate the risks of error in the consolidated Financial Statements.

NAMA implements continuous improvements to its management information systems in order to facilitate enhanced reporting to the Board, Finance and Operating Committee and Executive Team on its performance. NAMA continues to develop management information to support and monitor the achievement of NAMA's strategic objectives.

The Credit Committee is responsible for making credit decisions within its delegated authority from the Board. These include, inter alia, the approval of debtor asset management/debt reduction strategies, advancement of new money, approval of asset/loan disposals, the setting and approval of repayment terms, property management decisions, decisions to take enforcement action where necessary and debt compromise. The Credit Committee also reviews and makes recommendations to the Board in relation to specific credit requests where authority rests with the Board. It is responsible for evaluating relevant policies for ultimate Board approval and provides an oversight role in terms of substantial credit decisions made below the delegated authority level of the Credit Committee. Finally, the Credit Committee reviews management information in relation to the Chief Commercial Officer division in respect of NAMA's portfolio to support its decision making.

The Audit Committee, by fulfilling its responsibilities as set out in its Terms of Reference, contributes to the Internal Control process.

Procurement

NAMA has an established Procurement Policy and a Procurement Guidance & Procedures Document (collectively "NAMA's Procurement Documents") which are reviewed and presented to the Board annually for approval. The procurement requirements of NAMA are carried out in accordance with the aforementioned documents which incorporate applicable laws.

NAMA is subject to EU Directive 2014/24/EU as implemented in Ireland by the European Union (Award of Public Authority Contracts) Regulations 2016 (the 'Regulations'), in respect of the procurement of goods, works and services above certain value thresholds set by the EU[6]. Where the Regulations do not apply – either because the value of the procurement is below the EU thresholds or falls outside of the Regulations – NAMA adopts a process that is designed to achieve the best value for money pursuant to NAMA's Procurement Documents.

NAMA is committed to incorporating the use of environmental and social considerations into its procurement practices where the opportunity arises and it is appropriate to do so.

The Office of Government Procurement (OGP) has issued a series of procurement guidelines concerning the procurement of goods, works and services at values below the aforementioned EU thresholds. The requirement for public bodies to implement the OGP's procurement guidelines is contained in the Code.

In a letter to the Department of Finance regarding the implementation of the Code, NAMA identified that it does not propose to comply with the full suite of the current procurement guidelines as set out by the OGP due to the reasons set out below:

- NAMA's Procurement Documents are consistent with the principles of the various guidelines set by the OGP save in respect of that part of the Department of Public Expenditure and Reform's Circular 10/2014 which requires all procurements over €25,000 to be advertised on the national procurement website www.eTenders.gov.ie. Given that NAMA operates in a commercial environment and must maintain its commercial competitiveness, NAMA has adopted alternative procurement processes which seek to provide optimum value for money while taking account of a number of other factors including, inter alia, efficiencies gained from the use of procured panels of suitable service providers/advisors, confidentiality, conflicts of interest and timelines for commencement of delivery of services. In certain instances, as provided for in NAMA's Procurement Documents, it is deemed appropriate to obtain duly authorised derogations from procurement (i.e. not run a competitive tender process). Derogations are only approved in limited circumstances underpinned by legitimate commercial and/or legal reasons.

The use of derogations under NAMA's Procurement Documents does not amount to non-compliant procurement. For contracts that are over the EU threshold, EU legislation applies.

Derogations to NAMA's Procurement Documents are approved by the CEO. All derogations are reported to the Finance and Operating Committee and then onto the Board where the derogation exceeds €100,000.

6 The EU procurement threshold that applied to the procurement of most goods and services during the financial year 2022 was €215,000. The EU procurement thresholds are subject to review every two years, with the next review due to take place in January 2024. The EU threshold to €215,000 is applicable to end 2023. A different regime applies to certain other services such as non-contentious legal services where a threshold of €750,000 applies – see Note 1 below.

Details of the derogations are set out in tables 1.1 and 1.2 hereunder. During 2022, the CEO approved derogations to a total value of circa. €1.88m (circa. €1.54m being attributed to mainly contentious legal services - see notes under table 1.1). In 2021 total derogations amounted to circa. €2.48m of which circa. €2.34m was attributed to legal services. It should be noted that NAMA reports all derogations regardless of value and therefore includes derogations below €25,000 (which do not require reporting under the Code) to ensure complete spend transparency.

The amounts attributed to derogations are based on estimates at the time the derogation is sought and contract awarded. Some contracts may have a term that extends over the financial year end and will be reported in the year the contract was awarded. An exception to this is where an increase in the estimated value of a contract under derogation is sought, where it is NAMA's policy to then seek a further derogation noting the revised cumulative estimated value. The contract noting its revised cumulative value is then recorded as a derogation in that reporting period also. Therefore, and given the foregoing, NAMA includes in its derogation reports contracts that have a revised estimated value notwithstanding the original contract/preceding increase had been reported in a previous financial year.

The reasons for the derogations noted in the tables below include: the highly sensitive/confidential nature of the matter; where there are conflicts of interest issues; where the service providers have prior existing knowledge of the matter such as the debtor/asset in question resulting in material cost savings; and/or, for urgent or sensitive legal reasons.

Table 1.1 Derogations from Procurement for legal services - contentious and non contentious:

Category	Number of Contracts 2022	Estimated value of contracts awarded 2022 €'000	Number of Contracts 2021	Estimated value of contracts awarded 2021 €000
(A) Contentious legal services/Litigation related legal services	9	1,427	6	2,244
(B) Non contentious legal services	2	112	2	98
Total	**11**	**1,539**	**8**	**2,342**

Note 1: Category (A) Contentious legal services/litigation related services are excluded services under the Procurement Regulations. (B) Non-contentious legal services are caught by a "light touch" regime under the Procurement Regulations where the value of any one contract exceeds €750,000.

Note 2: NAMA identifies as derogations, appointments made from NAMA's established legal panels which were subject to an initial procurement process securing competitive hourly rates but that were not subject to a second round of tendering (or mini-tender) when a specific scope of services has been identified. This second round of tendering is NAMA's general practice under its panels/frameworks as it facilitates fixed fee components where practicable to allow for controlled expenditure, ensuring best value for money is achieved. A majority of the derogations noted in Table 1.1 come within this category.

Table 1.2 Derogations from Procurement for NAMA Business Units (excl. Legal):

NAMA Division	Number of Contracts 2022	Estimated value of contracts awarded 2022 €'000	Number of Contracts 2021	Estimated value of contracts awarded 2021 €'000
Chief Financial Officer Division	2	309	-	-
Chief Commercial Officer Division	2	27	3	134
Total	**4**	**336**	**3**	**134**

NAMA will continue to adhere to NAMA's Procurement Documents, which NAMA believes are sufficient to achieve the public expenditure objectives of the Code. NAMA incorporates a high level of oversight and transparency through its procurement processes and uses e-tenders and the Official Journal of the European Union (OJEU) where applicable.

IT Systems and Infrastructure

NAMA follows a structured approach for business system projects undertaken, which is governed by detailed procedure documents. During 2022 the core systems, which are the NAMA Loans Warehouse, the Portfolio Management System, the Document Management System and the Management Information System, underwent programmes of enhancements rather than significant change. NAMA has in place controls in respect of IT access for new hires, changes in access rights due to staff changes or following an employee's notification of resignation. A semi-annual review of access to systems and data is carried out by the Systems Support Team and reported to the Head of Systems.

NAMA has put in place an appropriate framework to ensure that it complies with the General Data Protection Regulation and the Data Protection Act, 2018. As part of this framework, NAMA has also implemented systems and controls to restrict the access to confidential information. Where NAMA has become aware of a potential data breach or unauthorised use of confidential information, these have been fully investigated and where necessary reported to the appropriate authorities.

Financial and management reporting

The Finance and Operating Committee monitors the financial and operational management of NAMA and its management reporting and budgeting, including the preparation of annual budgets. NAMA provides regular assessments of its actual to budgeted income and expenditure and cash flow to the Finance and Operating Committee. The Finance and Operating Committee also monitors the development and implementation of NAMA's systems.

NAMA presents financial information to each meeting of the Finance and Operating Committee and Board and presents quarterly and annually financial information to the Minister as required under the Act.

In addition, NAMA provides regular management information to the Executive Team, the Finance and Operating Committee and the Board on the performance of debtors and the loan portfolio.

Internal Audit

PricewaterhouseCoopers Ireland act as Internal Auditor for NAMA. NAMA's Internal Auditor has established an internal audit function, which operates in accordance with the Code. An internal audit plan for 2022 was approved by the Audit Committee. In accordance with this plan, the Internal Auditor has carried out a number of audits of controls in operation in NAMA, BCMGlobal ASI Limited, and Allied Irish Banks p.l.c. The Internal Auditor reports its findings directly to the Audit Committee.

These reports highlight deficiencies or weaknesses, if any, in the systems of internal control and recommend corrective measures to be taken where deemed necessary. The Audit Committee receives updates, on a regular basis, on the status of the issues raised by the internal and external auditors and follows-up with NAMA management to ensure appropriate and timely action is being taken in respect of issues raised.

Monitoring of the performance of Service Providers

NAMA has established processes to monitor the performance of the Primary Servicers and the Master Servicer. These include monthly service reports, regular service review meetings and regular steering committee meetings to review performance and address any operational issues.

The NTMA/NAMA Service Committee was established in 2014 and the Committee meets as and when required to oversee the delivery of shared services provided by the NTMA to NAMA.

Public Reporting

NAMA has established a Communications function whose responsibility is to manage external communications with stakeholders and with the press to ensure that the Agency acts as transparently as possible, within the parameters of its legal obligations.

Processes for receiving, reviewing and responding to general public queries have been established as well as processes for handling and responding to Parliamentary Questions and Oireachtas queries. The NAMA Communications Team has overall responsibility for providing information to and responding to follow up queries from Oireachtas Committees.

Freedom of Information ('FOI') requests are dealt with by a dedicated team within the Transformation, Strategy and Communications division. The FOI team has established policies and procedures for handling such requests. Data subject access requests are dealt with by a dedicated team within the Legal division and this team has established policies and procedures for handling such requests.

Annual Review of Controls

We confirm that the Board has reviewed the effectiveness of NAMA's system of internal control for the financial year ended 31 December 2022. A detailed review of the effectiveness of the system of internal control was performed by the Audit Committee and the Risk Management Committee, which reported their findings to the Board in March 2023. This review of the effectiveness of the system of internal control included:

- review and consideration of changes since the last review in the significant risks facing NAMA and its ability to respond to changes in business and the external environment;
- review and consideration of regular reporting to the Board by the Audit Committee and the Risk Management Committee on the system of internal control;
- review and consideration of the effectiveness of NAMA's public reporting process;
- review and consideration of the work programme of the Internal Auditor and consideration of its reports and findings;

- review of internal financial control issues identified by the Office of the Comptroller and Auditor General and by the statutory auditors of NAMA Group's subsidiaries, in their work as external auditors;
- review of regular reporting from the Internal Auditor on the status of the internal control environment and the status of issues raised previously from their own reports and matters raised by the Office of the Comptroller and Auditor General. There is also follow-up by the Audit Committee with NAMA management to ensure appropriate and timely action is being taken in respect of issues raised;
- review of letters of assurance received from the NTMA, BCMGlobal ASI Limited and Allied Irish Banks p.l.c. in respect of the operation of their systems of internal control during the financial year;
- review of control assurance statements completed by NAMA's Executive Team and Senior Management in respect of the effectiveness of the system of internal control during the financial year.

No weaknesses in internal control were identified in relation to 2022 that require disclosure in the financial statements.

Aidan Williams
Chairman

20 April 2023

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Management Agency

Opinion on the financial statements

I have audited the group and Agency financial statements of the National Asset Management Agency for the year ended 31 December 2022 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the consolidated statement of comprehensive income
- the Agency statement of comprehensive income
- the consolidated and Agency statements of financial position
- the consolidated and Agency statements of changes in equity
- the consolidated and Agency statements of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the National Asset Management Agency at 31 December 2022 and of its income and expenditure for 2022 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the provisions of the National Asset Management Agency Act 2009.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions (INTOSAI). My responsibilities under those standards are described in the appendix to this report. I am independent of the National Asset Management Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The National Asset Management Agency has presented certain other information together with the financial statements. This comprises the annual report including the governance statement, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy.

Seamus McCarthy
Comptroller and Auditor General

28 April 2023

Appendix to the Report of the Comptroller and Auditor General

Responsibilities of Board members

As detailed in the Board report, Board members are responsible for

- the preparation of annual financial statements in the form prescribed under section 54 of the National Asset Management Agency Act 2009
- ensuring that the financial statements give a true and fair view in accordance with the International Financial Reporting Standards (IFRS)
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the Act to audit the financial statements of the National Asset Management Agency and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Asset Management Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the National Asset Management Agency to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the statement of accounts to be readily and properly audited, or
- the statement of accounts is not in agreement with the accounting records.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

Consolidated statement of comprehensive income

For the financial year ended 31 December 2022

	Note	Financial year ended 31 December 2022 Group €'000	Financial year ended 31 December 2021 Group €'000
Net gains on debtor loans measured at FVTPL	*4*	99,968	180,983
Net gains on investment properties	*5*	10,290	22,468
Interest income	*6*	1,174	-
Fee income	*8*	-	63
Other income/(expense)	*9*	15,246	27,658
Net profit on disposal and refinancing of loans	*10*	1,790	1,845
Net profit on disposal of property assets	*11*	38	3,596
Interest and similar expense	*7*	(336)	(569)
Profit on derecognition of subsidiaries	*12*	-	26,217
Net operating income		**128,170**	**262,261**
Administration expenses	*13*	(43,908)	(50,839)
Foreign exchange (losses)/gains	*14*	(142)	122
Operating profit before tax		**84,120**	**211,544**
Tax charge	*15*	(2,704)	(16,292)
Profit/total comprehensive income for the financial year		**81,416**	**195,252**
Profit attributable to:			
Owners of the parent		**81,416**	**195,252**

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of the Board

20 April 2023

Brendan McDonagh
Chief Executive Officer

Aidan Williams
Chairman

Agency statement of comprehensive income

For the financial year ended 31 December 2022

	Note	Financial year ended 31 December 2022 Agency €'000	Financial year ended 31 December 2021 Agency €'000
Net gains on intergroup loan measured at FVTPL	*4*	403,682	34,280
Interest income	*6*	8	265
Other income	*9*	24,202	29,463
Interest and similar expense	*7*	-	(1)
Administration expenses	*13*	(24,452)	(29,705)
Profit/total comprehensive income for the financial year		**403,440**	**34,302**

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of the Board

20 April 2023

Brendan McDonagh
Chief Executive Officer

Aidan Williams
Chairman

Consolidated statement of financial position

As at 31 December 2022

	Note	31 December 2022 Group €'000	31 December 2021 Group €'000
Assets			
Cash and cash equivalents	*16*	511,318	748,396
Debtor loans measured at FVTPL	*17*	526,602	714,861
Other assets	*26*	13,069	14,234
Investments in equity instruments	*24*	17,049	21,879
Inventories – trading properties	*18*	100	100
Investment properties	*19*	325,000	314,000
Total assets		**1,393,138**	**1,813,470**
Liabilities			
Other liabilities	*27*	29,838	27,796
Tax payable	*28*	917	606
Deferred tax	*25*	2,137	6,238
Total liabilities		**32,892**	**34,640**
Equity			
Retained earnings	*31*	1,360,246	1,778,830
Total equity		**1,360,246**	**1,778,830**
Total equity and liabilities		**1,393,138**	**1,813,470**

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of the Board

20 April 2023

Brendan McDonagh
Chief Executive Officer

Aidan Williams
Chairman

Agency statement of financial position

As at 31 December 2022

	Note	31 December 2022 Agency €'000	31 December 2021 Agency €'000
Assets			
Cash and cash equivalents	*16*	48	33
Intergroup loan measured at FVTPL	*17*	417,855	514,173
Other assets	*26*	13,897	15,666
Investment in subsidiary	*32*	105,696	105,696
Total assets		**537,496**	**635,568**
Liabilities			
Interest bearing loans and borrowings	*30*	52,817	52,825
Other liabilities	*27*	16,442	17,946
Total liabilities		**69,259**	**70,771**
Equity			
Retained earnings	*31*	468,237	564,797
Total equity		**468,237**	**564,797**
Total equity and liabilities		**537,496**	**635,568**

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of the Board

20 April 2023

Brendan McDonagh
Chief Executive Officer

Aidan Williams
Chairman

Consolidated statement of changes in equity

For the financial year ended 31 December 2022

	Note	31 December 2022 Group €'000	31 December 2021 Group €'000
Balance as at 31 December		**1,778,830**	**2,583,578**
Profit for the financial year		81,416	195,252
Total comprehensive income		**81,416**	**195,252**
Transfer of surplus to the Exchequer	*31*	(500,000)	(1,000,000)
Balance as at 31 December		**1,360,246**	**1,778,830**

The accompanying notes form an integral part of these financial statements.

Agency statement of changes in equity

For the financial year ended 31 December 2022

	Note	31 December 2022 Agency €'000	31 December 2021 Agency €'000
Balance as at 31 December		**564,797**	**1,530,495**
Profit for the financial year		403,440	34,302
Total comprehensive income		**403,440**	**34,302**
Transfer of surplus to the Exchequer	*31*	(500,000)	(1,000,000)
Balance as at 31 December attributable to the Agency		**468,237**	**564,797**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows

For the financial year ended 31 December 2022

	Note	Financial year ended 31 December 2022 Group €'000	Financial year ended 31 December 2021 Group €'000
Cash flows from operating activities			
Debtor Loans			
Receipts from loans		467,414	452,928
Funds advanced to borrowers		(176,842)	(142,152)
Fee income		-	63
Net cash provided by debtor loans		**290,572**	**310,839**
FX Derivatives/Spots			
Cash inflow on foreign currency derivatives/spots		2,116	28,466
Cash outflow on foreign currency derivatives/spots		(2,123)	(28,466)
Net cash used in FX derivative/spot activities		**(7)**	**-**
Other operating cash flows			
Payments to suppliers of services		(38,577)	(55,560)
Tax paid		(12,546)	(22,043)
Interest received/(paid) on cash and cash equivalents		415	(559)
Funds received on disposal of properties		-	206,450
Rental income received		14,531	13,473
Return of Collateral funds from NTMA		-	3,000
Transfer of surplus to the Exchequer	*31*	(500,000)	(1,000,000)
Net cash used in other operating activities		**(536,177)**	**(855,239)**
Net cash used in operating activities		**(245,612)**	**(544,400)**

Consolidated statement of cash flows (continued)

For the financial year ended 31 December 2022

	Note	Financial year ended 31 December 2022 Group €'000	Financial year ended 31 December 2021 Group €'000
Cash flows from investing activities			
Disposal of investments in equity instruments		5,987	1,052
Distributions received from equity instruments	*9*	3,694	810
Funds paid to acquire Exchequer Notes		(1,120,000)	(550,000)
Funds received on maturity of Exchequer Notes		1,120,000	1,425,000
Interest received on Exchequer Notes		33	-
Net cash provided by investing activities		**9,714**	**876,862**
Cash flows from financing activities			
Payment of lease liabilities	*27*	(1,173)	(1,893)
Net cash used in financing activities		**(1,173)**	**(1,893)**
Cash and cash equivalents held at the beginning of the financial year	*16*	748,396	417,669
Net cash used in operating activities		(245,612)	(544,400)
Net cash provided by by investing activities		9,714	876,862
Net cash used in financing activities		(1,173)	(1,893)
Effects of exchange-rate changes on cash and cash equivalents	*14*	(7)	158
Total cash and cash equivalents held at the end of the financial year	*16*	**511,318**	**748,396**

The accompanying notes form an integral part of these consolidated financial statements.

Agency statement of cash flows

For the financial year ended 31 December 2022

	Note	Financial year ended 31 December 2022 Agency €'000	Financial year ended 31 December 2021 Agency €'000
Cash flow from operating activities			
Bank interest paid		(1)	(1)
Board fees paid		(177)	(149)
Net reimbursement from National Asset Loan Management D.A.C.		193	2
Net cash provided by/(used in) operating activities		**15**	**(148)**
Cash held at the beginning of the financial year	*16*	33	181
Net cash provided by/(used in) operating activities		15	(148)
Cash held at the end of the financial year	*16*	**48**	**33**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Notes to the Financial Statements

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.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer appointed by the Minister for Finance, in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities.

NAMA is the ultimate and immediate parent of the NAMA Group. The group of which the Agency is a member and for which consolidated financial statements are prepared is NAMA.

The main purpose of NAMA was to acquire assets in the form of property related loans from credit institutions which were designated by the Minister for Finance as Participating Institutions under Section 67 of the Act. 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').

At the reporting date, the management of all loans acquired from Participating Institutions is being performed by NAMA. AIB and BCMGlobal ASI Limited provide loan administration services.

1.1 National Asset Management Agency Group

For the purposes of these financial statements, the 'NAMA Group' comprises: the parent entity NAMA, National Asset Management Agency Investment Designated Activity Company ('D.A.C.'), National Asset Management D.A.C., National Asset Management Group Services D.A.C., National Asset Loan Management D.A.C., National Asset North Quays D.A.C., National Asset Management Services D.A.C., National Asset JV A D.A.C., National Asset Property Management D.A.C., National Asset Residential Property Services D.A.C., and National Asset Leisure Holdings Limited (in Voluntary Liquidation). On 17 November 2022, RLHC Resort Lazer SGPS, SA and RLHC Resort Lazer II SGPS, SA. were both liquidated and ceased to be NAMA Group entities.

On 18 December 2014, NALHL (in Voluntary Liquidation) was placed into liquidation by its members. As the liquidator has assumed the rights of the shareholder and controls NALHL (in Voluntary Liquidation) it is not consolidated into the results of the NAMA Group at the reporting date. For further information see Note 32.3. Similarly, the results of the subsidiaries of NALHL (in Voluntary Liquidation) prior to their liquidation on 17 November 2022 are not consolidated into the results of the NAMA Group.

The relationship between the NAMA Group entities at 31 December 2022 is summarised in Chart 1 (page 75).

National Asset Management Agency Investment D.A.C. (NAMAI)

NAMAI was incorporated on 27 January 2010. NAMAI is the company through which private investors had invested in the Group prior to their exit on 26 May 2020. From this date, NAMA held a 100% shareholding in NAMAI. During 2021, NAMAI advanced a loan to a project in which NAMA has an economic interest.

National Asset Management D.A.C. (NAM)

NAM was incorporated on 27 January 2010. NAM was responsible for issuing the government guaranteed debt instruments and the subordinated debt, which were used as consideration in acquiring loan assets. The Government guaranteed debt securities issued by NAM were listed on the Irish Stock Exchange until their redemption in full in 2017. By March 2020, all the subordinated debt had been fully redeemed.

After NAM was incorporated, the government guaranteed debt instruments and the subordinated debt instruments were transferred to NAMGS and by NAMGS to NALM. The latter used these debt instruments as part consideration for the loan assets acquired from the Participating Institutions.

NAM had ten subsidiaries during the reporting period and has eight at the reporting date.

1) National Asset Management Group Services D.A.C. (NAMGS)

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

NAMGS acted as the holding company for its nine subsidiaries during the reporting period. At the reporting date it holds seven subsidiaries. NALM, NANQ, NAMS, NAJV A, NAPM, NARPS and NALHL (in Voluntary Liquidation).

1. General Information (continued)

1.1 National Asset Management Agency Group (continued)

2) National Asset Loan Management D.A.C. (NALM)

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

3) National Asset North Quays D.A.C. (NANQ)

NANQ was incorporated on 8 April 2015. NANQ is a 100% wholly owned subsidiary of NALM and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development built on the lands are due to NANQ. This development is now complete.

4) National Asset Management Services D.A.C. (NAMS)

NAMS was incorporated on 27 January 2010. Previously a non-trading entity, NAMS acquired a 20% shareholding in a general partnership associated with the NAJV A investment during 2013. The liquidation process for the general partnership in which NAMS holds an investment in completed on 22 April 2022. On 27 September 2022, NAMGS authorised NAMS to make an application to the Registrar of Companies to voluntarily strike off NAMS. On 28 December 2022, the strike off notice for NAMS was published in the Companies Registration Office (CRO) Gazette. On 3 April 2023, the voluntary strike off completed and NAMS was dissolved.

5) National Asset JV A D.A.C. (NAJV A)

On 4 July 2013, NAMA established a subsidiary, NAJV A. NAJV A is a wholly owned subsidiary of NAMGS. NAMA entered an arrangement with a consortium whereby a 20% interest in a limited partnership was acquired and NAJV A was established to facilitate this transaction. Since its incorporation, NAJV A has invested in other arrangements with third parties where it has taken a minority, non-controlling equity interest in an investee to facilitate the delivery of commercial and residential real estate.

6) National Asset Property Management D.A.C. (NAPM)

NAPM was incorporated on 27 January 2010. The purpose of NAPM is to take direct ownership of assets if and when required.

During the reporting period, NAPM had four subsidiaries NARPS, NALHL (in Voluntary Liquidation), RLHC and RLHC II. On 17 November 2022, RLHC Resort Lazer SGPS, SA and RLHC Resort Lazer II SGPS, SA. were both liquidated. NAPM has two subsidiaries at the reporting date.

1. General Information (continued)

1.1 National Asset Management Agency Group (continued)

7) National Asset Residential Property Services D.A.C. (NARPS)

On 18 July 2012 NAMA established a subsidiary NARPS. NARPS is a wholly owned subsidiary of NAPM and was established to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies and/or local authorities for social housing purposes. In September 2019, the Minister for Finance issued a direction to NAMA to retain ownership of NARPS. Under the Government's housing strategy, "Housing for All", it is proposed that NARPS will transfer to the Land Development Agency ('LDA') from NAMA. As part of the agreed transfer process, the transfer will be at the NAMA valuation and will form part of the NAMA lifetime surplus contribution to the Irish State. At the reporting date, the proposed transfer has yet to complete. There is a requirement for appropriate legislative changes to the LDA Act to facilitate the proposed transfer from the Minister for Finance to the LDA. There is no impediment to NAMA transferring NARPS to the Minister for Finance, the first step in the agreed transfer process.

A total of 2,872 (2021: 2,687) residential properties were delivered to the social housing sector by NAMA debtors from inception to the reporting date, of which 2,693 (2021: 2,621) were completed and contracts on a further 179 (2021: 66) properties (for direct sale) were exchanged by the reporting date. Completed units delivered since inception include the direct sale of 1,232 (2021: 1,160) properties by NAMA debtors and receivers to various approved housing bodies and/or local authorities, the direct leasing of 89 (2021: 89) properties by NAMA debtors and receivers and the acquisition by NARPS of 1,372 (2021: 1,372) properties for lease to approved housing bodies. During the year no properties (2021:6) were sold by NARPS and at the reporting date 1,366 of 1,372 acquired properties are held. These figures do not include those units delivered under Part V arrangements on residential developments funded by NAMA.

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

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

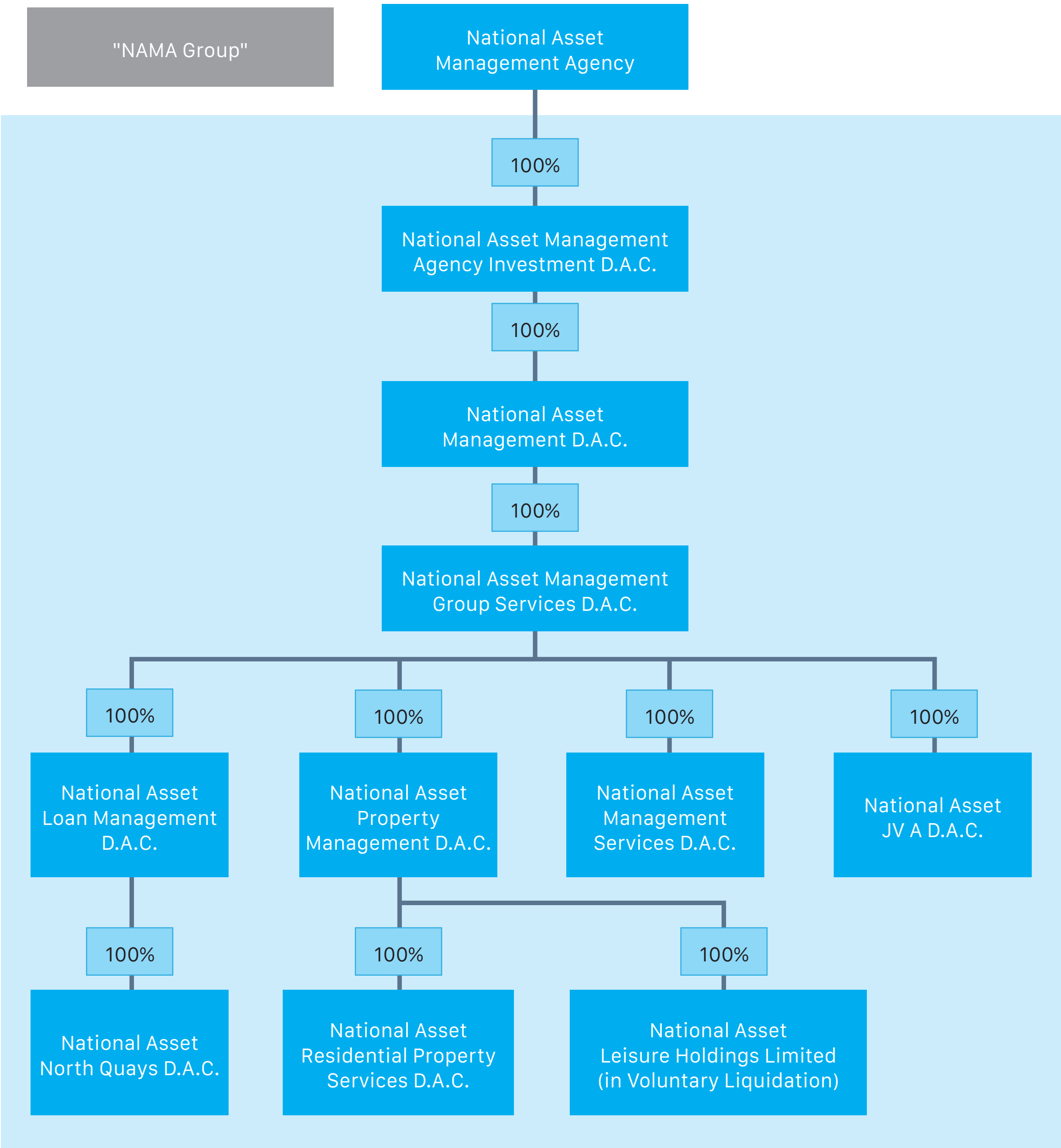
The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into liquidation on 18 December 2014. The control of NALHL (in Voluntary Liquidation) is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation). On 17 November 2022, RLHC and RLHC II were both liquidated.

The address of the registered office of each company at the reporting date is Treasury Dock, North Wall Quay, Dublin 1. Each company is incorporated and domiciled in the Republic of Ireland.

1. **General Information** (continued)

1.1 **National Asset Management Agency Group** (continued)

Chart 1 "NAMA Group" as at 31 December 2022



2. Significant accounting policies

2.1 Basis of preparation

Going concern

The financial statements for the financial year ended 31 December 2022 have been prepared on a going concern basis as the Board is satisfied, having considered the principal risks and uncertainties impacting the Group and Agency, that it has the ability to continue in business for the period of assessment. The period of assessment used by the Board is twelve months from the reporting date of these annual financial statements.

At the reporting date, NAMA had equity and reserves of €1,360m (2021: €1,779m). The Group has available cash, cash equivalents and liquid assets at 31 December 2022 of €511m (2021: €748m) and liabilities of €31m (2021: €28m) and therefore the Board is satisfied that it can meet its current liabilities as they fall due for the foreseeable future. The Group has repaid all of the senior debt, subordinated debt, loans and borrowings from the Minister, and has no external borrowings. In 2021, the NAMA Board approved the NAMA Strategic Plan 2022-2025. The plan sets out the Agency's direction for the four-year period from 2022 to end-2025 and outlines how the organisation intends to wind down in an orderly manner, subject to market conditions and resolving all outstanding litigation.

NAMA's activities are subject to risk factors including credit, liquidity, market and operational risk. In assessing NAMA's ability to continue as a going concern the Board has reviewed these risk factors and other relevant information on the Group's business. Throughout the year the Board and its Committees review key aspects of the Agency's activities and review, whenever appropriate, the critical assumptions underpinning its long-term strategies.

Accordingly, the Board believes that it is appropriate to prepare the financial statements on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern over the period of assessment.

2.2 Statement of compliance and basis of measurement

The Group's consolidated and Agency financial statements for the financial year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the NAMA Act 2009.

The consolidated and Agency financial statements have been prepared under the historical cost convention, except for equity instruments, debtor loans, intergroup loan and investment properties which have been measured at fair value where applicable.

The consolidated and Agency financial statements are presented in euro (€), which is the Group's presentational currency and the Agency's functional and presentational currency. The figures shown in the consolidated financial statements are stated in € thousands (€'000s) unless otherwise stated.

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

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

Certain prior year disclosures have been reclassified to conform to the presentation in the 2022 financial statements, with no impact on the statement of comprehensive income and statement of financial position for prior periods presented.

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

2.3 Changes in significant accounting policies

There have been no new standards, interpretations or changes in significant accounting policies that have had an effect on the Group's financial statements for the year ended 31 December 2022.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Group has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Group's financial statements in the period of initial application.

2. Significant accounting policies (continued)

2.5 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the parent entity, NAMA and its subsidiaries, with the exception of NALHL (in voluntary liquidation), RLHC and RLHC II. Refer to Note 1.1 for further detail. Consolidation of subsidiaries ceases on the date that the parent ceases to control the subsidiary. Income and expenses of a subsidiary are included in the consolidated financial statements until the date that control ceases. The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the same reporting date as the parent.

The Group consolidates all entities which it controls. Control is considered to be achieved when the Group

- has power over the entity;
- is exposed to, or has rights, to variable returns from its involvement with the entity; and
- has the ability to use its power to affect its return.

Investments in subsidiaries are accounted for at cost less impairment in the Agency's separate financial statements. The accounting policies of the subsidiaries and the Agency are consistent with the Group's accounting policies.

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

Details of subsidiaries are provided in Note 1.1.

2.6 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 each entity operates ('the functional currency').

The consolidated financial statements are presented in €, which is the Group's presentational currency.

(b) Transactions and balances

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

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. 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.

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

Foreign exchange gains and losses are presented as a separate line item in the consolidated statement of comprehensive income.

2.7 Financial assets

Recognition and initial measurement

The Group recognises financial assets in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. For assets measured other than at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Classification and subsequent measurement

Subsequent to initial recognition, a financial asset is classified and subsequently measured at

(a) Amortised cost or

(b) Fair value through other comprehensive income (FVOCI) or

(c) Fair value through profit or loss (FVTPL)

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Group may irrevocably designate an equity instrument as FVOCI unless it is held for trading. The election to designate an investment in an equity instrument at FVOCI is made on an instrument-by-instrument basis.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL except if it is an investment in an equity instrument designated at FVOCI. The Group may irrevocably elect on initial recognition to designate a financial asset at FVTPL if the designation eliminates or significantly reduces an accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

Contractual cash flows are solely payments of principal and interest assessment

For the purpose of the solely payments of principal and interest ("SPPI") assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Business model assessment

The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Group considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

(a) Amortised Cost

The Group has classified and measured cash and cash equivalents and other assets at amortised cost less any expected credit loss allowance.

(b) Fair value through profit or loss

The Group has classified and measured debtor loans at FVTPL on the basis that they are held to realise associated collateral value through on going disposal of loans, property and collateral and where collecting contractual cash flows is incidental. These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the statement of comprehensive income. Fair value is determined in the manner described in Note 2.25. The Agency has classified and measured the intergroup loan at FVTPL.

Other financial instruments that are classified and measured at FVTPL are equity investments.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

Equity Instruments

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

Equity instruments are measured at FVTPL. The fair value of these equity instruments is measured based on valuation techniques which consider the value of the Group's claim to the underlying assets of the entity. Changes in fair value are recognised in the statement of comprehensive income as part of other income/(expenses). Equity instruments are separately disclosed in the statement of financial position. Distributions from equity instruments are recognised in the statement of comprehensive income as part of other income/(expenses) at the date they are declared and approved for payment.

2.8 Financial liabilities

The Group recognises financial liabilities in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Group classifies and subsequently measures its financial liabilities at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the statement of comprehensive income using the effective interest method. Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the statement of comprehensive income.

2.9 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.

2.10 Fair value gains/(losses) on debtor loans measured at fair value through profit or loss

Fair value gains/(losses) on debtor loans measured at FVTPL includes all gains and losses from changes in the fair value of debtor loans measured at FVTPL. The Group has elected to present the full fair value movement on this line, including the impact of net cash collections in the period.

2.11 Interest income and interest expense

Interest income and interest expense for all interest-bearing financial instruments other than debtor loans measured at FVTPL are recognised as interest income and interest expense in the statement of comprehensive income using the effective interest rate ("EIR") method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset except for impaired financial assets or to the amortised cost of the financial liability. For financial assets that have become impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

2.12 Fee income

Fee income is income associated with debtor connections that is not considered as a reduction in the debt obligations of the debtor. Fee income is recognised in the statement of comprehensive income.

2. Significant accounting policies (continued)

2.13 Profit/(loss) on the disposal and refinancing of loans

Profits and losses on the disposal and refinancing of loans are calculated as the difference between the carrying value of the loans and the contractual price at the date of sale/refinance, less related loan sale costs. The contractual sales price includes any deferred consideration where NAMA has the contractual right to receive any deferred cash flow. Profits and losses on the disposal and refinancing of loans are recognised in the statement of comprehensive income when the transaction occurs. In a small number of instances, when an individual loan account is sold, the profit/(loss) on disposal is only recognised when the entire connection/loan pack related to that account is sold.

2.14 Profit/(loss) on disposal of property assets

Profits and losses on the disposal of property are calculated as the difference between the carrying value of the property assets and the contractual sales price at the contractual date of sale less related transaction costs. The contractual sales price includes any deferred consideration where the Group has the contractual right to receive any deferred cash flow. Profits and losses on the disposal of property are recognised in the statement of comprehensive income when the transaction occurs.

2.15 Profit/(loss) on derecognition of subsidiaries

Profits and losses on the derecognition of subsidiaries are calculated as the difference between the carrying amount of the assets and liabilities of the subsidiary derecognised at the date control is lost and the consideration received from the transaction, event or circumstance that resulted in the loss of control. Profits and losses on the disposal of subsidiaries are recognised in the statement of comprehensive income on the date that control is lost.

2.16 Impairment of financial assets

The Group assesses, on a regular basis, the impairment of financial assets measured at amortised cost on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that results from all possible default events possible over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or formal credit rating will be available which is used to compare changes in credit risk. The Group monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial asset's effective interest rate.

2.17 Impairment of non-financial assets

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

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

2.18 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. 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. Cash equivalents include Short-term Exchequer Notes held through the NTMA where time to maturity on the date of acquisition is three months or less.

2. Significant accounting policies (continued)

2.19 Inventories - trading properties

Trading properties include property assets which are held for resale in accordance with IAS 2 Inventories. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor. Subsequent to initial recognition, trading properties 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 ('NRV') represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. Revisions to the carrying value of trading properties are recognised in the statement of comprehensive income.

Profits and losses on the disposal of trading properties are recognised in the statement of comprehensive income when the transaction occurs. Further details are included in Note 2.14.

2.20 Investment properties

Investment properties are initially measured at cost at the point at which the contract has been signed and subsequently at fair value with any change recognised in the statement of comprehensive income. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognised in the statement of comprehensive income when the transaction occurs. Rental income from investment properties is recognised in the statement of comprehensive income.

2.21 Taxation

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

(a) Current tax

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

Current 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 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.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred 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 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 tax asset is realised or the deferred tax liability is settled.

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

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

The Group assesses, on an annual basis only, the deferred tax relating to unutilised tax losses.

2.22 Provisions, contingent assets and liabilities

Provisions

Provisions 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 amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

2. Significant accounting policies (continued)

2.22 Provisions, contingent assets and liabilities (continued)

Contingent liabilities

A contingent liability is a possible obligation depending on whether some uncertain future events occurs, or a present obligation but payment is not probable, or the amount cannot be measured reliably. Contingent liabilities are not recognised by the Group but are disclosed unless the probability of their occurrence is remote.

Contingent assets

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

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

2.23 Exchequer Notes

Exchequer Notes are liquid, interest bearing notes held through the NTMA where time to maturity on date of acquisition is greater than three months. Exchequer Notes are recognised in the statement of financial position. Any interest payable or receivable on Exchequer Notes is recorded in interest expense or interest income respectively.

2.24 Leases

As lessee

At inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If this arises, the Group recognises a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease. The right of use asset is assessed for impairment if there are indicators of impairment. If it is assessed that the right of use asset is impaired the carrying value is reduced. The right of use asset may be adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest rate method. Lease interest expense is recognised on the lease liability. The lease liability is remeasured when there is a change in future lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset.

As lessor

Properties acquired by NARPS for the purposes of social housing are recognised as investment properties and are accounted for in line with IAS 40.

Rental income arising from operating leases is accounted for on a straight line basis over the lease term.

2.25 Determination of fair value

The Group measures fair values in accordance with IFRS 13 which defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Group has access at that date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

2. Significant accounting policies (continued)

2.25 Determination of fair value (continued)

Valuation techniques

In the case of debtor loans measured at FVTPL, the fair value of these instruments is determined with input from management and using internally generated valuation models based on selected comparable market data points. The majority of the significant inputs into these models are not readily observable in the market and the inputs are therefore derived from market prices for similar assets or estimated based on certain assumptions. The determination of key inputs used such as the expected future cash flows on the financial asset, stratification of portfolio and the appropriate discount rates applicable require management judgement and estimation.

The valuation methodology for debtor loans measured at FVTPL is to estimate the expected cash flows to be generated by the financial asset and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- determining suitable stratifications for the portfolio to segment assets with similar risk characteristics;
- the likelihood and expected timing of future cash flows; and
- selecting an appropriate discount rate for the financial asset or group of financial assets, based on management's assessment of the characteristics of the collateral/cash flow and relevant market information.

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

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

Adjustments to the calculation of the present value of future cash flows are based on factors that management believe market participants would take into account in pricing the financial instrument.

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

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

2.26 Administration expenses

Administration expenses are recognised on an accruals basis.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As management judgement involves an estimate of the likelihood of future events, actual results could differ from those estimates, which could affect the future reported amounts of assets and liabilities.

Management believes that the underlying assumptions used are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below:

3. Critical accounting estimates and judgements (continued)

3.1 Fair value assessment of debtor loans at fair value through profit or loss

The fair value of debtor loans at fair value through profit or loss ('FVTPL') is assessed at the end of each reporting period. Key inputs to the assessment of fair value include cash flow forecasts, discount rates, cash flow timing assumptions and management judgement. The projection of cash flows involves the exercise of considerable judgement and estimation by management involving assumptions in respect of factors such as economic conditions, the performance of the debtor, the value of the underlying property collateral and the latest agreed strategy for that debtor. The actual cash flows, and their timing, may differ from the projected cash flows for the purpose of estimating fair value for each debtor connection. Cash flow projections are generally based on the most recently agreed strategy for each debtor which is subject to change.

The assumptions used for projecting both the amount and timing of future cash flows for individual debtors, stratification of the collateral asset portfolio and appropriate discount rates for utilisation in discounted cash flow calculations are reviewed periodically by management. NAMA may apply management judgement to computed fair values or the inputs to the fair value computation where it believes this more accurately reflects the fair value of the asset.

For the purpose of recognition, debtor loans measured at FVTPL are grouped together on a connection level. A connection is a number of loans which have been grouped together which have been issued to the same borrower or group of economically connected borrowers.

Fair value is estimated for each connection by calculating the present value of the cash flow forecast to be generated by each connection. The cash flows represent NAMA's best estimate of expected future cash flows for each connection and include the disposal of property collateral and other non-disposal related cash flows (such as rental income).

The Group's policy on fair value measurement of financial assets is set out in accounting policy 2.25.

The significant estimates in relation to the fair value of the Group's debtor loans include the timing of cash flows, discount factors and value of the realisation of asset values as well as related outflows. The carrying value of the debtor loans measured at FVTPL as at 31 December 2022 is €527m (2021: €715m) with the change in fair value during the year being €100m (2021: €181m).

The following table shows an estimate of the impact of changes in collateral values on fair value of debtor loans.

Sector	+/-1% €m	+/-3% €m	+/-5% €m
Land and Development	+/- 4	+/- 12	+/- 21
Investment Property[7]	+/- 1	+/- 4	+/- 6
Total	**+/- 5**	**+/- 16**	**+/- 27**

The following table shows an estimate of the impact of changes in discount factors on fair value of debtor loans.

Sector	- 5% €m	- 3% €m	- 1% €m	+1% €m	+3% €m	+5% €m
Land and Development	30	18	6	(6)	(17)	(27)
Investment Property[7]	6	4	1	(1)	(3)	(6)
Total	**36**	**22**	**7**	**(7)**	**(20)**	**(33)**

The following table shows an estimate of the impact of changes in timing of cash flows on fair value of debtor loans.

Sector	+ 6 months €m	+ 3 months €m	- 3 months €m
Land and Development	(19)	(10)	10
Investment Property[7]	(6)	(3)	3
Total	**(25)**	**(13)**	**13**

7 Investment property relates to Deleveraging Residential, Deleveraging Commercial and Deleveraging Non Real Estate ('NRE').

3. Critical accounting estimates and judgements (continued)

3.2 Other management judgement and estimates

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant judgements made by the Group, other than those relating to the fair value of debtor loans, in the preparation of the financial statements are:

- investment properties, and
- investments in equity instruments

Investment properties

The fair value of investment properties are determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the categories of properties being valued. Outputs from valuers can be subject to management judgement. The valuer utilised the investment method of valuation using the discounted cash flow technique. The assumptions involved in this technique include:

- determining the likelihood of purchase options being exercised;
- selecting an appropriate exit yield rate based on factors including location and residential unit type; and
- determining discounted expected rent cash flows based on expected growth rates for CPI sub-indices, gross to net percentages for operation costs and a discount rate.

The carrying value of the investment properties as at 31 December 2022 is €325m (2021: €314m) with the change in fair value recognised in the statement of comprehensive income being €10m (2021: €22m).

Investments in equity instruments

In determining the appropriate accounting treatment of investments in equity instruments, the existence of significant influence is considered on a case-by-case basis, using the following indicators:

- representation on the board of directors or equivalent governing body;
- participation in the policy-making process;
- material transactions between the two parties;
- interchange of managerial personnel;
- provision of essential technical information; and
- potential voting rights.

At the reporting date, there were no investments in equity instruments in which control or significant influence by the Group existed.

4. Net gains on debtor loans/intergroup loan measured at FVTPL

Group	*Note*	**2022 €'000**	**2021 €'000**
Fair value movement on debtor loans measured at FVTPL	*17*	**99,968**	**180,983**

The Group assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing that asset. Changes in fair value are recognised in the statement of comprehensive income in accordance with accounting policy 2.10. Debtor loans measured at FVTPL include debtor loans acquired from the participating institutions, debtor loans advanced by the Group, shareholder loans and a guaranteed income stream.

See Note 17 for further details on debtor loans measured at FVTPL held by the Group at the reporting date.

Agency	*Note*	**2022 €'000**	**2021 €'000**
Interest income on intergroup loan measured at FVTPL	*17*	**403,682**	**34,280**

4. Net gains on debtor loans/intergroup loan measured at FVTPL (continued)

The Agency assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Agency's business model for managing that asset. The intergroup loan to NAM is classified as 'Intergroup loan measured at fair value through profit or loss' under IFRS 9. Changes in fair value are recognised in the statement of comprehensive income in accordance with accounting policy 2.10. See Note 17 for further details on intergroup loans measured at FVTPL held by the Agency at the reporting date.

NAMA Group subsidiaries generated profits, which are in the main payable to NAM as interest income under profit participating loan agreements. Subsequently, after utilisation of any available losses and the deduction of costs, if NAM generates profits they are payable to NAMA the Agency, as interest income.

5. Net gains on investment properties

Group	*Note*	2022 €'000	2021 €'000
Fair value movement on investment properties	*19*	**10,290**	**22,468**

Investment properties are measured at fair value. Changes in fair value are recognised in the statement of comprehensive income in accordance with accounting policy 2.20. See Note 19 for further details on investment properties held by the Group at the reporting date.

6. Interest income

Group	2022 €'000	2021 €'000
Interest on cash and cash equivalents and Exchequer Notes	**1,174**	**-**

Interest on cash and cash equivalents and Exchequer Notes comprises interest earned on cash, short-term Exchequer Notes and Exchequer Notes held during the financial year.

Agency	2022 €'000	2021 €'000
Negative interest on intergroup loan payable	**8**	**265**

The net negative interest of €8k (2021: €265k) on the intergroup loan is due to negative interest rates on the intergroup loan from NALM until July 2022. Refer to Note 30 for further detail.

7. Interest and similar expense

Group	2022 €'000	2021 €'000
Negative interest on cash and cash equivalents	334	547
Lease interest expense	2	22
Total interest and similar expense	**336**	**569**

During 2022, the Group incurred interest expense of €0.3m (2021: €0.5m) on cash and cash equivalents due to negative interest rates for part of 2022.

The Group has recognised a lease interest expense on the lease liabilities of €2k (2021: €22k).

Agency	2022 €'000	2021 €'000
Negative interest on cash and cash equivalents	**-**	**1**

Negative interest on cash and cash equivalents of €1k arose in 2021.

8. Fee income

Group	2022 €'000	2021 €'000
Fee income from debtor loans	**-**	**63**

Fee income from debtor loans is income associated with debtor connections that is not considered as a reduction in the debt obligations of the debtor. Fee income can include arrangement fees, restructuring fees, exit fees, performance fees and transaction fees from loan sales/refinances. The level of fee income is based on the nature of transactions during the year.

9. Other income/(expense)

Group	2022 €'000	2021 €'000
Distributions from equity instruments (a)	3,694	810
Fair value (loss)/gain on equity instruments (b)	(750)	6,155
Lease rental income (c)	14,877	13,783
Other expenses (d)	(2,575)	3,387
Other expenses PSWT (e)	-	(2,342)
Other income (f)	-	5,865
Total other income/(expense)	**15,246**	**27,658**

(a) The Group received distributions totalling €3.7m (2021: €0.8m) from a non-consolidating subsidiary and on its equity instruments during the reporting period.

(b) The fair value of NAMA's equity instruments is based on valuation techniques which consider the value of the Group's claim to the underlying assets of the entity. A negative change in fair value of €0.8m (2021: positive €7.7m) is recognised in the statement of comprehensive income in accordance with accounting policy 2.7. In 2021, fair value gain on equity instruments also includes a transaction cost of €1.5m on the exit of certain entities from the NAMA Group. See Note 24 for further details on equity instruments held by the Group at the reporting date.

(c) Lease rental income is earned from the lease of residential properties to approved housing bodies and local authorities for social housing purposes. It is accounted for on a straight line basis over the lease term in accordance with accounting policy 2.24.

(d) Other expenses include €1.4m (2021: €1.2m) for the discharge of receivership property liabilities and €1.3m (2021: €0.3m) for contracted fees in the financial year following the reaching of a designated rate of return on equity investments. These expenses were reduced by a €0.1m (2021: €4.9m) release of a provision for expected costs associated with the calculation of interest on certain debtor loans.

(e) Other expenses PSWT of €2.3m in 2021 relates to a final payment to the Revenue Commissioners for an unprompted voluntary disclosure with regard to the treatment of Professional Services Withholding Tax on payments to professional service providers in the period 2013-2016. These payments to professional service providers, on behalf of NAMA debtors via debtor loan draw downs, were funded by NAMA and discharged out of a NAMA bank account which was operated by NAMA's appointed primary servicer.

(f) In 2021, other income included a receipt of claims from the IBRC special liquidator of €5.7m and a receipt of €0.1m that was previously held in escrow.

Agency Note	*Note*	2022 €'000	2021 €'000
Costs reimbursable from NALM	*13*	**24,202**	**29,463**

10. Net profit on disposal and refinancing of loans

Group	2022 €'000	2021 €'000
Net profit on disposal and refinancing of loans	**1,790**	**1,845**

Profit or loss on disposal and refinancing of loans is measured as the difference between the proceeds received, including any deferred consideration, less related expenses and the net carrying value of loans. The Group realised a gross profit of €1.8m (2021: €1.8m) on the disposal and refinancing of loans in the financial year. Adjusting for disposal costs of €5k (2021: €Nil), results in the net profit on disposal of loans of €1.8m (2021: €1.8m).

There were no disposals of loans by the Agency.

11. Net profit on disposal of property assets

Group	2022 €'000	2021 €'000
Gross proceeds from disposal of property assets	6	5,944
Related cost of property assets sold	32	(2,348)
Total net profit on disposal of property assets	**38**	**3,596**

Profit or loss on disposal of properties is measured as the difference between proceeds of sale received and the carrying value of those property assets less related selling expenses. The Group realised a net profit of €38k (2021: €3.6m) on the disposal of trading property assets in the financial year and reimbursement of costs on properties sold in prior years. There were no disposals of properties by the Agency as the Agency does not hold property assets.

12. Profit on derecognition of subsidiaries

Group	2022 €'000	2021 €'000
Profit on derecognition of subsidiaries	-	**26,217**

Pembroke Ventures D.A.C., Pembroke Beach D.A.C and Pembroke West Homes D.A.C. ceased to be NAMA Group entities on 4 June 2021 on completion of the Pembroke Transaction. Profit on the derecognition of these subsidiaries is calculated as the difference between the consideration received and the net carrying amount of the assets and liabilities of each subsidiary derecognised at the date when NAMA ceases to control the subsidiaries. The Group realised a profit of €26.2m on the derecognition of these subsidiaries in 2021.

13. Administration expenses

Group	*Note*	2022 €'000	2021 €'000
Costs reimbursable to the NTMA	*13.1*	24,202	29,463
Primary servicer fees	*13.2*	5,067	6,241
Master servicer fees	*13.3*	895	873
Portfolio management fees	*13.4*	1,819	2,019
Legal fees	*13.5*	1,375	2,159
Finance, communication and technology costs	*13.6*	6,522	4,945
Rent and occupancy costs	*13.7*	2,684	3,744
Internal audit fees	*13.8*	511	570
External audit remuneration	*13.9*	583	583
Board and Committee fees and expenses	*13.10*	250	242
Total administration expenses		**43,908**	**50,839**

13. Administration expenses (continued)

Agency	Note	2022 €'000	2021 €'000
Administration expenses			
Costs reimbursable to the NTMA	*13.1*	24,202	29,463
Board and Committee fees and expenses	*13.10*	250	242
Total administration expenses		**24,452**	**29,705**

Costs reimbursable to the NTMA are recognised as an expense to NAMA the Agency. All costs, other than Board and Committee fees and expenses incurred by NAMA are reimbursed to it by NALM. Total costs of €24.2m (2021: €29.5m) were reimbursed by NALM to NAMA the Agency.

Agency	Note	2022 €'000	2021 €'000
Costs reimbursable by NALM			
Costs reimbursable to the NTMA	13.1	24,202	29,463

13.1 Costs reimbursable to the NTMA

Under Section 42 (4) of the Act, NAMA is required to reimburse the NTMA for the costs incurred by the NTMA in consequence of it assigning staff and providing services to NAMA. The costs included above may differ to the amounts disclosed in the NTMA financial statements due to the timing of the preparation of both sets of financial statements.

Costs comprise staff costs of €18.6m (2021: €23.6m) and overheads and shared service costs of €5.6m (2021: €5.9m). The NTMA incurs direct costs for NAMA such as salaries, IT, office and business services.

The NTMA also provides shared services to NAMA including IT, HR and Finance. The allocated salary cost of the NTMA employees (non NAMA Officers) providing these shared services to NAMA during 2022 was €2.4m (2021: €2.6m).

NAMA has agreed to reimburse the NTMA for its proportionate share of the external overhead costs incurred by the NTMA on a centralised basis where NAMA benefits directly or indirectly from the provision of the related goods or services. These costs include central IT costs, office and business services, together with depreciation in respect of the use of NTMA fixed assets and other central overheads.

The costs incurred by the NTMA are charged to NAMA (the Agency) and the Agency is reimbursed by NALM.

Staff costs

The Group has no employees. All personnel are employed by the NTMA and the remuneration cost of staff who are engaged full time in the NAMA business are recharged to the Group by the NTMA. The total remuneration cost including pension costs for the reporting period was €18.6m (2021: €23.6m). The following remuneration disclosures are required under The Code of Practice for the Governance of State Bodies (2016).

Aggregate Employee Benefits	2022 €m	2021 €m
Basic Pay	12.7	15.5
Performance related pay	0.3	0.4
Allowances	0.1	0.1
Staff short-term benefits	13.1	16.0
Termination benefits	1.8	3.8
Pay related social insurance	1.5	1.6
Pension contributions	2.2	2.2
Total aggregate employee benefits	**18.6**	**23.6**

The number of employees of the NTMA directly engaged in the Group ('NAMA Officers') at the reporting date was 110 (2021: 145). 14 employees are to leave NAMA as part of the 2022 Voluntary Redundancy Scheme ('VRS') (2021: 33).

The 2022 performance related payments of €0.3m (2021: €0.4m) were made to 34 (2021: 36) staff members and relate to the period from 1 January 2022 to 31 December 2022.

13. Administration expenses (continued)

13.1 Costs reimbursable to the NTMA (continued)

Costs of €1.8m (2021: €3.8m) relating to termination benefits (including VRS, garden leave, PRSI and pension) have been recognised in 2022, of which €1.1m (2021: €2.2m) is attributable to statutory and other redundancy payments, €0.3m (2021: €0.6m) relates to the "retention scheme"[8], and €0.4m (2021: €1.0m) is for garden leave. All termination costs are gross of PRSI and pension. Garden leave does not represent an incremental cost for NAMA but instead forms part of the overall NAMA salary cost that would have been incurred regardless of the decision to place the relevant staff on garden leave. Under the VRS, 14 staff were entitled to garden leave of three months (2021: 33). In addition to those accepted for the VRS, no staff members (2021: 2) were placed on garden leave during 2022. The period of garden leave for the 2 staff members in 2021 was an average of 1 month. The decision on whether to place staff members on garden leave is made on a case-by-case basis and included consideration, inter alia, of the person's role within NAMA and the person's new employer. Further redundancies will take place on a phased basis each year over the remaining life of NAMA.

NAMA Officers are members of the NTMA Staff Pension Scheme and the NTMA contributes to the scheme on behalf of these employees. The cost of these pension contributions is recharged to NAMA. The cost of the pension contributions made by the Group is disclosed in Note 33.

Staff costs include the Chief Executive Officer's salary as detailed below:

Brendan McDonagh (Chief Executive Officer)	2022 €	2021 €
Salary	430,000	430,000
Taxable benefits	23,150	20,463
	453,150	**450,463**

The remuneration of the Chief Executive Officer consists of basic salary, taxable benefits and a discretionary performance related payment of up to 60 per cent of annual salary. Taxable benefits include benefits/allowances earned in the reporting period, and can include health insurance, company car and professional subscriptions. The Chief Executive Officer was eligible to be considered for the award of performance payments for both 2021 and 2022, however, he waived his entitlement to be considered for these payments.

The Chief Executive Officer's pension entitlements do not extend beyond the standard terms of the model public sector superannuation scheme. The remuneration of the Chief Executive Officer is determined by the NTMA CEO after consultation with the NAMA Board, who in giving advice on remuneration, are informed by the views of the NAMA Remuneration Committee, having regard to the obligations of the Board to implement Government policy in relation to such remuneration.

Key management personnel

Key management personnel are defined under the Code of Practice for the Governance of State Bodies 2016 (the 'Code'), as management who report directly to the Chief Executive Officer. The Chief Executive Officer had 4 (2021: 4) direct management personnel reports during 2022 and the total compensation paid to them in 2022 was €1.0m (2021: €0.9m).

8 he retention scheme only applies in circumstances where staff members are made redundant, have met all required standards and have remained with NAMA for the period required to fulfil the Agency's statutory mandate.

13. Administration expenses (continued)

13.1 Costs reimbursable to the NTMA (continued)

Total employee benefits

Total employee benefits, within pay bands of €25,000 from €50,000 upwards is set out in the following table as at 31 December 2022 and 2021.

Pay band	No. of employees 2022	No. of employees 2021
up to €50,000	4	12
€50,001 - €75,000	16	22
€75,001 - €100,000	30	41
€100,001 - €125,000	27	32
€125,001 - €150,000	16	22
€150,001 - €175,000	10	8
€175,001 - €200,000	1	2
€200,001 - €225,000	4	4
€225,001 - €250,000	-	-
€250,001 - €275,000	-	-
€275,001 - €300,000	1	1
€300,001 - €325,000	-	-
€325,001 - €350,000	-	-
€350,001 - €375,000	-	-
€375,001 - €400,000	-	-
€400,001 - €425,000	-	-
€425,001 - €450,000	-	-
€450,001 - €475,000	1	1
Total	**110**	**145**

Total remuneration includes base salary, performance related pay and any other taxable benefits paid to employees. It does not include employer pension contributions. The Additional Superannuation Contribution (ASC) is applied to NTMA employees.

Hospitality expenditure

As required to be disclosed under the Code, hospitality expenditure incurred during the year is set out below:

	2022 €	2021 €
Staff Wellbeing	865	3,665
Sports and Social Contributions	7,603	2,118
Staff events	5,506	-
	13,974	**5,783**

In 2022 and 2021, the majority of the staff wellbeing costs related to classes and lectures. These are organised by the NTMA as employer and NAMA officers are eligible to receive these benefits.

The NTMA has established a Sports and Social Committee for all staff, who can join on a voluntary basis and pay membership fees. NAMA has agreed to contribute to the costs of the activities organised by the Committee where NAMA staff benefit from the activities. NAMA incurred €7.6k in 2022 (2021: €2.1k) in relation to sports and social activities organised by the Committee.

Staff event costs include NAMA's share of staff events organised by the NTMA which NAMA officers are invited to attend.

13. Administration expenses (continued)

13.1 Costs reimbursable to the NTMA (continued)

Travel costs

The total travel costs incurred during 2022 was €5.7k (2021: €5.3k), of which €0.1k (2021: €Nil) related to international travel and €5.6k (2021: €5.3k) related to domestic travel.

13.2 Primary Servicer fees

Primary Servicer fees comprise fees paid to AIB and BCMGlobal ASI Limited who administer the loans that originated within each Participating Institution as well as the management of charged current accounts and mortgage accounts. The Primary Servicer fees are based on the relevant service agreement with the service provider (BCMGlobal ASI Limited) and cost recovery up to a maximum of 10 basis points of the par debt loan balances administered (for AIB).

The amounts payable to related parties (Participating Institutions) for Primary Servicer fees are set out in Note 33 related party disclosures. Total Primary servicer fees were €5.1m during the financial year (2021: €6.2m).

13.3 Master servicer fees

Master servicer fees comprise fees paid to the master servicer, BCMGlobal ASI Limited. BCMGlobal ASI Limited provides loan administration and data management services to the Group. Master servicer fees were €0.9m in the financial year (2021: €0.9m).

13.4 Portfolio management fees

Portfolio management fees relate to fees incurred in the on-going management and support of debtors. Costs include property valuation, asset search and asset registry fees, and insurance costs.

13.5 Legal fees

Legal fees comprise fees paid to professional service firms with respect to legal advice in the on-going management and support of debtors. The decrease in legal fees is driven by reduced legal activity and reimbursement of certain legal fees. Included in the legal fees of €1.4m (2021: €2.2m) are total settlement costs of €Nil (2021: €306k).

13.6 Finance, communication and technology costs

Finance, communication and technology costs comprise costs incurred during the year in relation to IT, tax advice and other administration costs.

13.7 Rent and occupancy costs

Rent and occupancy costs comprise costs incurred during the financial year in relation to the premises occupied by the Group.

With regard to Treasury Dock the Group has a Lease with the NTMA. The agreement was effective from May 2018 for an initial lease term of 4 years. Leases for certain floors in Treasury Dock were extended to the end of December 2025. The charge includes a depreciation charge on the right of use assets of €1.8m (2021: €2.3m) and shared facilities costs of €0.4m (2021: €0.7m).

Further information on leases is included in Note 26 Other assets, Note 27 Other liabilities, Note 29 Commitments and contingent liabilities and Note 33 Related party disclosures.

The remaining balance relates to occupancy costs.

13.8 Internal audit fees

The Group have engaged the services of an external professional services firm to perform the role of Internal Auditor for the Group. Fees incurred relate to the audit of business processes by the Internal Auditor and the reporting on the results of internal audits performed.

13. Administration expenses (continued)

13.9 External audit remuneration

Group	2022 €'000	2021 €'000
Audit of NAMA Group and subsidiaries by the OC&AG	300	300
Audit of NAMAI DAC and subsidiaries by the Statutory Auditor	283	283
Total external audit remuneration	**583**	**583**

The Comptroller and Auditor General (as external auditor) does not provide other assurance, tax advisory or other non-audit services to NAMA.

The Comptroller and Auditor General is the auditor of the NAMA Group in accordance with Section 57 of the NAMA Act.

Pursuant to the requirements of the Irish Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As NAMAI and its subsidiaries operate to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of NAMAI Group's subsidiaries in June 2017. The audit fee is €230k (excluding VAT) for 2022 (2021: €230k).

During 2021 Mazars provided insolvency services whereby they were appointed by NAMA to act on behalf of NAMA debtors with a duty of care to NAMA as prescribed in law. Fees incurred during 2021 of €0.2m are ultimately borne by the respective debtors of NAMA and do not represent an operational expense of NAMA and accordingly are not reflected in the statement of comprehensive income of the Group. No fees were incurred in 2022.

13.10 Board and Committee fees and expenses

NAMA Board and Committee fees are set out in the following table and have been approved by the Minister for Finance.

	2022 €	2021 €
Aidan Williams (Chairman)	45,000	45,000
Oliver Ellingham (term completed 09 April 2023)	30,000	30,000
Mari Hurley	35,000	35,000
Eileen Maher	30,000	30,000
Davina Saint (term commenced 18 January 2021)	30,000	28,603
Charlotte Sheridan	30,000	30,000
Michael Wall	30,000	30,000
Board fees	**230,000**	**228,603**
Board expenses	2,585	-
Total Board fees and expenses	**232,585**	**228,603**
Planning Advisory Committee		
Angela Tunney (term commenced 13 May 2021)	5,000	3,000
Audit Committee		
Liam Gallagher	9,000	10,000
Sean Quigley (term commenced 01 May 2022)	3,000	-
Committee fees	**17,000**	**13,000**
Total Board and Committee fees and expenses	**249,585**	**241,603**

Notes to the Financial Statements (continued)

13. Administration expenses (continued)

13.10 Board and Committee fees and expenses (continued)

NAMA Board fees are set by the Minister for Finance. Conor O'Kelly (NTMA Chief Executive Officer until 30 June 2022), Frank O'Connor (NTMA Chief Executive Officer from 1 July 2022) and Brendan McDonagh (NAMA Chief Executive Officer), as ex-officio members, received no remuneration as members of the NAMA Board. Expenses payable in respect of Board and Committee members are set out below.

	2022 €	2021 €
Oliver Ellingham	**2,585**	-

13.11 Consultancy fees

Consultancy costs, as defined in the Code, include the cost of external advice to the business and exclude outsourced 'business-as-usual' functions. Included in the relevant headings in administration expenses are the following consultancy costs paid during the year:

Group	2022 €'000	2021 €'000
Legal fees	281	338
Finance, communication and technology costs	-	51
Total consultancy fees	**281**	**389**

Included within the NTMA recharge is a cost of €0.1m (2021: €0.1m) for consulting fees incurred by the NTMA and recharged to NAMA.

14. Foreign exchange (losses)/gains

Group	*Note*	2022 €'000	2021 €'000
Foreign exchange (losses)/gains on debtor loans measured at FVTPL (a)	*17*	(128)	194
Unrealised foreign exchange losses on derivative financial instruments (b)		-	(228)
Realised foreign exchange losses on currency derivative financial instruments/spots (b)		(7)	-
Foreign exchange (losses)/gains on cash (c)		(7)	158
Other foreign exchange losses		-	(2)
Total foreign exchange (losses)/gains		**(142)**	**122**

(a) Foreign exchange translation gains and losses on debtor loans arise on the revaluation of foreign currency denominated loans. Foreign currency translation amounts are recognised in accordance with accounting policy 2.6.

(b) The Group can enter into currency derivatives or spots to reduce its exposure to exchange rate fluctuations arising on foreign currency denominated debtor loans. The gain or loss on derivative financial instruments/spots comprises realised and unrealised gains and losses.

(c) Foreign exchange (losses)/gains on cash arise as a result of the fluctuation in foreign exchange rates on the various non-euro cash balances.

15. Tax charge

Group	Note	2022 €'000	2021 €'000
Current tax			
Irish corporation tax		(6,805)	(18,866)
Deferred tax			
On fair value movements on equity instruments and other temporary differences		(138)	(1,663)
On IFRS 9 transition adjustments		4,239	4,237
Total deferred tax recognised in statement of comprehensive income	*25*	**4,101**	**2,574**
Total tax charge		**(2,704)**	**(16,292)**

The reconciliation of tax on profit at the relevant Irish corporation tax rate to the Group's actual tax charge for the financial year is as follows:

Reconciliation of tax on profits

Group	2022 €'000	2021 €'000
Profit before tax	84,120	211,544
Tax calculated at a tax rate of 25%	21,030	52,886
Effect of:		
Deductible expenses	(13,090)	(15,230)
Non-deductible expenses	-	167
Tax losses utilised	(66)	(4,128)
Prior year adjustments	(441)	916
Withholding tax credit	(432)	(41)
Income taxed at higher rate	130	248
Income taxed at lower rate	(2,888)	(13,220)
Allowable cost deduction claimed	-	(2,353)
Capital distributions not previously recognised in deferred tax	-	(57)
Non taxable fair value movements	(1,948)	(2,896)
Deferred tax asset not recognised	282	-
Derecognition of previously recognised temporary differences	127	-
Taxation charge	**2,704**	**16,292**

The current Irish corporation tax charge of €7m (2021: €19m) arises on the profits earned by NAMAI and its subsidiaries. The Agency is exempt from Irish income tax, corporation tax and capital gains tax.

The profits of the majority of the companies within the Group are subject to tax at the rate of 25% with the exception of NALM where the applicable tax rate is 12.5%.

The Group and Agency have no income tax-related contingent liabilities and contingent assets in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. No significant effects arise from changes in tax rates or tax laws after the reporting period.

16. Cash and cash equivalents

Group	2022 €'000	2021 €'000
Balances with the Central Bank of Ireland	491,066	734,534
Balances with other banks	20,252	13,862
Total cash and cash equivalents	**511,318**	**748,396**

Agency	2022 €'000	2021 €'000
Balances with the Central Bank of Ireland	**48**	**33**

Balances with other banks comprise balances held with Citibank and AIB.

No expected credit loss has been recognised on cash and cash equivalents.

17. Debtor loans/intergroup loan measured at FVTPL

Group	2022 €'000	2021 €'000
Debtor loans measured at fair value through profit or loss	**526,602**	**714,861**

The above reflects the carrying value of the debtor loans at the reporting date which have been classified and measured at FVTPL. The Group assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing that asset. Included within this balance are debtor loans acquired from the participating institutions, debtor loans advanced by the Group, shareholder loans and a guaranteed income stream. This balance also includes a credit of €14.3m (2021: €6.7m) associated with a number of debtor loan connections where expected cash outflows exceed expected inflows at the reporting date. NAMA continues to seek to extract value from these debtor loan connections.

The following table summarises the movement in debtor loans measured at FVTPL for the reporting period.

Group	*Note*	2022 €'000	2021 €'000
Balance at 1 January		**714,861**	**850,081**
Movement in year			
Receipts on debtor loans measured at FVTPL (cash and non-cash)		(474,663)	(449,152)
Advances to borrowers (cash and non-cash)		186,842	192,178
Foreign exchange (losses)/gains on debtor loans measured at FVTPL	*14*	(128)	194
Other movements on debtor loans measured at FVTPL		(2,073)	(61,268)
Profit on disposal and refinancing of debtor loans measured at FVTPL	*10*	1,795	1,845
Fair value gains on debtor loans measured at FVTPL	*4*	99,968	180,983
Total debtor loans measured at FVTPL		**526,602**	**714,861**

Agency	2022 €'000	2021 €'000
Intergroup loans measured at FVTPL	**417,855**	**514,173**

The above reflects the carrying value of the profit participating loan to NAM at the reporting date which has been classified and measured at fair value through profit or loss. The following table summarises the movement in the intergroup measured at FVTPL for the reporting period.

17. Debtor loans/intergroup loan measured at FVTPL (continued)

Agency	2022 €'000	2021 €'000
Balance at 1 January	**514,173**	**1,479,893**
Movement in year		
Repayment of intergroup loan	(500,000)	(1,000,000)
Interest income on intergroup loan measured at FVTPL	403,682	34,280
Total intergroup loan measured at FVTPL	**417,855**	**514,173**

As this intergroup loan is repayable on demand there is no fair value gain or loss.

18. Inventories – trading properties

Group	2022 €'000	2021 €'000
Trading properties	**100**	**100**

Trading properties are recognised in accordance with accounting policy 2.19. The remaining trading properties at the reporting date are carried at cost of €100k. The Net Realisable Value ('NRV') of these properties is significantly higher.

19. Investment properties

Group	2022 €'000	2021 €'000
Investment properties	**325,000**	**314,000**

In September 2019, the Minister for Finance issued a direction to NAMA to retain ownership of NARPS. Under the Government's housing strategy, "Housing for All", it is proposed that NARPS will transfer to the Land Development Agency ('LDA') from NAMA. As part of the agreed transfer process, the transfer will be at the NAMA valuation and will form part of the NAMA Lifetime Surplus contribution to the Irish State. At the reporting date, the proposed transfer has yet to complete. There is a requirement for appropriate legislative changes to the LDA Act to facilitate the proposed transfer from the Minister for Finance to the LDA. There is no impediment to NAMA transferring NARPS to the Minister for Finance, the first step in the agreed transfer process.

Investment properties are carried at fair value. Rental income on investment properties is included in Note 9 as Lease Rental Income. Insurance costs borne by NARPS on the investment properties are included within portfolio management fees in Note 13.

The following table summarises the movement in investment properties for the reporting period.

Investment properties	*Note*	2022 €'000	2021 €'000
Balance at 1 January		314,000	292,001
Costs incurred on investment properties		710	33
Disposal of investment properties		-	(502)
Fair value movements	*5*	10,290	22,468
Balance as at 31 December		**325,000**	**314,000**

20. Risk management

The Group is subject to a variety of risks and uncertainties in the normal course of its business activities. The principal business risks and uncertainties include general macro-economic conditions. The precise impact or probability of these risks cannot be predicted with certainty and many of them lie outside the Group's control. The Board has ultimate responsibility for the governance of all risk taking activity and has established a framework to manage risk throughout the Group.

In addition to general risks mentioned above, specific risks arise from the use of financial instruments. The principal risk categories identified and managed by the Group in its day-to-day business are credit risk, liquidity and funding risk, market risk, price risk and operational risk.

Asset and liability management

The management of NAMA's assets and liabilities is achieved through the implementation of strategies which have been approved by the Board. NAMA is exposed to interest rate risk in managing loan facilities (predominately PAR debt) and liquid assets and to foreign exchange risk in managing foreign currency assets.

The Risk Management Committee and the Board have adopted a prudential liquidity policy which incorporates the maintenance of a minimum liquidity buffer or cash reserve. This buffer is kept under review in line with overall asset and liability management strategy.

Risk Oversight and Governance

Risk Management Committee

The Risk Management Committee, a subcommittee of the Board, oversees risk management and compliance throughout the Group. It reviews, on behalf of the Board, the key risks inherent in the business and ensures that an adequate risk management framework is in place to manage the Group's risk profile and its material exposures.

Audit Committee

The Audit Committee seeks to ensure compliance with financial reporting requirements. It reports to the Board on the effectiveness of control processes operating throughout the Group. It reports on the independence and integrity of the external and internal audit processes, the effectiveness of NAMA's internal control system and compliance with relevant legal, regulatory and taxation requirements by NAMA.

Credit Committee

The Credit Committee is responsible for making credit decisions within its delegated authority from the Board. These include inter alia the approval of debtor asset management/debt reduction strategies, debt compromises, advancement of new money, approval of asset/loan disposals, the setting and approval of repayment terms, property management decisions and decisions to take enforcement action where necessary. The Credit Committee also makes recommendations to the Board in relation to specific credit requests where authority rests with the Board and provides an oversight role in terms of key credit decisions made below the delegated authority level of the Credit Committee. It is also responsible for evaluating the overall credit framework and sectoral policies for ultimate Board approval. Finally, the Credit Committee reviews management information prepared by the CCO and CFO functions in respect of the NAMA portfolio.

Audit and Risk – Chief Financial Officer (CFO) Division

The Audit and Risk unit is part of the CFO division of NAMA and is responsible for the co-ordination and monitoring of internal and external audit. It is also responsible for the design and implementation of the NAMA Risk Management Framework, monitoring NAMA's principal risks and reporting to the Risk Management Committee on NAMA's risk profile. The management of the Group's counterparty credit risk on operational bank accounts is also performed by the Audit and Risk unit. The unit supports the NAMA CFO to ensure that NAMA operates within the Board approved risk limits and tolerances. The unit provides an independent assessment and challenge of the adequacy of the control environment, it coordinates the internal and external audit activities across NAMA, the Primary Servicer and Master Servicer and it monitors and reports to the Audit Committee and Board the progress in addressing actions highlighted in audit findings. The unit also supports the business in assessing their compliance with policies and procedures and provides advice where opportunities for enhanced control are identified.

NTMA Risk unit

The NTMA manages the Group's counterparty credit risk on certain transactions (eg any derivatives), in line with the Board's policy.

20. Risk management (continued)

20.1 Market risk

Market risk is the risk of a potential loss in the income or net worth of the Group arising from changes in interest rates, exchange rates or other market prices.

Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements, and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates. The Group is exposed to market risk on its loans and liquid assets. While the Group has in place a comprehensive set of risk management procedures to mitigate and control the impact of movements in interest rates, foreign exchange rates and other market risks to which it is exposed, it is difficult to predict accurately changes in economic or market conditions or to anticipate the precise effects that such changes could have on the Group.

The Group has made use of foreign currency derivatives to manage the currency profile of its assets and liabilities. At the reporting date, the Group held no foreign currency derivatives. Currency exposures are monitored on a weekly basis to ascertain the requirement for risk mitigation e.g. foreign currency derivatives.

20.2 Market risk management

Objective

The Group has in place effective systems and methodologies for the identification and measurement of market risks in its statement of financial position. These risks are then managed within strict limits and in the context of a conservative risk appetite that is consistent with the NAMA legislation.

Policies

The management of market risk within the Group is governed by market risk policies approved by the Risk Management Committee and the Board. The Board approves overall market risk tolerance and sets appropriate limits. NAMA's Audit and Risk unit provides oversight and is responsible for the monitoring of the limit framework within the context of limits approved by the Risk Management Committee and Board.

Risk mitigation

Risk mitigation involves the matching of asset and liability risk positions to the maximum extent practicable, and the use of derivatives to manage cash flow timing mismatch and interest rate sensitivity within the approved limit structure. The Group's Balance Sheet policies are designed to ensure a rigorous system of control is in place which includes prescribing a specific range of approved products and limits that cover all of the risk sensitivities associated with approved products. The Group provides reporting to the Risk Management Committee with detailed analysis of all significant risk positions and compliance with risk limits.

The Risk Management Committee reviews, approves and makes recommendations concerning the market risk profile and limits across the Group. The reporting produced by NAMA Audit & Risk includes analysis of all significant risk positions and compliance with risk limits.

20.3 Market risk measurement

20.3.1 Interest rate risk

The Group is exposed to interest rate risk on certain financial assets and liabilities. Effective systems have been put in place to monitor and mitigate such exposure.

The Group can employ risk sensitivities, risk factor stress testing and scenario analysis to monitor and manage interest rate risk. Risk sensitivities can be calculated by measuring an upward parallel shift in the yield curve to assess the impact of interest rate movements.

Information provided by the sensitivity analysis does not necessarily represent the actual change in fair value that the Group would incur under normal market conditions because, due to practical limitations, all variables other than the specific market risk factors are held constant. Changes in interest rates can also indirectly impact the value of collateral held by NAMA albeit the extent of this is difficult to measure.

The following tables summarise the Group's and the Agency's time-bucketed (defined by the earlier of contractual re-pricing or maturity date) exposure to interest rate re-set risk. It sets out, by time bucket, the assets and liabilities which can face interest rate re-setting.

20. Risk management (continued)

20.3 Market risk measurement (continued)

20.3.1 Interest rate risk (continued)

Interest rate risk Group 2022	0-12 months €'000	Non- interest bearing €'000	Total €'000
Financial assets			
Cash and cash equivalents	511,318	-	511,318
Debtor loans measured at FVTPL	526,602	-	526,602
Investments in equity instruments	-	17,049	17,049
Other assets	-	1,898	1,898
Total financial assets exposed to interest rate re-set	**1,037,920**	**18,947**	**1,056,867**
Financial liabilities			
Other liabilities	-	29,838	29,838
Total financial liabilities exposed to interest rate re-set	**-**	**29,838**	**29,838**

Interest rate risk Group 2021	0-12 months €'000	Non-interest bearing €'000	Total €'000
Financial assets			
Cash and cash equivalents	748,396	-	748,396
Debtor loans measured at FVTPL	714,861	-	714,861
Investments in equity instruments	-	21,879	21,879
Other assets	-	3,877	3,877
Total financial assets exposed to interest rate re-set	**1,463,257**	**25,756**	**1,489,013**

	0-12 months €'000	Non-interest bearing €'000	Total €'000
Financial liabilities			
Other liabilities	-	27,796	27,796
Total financial liabilities exposed to interest rate re-set	**-**	**27,796**	**27,796**

20. Risk management (continued)

20.3 Market risk measurement (continued)

20.3.1 Interest rate risk (continued)

Interest rate risk Agency 2022	0-12 months €'000	Non-interest bearing €'000	Total €'000
Financial assets			
Cash and cash equivalents	48	-	48
Intergroup loan measured at FVTPL	417,855	-	417,855
Investment in subsidiary	-	105,696	105,696
Other assets	-	13,897	13,897
Total financial assets exposed to interest rate re-set	**417,903**	**119,593**	**537,496**

	0-12 months €'000	Non-interest bearing €'000	Total €'000
Financial liabilities			
Interest bearing loans and borrowings	52,817	-	52,817
Other liabilities	-	16,442	16,442
Total financial liabilities exposed to interest rate re-set	**52,817**	**16,442**	**69,259**

Interest rate risk Agency 2021	0-12 months €'000	Non-interest bearing €'000	Total €'000
Financial assets			
Cash and cash equivalents	33	-	33
Intergroup loan measured at FVTPL	514,173	-	514,173
Investment in subsidiary	-	105,696	105,696
Other assets	-	15,666	15,666
Total financial assets exposed to interest rate re-set	**514,206**	**121,362**	**635,568**
Financial liabilities			
Interest bearing loans and borrowings	52,825	-	52,825
Other liabilities	-	17,946	17,946
Total financial liabilities exposed to interest rate re-set	**52,825**	**17,946**	**70,771**

20. Risk management (continued)

20.3 Market risk measurement (continued)

20.3.1 Interest rate risk (continued)

Interest rate risk sensitivity

The following table represents the interest rate sensitivity arising from a 50 basis point (bp) increase or decrease in interest rates across the curve, subject to a minimum interest rate of 0%. This risk is measured as the net present value (NPV) impact, on the statement of financial position, of that change in interest rates. This analysis shifts all interest rates for each currency and each maturity simultaneously by the same amount.

The interest rates for each currency are set as at 31 December 2022. The figures estimate the effect of a 50 bps move in interest rates on debtor loans and cash balances with the Central Bank of Ireland.

Interest rate sensitivity analysis – a 50bp move across the interest rate curve

	2022		2021	
	+50bp	**-50bp**	**+50bp**	**-50bp**
Group	€'000	€'000	€'000	€'000
EUR	(522)	522	(710)	710
GBP	(2)	2	(2)	2
USD	-	-	1	(1)

The Agency's financial assets and financial liabilities are interest rate insensitive apart from its cash balance with the Central Bank of Ireland.

20.3.2 Foreign exchange risk

The Group is exposed to the effects of fluctuations in foreign currency exchange rates, on the holding of foreign currency denominated loans and cash balances. The Group monitors on a regular basis the level of exposure by currency and whether there is a requirement to enter into hedges to mitigate these risks. At the reporting date, the Group held no foreign exchange derivatives.

The following table summarises the Group's exposure to foreign currency risk at 31 December 2022. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency. These tables take account of any relevant hedging instruments held which have the effect of reducing currency risk.

Group 2022	**USD €'000**	**GBP €'000**	**Total €'000**
Assets			
Cash and cash equivalents	111	262	**373**
Debtor loans measured at FVTPL	(359)	1,818	**1,459**
Net exposure to foreign currency risk	**(248)**	**2,080**	**1,832**

Group 2021	**USD €'000**	**GBP €'000**	**Total €'000**
Assets			
Cash and cash equivalents	55	1,060	**1,115**
Debtor loans measured at FVTPL	(897)	1,998	**1,101**
Net exposure to foreign currency risk	**(842)**	**3,058**	**2,216**

All of the Agency's assets and liabilities are stated in euro. Therefore, the Agency has no exposure to foreign currency risk.

20. Risk management (continued)

20.3 Market risk measurement (continued)

20.3.2 Foreign exchange risk (continued)

Exposure to foreign exchange risk - sensitivity analysis

A 10% strengthening of the euro against the following currencies at 31 December 2022 would have reduced/(increased) equity and profit before taxation by the amounts set out below. This analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening of the euro against the same currencies would have had the equal but opposite effect, on the basis that all other variables remain constant.

Group	2022 €'000	2021 €'000
GBP	(189)	(278)
USD	23	77

20.3.3 Other price risk

The Group is exposed to equity price risk arising from equity instruments. The fair value of equity instruments is measured based on the net asset value of the investment entity at the reporting date. Equity price risk is monitored through the review of net asset valuations, which are provided by the fund managers.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If the fair values of the equity investments held had been 10% higher/lower, profit before taxation for the financial year ended 31 December 2022 would increase/decrease by €1.7m (2021: €2.2m) as a result of the changes in fair value of NAMA's equity instruments, which are classified as fair value through profit or loss, in accordance with accounting policy 2.7.

The Agency is not exposed to other price risk.

21. Credit risk

Credit risk is the risk of incurring financial loss from the failure by debtors or market counterparties of the Group to fulfil contractual obligations to the Group taking account of the realisable value of collateral pledged as security for such obligations. NAMA's main credit risk arises from the repayment performance of its debtors and the ultimate value realisable from assets held as security.

NAMA is also exposed to concentration risk arising from exposures across its portfolio. Concentrations in particular portfolio sectors, such as property, can impact the overall level of credit risk.

The Group's debtor-related exposures arose from the acquisition of a substantial portfolio of loans secured mostly on property in the commercial and residential sector in Ireland and the UK, and to a lesser extent in Europe, the USA and the rest of the world. The remaining portfolio at 31 December 2022 is predominantly secured on property in Ireland. Credit risk also arises in relation to the Group's lending activities, which are undertaken in order to preserve or enhance value (including funding of the development of residential units) with the aim of achieving the maximum financial return for the State subject to acceptable risk. Undrawn loan commitments, guarantees and other financial assets also create credit risk.

Credit risk is the most significant risk to the Group's business. The Group therefore manages its exposure to credit risk. The credit risk arising from the original acquisition of the loan portfolio was mitigated as far as possible by the completion of an intensive property and legal due diligence process. This was designed to ensure that loans were properly valued in accordance with the statutory scheme that provided for their acquisition by the Group, such valuations being independently verified to the satisfaction of the relevant authorities. The credit risk arising from the Group's ongoing lending and credit risk management activities is mitigated by the Group's Policy and Procedures Framework.

Credit risk arises and is managed principally within the Chief Commercial Officer ('CCO') division of the Group.

21. Credit risk (continued)

Chief Commercial Officer Division

The CCO Division has structured its business to address the NAMA Board approved objectives focusing on cash generation and disposals, as well as asset value enhancement through active asset management which includes the funding of planning applications and residential and commercial development.

The Division drives financial return and fulfils NAMA's wider strategic objectives through working with debtors, receivers and institutional investment venture partners to identify, develop and manage assets where value can be added through judicious development and asset management strategies.

This division continues to be responsible for maximising recovery from real estate backed loans, through intensive management and phased deleveraging. In order to maximise recovery there is significant interaction with debtors/insolvency practitioners through intensive daily management, with an innovative and solutions based approach, employing a range of work-out methods including: setting and actively monitoring clear strategies, targets and milestones; minimising debtor, service provider and insolvency practitioner costs; securing and maximising income; optimising sales values through proactive asset management; providing additional capital expenditure where incremental value can be obtained or value protected and ultimately implementing an appropriate monetisation strategy such as loan sales, asset and portfolio sales. Regular assessment of asset sale versus asset hold options are carried out using, inter alia discounted cash flow analysis.

In order to implement the commercial development strategies NAMA holds minority shareholdings in certain investment vehicles in the Dublin Docklands and Poolbeg West SDZ (refer to Note 24).

In 2015 the NAMA Board agreed the objective to facilitate the delivery of 20,000 residential units on NAMA secured land subject to commercial viability and to maximise the number of sites that are ready for development. The Credit Approval process for achieving this residential delivery target is operated within the current Group Policy and Procedure Framework. In addition, a separate and dedicated Credit and Risk Team is in place to provide additional oversight of the application of lending policies, procedures and guidelines, attainment of commercial viability hurdles and delivery on cash flow assumptions in relation to all additional funding advanced. This is achieved through ongoing monitoring of development projects against approved budgets/cash flows. A key control within this area requires the division to modulate its funding of construction activity to ensure it is in line with actual sales volumes being achieved.

Policy and Procedures Framework

The overall objective of the Group's Policy and Procedures Governance Framework is to assist in implementing and maintaining an efficient and effective control environment.

Ultimate responsibility for the management of credit risk in the Group rests with the Board. Credit risk management and control is implemented by the CCO division as described above. Credit risk is reported to the Board and Credit Committee on a regular basis and the Framework is subject to a formal annual review.

The Group is responsible for managing loans, which have been acquired under the provisions of the NAMA Act. Loans acquired from Participating Institutions were grouped together and are managed on a connection basis.

The Group is required to make various credit decisions which are approved by the relevant NAMA Delegated Authority and which may involve new lending, the restructuring of loans or the taking of enforcement action. Specifically, a credit decision can arise out of any event that could materially change the underlying risk profile of an exposure or debtor connection, including:

- An application for credit, including the funding of residential developments by a debtor/insolvency practitioner;
- Approval of asset sales;
- Approval of pragmatic/commercial compromises or incentives in order to maximise NAMA's overall position;
- A proposed debtor or insolvency practitioner strategy;
- A proposed extension or amendment of terms for any or all of a debtor's exposures;
- A proposal to initiate insolvency or enforcement action;
- An asset management proposal for secured assets, e.g. approving new leases; and
- An action by a third party concerning a common debtor e.g. a non-participating institution/insolvency practitioner.

A number of debtors' NAMA-approved work-out strategies include possible commercial arrangements which are triggered when ambitious or 'stretch' financial and operational targets are met. In certain cases, if debtors achieve these stretch targets, they may retain a proportion of any excess income achieved above target levels. The objective of this is to ensure that debtors are motivated to extract maximum value from the workout and realisation of their assets. Improvement in Irish property market conditions since the end of 2013 has triggered payments or actions in a number of cases. Where appropriate, payment of development management fees is considered on a case-by-case basis as part of commercially viable residential development funding.

Credit risk is measured, assessed and controlled for all transactions or credit events that arise from the Group's acquisition of loans, and from the ongoing management of those loans.

21. Credit risk (continued)

21.1 Credit risk measurement

The Group applies the following measures of exposure:

Debtor Loan portfolio - credit exposure measurement

- Par debt exposure - the gross amount owed by the debtor, i.e. the total amounts due in accordance with the original contractual terms of acquired loans. The total Par debt acquired by the Group was €74bn. Total Par debt outstanding at the reporting date is €9.8bn (2021: €16.3bn).
- NAMA debt exposure - the acquisition amount paid by the Group (plus any new money lent by the Group, fair value changes and interest charge added, less cash payments received). The total consideration paid for loans and related derivatives acquired was €31.8bn. Total NAMA Debt at the reporting date is €0.5bn (2021: €0.7bn).

In accordance with Section 10 of the Act, NAMA is required to expeditiously obtain the best achievable financial return for the State having regard to Par debt, acquisition cost, any costs as a result of dealing with the assets, its cost of capital and other costs. These are the fundamental measures upon which credit and case strategy decisions will be made. They are also the basis for determining the appropriate Delegated Authority level for credit decisions made by the Group. NAMA monitors Par and NAMA debt exposure in parallel and uses them in support of all credit decisions.

Concentration risk

Concentration risk arises where any single exposure or group of exposures, based on common risk characteristics, has the potential to produce losses large enough relative to the Group's capital, total assets, earnings or overall risk level to threaten its ability to deliver its core objectives.

The Group manages its exposure to risk through the Group's risk appetite statement and monitors exposures to prevent excess concentration of risk. As NAMA has monetised its portfolio the number of debtor connections has reduced over time and the debtor loan portfolio has become more concentrated. Individual debtor and asset strategies are set to manage these exposures while the Credit Committee also conducts a bi-annual review of NAMA's top debtor strategies (top debtors are comprised of the Top 10 connections in terms of total remaining NAMA debt).

Concentration risk to divisions and sectors, and movements in such concentrations are monitored regularly to prevent excessive concentration of risk, and to provide early warning for potential excesses. These measures facilitate the measurement of concentrations within the Group and in turn facilitate appropriate management action and decision making.

21.2 Credit risk assessment

Credit risk assessment focuses on debtor and counter party repayment capacity and all credit enhancements available, including security. Loans and advances to debtors are collateralised principally by charges over real estate assets, other assets, liens on cash deposits, and are supplemented in certain cases by personal and corporate guarantees.

The Group relied initially on the valuations placed on existing security and recourse attached to loans acquired as part of the acquisition process. In addition, the Group seeks to ensure that an appropriate, up-to-date assessment of value of any additional forms of security or recourse are included in the assessment of debtor's and insolvency practioner's new credit proposal. An updated assessment of existing security value may also be part of that process.

A key consideration in advancing funding is whether or not the debtor's or insolvency practitioner's credit proposal is value enhancing in terms of its potential ability to maximise capacity to repay debt rather than disposal of assets on an "as is" basis.

In determining additional or alternative forms of security or recourse, the Group may commission personal asset assessments of a debtor to identify any security or recourse that may be available to protect the Group's interests.

21.3 Credit risk control

The Group has a defined Policy and Procedures Framework which sets out authority levels for permitted credit decisions and credit limits, as well as credit risk monitoring and reporting.

The Policy and Procedures Framework sets out the permitted decision making and credit limits, for example relating to:

- The approval of Debtor and Insolvency Practitioner work-out strategies and Strategic Credit Reviews;
- The approval of new lending;
- Loan restructuring or renegotiation where no additional debt is provided;
- Enforcement action being taken by the Group;
- Sales of assets/loans;
- Property and asset management requirements; and
- Debtor and third party costs required to implement approved work-out strategies.

21. Credit risk (continued)

21.3 Credit risk control (continued)

The level of approval required for credit decisions is determined by reference to the total amount of the debtor's outstanding debt balance, the fair value of the loans and the level of additional funding being sought by reference to NAMA's Delegated Authority Policy.

Credit decisions are approved by one or more of the following within a cascading level of approved delegated authority:

- Panel A Delegated Authority Policy holders;
- Panel B Delegated Authority Policy holders;
- Senior Divisional Manager;
- Divisional Head (or Deputy Head);
- CEO and Head of Division (or Deputy Head);
- Credit Committee;
- Board.

Oversight of the compliance with the Delegated Authority Policy is coordinated by the Business Management Team and oversight reviews are undertaken by independent reviewers including the internal audit function.

Specific control and mitigation measures adopted by the Group are outlined below:

(a) Cash Management

Management of cash within a debtor connection is a key control with the aim of ensuring that overheads, working capital or development capital expenditure payments are appropriate and verified so that potential cash leakage is eliminated. The full visibility of all rental/trading income and asset sales income including income derived from completed NAMA funded residential units is also required.

(b) Collateral

Loans and advances to debtors and insolvency practitioners are collateralised principally by charges over real estate assets, other assets, liens on cash deposits, and are supplemented in certain cases by personal and corporate guarantees.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of first fixed charge security typically over real estate assets in respect of any working or development capital advanced.

The principal collateral types acceptable for credit risk mitigation of loans are:

- Mortgages over various land and properties;
- Floating charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities;
- Charges over bank deposits including sales receipts accounts for Debtors who avail of approved residential development funding.

21.4 Maximum exposure to credit risk - before collateral held or other credit enhancements

The following table sets out the maximum exposure to credit risk for financial assets with credit risk at 31 December 2022, taking no account of collateral or other credit enhancements held. Exposures are based on the net carrying amounts as reported in the Group's Statement of financial position.

Group	*Note*	**Maximum exposure 2022 €'000**	**Maximum exposure 2021 €'000**
Cash and cash equivalents		511,318	748,396
Debtor loans measured at FVTPL		526,602	714,861
Other assets		1,898	3,877
Investments in equity instruments		17,049	21,879
Total assets		**1,056,867**	**1,489,013**
Loan commitments	*22.3*	145,246	139,897
Total maximum exposure		**1,202,113**	**1,628,910**

21. Credit risk (continued)

21.4 Maximum exposure to credit risk - before collateral held or other credit enhancements (continued)

Agency	Maximum exposure 2022 €'000	Maximum exposure 2021 €'000
Cash and cash equivalents	48	33
Intergroup loan at FVTPL	417,855	514,173
Investments in subsidiaries	105,696	105,696
Other assets	13,897	15,666
Total maximum exposure	**537,496**	**635,568**

21.5 Information regarding the credit quality of debtor loans and other financial instruments

(a) Debtor loans

The Group has implemented a grading policy to provide a risk profile of NAMA's portfolio which applies to all debtors. NAMA's credit grade scale seeks to assign a measure of the risk to the recovery of a financial asset and is based on two dimensions with nine possible grades expressed as a combination of a number and letter 1A, 3B etc.

- The first dimension (scale 1, 2, 3) measures the quality of the underlying assets acquired and the expectation for debt recovery relative to the NAMA debt.
- The second dimension (scale A, B, C) rates the level of debtor performance and cooperation by measuring the achievement of financial and non-financial milestones that have been agreed through the debtor engagement process.

The possible grade outcomes can be summarised into the following categories:

- Satisfactory: Connection deemed to be co-operating with NAMA with agreed milestones being achieved
- Watch: Connection requires closer monitoring with evidence of actual/potential milestone slippage
- Other: Connection has had milestone slippage and/or has an insolvency practitioner appointed

The following table sets out the distribution of debtor loans measured at FVTPL based on the 3 possible grade outcomes at year end.

	2022 €'000	2021 €'000
Satisfactory	121,114	60,976
Watch	329,601	409,506
Other	75,887	244,379
Debtor loans	**526,602**	**714,861**

The change in fair value of debtor loans is attributable to changes in credit risk associated with the underlying debtors and secured collateral. The change in portfolio value is due to monetisation of debtor loans during the period.

All the assets of the Agency are inter-group assets and are current.

(b) Other financial instruments amounts

The credit quality of the following financial instrument amounts at the reporting date have been graded satisfactory.

- Cash and cash equivalents
- Investments in equity instruments
- Other assets

Default occurs when a counterparty does not meet its obligations.

Cash and cash equivalents are held with central banks and other banks/counterparties which have a very low risk of default and a low credit risk profile. All banks/counterparties are rated investment grade by credit rating agencies at 31 December 2022 (2021: investment grade).

21. Credit risk (continued)

21.6 Geographical reporting

The following table analyses the Group's main credit exposures at their carrying amounts, with debtor loans and investments in equity instruments based on the location of collateral securing them and all other assets based on the location of the asset.

Geographical reporting 2022 Group	Ireland excluding Northern Ireland €'000	UK including Northern Ireland €'000	Rest of World €'000	Total €'000
Debtor loans measured at FVTPL				
– Land and development	408,833	1,622	-	410,455
– Investment property	114,411	-	1,736	116,147
Total debtor loans	**523,244**	**1,622**	**1,736**	**526,602**
Cash and cash equivalents	511,318	-	-	511,318
Other assets	1,898	-	-	1,898
Investments in equity instruments	17,049	-	-	17,049
Total assets	**1,053,509**	**1,622**	**1,736**	**1,056,867**

Geographical reporting 2021 Group	Ireland excluding Northern Ireland €'000	UK including Northern Ireland €'000	Rest of World €'000	Total €'000
Debtor loans measured at FVTPL				
– Land and development	471,924	1,373	-	473,297
– Investment property	240,264	45	1,255	241,564
Total debtor loans	**712,188**	**1,418**	**1,255**	**714,861**
Cash and cash equivalents	748,396	-	-	748,396
Other assets	3,877	-	-	3,877
Investments in equity instruments	21,879	-	-	21,879
Total assets	**1,486,340**	**1,418**	**1,255**	**1,489,013**

The Agency's statement of financial position comprises inter-group assets in respect of the reimbursement of administration expenses from the Group, therefore all of the assets exposed to credit risk in the Agency are located in Ireland.

22. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet all of its financial obligations as and when they fall due. Liquidity risk arises from differences in timing between cash inflows and outflows.

22. Liquidity risk (continued)

22.1 Liquidity risk management process

The Group's liquidity risk management process as carried out within the Group includes:

- Management of NAMA's day-to-day liquidity and funding requirements so as to ensure that it will meet all obligations as they fall due: these include future lending commitments, interest on liabilities, lease liabilities, day-to-day operating costs, fees and expenses.
- Asset and Liability management; by monitoring the maturity profile within the Group's statement of financial position to ensure that sufficient cash resources are retained and/or funding established where mismatches are likely to occur, thereby minimising the impact of liquidity outflows.

Monitoring and reporting takes the form of cash flow measurement and projections for periods of one week to one year with the planning process covering periods beyond one year. The NAMA Finance unit independently produces liquidity forecasts that are provided to the Risk Management Committee and Board.

In 2022 and 2021, the key liquidity risk for the Group is the settlement of other liabilities and lease liabilities.

22.2 Non-derivative cash flows

The following table presents the cash flows payable by the Group and the Agency on foot of non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows Group 31 December 2022	**0-6 months €'000**	**Greater than 6 months €'000**	**Total €'000**
Liabilities			
Other liabilities	25,988	3,850	29,838
Assets held for managing liquidity risk	**511,318**	**-**	**511,318**

Non-derivative cash flows Group 31 December 2021	**0-6 months €'000**	**Greater than 6 months €'000**	**Total €'000**
Liabilities			
Other liabilities	22,776	5,020	27,796
Assets held for managing liquidity risk	**748,396**	**-**	**748,396**

Non-derivative cash flows Agency 31 December 2022	**0-6 months €'000**	**Greater than 6 months €'000**	**Total €'000**
Liabilities			
Interest bearing loans and borrowings	52,817	-	52,817
Other liabilities	16,442	-	16,442
Total liabilities	**69,259**	**-**	**69,259**
Assets held for managing liquidity risk	**48**	**-**	**48**

Non-derivative cash flows Agency 31 December 2021	**0-6 months €'000**	**Greater than 6 months €'000**	**Total €'000**
Liabilities			
Interest bearing loans and borrowings	52,825	-	52,825
Other liabilities	17,946	-	17,946
Total liabilities	**70,771**	**-**	**70,771**
Assets held for managing liquidity risk	**33**	**-**	**33**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and cash equivalents. Assets held for managing liquidity risk do not take into account debtor loan balances which are on-demand.

22. Liquidity risk (continued)

22.3 Loan commitments

The dates of the contractual amounts of the Group's financial instruments that commit it to extend credit to customers and other credit facilities are summarised in the following table.

Group Commitments to lend	No later than 1 year €'000	1-5 years €'000	Total €'000
31 December 2022	64,254	80,992	145,246
31 December 2021	68,606	71,291	139,897

The Agency has no commitments to extend credit.

23. Fair value of assets and liabilities

(a) Comparison of carrying value to fair value

The following table summarises the carrying amounts and fair values of financial assets and liabilities presented in the Group and Agency's statement of financial position.

Group	2022 Carrying value €'000	2022 Fair value €'000	2021 Carrying value €'000	2021 Fair value €'000
Financial assets				
Cash and cash equivalents	511,318	511,318	748,396	748,396
Debtor loans measured at FVTPL	526,602	526,602	714,861	714,861
Other assets	1,898	1,898	3,877	3,877
Investments in equity instruments	17,049	17,049	21,879	21,879
Total assets	**1,056,867**	**1,056,867**	**1,489,013**	**1,489,013**

Group	2022 Carrying value €'000	2022 Fair value €'000	2021 Carrying value €'000	2021 Fair value €'000
Financial liabilities				
Other liabilities	29,838	29,838	27,796	27,796
Total liabilities	**29,838**	**29,838**	**27,796**	**27,796**

Agency	2022 Carrying value €'000	2022 Fair value €'000	2021 Carrying value €'000	2021 Fair value €'000
Financial assets				
Cash and cash equivalents	48	48	33	33
Intergroup loan measured at FVTPL	417,855	417,855	514,173	514,173
Other assets	13,897	13,897	15,666	15,666
Investment in subsidiaries	105,696	105,696	105,696	105,696
Total assets	**537,496**	**537,496**	**635,568**	**635,568**

23. Fair value of assets and liabilities (continued)

(a) Comparison of carrying value to fair value (continued)

Agency	2022 Carrying value €'000	2022 Fair value €'000	2021 Carrying value €'000	2021 Fair value €'000
Financial liabilities				
Interest bearing loans and borrowings	52,817	52,817	52,825	52,825
Other liabilities	16,442	16,442	17,946	17,946
Total liabilities	**69,259**	**69,259**	**70,771**	**70,771**

Financial assets and liabilities not subsequently measured at fair value

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their fair value is their carrying amount due to their short term nature.

(b) Fair value hierarchy

IFRS 13 Fair Value Measurement specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect assumptions that are specific to the asset and are not necessarily based on observable market data. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes government bonds were quoted market prices are available.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes OTC derivative contracts. The sources of input parameters use the standard Euribor yield curve.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components. The fair value of equity investments is based on the asset value of the underlying companies. The asset values of the underlying companies are primarily derived from the fair value of the underlying properties. The fair value is calculated using a residual valuation approach and market evidence of comparable transactions. The significant unobservable component used for valuation is asset values. This level also includes debtor loans measured at FVTPL. The valuation methodology for debtor loans measured at FVTPL is to estimate the expected cash flows to be generated by the financial asset and then discount these values back to a present value. The assumptions involved in this technique include:
  - determining suitable stratifications for the portfolio to segment assets with similar risk characteristics (2022 and 2021: Deleveraging Land & Development, Deleveraging Residential, Deleveraging Commercial, Deleveraging NRE, L&D Core Active, L&D Core Not Active);
  - the likelihood and expected timing of future cash flows; and
  - selecting an appropriate discount rate for the financial asset or group of financial assets, based on management's assessment of the characteristics of the instrument and relevant market information. Discount rates for 2022 and 2021 range from 8% to 12% for debtor loans and 15% for certain shareholder loans.

  This level also includes investment properties. The fair value of investment properties was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the categories of properties being valued. The valuer utilised the investment method of valuation using the discounted cash flow technique. The assumptions involved in this technique include:
  - determining the likelihood of purchase options being exercised;
  - selecting an appropriate exit yield rate based on factors including location and residential unit type. Yield rates range from 3.9% to 7.4% (2021: 3.75% to 7.25%); and
  - determining discounted expected rent cash flows based on expected growth rates for CPI sub-indices, gross to net percentages for operation costs and a discount rate.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Notes to the Financial Statements (continued)

23. Fair value of assets and liabilities (continued)

(b) Fair value hierarchy (continued)

Fair value hierarchy for assets and liabilities measured at fair value

Group 31 December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Debtor loans measured at FVTPL	-	-	526,602	526,602
Investments in equity instruments	-	-	17,049	17,049
Investment properties	-	-	325,000	325,000
Total assets	**-**	**-**	**868,651**	**868,651**

Group 31 December 2021	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Debtor loans measured at FVTPL	-	-	714,861	714,861
Investments in equity instruments	-	-	21,879	21,879
Investment properties	-	-	314,000	314,000
Total assets	**-**	**-**	**1,050,740**	**1,050,740**

Agency 31 December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Intergroup loan measured at FVTPL	-	-	417,855	417,855
Total assets	**-**	**-**	**417,855**	**417,855**

Agency 31 December 2021	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Intergroup loan measured at FVTPL	-	-	514,173	514,173
Total assets	**-**	**-**	**514,173**	**514,173**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period). The Group's policy is to recognise transfers into and out of the fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer. There were no transfers between hierarchy levels during 2022 and 2021.

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 1.

None of the assets and liabilities of the Agency are carried at fair value apart from the intergroup loan measured at fair value through profit or loss.

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

23. Fair value of assets and liabilities (continued)

(b) Fair value hierarchy (continued)

Group **Investments in equity instruments**	Note	2022 €'000	2021 €'000
Balance as at 1 January		21,879	13,381
Additional investments		1,907	1,849
Disposal of investments		(5,987)	(1,052)
Fair value movements	9	(750)	7,701
Balance as at 31 December		**17,049**	**21,879**

Group **Debtor loans measured at FVTPL**	Note	2022 €'000	2021 €'000
Balance as at 1 January		714,861	850,081
Receipts on debtor loans measured at FVTPL		(474,663)	(449,152)
Advances to borrowers		186,842	192,178
Foreign exchange (losses)/gains on debtor loans measured at FVTPL	14	(128)	194
Other movements on debtor loans measured at FVTPL		(2,073)	(61,268)
Profit on disposal and refinancing of debtor loans measured at FVTPL	10	1,795	1,845
Fair value gains on debtor loans measured at FVTPL	4	99,968	180,983
Balance as at 31 December		**526,602**	**714,861**

Group **Investment properties**	Note	2022 €'000	2021 €'000
Balance as at 1 January		314,000	292,001
Costs incurred on investment properties		710	33
Disposal of investment properties		-	(502)
Fair value movements	5	10,290	22,468
Balance as at 31 December		**325,000**	**314,000**

Agency **Intergroup loan at FVTPL**	Note	2022 €'000	2021 €'000
Balance as at 1 January		514,173	1,479,893
Repayment of intergroup loan (non-cash)		(500,000)	(1,000,000)
Interest income on intergroup loan measured at FVTPL	4	403,682	34,280
Balance as at 31 December		**417,855**	**514,173**

23. Fair value of assets and liabilities (continued)

(b) Fair value hierarchy (continued)

Quantitative information about fair value measurements (Level 3)

Level 3 assets	Valuation technique	Unobservable input	Fair value 31 December 2022 €'000	Fair value 31 December 2021 €'000
Investments in equity instruments	Residual valuation approach	1) Asset value	17,049	21,879
Debtor loans	Discounted cash flow	1) Portfolio Stratification 2) Timing of cash flows 3) Collateral values 4) Discount rates	526,602	714,861
Investment properties	Discounted cash flow	1) Yield rates 2) Growth rates 3) Gross to net percentage for operating cost 4) Exercise of purchase options 5) Discount rate	325,000	314,000

The intergroup loan on the Agency is repayable on demand so the par value is its fair value.

Sensitivity of Level 3 measurements

The implementation of valuation techniques involves a considerable degree of judgement. The sensitivity analysis has been determined based on the exposure to possible alternative assumptions in the valuation methodology at the end of the reporting period. The fair value of investment properties would change if any of the unobservable inputs were to change. It is considered that a 10% increase in the net asset value of equity investment would result in a 10% increase in fair value.

The sensitivity analysis for debtor loans measured at FVTPL is set out below.

The following table shows an estimate of the impact of changes in collateral values on fair value of debtor loans.

31 December 2022 Sector	+/-1% €m	+/-3% €m	+/-5% €m
Land and Development	+/- 4	+/- 12	+/- 21
Investment Property	+/- 1	+/- 4	+/- 6
Total	**+/- 5**	**+/- 16**	**+/- 27**

31 December 2021 Sector	+/-1% €m	+/-3% €m	+/-5% €m
Land and Development	+/- 4	+/- 13	+/- 22
Investment Property	+/- 3	+/- 8	+/- 14
Total	**+/- 7**	**+/- 21**	**+/- 36**

23. Fair value of assets and liabilities (continued)

(b) Fair value hierarchy (continued)

Sensitivity of Level 3 measurements (continued)

The following table shows an estimate of the impact of changes in discount factors on fair value of debtor loans.

31 December 2022 Sector	- 5% €m	- 3% €m	- 1% €m	+1% €m	+3% €m	+5% €m
Land and Development	30	18	6	(6)	(17)	(27)
Investment Property	6	4	1	(1)	(3)	(6)
Total	**36**	**22**	**7**	**(7)**	**(20)**	**(33)**

31 December 2021 Sector	- 5% €m	- 3% €m	- 1% €m	+1% €m	+3% €m	+5% €m
Land and Development	37	21	7	(7)	(20)	(32)
Investment Property	12	7	2	(2)	(7)	(11)
Total	**49**	**28**	**9**	**(9)**	**(27)**	**(43)**

The following table shows an estimate of the impact of changes in timing of cash flows on fair value of debtor loans.

31 December 2022 Sector	+6 months €m	+3 months €m	- 3 months €m
Land and Development	(19)	(10)	10
Investment Property	(6)	(3)	3
Total	**(25)**	**(13)**	**13**

31 December 2021 Sector	+6 months €m	+3 months €m	- 3 months €m
Land and Development	(21)	(10)	11
Investment Property	(14)	(7)	7
Total	**(35)**	**(17)**	**18**

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Amortised cost
- Fair value through profit or loss (FVTPL)

Financial assets Group 31 December 2022	Amortised Cost €'000	FVTPL €'000
Cash and cash equivalents	511,318	-
Debtor loans	-	526,602
Investments in equity instruments	-	17,049
Other assets	1,898	-

Financial liabilities Group 31 December 2022	Amortised Cost €'000	FVTPL €'000
Other liabilities	29,838	-

23. Fair value of assets and liabilities (continued)

(b) Fair value hierarchy (continued)

Categories of financial assets and financial liabilities (continued)

Financial assets Group 31 December 2021	Amortised Cost €'000	FVTPL €'000
Cash and cash equivalents	748,396	-
Debtor loans	-	714,861
Investments in equity instruments	-	21,879
Other assets	3,877	-

Financial liabilities Group 31 December 2021	Amortised Cost €'000	FVTPL €'000
Other liabilities	27,796	-

Financial assets Agency 31 December 2022	Amortised Cost €'000	FVTPL €'000
Cash and cash equivalents	48	-
Intergroup loan	-	417,855
Other assets	13,897	-

Financial liabilities Agency 31 December 2022	Amortised Cost €'000	FVTPL €'000
Interest bearing loans and borrowings	52,817	-
Other liabilities	16,442	-

Financial assets Agency 31 December 2021	Amortised Cost €'000	FVTPL €'000
Cash and cash equivalents	33	-
Intergroup loan	-	514,173
Other assets	15,666	-

Financial liabilities Agency 31 December 2021	Amortised Cost €'000	FVTPL €'000
Interest bearing loans and borrowings	52,825	-
Other liabilities	17,946	-

24. Investments in equity instruments

Group	2022 €'000	2021 €'000
Financial assets at fair value through profit or loss	**17,049**	**21,879**

The Group may invest in equity instruments to maximise value and to facilitate the effective delivery of commercial or residential developments. The movement in investments is a combination of fair value movements, redemptions and acquisitions. Fair value movements are primarily driven by movements in the asset value of the underlying funds/companies and the expected timing of proceeds from them.

The Agency held no investments in equity instruments.

25. Deferred tax

Deferred 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 taxes relate to the same fiscal authority.

Deferred tax assets and liabilities are attributable to the following items:

Group	Deferred tax Assets €'000	Deferred tax Liabilities €'000	Deferred tax on IFRS 9 transition adjustment €'000	Total €'000
Balance at 1 January 2022	**1,137**	**(3,136)**	**(4,239)**	**(6,238)**
Movement in the financial year	(656)	518	4,239	4,101
Balance at 31 December 2022	**481**	**(2,618)**	**-**	**(2,137)**
Balance at 1 January 2021	**1,338**	**(1,674)**	**(8,476)**	**(8,812)**
Movement in the financial year	(201)	(1,462)	4,237	2,574
Balance at 31 December 2021	**1,137**	**(3,136)**	**(4,239)**	**(6,238)**

Movement in deferred tax recognised

Group	*Note*	2022 €'000	2021 €'000
Movement in deferred tax recognised in the statement of comprehensive income (excluding IFRS 9 transitional adjustment)	*15*	(138)	(1,663)
Movement in deferred tax recognised in the statement of comprehensive income for IFRS 9 transitional adjustment	*15*	4,239	4,237
Total movement in deferred tax in the financial year		**4,101**	**2,574**

The Agency has no deferred tax assets or liabilities. A net deferred tax liability of €2.1m (2021: €6.3m) has been recognised in relation to equity investments and transitional adjustments. In accordance with accounting standards, deferred tax is recognised where the corresponding entry is accounted for in the statement of comprehensive income or in other comprehensive income. With effect from 1 July 2017, any unrealised fair value movements in the derivatives and equity investments held on trading account will no longer be subject to deferred tax as the tax treatment will follow the accounting treatment. Transitional adjustments relating to previous unrealised fair value movements will be brought into the charge to tax over a period of 5 years (or earlier where appropriate). This completed at the end of 2021. A transitional adjustment has also been recognised on the fair value adjustment to retained earnings following the Group's adoption of IFRS 9. These transitional adjustments are recognised as a charge to the statement of comprehensive income over a five year period following the initial adoption of IFRS 9 which completed at the reporting date.

26. Other assets

Group	2022 €'000	2021 €'000
Interest receivable on cash and cash equivalents	267	-
Tax prepaid	6,428	3,618
Prepayments	864	1,045
Deferred costs	16	-
Right of use asset	3,863	5,694
Other assets	1,631	1,332
Other receivables	-	2,545
Total other assets	**13,069**	**14,234**

All other assets apart from the Right of use asset in the Group are current assets.

26. Other assets (continued)

The Group has recognised a right of use asset for the lease of certain assets in Treasury Dock. In May 2021, NAMA exercised the option to extend the leases of certain floors in Treasury Dock until the end of 2025. The cost of the right of use asset was increased by €4.3m for the lease extensions. In May 2022, the lease of a certain floor expired. The right of use asset for this floor was fully depreciated.

	Office Space	
Group	**2022 €'000**	**2021 €'000**
Cost		
Balance at 1 January	13,467	9,187
Remeasurement due to exercise of lease extension	(1)	4,280
Adjustment for cost of expired lease	(3,407)	-
Balance at 31 December	**10,059**	**13,467**
Depreciation		
Balance at 1 January	(7,773)	(5,519)
Depreciation charge for the year	(1,830)	(2,254)
Adjustment for depreciation on expired lease	3,407	-
Balance at 31 December	**(6,196)**	**(7,773)**
Carrying value at 31 December	**3,863**	**5,694**

Agency	**2022 €'000**	**2021 €'000**
Costs reimbursable from NALM	**13,897**	**15,666**

All other assets of the Agency are current assets.

27. Other liabilities

Group	**2022 €'000**	**2021 €'000**
Interest payable on cash and cash equivalents	-	125
Accrued expenses	23,335	22,053
VAT payable	2,244	74
Other liabilities	409	524
Lease liabilities	3,850	5,020
Total other liabilities	**29,838**	**27,796**

All other liabilities apart from lease liabilities of the Group are current liabilities. Other liabilities include €0.1m (2021: €0.2m) for a provision for the expected costs associated with the calculation of interest on certain debtor loans.

The Group holds leases in respect of space in Treasury Dock.

27. Other liabilities (continued)

Changes in liabilities arising from financing activities

Group	Lease liabilities 2022 €'000	2021 €'000
As at 1 January	**5,020**	**2,612**
Cash flows		
– Payment of lease liabilities	(1,173)	(1,893)
Non-cash changes	3	4,301
At the end of the year	**3,850**	**5,020**

Agency	2022 €'000	2021 €'000
Amounts due to the NTMA	5,991	7,760
Amounts due to Group entities	10,420	10,150
Other liabilities	31	36
Total other liabilities	**16,442**	**17,946**

All other liabilities in the Agency are current liabilities.

28. Tax payable

Group	2022 €'000	2021 €'000
Professional services withholding tax and other taxes payable	**917**	**606**

29. Commitments and contingent liabilities

(a) Contingent liabilities

At the reporting date, NAMA is party to a number of on-going legal cases, as part of its ordinary course of business. The possible outflow of economic resources cannot be reliably estimated and therefore no further disclosure is being made.

The Group has issued guarantees and letters of comfort at the reporting date but as the possible outflow of economic resources cannot be reliably estimated no further disclosure is being made.

(b) Commitments

The undrawn loan commitments of the Group at the reporting date are set out in Note 22.3.

The Group holds leases with the NTMA for occupancy of Treasury Dock with an initial 4 year term which commenced in May 2018. These leases can be terminated with 12 months advance notice during the lease term. In May 2021, NAMA exercised the option to extend the leases of certain floors in Treasury Dock until the end of 2025. The future minimum lease payments are set out in the following tables:

Group	2022 €'000	2021 €'000
Less than one year	1,185	1,469
Between one and five years	2,370	3,555
Total future minimum lease payments	**3,555**	**5,024**

29. Commitments and contingent liabilities (continued)

Other operating leases

Future minimum operating lease rental receipts relating to the investment properties owned by the Group are set out in the following table:

Group	2022 €'000	2021 €'000
Less than one year	15,783	14,420
Between one and five years	63,132	57,678
More than five years	141,331	145,488
Total future minimum operating lease receipts	**220,246**	**217,586**

Operating lease receivables comprise leases held by NARPS.

Operating leases in NARPS relate to the investment properties owned by the Company with lease terms of 20 years and 9 months at origination. Lessees have an option to purchase the units of property at the open market value of the property, discounted by 10%, for a period of 6 months commencing on the fourteenth year of the lease term. NARPS is responsible for the structural repair of any damage to the investment properties which has not been caused by the lessee or sub-lessee.

The Agency has no future minimum operating lease rental receipts.

30. Interest bearing loans and borrowings

Agency	2022 €'000	2021 €'000
Loan due to NALM and related interest	**52,817**	**52,825**

On 25 February 2011, NALM, a Group entity, issued an interest bearing loan of €52m to NAMA. The purpose of the loan was to provide funding from the Group to NAMA to repay a loan of €49m and accrued interest to the Central Fund. Interest is based on the 6 month Euribor rate. The loan term is extended annually on 25 February unless terminated as agreed between the parties. The Group has no external loans or borrowings.

Due to the 6 month Euribor rate being negative for part of the year, net negative interest of €8k (2021: €0.27m) was recognised by the Agency on the loan (refer to Note 6).

During the year ended 31 December 2022, there was no changes on Agency liabilities arising from financing activities (2021: €Nil).

31. Reconciliation of reserves

Group	2022 €'000	2021 €'000
Retained earnings		
At 1 January	1,778,830	2,583,578
Profit for the financial year	81,416	195,252
Transfer of surplus to the Exchequer	(500,000)	(1,000,000)
At 31 December	**1,360,246**	**1,778,830**

Agency	2022 €'000	2021 €'000
Retained earnings		
At 1 January	564,797	1,530,495
Profit for the financial year	403,440	34,302
Transfer of surplus to the Exchequer	(500,000)	(1,000,000)
At 31 December	**468,237**	**564,797**

By the end of 2022 NAMA had transferred €3.5 billion of its projected €4.5 billion Lifetime Surplus to the Exchequer. During 2022, NAMA made payments totalling €0.5bn (2021: €1bn) to the Exchequer.

32. Shares and investments in group undertakings

32.1 Subsidiaries

The NAMA Group structure is set out in Note 1 to the Financial Statements. The subsidiary undertakings and percentage ownership of NAMA in those subsidiaries are as follows:

Group Subsidiary	Percentage ownership	Percentage voting rights	Principal Activity	Country of incorporation
National Asset Management Agency Investment D.A.C.	100%	100%	Holding company and lending	Ireland
National Asset Management D.A.C.	100%	100%	Debt issuance	Ireland
National Asset Management Group Services D.A.C.	100%	100%	Holding company, securitisation and asset management	Ireland
National Asset Loan Management D.A.C.	100%	100%	Asset management	Ireland
National Asset North Quay D.A.C.	100%	100%	Acquisition of certain property assets in settlement of debt owed to NAMA	Ireland
National Asset Property Management D.A.C.	100%	100%	Real estate	Ireland
National Asset Management Services D.A.C.	100%	100%	Holding company for shareholding in a general partnership	Ireland
National Asset JV A D.A.C.	100%	100%	Investments	Ireland
National Asset Residential Property Services D.A.C.	100%	100%	Provision of residential properties for the purposes of social housing	Ireland
National Asset Leisure Holdings Limited (in Voluntary Liquidation)	100%	100%	Holding company	Ireland

At the reporting date, all subsidiaries have their registered offices in Treasury Dock, North Wall Quay, Dublin 1.

On 27 September 2022, NAMGS authorised NAMS to make an application to the Registrar of Companies to voluntarily strike off NAMS. On 28 December 2022, the strike off notice for NAMS was published in the Companies Registration Office (CRO) Gazette. On 3 April 2023, the voluntary strike off completed and NAMS was dissolved.

32.2 Investment in subsidiaries

Agency	2022 €'000	2021 €'000
100,000,000 shares in NAMAI	**105,696**	**105,696**

In 2010, the Agency made an investment of €49m in NAMAI. On 26 May 2020, the Agency exercised its option to purchase the private investors' 51% shareholding in NAMAI for €56.1m being €51m of their investment plus a capped return of 10%.

The Agency has considered whether there is evidence of the existence of impairment of its investment in NAMAI under IAS 36 Impairment of Assets. The Agency is satisfied that there are no indicators of impairment.

32.3 Details of non-consolidated subsidiaries

National Asset Leisure Holdings Limited (in Voluntary Liquidation)

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

The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into liquidation on 18 December 2014. The control of NALHL (in Voluntary Liquidation) is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation). On 17 November 2022, RLHC and RLHC II were both liquidated. There was no change during 2022 or 2021 in the status of NALHL (in Voluntary Liquidation).

As the liquidator has assumed the rights of the shareholder and now controls NALHL (in Voluntary Liquidation), NALHL (in Voluntary Liquidation) and its subsidiaries, RLHC and RLHC II, are not consolidated into the results of the NAMA Group.

NAMA received dividends of €200k from NALHL (in Voluntary Liqudiation) during 2022 (2021: €550k).

See Note 34.6 for details of the assets held by NALHL.

33. Related party disclosures

The related parties of the Group comprise the following:

Subsidiaries

Details of the interests held in NAMA's subsidiaries are given in Notes 1 and 32 to the financial statements.

NTMA

The NTMA provides staff, finance, communication, technology, risk and human resources services to NAMA. The costs incurred by the NTMA are charged to NAMA (the Agency) on an actual cost basis and the Agency is reimbursed by the Group. The total of these costs for the year was €24.2m (2021: €29.5m), with a closing payable balance to the NTMA of €6.0m at end-2022 (2021: €7.8m). Further details in respect of these costs are disclosed in Note 13. The Group acquires Exchequer Note investments that are held with the NTMA. NAMA held no Exchequer Notes (2021: €Nil) with the NTMA at the reporting date.

During the year, NAMA incurred costs of €1.3k (2021: €100), payable to the State Claims Agency. The closing payable balance to the State Claims Agency at end-2022 was €Nil (2021: €Nil).

The Group has agreed terms with the NTMA with regard to the lease of Treasury Dock. The agreement was effective from May 2018 for an initial lease term of 4 years. In May 2021, NAMA exercised the option to extend the leases of certain floors in Treasury Dock until the end of 2025. The rent and occupancy costs as disclosed in Note 13 includes a depreciation charge on the right of use assets with regard to these leases of €1.8m (2021: €2.3m) and shared facilities costs of €0.4m (2021: €0.7m). The amount included in the lease liabilities in Note 27 with regard to this lease is €3.9m (2021: €5.0m). The amount included in the right of use assets in Note 26 with regard to this lease is €3.9m (2021: €5.7m).

NTMA Defined Benefit Pension Scheme

All staff are employed by the NTMA and the NTMA contributes to the NTMA Defined Benefit Pension Scheme on behalf of its employees. The pension scheme is controlled and managed by independent trustees as appointed by the NTMA. As part of the consideration for the provision of staff, the Group has made a payment of €2.2m (2021: €2.2m), representing the refund of the NTMA's contribution to the pension scheme in respect of these NAMA Officers.

Minister for Finance

The Minister for Finance ('the Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction. The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension.

Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution. The Participating Institutions that have transferred loan assets to NAMA as at the reporting date are Allied Irish Banks p.l.c (incorporating EBS) and Bank of Ireland.

No loans were sold to participating institutions during 2022 or 2021.

The Group has operating accounts with Allied Irish Banks p.l.c. that have a balance of €13.1m (2021: €8.5m) at the reporting date. The average closing daily balance throughout the year was €13.1m (2021: €11.5m).

Fees payable to the Participating Institutions with respect to loan servicing costs incurred during the year are as follows:

Loan servicing costs	2022 €'000	2021 €'000
Allied Irish Banks p.l.c.	2,218	2,232
Bank of Ireland	239	234
	2,457	**2,466**

33. Related party disclosures (continued)

Key management personnel

The Agency is controlled by the NAMA Chief Executive Officer and the Board. The Chief Executive Officer of the NTMA is an ex-officio member of the Board. The NAMA Chief Executive Officer and Board have the authority and responsibility for planning, directing and controlling the activities of NAMA and its subsidiaries and therefore are key management personnel of NAMA. Fees paid to Board members are disclosed in Note 13. The Group has no employees.

Under the revised Code of Practice for the Governance of State Bodies (2016), Key Management Personnel is defined as management who report directly to the Chief Executive Officer. During the year and at the reporting date, NAMA had four (2021: four) key management staff who report to the Chief Executive Officer. The aggregate remuneration of the Key Management Personnel is disclosed in Note 13.

Transactions with Group entities

The following are the amounts owed to and from related parties at the reporting date and related transactions recognised in the statement of comprehensive income. All transactions with related parties are carried out on an arm's length basis.

	2022 €'000	2021 €'000
Other income:		
Group		
Dividend income from NALHL (in Voluntary Liquidation)	200	550
Agency		
Costs reimbursable from NALM	24,202	29,463
Intergroup loan measured at FVTPL:		
Agency		
Profit participating loan to NAM	417,855	514,173
Other assets:		
Agency		
Costs reimbursable from NALM	13,897	15,666
Other liabilities:		
Agency		
Amounts due to Group entities	10,420	10,150

Loan due to NALM

An interest bearing loan of €52m was advanced from NALM to the Agency in 2011. Interest is earned on this loan at the six month Euribor rate. During part of the year Euribor rates were negative. Net negative interest earned on this loan for the year was €8k (2021: €0.27m). The balance payable at end-2022 was €53m (2021: €53m).

Intergroup loan agreements

The Group has entered into a number of profit participating loan agreements and intergroup agreements. The balances outstanding at the reporting date are set out in the tables below:

Profit participating loan agreements	2022 €'000	2021 €'000
NAM to NAMGS	1,089,059	1,185,282
NAMGS to NAJV A	28,949	24,919

Intergroup loan agreements	2022 €'000	2021 €'000
NAMAI to NAM	96,792	96,740
NAMGS to NALM	1,065,760	1,166,012
NALM to NARPS	288,855	290,389
NALM to NAPM	100	100
NALM to NANQ	-	6,095
NALM to NAJV A	14,143	11,248

34. Supplementary Information provided in accordance with Section 54 of the Act

In order to achieve its objectives NAMA has established special purpose vehicles as outlined in Note 1. These entities prepare and present separate financial statements. In accordance with the requirements of Section 54 of the Act the following additional information is provided, in respect of NAMA and each of its Group entities.

34.1 Administration fees and expenses incurred by NAMA and each NAMA Group entity

The administration fees incurred by NAMA are set out in Note 13. The expenses of each NAMA Group entity that incurs administrative expenses are shown in the tables below. The expenses of NALM include a recharge of €24.2m (2021: €29.5m) in respect of NTMA costs incurred by the Agency. These costs are also included in the consolidated accounts.

NALM **Expense type**	**2022** **€'000**	**2021** **€'000**
Costs reimbursable to NAMA	24,202	29,463
Primary servicer fees	5,067	6,241
Master servicer fees	895	873
Portfolio management fees	1,614	1,676
Legal fees	1,347	2,166
Finance, communication and technology costs	6,508	4,892
Rent and occupancy costs	2,684	3,744
Internal audit fees	511	570
External audit remuneration	583	583
Total NALM administration expenses	**43,411**	**50,208**

NAPM **Expense type**	**2022** **€'000**	**2021** **€'000**
Portfolio management fees	22	12
Total NAPM administration expenses	**22**	**12**

NAJV A **Expense type**	**2022** **€'000**	**2021** **€'000**
Portfolio management fees	17	27
Legal fees	11	3
Total NAJV A administration expenses	**28**	**30**

NARPS **Expense type**	**2022** **€'000**	**2021** **€'000**
Portfolio management fees	166	175
Legal fees	12	2
Finance, communication and technology costs	10	25
Total NARPS administration expenses	**188**	**202**

NANQ **Expense type**	**2022** **€'000**	**2021** **€'000**
Portfolio management fees	1	65
Legal fees	5	7
Finance, communication and technology costs	4	12
Total NANQ administration expenses	**10**	**84**

34.2 Debt securities issued for the purposes of the Act

All outstanding subordinated debt securities were fully redeemed in 2020.

34. Supplementary Information provided in accordance with Section 54 of the Act (continued)

34.3 Debt securities redeemed in the financial period to the Financial Institutions

34.3.1 Government guaranteed senior debt securities

All government guaranteed senior debt securities were fully redeemed in 2017.

34.3.2 Subordinated debt securities held

All outstanding subordinated debt securities were fully redeemed in 2020.

34.4 Advances to NAMA from the Central Fund in the financial year

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

34.5 Advances made by NAMA to debtors via Participating Institutions in the financial year

The following are advances made by NAMA group entities to debtors via Participating Institutions in the financial year.

Participating Institution/Servicer	Amount advanced 2022 €'000	Amount advanced 2021 €'000
AIB	171,823	133,327
BCMGlobal ASI Limited	1,819	3,190
Total	**173,642**	**136,517**

In addition to the above, cash advances of €3,200k were made by NAMA group entities by way of shareholder loans in 2022 (2021: €5,635k).

34.6 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.

NAMA	2022 €'000	2021 €'000
Investment in NAMAI	105,696	105,696
Cash and cash equivalents	48	33
Interest receivable on loan to NAM	417,855	514,173
Intergroup receivable	13,897	15,666
Total	**537,496**	**635,568**

NAMAI	2022 €'000	2021 €'000
Intergroup loan to NAM	96,681	96,702
Interest on intergroup loan	111	38
Cash and cash equivalents	89	151
Debtor loans	4,509	4,320
Other assets	13	5
Total	**101,403**	**101,216**

34. Supplementary Information provided in accordance with Section 54 of the Act (continued)

34.6 Asset portfolios held by NAMA and each NAMA Group entity (continued)

NAM	2022 €'000	2021 €'000
Cash and cash equivalents	4,982	5,000
Profit participating loan with NAMGS	994,969	994,969
Interest on profit participating loan	94,090	190,313
Other assets	17	-
Total	**1,094,058**	**1,190,282**

NAMGS	2022 €'000	2021 €'000
Cash and cash equivalents	197	198
Intergroup loan with NALM	1,001,704	1,001,898
Profit participating loan with NAJV A	28,949	24,919
Interest receivable on loans	64,056	164,114
Total	**1,094,906**	**1,191,129**

NALM	2022 €'000	2021 €'000
Cash and cash equivalents	497,968	733,555
Debtor loans	504,947	693,095
Intergroup assets	367,651	372,193
Investments in equity instruments	-	5,044
Other assets	11,739	13,083
Total	**1,382,305**	**1,816,970**

NANQ	2022 €'000	2021 €'000
Cash and cash equivalents	181	6,300
Debtor loans	2	-
Other assets	60	3
Total	**243**	**6,303**

NAPM	2022 €'000	2021 €'000
Cash and cash equivalents	864	675
Inventories – trading properties	100	100
Total	**964**	**775**

NARPS	2022 €'000	2021 €'000
Cash and cash equivalents	377	2,253
Investment properties	325,000	314,000
Other assets	1,591	1,366
Total	**326,968**	**317,619**

34. Supplementary Information provided in accordance with Section 54 of the Act (continued)

34.6 Asset portfolios held by NAMA and each NAMA Group entity (continued)

NAJV A	2022 €'000	2021 €'000
Cash and cash equivalents	6,613	231
Investments in equity instruments	17,049	16,835
Debtor loans	17,144	17,446
Other assets	3	-
Total	**40,809**	**34,512**

NALHL (in Voluntary Liquidation)	2022 €'000	2021 €'000
Investment in subsidiaries[9]	**-**	**338**

34.7 Government support measures, including guarantees, received by NAMA and each NAMA Group entity

In March 2010, the Minister for Finance guaranteed senior debt securities issued by NAMA. All these government guaranteed senior debt securities were fully redeemed by 2017. Since that date, there has been no government support measures including guarantees received by NAMA or any NAMA Group entity.

35. Capital management

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Group's objectives when managing capital in its statement of financial position are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business;
- To distribute any surplus to the Exchequer from time to time.

The Group's capital base comprises Share Capital (Note 32). The Group is not subject to any externally imposed capital requirements.

36. Events after the reporting date

On 3 April 2023, the voluntary strike off completed for NAMS and the company was dissolved.

There are no other significant events after the reporting date affecting the Group or the Agency.

37. Approval of the financial statements

The financial statements were approved by the Board and authorised for issue on 20 April 2023.

9 *The 31 December 2022 €Nil balance arises due to the liquidation of RLHC and RLHC II in November 2022. NALHL (in Voluntary Liquidation) does not have subsidiaries at 31 December 2022. The 2021 comparative is based on 31 December 2020 audited accounts. As set out in Note 32.3, this investment by NALHL (in Voluntary Liquidation) is not consolidated into the NAMA Group financial statements.*

Glossary of Terms

Collateral A borrower's pledge of specific property to a lender, to be forfeited in the event of default.

Counterparty The party with whom a contract or financial transaction is effected.

Current Market Value The estimated amount for which a property would exchange between a willing buyer and seller in an arm's-length transaction.

Debtor A borrower, whose loans were deemed eligible and those loans have transferred to the Group. The borrower is referred to by the Group as a debtor. A debtor connection is a group of loans that are connected to a debtor.

Derivative A derivative is a financial instrument that derives its value from an underlying item e.g. interest rates or currency and can be used to manage risks associated with changes in the value of the underlying item.

Discount Rate The rate used to discount future cash flows to their present values.

Due Diligence A comprehensive appraisal of a business especially to establish the value of its assets and liabilities. There are two types of due diligence carried out by the Group, Legal and Property due diligence.

Enforcement Proceedings Proceedings to compel compliance with legal contracts.

Equity Instrument Any contract that results in a residual interest in the assets of an entity after deducting all of its liabilities.

Euribor The Euro Interbank Offered Rate is the rate at which euro interbank deposits are offered by one prime bank to another within the Eurozone.

Floating Rate An interest rate that changes periodically as contractually agreed.

Garden Leave A period of time, typically the notice period, where an employee leaving NAMA may be relieved from duty as an officer of NAMA until the expiry of their notice period. During any period of garden leave the NTMA continues to pay remuneration until the expiry date of the notice period.

Hedge Entering into an agreement to manage the risks of adverse changes in the price of an asset or liability.

Inventories Properties acquired by NAMA and held on its statement of financial position.

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

Loan commitments Balance of credit NALM has committed to extend to customers.

Mark to Market Value The price or value of a security, portfolio or account that reflects its current market value rather than its book value.

OTC Over the Counter refers to derivatives that are not traded on a recognised exchange.

Participating Institution A Credit Institution that has been designated by the Minister under Section 67 of the Act as a Participating Institution, including any of its subsidiaries that has not been excluded under that section.

Present Value A value on a given date of a future payment or series of future payments, discounted to reflect the time value of money and other factors such as investment risk.

Primary Servicer A Participating Institution managing debtors on NAMA's behalf within authority limits approved by the NAMA Board.

Profit Participating Loan A loan that provides the lender with a return that depends, at least in part, on the profitability of the borrower.

Security Includes *(a)* a Charge, *(b)* a guarantee, indemnity or surety, *(c)* a right of set-off, *(d)* a debenture, *(e)* a bill of exchange, *(f)* a promissory note, *(g)* collateral, *(h)* any other means of securing— *(h)*(i) the payment of a debt, or *(h)*(ii) the discharge or performance of an obligation or liability, and *(i)* any other agreement or arrangement having a similar effect.

Special Purpose Vehicle A legal entity created to fulfil a narrow, specific or temporary well defined objective.

Subordinated Debt Debt which is repayable only after other debts have been repaid.

National Asset Management Agency

National Asset Management Agency
Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8
T +353 1 238 4000 | **E** info@nama.ie

www.nama.ie