



**National Asset
Management Agency**

2012 ANNUAL REPORT AND
FINANCIAL STATEMENTS

NAMA Key Financials

Performance in 2012 and to May 2013

2012 Results

- Operating profit, before tax and impairment charges, of **€826m**.
- Profit after impairment, tax and dividends, of **€228m**.
- Impairment charge of **€518m** for 2012.

Cash

- NAMA ended 2012 with cash balances and liquid assets of **€3.6 billion** (currently €4.4 billion).
- From inception to end-2012, NAMA had generated over **€10.6 billion** in debtor receipts including **€4.5 billion** during 2012.

NAMA Key Financials

Performance in 2012 and to May 2013

Asset Sales

- From inception to end-2012, NAMA approved asset sales with total value of **€11.7 billion**, including approvals of **€4 billion** in 2012.
- At end-2012 asset sales completed were **€6.8 billion** (3,900 individual properties), including **€2.8 billion** completed in 2012.
- **Asset sales completed to May are €7.9 billion.**

Credit Advances

- To end-2012, credit advances of **€1.7 billion** were approved, including **€741m** in 2012.
- **€1.2 billion** in new advances have been drawn down, including **€308m** in 2012.
- **Credit advances approved to May were over €1.8 billion, of which over €800 million relates to projects in Ireland.**

NAMA Key Financials

Performance in 2012 and to May 2013

Additional Security

- At end-2012, NAMA had secured over **€640m** in additional security by taking charges over previously **unencumbered assets** and **reversing asset transfers**.
- **It is expected €750m in additional security will be available when legal negotiations with debtors conclude.**

Credit decisions

- From inception to end-2012, NAMA made over **20,000 credit decisions**.
- **Nearly 14,000** decisions were made in 2012 and the average turnaround time for credit decisions in 2012 was **5 days**.
- **Just under 26,000 decisions were made to May 2013.**

NAMA Key Financials

2012 Income Statement

| Income Statement | 2012 €m | 2011 €m |
|--|------------|--------------|
| Interest and fee income | 1,387 | 1,283 |
| Interest expense | (493) | (512) |
| Net interest income | 894 | 771 |
| Net profit on loans and property disposals | 188 | 549 |
| Foreign exchange (loss)/gain | (99) | 62 |
| Derivatives (loss)/gain | (38) | 24 |
| Administration expenses (page 45 of AR) | (119) | (128) |
| Operating profit before impairment | 826 | 1,278 |
| Impairment charge | (518) | (1,267) |
| Profit for the year before tax | 308 | 11 |
| Tax (charge)/credit | (76) | 235 |
| Dividends | (4) | (5) |
| Profit for the year after tax | 228 | 241 |

NAMA Key Financials

Summary Balance Sheet

| | 2012 €'m | 2011 €'m |
|--|---------------|---------------|
| Assets | | |
| Cash and cash equivalents and liquid assets | 3,644 | 3,847 |
| Loans and receivables | 22,776 | 25,607 |
| Derivative financial instruments | 351 | 449 |
| Deferred Tax | 337 | 306 |
| Other assets | 120 | 460 |
| Total assets | 27,228 | 30,669 |
| Liabilities and reserves | | |
| Senior Debt Securities | 25,440 | 29,106 |
| Derivative financial instruments | 1,169 | 729 |
| Other liabilities | 207 | 312 |
| | 26,816 | 30,147 |
| Equity and reserves | | |
| Shareholders Equity | 934 | 714 |
| Other Reserves | (522) | (192) |
| | 412 | 522 |
| Total Equity & liabilities | 27,228 | 30,669 |

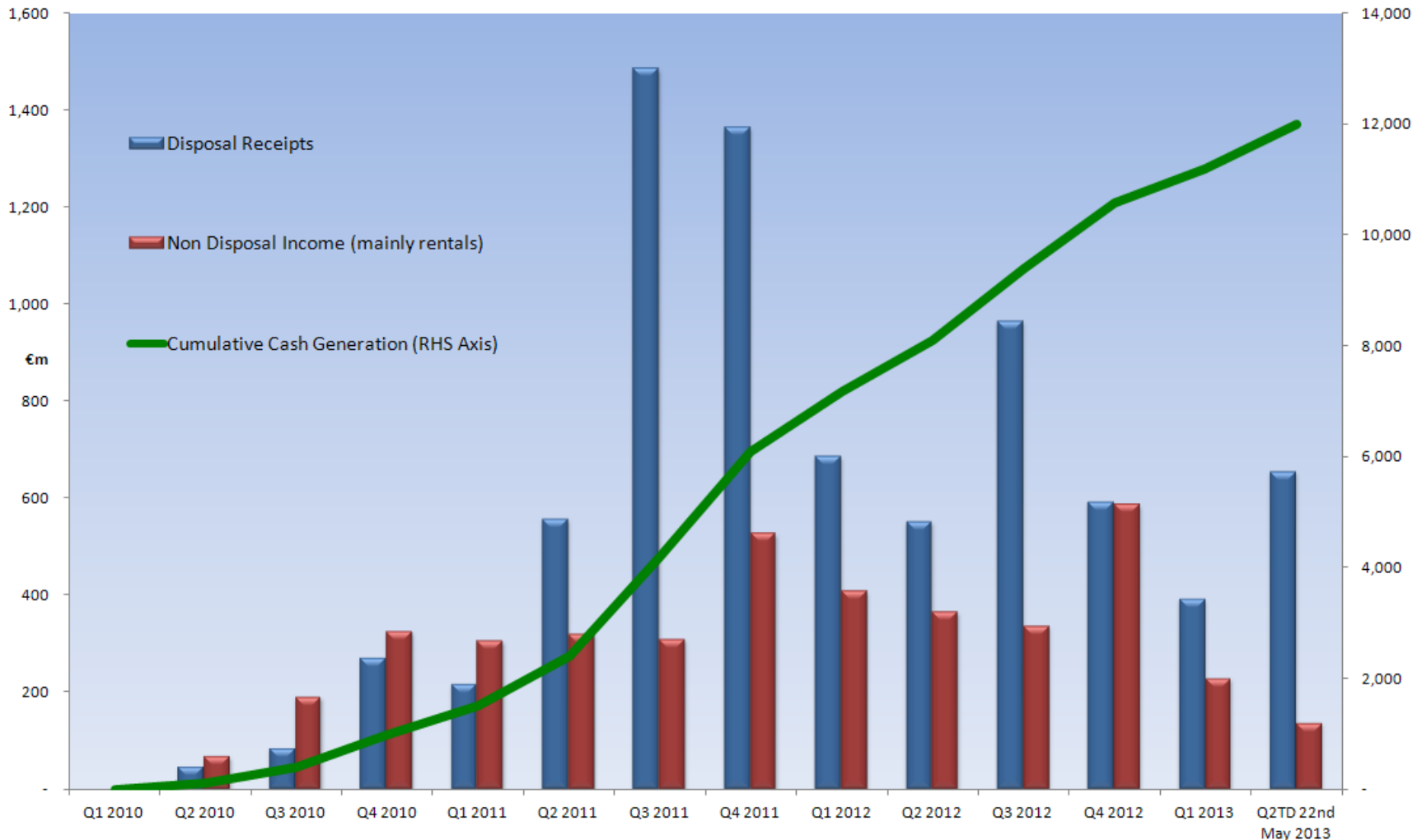
NAMA Key Financials

Summary of cash flow from inception to end-2012

| | 2010 | 2011 | 2012 | From inception to end-2012 |
|---|--------------|----------------|----------------|----------------------------|
| | €m | €m | €m | €m |
| Opening Cash, Cash Equivalents & Liquid Assets Balance | - | 837 | 3,847 | - |
| Inflows | | | | |
| Disposal Receipts | 404 | 3,628 | 2,798 | 6,830 |
| Non Disposal Income | 390 | 1,340 | 1,453 | 3,183 |
| Other | 219 | 117 | 254 | 590 |
| | 1,013 | 5,085 | 4,505 | 10,603 |
| Outflows | | | | |
| Bond Redemption | - | (1,250) | (3,500) | (4,750) |
| Foreign Exchange and Debt Servicing Costs (net) | 13 | (329) | (745) | (1,061) |
| Capital Drawdowns | (240) | (304) | (308) | (852) |
| Operating Costs | (49) | (143) | (155) | (347) |
| | (276) | (2,026) | (4,708) | (7,010) |
| Initial Funding | | | | |
| Issue of share capital to external investors | 51 | - | - | 51 |
| Net advance / repayment to the Exchequer | 49 | (49) | - | - |
| | 100 | (49) | - | 51 |
| Closing Cash, Cash Equivalents & Liquid Assets Balance | 837 | 3,847 | 3,644 | 3,644 |

NAMA Key Financials

Quarterly cash receipts to 22 May 2013 (€m)



NAMA Key Financials

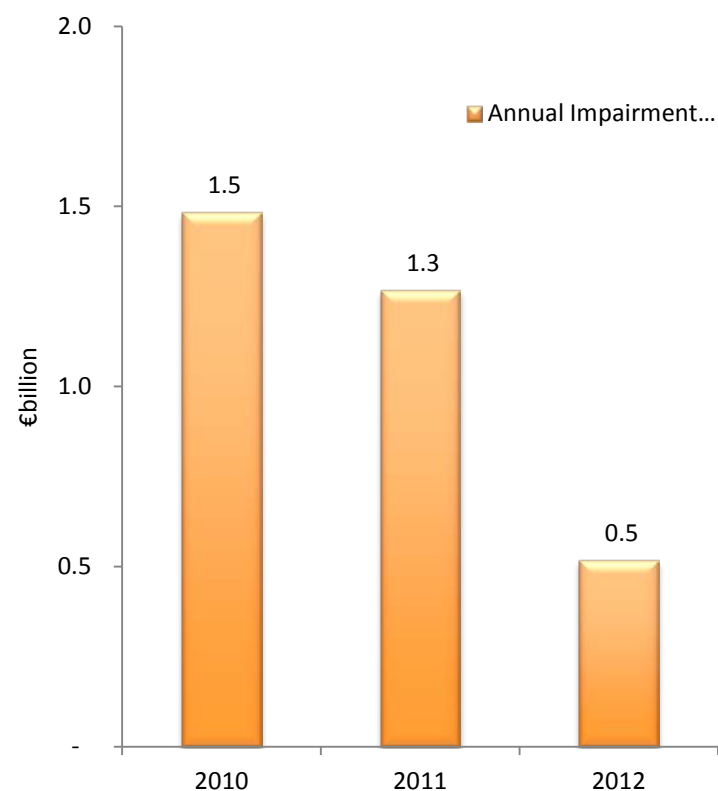
Summary of cash utilisation to 22 May 2013

| €bn | From inception to end-2012 €bn | 2013 (to 22 May) €bn | Cumulative (to May 2013) € bn |
|---|--------------------------------------|----------------------------|-------------------------------------|
| Opening balance | 0.0 | 3.6 | |
| Receipts from debtors | 10.6 | 1.4 | 12.0 |
| Bond interest and other costs | (1.4) | (0.3) | (1.7) |
| New lending - drawdowns | (0.9) | (0.3) | (1.2) |
| NAMA Debt redemptions | (4.75) | - | (4.75) |
| Cash/liquid assets at end-period | 3.6 | 4.4 | 4.4 |

NAMA Key Financials

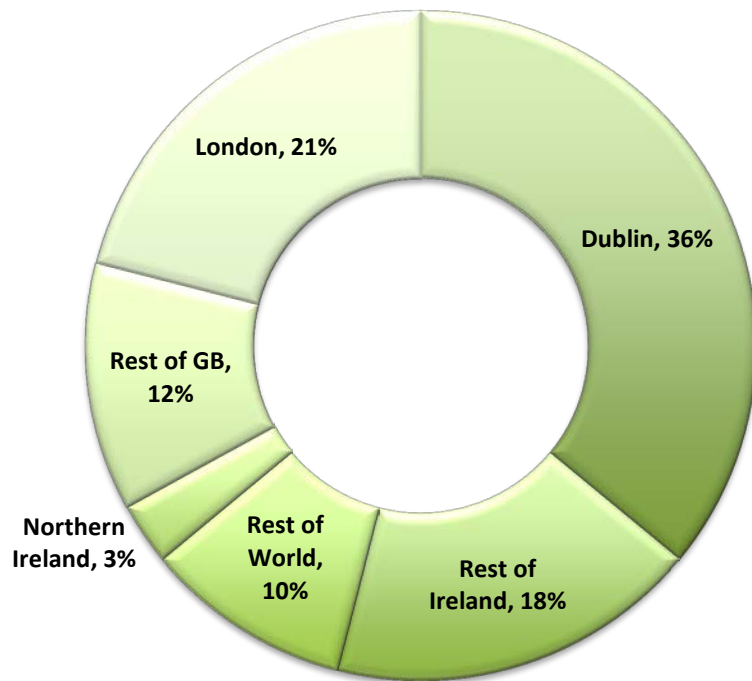
End-2012 Impairment Analysis

- Detailed impairment review of projected cash flows from 187 NAMA-managed debtor connections (comprising 84% of NAMA debt). Compared NPV of projected cash flows (as at end-2012) with the carrying value of each connection's loans. For a majority of debtor connections, their impairment position had either improved or was unchanged:
 - 43% of NAMA-managed debtor connections were deemed to have deteriorated i.e. NPV of projected cash flows was less than loan carrying value.
 - 28% were deemed to have improved or were no longer considered to be impaired.
 - For 29% of debtors, there was no change to their status.
- Collective impairment review carried out on 586 PI-managed debtor connections.
- Overall result was an additional impairment of €518m in respect of 2012 for all NAMA debtor connections.
- Total impairment charge to date: €3.26 billion (**12.5% coverage**).

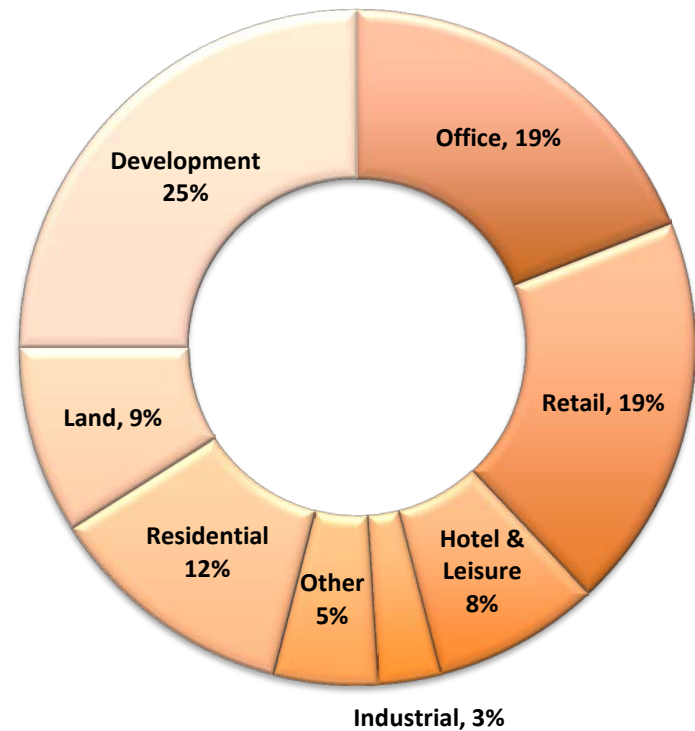


Breakdown of property portfolio securing NAMA loans (end-2012)

Property portfolio by worldwide location

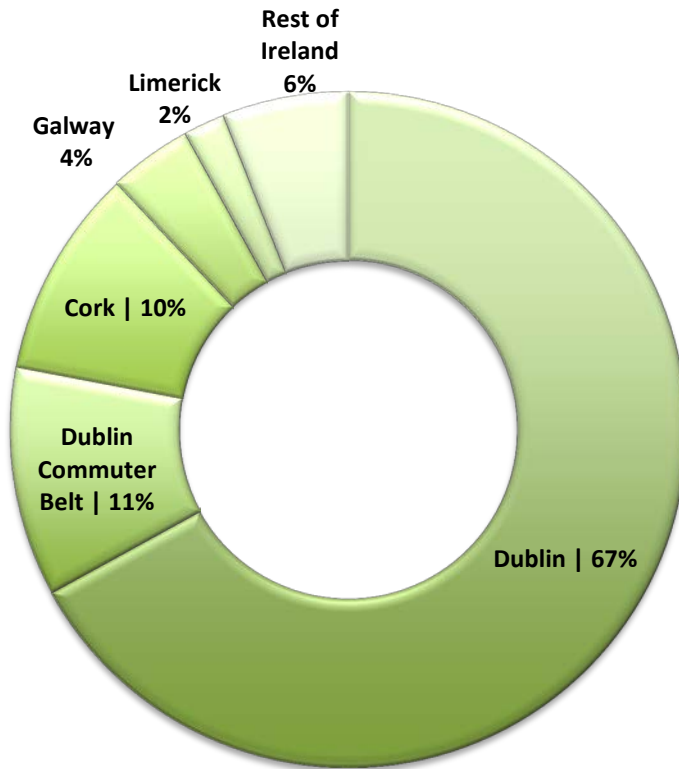


Property portfolio by worldwide sector

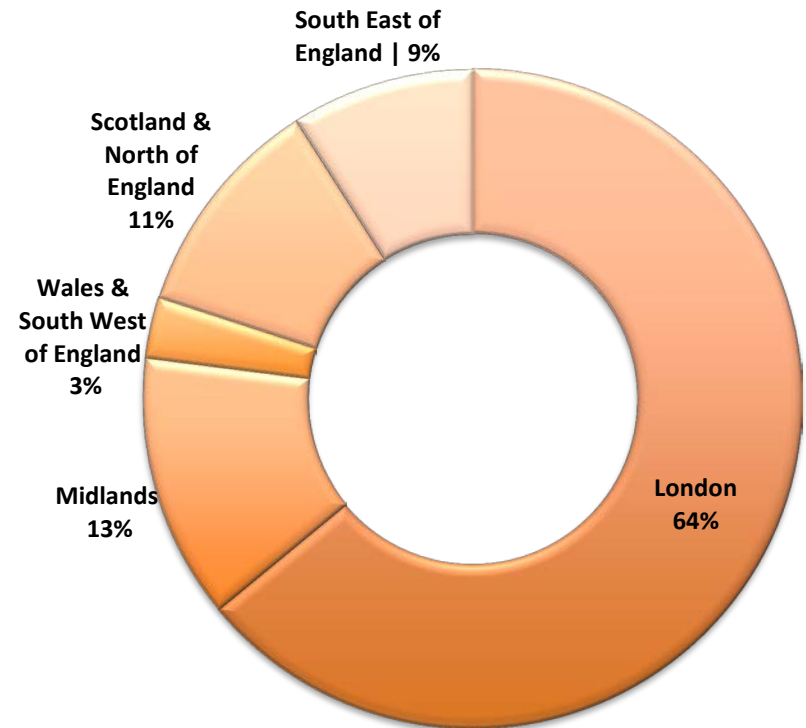


Breakdown of property portfolio in Ireland securing NAMA loans (end-2012)

Regional breakdown of Irish property



Breakdown of property in Britain



NAMA Social and Economic Contribution

- **Advances to debtors** – NAMA is investing in assets to protect and enhance value. To date NAMA has approved €1.8 billion including over **€800m for projects in Ireland**. In May 2012 NAMA announced intention to invest €2 billion for projects in Ireland between 2012-2016, which is in addition to the €500 million already approved to that date.
- **Vendor Finance** - Offers medium-term finance to purchasers of commercial assets or loans with **€2bn in vendor finance available** to prospective purchasers - **€360m** agreed in 5 transactions to date.
- **Rent Abatements** –222 applications for rent abatement granted (96%) with an aggregate value of **€14m** per annum.

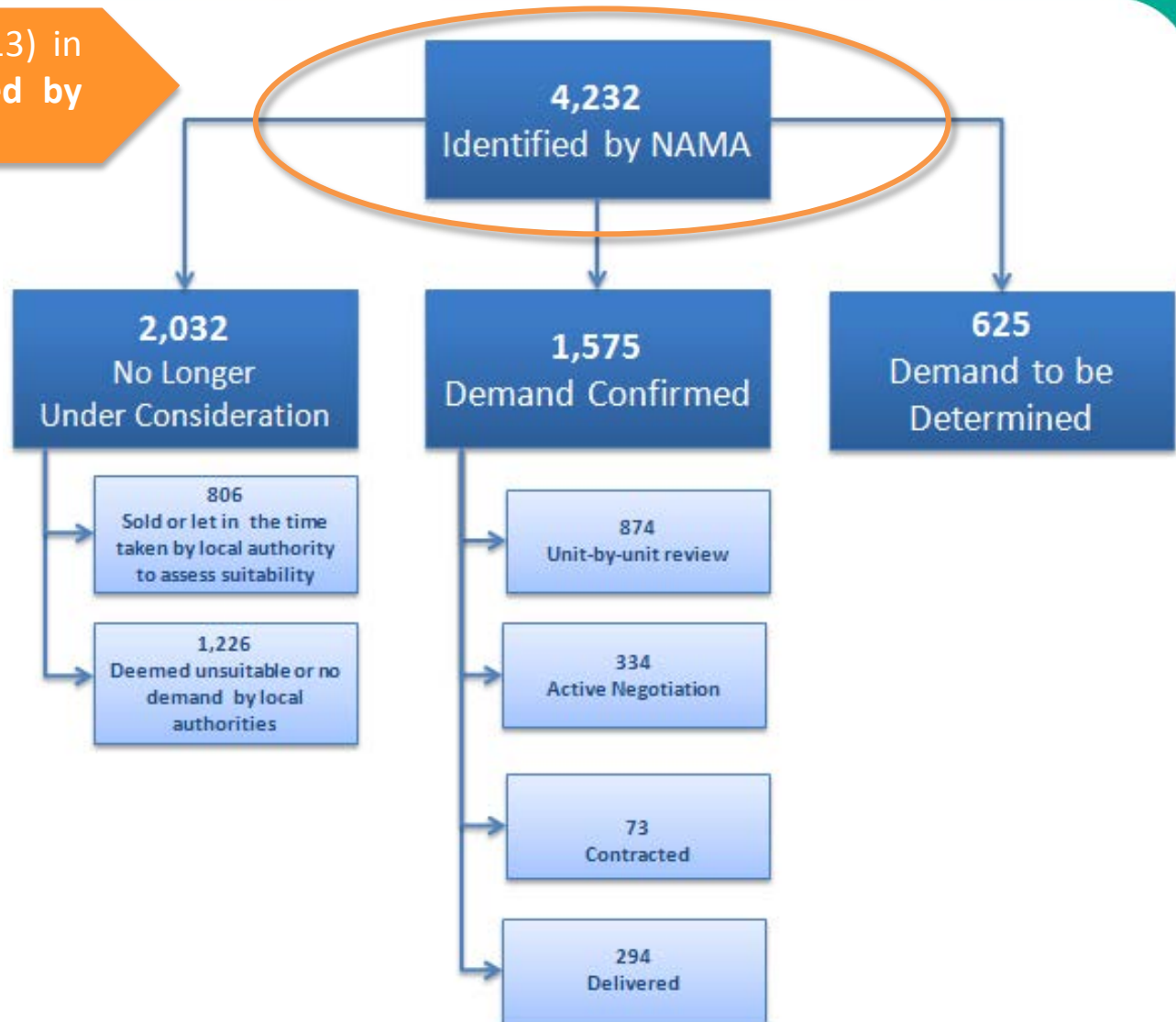
NAMA Social and Economic Contribution

- **Deferred Payment Initiative (DPI)** – Offers price protection to residential buyers. The DPI has now been operational for 12 months and is offered on 400 properties in 28 developments across 13 counties nationally. To date, sales have been achieved on **159 properties**, resulting in a total sales value of **€30.2m**.
- **Social Housing** - Offers purchase and long-term leasing options to local authorities and approved housing bodies. More than **4,200 units identified** (local authorities determine suitability). Pace of delivery not controlled by NAMA. Since the commencement of the social housing initiative in 2012, **367 properties** have been completed and committed to social housing by NAMA debtors and receivers – It is up to AHBs to agree and sign leases.

NAMA Social and Economic Contribution

Social Housing

Position (as at end-May 2013) in relation to houses identified by NAMA for social housing



NAMA and IBRC

Existing IBRC/NAMA portfolio

- IBRC (in Special Liquidation) manages par debt of €41 billion for NAMA acquired under 2009 NAMA Act. IBRC provided Primary servicing (loan administration) on €36 billion par debt but provided Primary and special servicing (business engagement with over 300 debtors) on €5 billion par debt.
- These services are currently in the process of being migrated to Capita (NAMA's back-up primary and special servicer). Credit and risk and legal services will be taken over by NAMA. Other services will migrate to Capita on a phased basis between July 2013 and early 2014.
- NAMA and Capita are currently recruiting from within the 200 staff in the IBRC NAMA Unit.

NAMA and IBRC

New IBRC portfolio

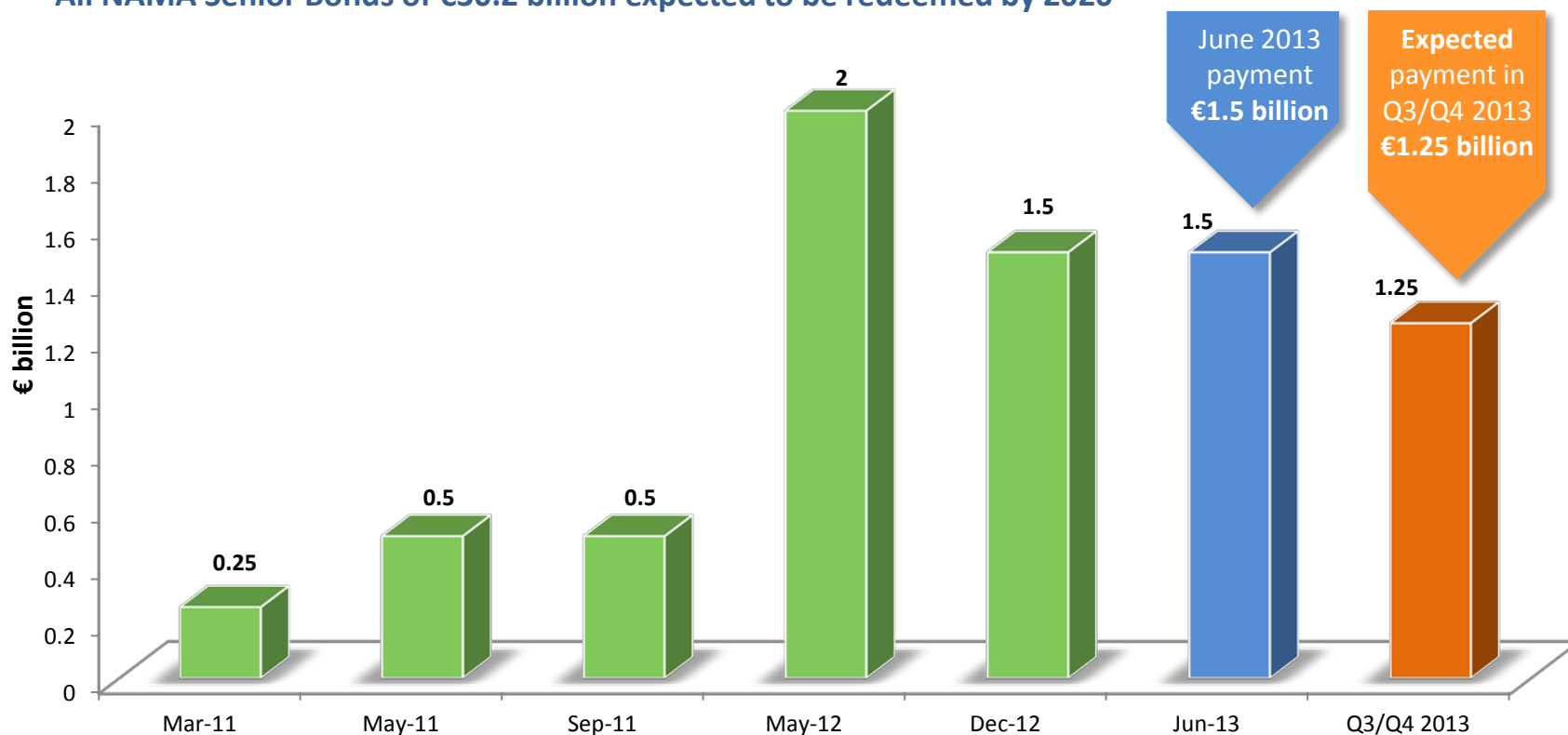
- Estimated €24 billion commercial loans portfolio and a €1.8 billion residential loans portfolio to be valued and offered for sale by the Special Liquidators during the second half of 2013. NAMA has no role in this process.
- Loans not sold during this process will be purchased by NAMA at a price to be determined by the Special Liquidators in line with Valuation Instructions published on 17 May 2013.
- Under the Instructions, loan valuations are to be completed by 30 November 2013 and the sale of IBRC assets must be agreed or completed before 31 December 2013 or as soon as practicable thereafter.
- NAMA making preparations for loan acquisition - has held a tender to appoint primary and special servicers to both portfolios and expects to make appointments within the coming weeks.

NAMA Key Financials

Debt Repayment

NAMA Senior Bonds

- June 2013 | €1.5 billion of NAMA Senior Bonds to be redeemed representing cumulative of **€6.25 billion**
- On course to meet target of redeeming **€7.5 billion** of Senior Bonds by end-2013
- **All NAMA Senior Bonds of €30.2 billion expected to be redeemed by 2020**





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