



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

30 June 2013

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27th September 2013

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

Section 55 Quarterly Report and Accounts - NAMA Act 2009

Dear Minister,

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

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

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

1. Financial Performance

Cash Generation

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

- NAMA generated **€2.0 billion in cash in the 6 month period to 30th June 2013**, bringing the total cash generated since inception to €12.6 billion as at 30 June 2013 and **in excess of €13.7 billion** at the date of this letter.
- At 30 June 2013 NAMA held **cash and cash equivalent balances of €3.4 billion**, after making NAMA senior bond redemptions totalling over €6.25 billion since inception to 30 June 2013.

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

Financial Results

For the 6 month period to 30 June 2013 **NAMA remains profitable** despite a prudent impairment policy. Financial highlights for the period include:

- **Operating profit before impairment of €501 million.**



- Incremental impairment charge of €385 million. Following the completion of NAMA's half year impairment review, NAMA's cumulative impairment provision now stands at €3.6 billion.

Senior Debt Reduction

NAMA is **firmly on target to achieve its senior bond redemption target of €7.5 billion** by the end of 2013:

- A €1.5 billion senior bond redemption was made in June 2013.
- €6.25 billion has been redeemed to date (83% of the end-of-2013 target of €7.5 billion).
- A further €1.25 billion will be redeemed in Quarter 4 2013.

Loan Portfolio

The carrying value of NAMA's acquired loan portfolio as at 30 June 2013 was €21.3 billion (net of impairment provision of €3.6 billion).

- The carrying value of the loan portfolio has reduced by €1.5 billion from €22.8 billion at 31 December 2012 to € 21.3 billion at 30 June 2013.
- The underlying performance of the loan portfolio, on a weighted average cashflow basis, of fully performing and part performing loans was 34% at 30 June 2013 (31 March 2013: 32%).

2. Other Milestones and Achievements

Capital Investment, Vendor Finance, and Joint Ventures

NAMA is progressing its €2 billion capital investment plan announced in May 2012. The plan includes the completion of properties which are currently under development and the development of land in anticipation of future supply shortages and demand, particularly in the office sector. To date, NAMA has approved €1.9 billion in advances to debtors of which over €1 billion has been drawn. €874 million of the approved advances relates to projects in Ireland. The Agency is funding a wide range of commercial, retail and residential development projects across locations in Ireland in which debtor and receiver properties are located.

NAMA has also committed to making €2 billion in vendor finance available to prospective buyers of commercial assets controlled by its debtors and receivers. The first vendor finance transaction was completed during 2012 and a number of other significant vendor finance transactions have recently completed, including the sale of the Aspen loan portfolio to Starwood, which is secured on Irish commercial property, in a joint venture deal, the sale of Edward Square Shopping Centre in Galway and the sale of a property in London. A number of other substantial transactions involving NAMA vendor finance are currently under negotiation, with a feature being new international investment in the Irish property market. Of the €2 billion vendor finance committed, over €345m in vendor finance transactions have now completed.



Other measures introduced by NAMA to attract international investor interest in Irish property include entering into joint venture (“JV”) transactions with leading global private investment organisations, as evidenced by the recent Aspen transaction (as referred to above) and also NAMA’s JV transaction with Oaktree and Bennett Group in respect of a 50,000 square metre site in Dublin’s South Docks.

IBRC

On 7 February 2013, Special Liquidators were appointed to IBRC and a number of Directions have been issued to NAMA under the IBRC Act 2013.

Amongst the Directions was the requirement for NAMA to:

- Acquire the floating charge over the IBRC assets for €12.9 billion.
- Acquire the underlying assets from the IBRC Special Liquidators in the event that the Special Liquidators are unable to sell the assets to the market (i.e. NAMA is the reserve buyer). NAMA has no control over the bid price or valuation and sales process.

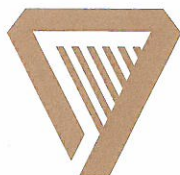
On 11 February 2013, NAMA incorporated National Asset Resolution Limited (“NARL”) which acquired the floating charge from the Central Bank on 28 March 2013 for €12.9 billion. Consideration was in the form of the issuance of €12.9 billion of Government Guaranteed debt securities and €0.3 million in cash.

At the end of March 2013, NAMA appointed Capita Asset Services (“Capita”) to replace IBRC (in liquidation) as Primary and Special Loan Servicer. Following significant integration planning work over a number of months, Capita assumed responsibility as Primary Servicer and Special Loan Servicer on the existing NAMA IBRC loans from the Special Liquidators on 12 August 2013.

NAMA is reserve buyer for the remaining IBRC portfolio (€22 billion par debt), which comprises a portfolio of commercial loans and a portfolio of personal loans, principally residential mortgages. NAMA currently has no control over the day-to-day management of the remaining IBRC portfolio. The valuation and sales process is the responsibility of the IBRC Special Liquidators and the valuations will be carried out under parameters agreed with the Minister for Finance including a proposed valuation discount rate of 4.5%.

On completion of the valuation and sales process by the IBRC Special Liquidators, NAMA will acquire any unsold assets at the price set by the Special Liquidators. Although NAMA cannot anticipate what, if any, of the remaining portfolio it will acquire, NAMA has been planning on the basis that it will acquire the full portfolio. To date significant NAMA resources have been dedicated to this integration effort, which will continue until full integration is achieved.

In preparation for the acquisition of loans, NAMA, in July 2013, selected a number of preferred bidders to provide services on the two loan portfolios which it may acquire from the Special Liquidators. Following a number of issues which emerged in relation to the preferred bidder initially selected to provide services on the portfolio of personal loans, NAMA launched a new tender in September 2013 and the outcome of the tender is expected to be known by November 2013.



Rent Abatements

NAMA is agreeing rent abatements through its debtors and receivers to support small and medium sized businesses around the country that are struggling to survive because of the current economic environment. To date NAMA has approved 237 applications for rent abatements with an aggregate annual value of over €14 million. In the case of applications for rent abatements received, NAMA's approval rate is currently 97%.

Engagement with Public Bodies

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

NAMA is also working very closely with the Minister for the Environment, Community and Local Government and the Minister of State for Housing and Planning to ensure the maximum possible delivery of properties controlled by its debtors and receivers for social housing. Whilst the pace at which properties are accepted by the various Approved Housing Bodies and Local Authorities is not controlled by NAMA, NAMA has to date identified 4,296 residential properties as being available and potentially suitable for social housing. Of these, demand has been confirmed for 1,763 properties and a further 425 are currently being evaluated, bringing the total that may potentially be deemed suitable under this initiative to 2,188.

Of the properties for which demand has been confirmed, 296 properties have been delivered for social housing to date, with contract terms signed in respect of a further 111 properties. This brings the overall total of residential properties completed and committed to social housing to 407 properties. A further 345 are at an advanced stage of negotiation between NAMA debtors or receivers and various Approved Housing Bodies and Local Authorities.

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

Other

NAMA has made more than 28,000 individual credit decisions since inception, ranging from straightforward approvals for individual house sales through to highly complex and substantial applications. The average turnaround time for credit decisions within NAMA is currently less than 4 days (NAMA works to a target turnaround time of 7 days).

We trust the Quarterly Report and Accounts meet the requirements of Section 55 of the Act and any specific direction or guidelines issued by you as Minister for Finance. If you have any queries in this regard please do not hesitate to contact us.

Yours sincerely,

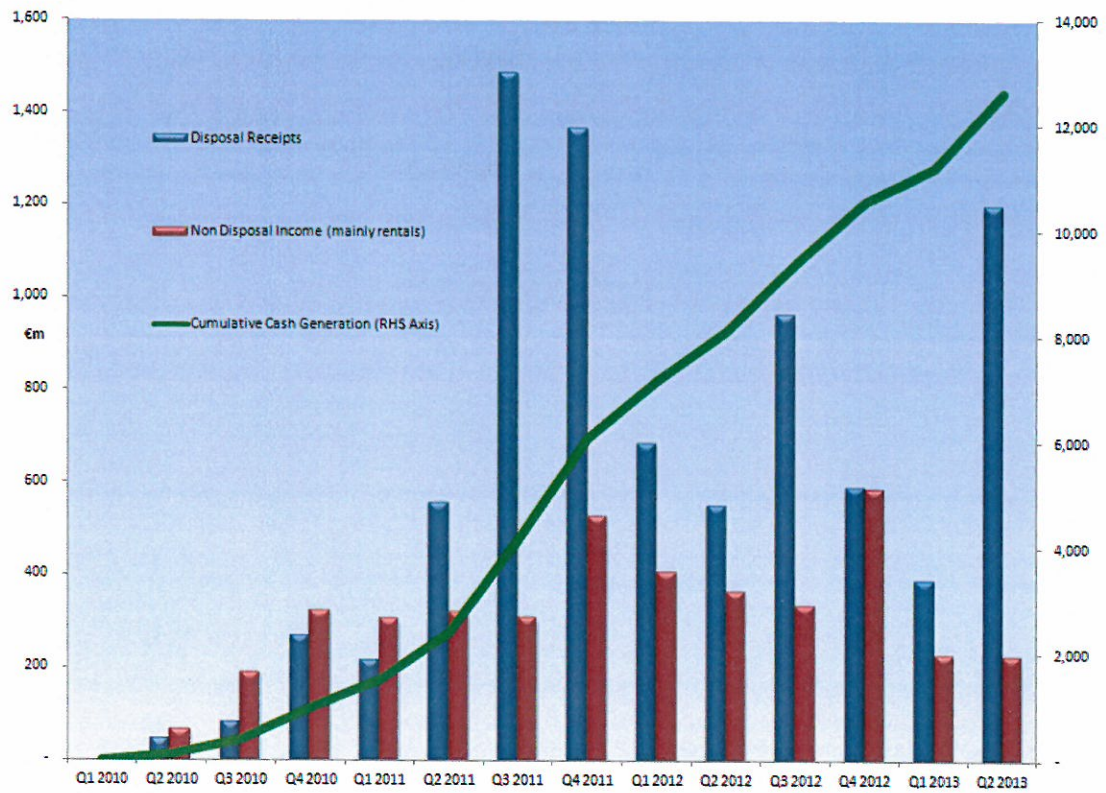
Mr. Frank Daly
Chairman

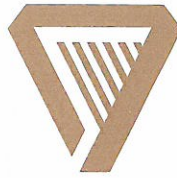
Mr. Brendan McDonagh
Chief Executive Officer



Appendix 1

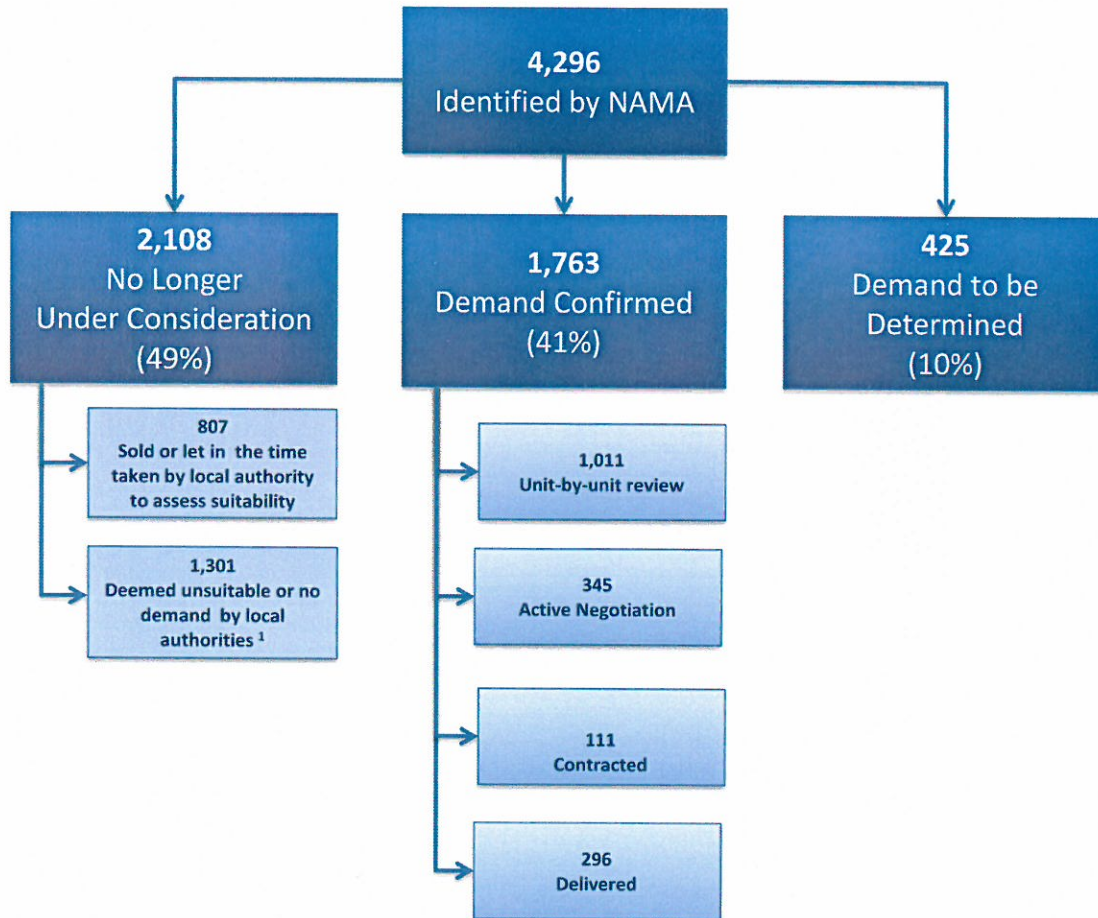
Table 1: Cash Generation





Appendix 2

Table 2: Social Housing summary



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



Unaudited Consolidated Accounts of the National Asset Management Agency

For the quarter ended 30 June 2013

National Asset Management Agency Group

Quarter to 30 June 2013

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NAMA Group

Board and other information

Board

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

Registered Office

Treasury Building
Grand Canal Street
Dublin 2

Principal Bankers

Central Bank of Ireland
Dame Street
Dublin 2

Citibank
IFSC
Dublin 1

NAMA Group

General information

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

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

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

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

On 1 July 2011 AIB merged with EBS. On 1 July 2011 the business of INBS transferred to Anglo and on 14 October 2011 the latter's name was changed to Irish Bank Resolution Corporation ('IBRC'). IBRC was subsequently liquidated on 6 February 2013, and with effect from 12 August 2013, the role of the primary servicer of NAMA loans in IBRC is being fulfilled by Capita Asset Services.

Group structure

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

The SPVs established are as follows:

National Asset Management Agency Investment Limited (NAMAIL)

NAMAIL is the company through which private investors have invested in the Group. NAMA holds 49% of the shares of the company. The remaining 51% of the shares of the company are held by private investors.

NAMA has invested €49m in NAMAIL, receiving 49m A ordinary shares. The remaining €51m was invested in NAMAIL by private investors, each receiving an equal share of 51m B ordinary shares. Under the terms of a shareholders' agreement between NAMA, the private investors and NAMAIL, NAMA can exercise a veto over decisions taken by NAMAIL. As a result of this veto, the private investors' ability to control the financial and operating policies of the entity is restricted and NAMA has effective control of the company.

National Asset Resolution Limited (NARL)

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

National Asset Management Limited (NAML)

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

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

National Asset Management Group Services Limited (NAMGSL)

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

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

NAMGSL is wholly owned by NAML.

NAMA Group

National Asset Loan Management Limited (NALML)

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

National Asset Property Management Limited (NAPML)

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

National Asset Residential Property Services Limited (NARPSL)

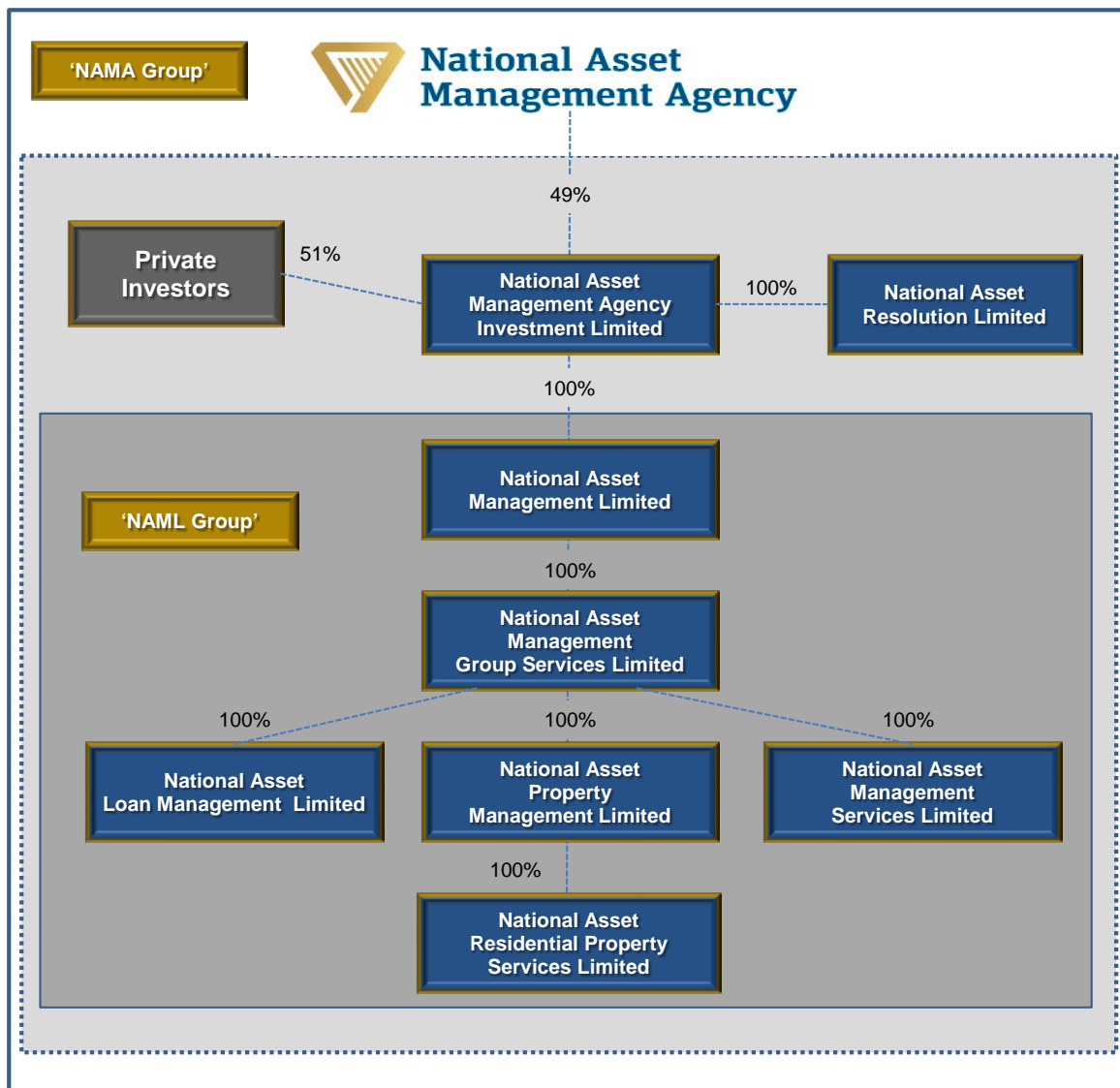
On 16 July 2012 NAMA established a new subsidiary National Asset Residential Property Services Limited (NARPSL). The Company is a wholly owned subsidiary of NAPML, and is established to acquire residential properties and to lease these properties to approved housing bodies for social housing purposes.

National Asset Management Services Limited (NAMSL)

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

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

Chart 1 NAMA Group Entities (as at 30 June 2013)



NAMA Group

Quarterly financial information

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

The financial statements present the consolidated results of NAMA Group for the quarter ended 30 June 2013. For the purposes of these accounts, the 'NAMA Group' comprises the result of all entities presented in Chart 1 on page 11. The results of National Asset Resolution Limited are consolidated into the overall NAMA Group results but are separately presented. The Group and the relationship between NAMA Group entities is summarised in Chart 1.

The financial information for all entities is presented showing items of income and expenditure for the quarter from 1 April 2013 to 30 June 2013 and for the year to date.

The balance sheets are presented as at 30 June 2013 and 31 March 2013. The cash flow statement for the NAMA Group is presented for all cash movements for the quarter from 1 April 2013 to 30 June 2013.

The income statements and statement of financial position for each NAMA Group Entity are provided on pages 37 to 40.

NAMA Group

Consolidated Income Statement For the period from 1 April 2013 to 30 June 2013

	Note	For the period from 1 Apr 2013 to 30 June 2013			For the period from 1 Jan 2013 to 30 June 2013
		NARL €000	NAMA Group (excl. NARL) €000	Consolidated NAMA Group €000	Consolidated NAMA Group €000
Interest and fee income	3	72,098	285,872	357,970	658,408
Interest expense	4	(73,776)	(22,469)	(96,245)	(188,283)
Net interest income		(1,678)	263,403	261,725	470,125
Net profit/(loss) on disposal of loans and property, and surplus income	5	-	192,878	192,878	186,619
Gains/(losses) on derivative financial instruments	6	-	(45,294)	(45,294)	(46,032)
Total operating income		(1,678)	410,987	409,309	610,712
Administration expenses	7	(1,530)	(24,199)	(25,729)	(55,097)
Foreign exchange gains/(losses)	8	-	(11,069)	(11,069)	(54,683)
Operating profit/(loss) before impairment		(3,208)	375,719	372,511	500,932
Impairment charges on loans and receivables	16	-	(385,353)	(385,353)	(385,353)
Operating profit/(loss) after impairment		(3,208)	(9,634)	(12,842)	115,579
Tax charge	9	-	(8,005)	(8,005)	(60,889)
Profit/(loss) for the period before dividend		(3,208)	(17,639)	(20,847)	54,690
Dividend paid	10	-	-	-	(2,162)
Profit/(loss) for the period		(3,208)	(17,639)	(20,847)	52,528

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

NAMA Group

Consolidated Statement of Financial Position

	Note	NARL €000	NAMA Group (excl. NARL) €000	30 June 2013 Consolidated NAMA Group €000	31 Mar 2013 Consolidated NAMA Group €000
Assets					
Cash and cash equivalents	11	60,403	2,315,094	2,375,497	2,313,577
Cash placed as collateral with the NTMA	11	-	916,000	916,000	1,173,000
Financial assets available for sale	12	-	147,674	147,674	403,790
Receivable from Participating Institutions	13	-	83,612	83,612	80,204
Derivative financial instruments	14	-	304,369	304,369	362,051
Loans and receivables	15	12,943,615	21,460,958	34,404,573	35,387,309
Other assets	16	15	17,041	17,056	34,346
Trading properties	17	-	6,740	6,740	6,745
Property, plant and equipment	18	-	831	831	831
Deferred tax	19	-	217,823	217,823	265,425
Total assets		13,004,033	25,470,142	38,474,175	40,027,278
Liabilities					
Payable to Participating Institutions	13	-	27,543	27,543	24,021
Derivative financial instruments	14	-	642,711	642,711	890,157
Debt securities in issue	20	-	36,868,000	36,868,000	38,368,000
Tax payable	22	-	1,497	1,497	1,884
Other liabilities	21	13,004,031	(12,702,866)	301,165	203,502
Total liabilities		13,004,031	24,836,885	37,840,916	39,487,564
Equity					
Share capital		-	-	-	-
Other equity instruments	23	-	1,593,000	1,593,000	1,593,000
Retained earnings	2	-	(606,514)	(606,512)	(585,665)
Other reserves	24	-	(353,229)	(353,229)	(467,621)
Total equity		2	633,257	633,259	539,714
Total equity and liabilities		13,004,033	25,470,142	38,474,175	40,027,278

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

NAMA Group

Consolidated Statement of Cash Flows For the period ended 30 June 2013

	For the period from 1 Apr 2013 to 30 June 2013			For the period from 1 Jan 2013 to 30 June 2013
	NARL €000	NAMA Group (excl. NARL) €000	Consolidated NAMA Group €000	Consolidated NAMA Group €000
Cash flow from operating activities				
Loans and receivables				
Receipts from borrowers	-	1,364,883	1,364,883	1,967,840
Advances to borrowers	-	(278,025)	(278,025)	(341,852)
Advances to IBRC Special Liquidators	-	33,750	33,750	(139,438)
Fee income received on loans with borrowers	-	313	313	412
Interest received on floating charge from IBRC	60,403	-	60,403	-
Net cash provided by loans and receivables	60,403	1,120,921	1,181,325	1,486,961
Derivatives				
Cash inflow on foreign currency derivatives	-	5,425,745	5,425,745	9,747,381
Cash outflow on foreign currency derivatives	-	(5,452,446)	(5,452,446)	(9,795,651)
Net cash inflow on derivatives where hedge accounting is applied	-	15,728	15,728	14,646
Net cash outflow on other derivatives	-	(110,516)	(110,516)	(103,893)
Net cash used in derivatives	-	(121,489)	(121,489)	(137,518)
Other operating cashflows				
Interest expense on debt securities in issue	-	(1,344)	(1,344)	(69,772)
Payments to suppliers of services	-	(27,352)	(27,352)	(55,219)
Amounts pledged as collateral with NTMA	-	257,000	257,000	234,000
Interest received on cash and cash equivalents	-	6,601	6,601	68,180
Dividend paid on behalf of NAMAIL	-	-	-	(2,162)
Interest on loan to IBRC Special Liquidators	-	488	488	561
Net cash used in other operating activities	-	235,392	235,392	175,588
Net cash provided by operating activities	60,403	1,234,824	1,295,228	1,525,031
Cash flow from investing activities				
Purchase of available for sale assets	-	-	-	(149,719)
Maturity of available for sale assets	-	267,750	267,750	267,750
Net cash provided by investing activities	-	267,750	267,750	118,031
Cash flow from financing activities				
Redemption of senior debt securities	-	(1,500,000)	(1,500,000)	(1,500,000)
Net cash used in financing activities	-	(1,500,000)	(1,500,000)	(1,500,000)
Cash and cash equivalents at the beginning of the period				
	-	2,313,577	2,313,577	2,235,823
Net cash provided by operating activities	60,403	1,234,824	1,295,228	1,525,031
Net cash provided by investing activities	-	267,750	267,750	118,031
Net cash used in financing activities	-	(1,500,000)	(1,500,000)	(1,500,000)
Effects of exchange-rate changes on cash and cash equivalents	-	(1,058)	(1,058)	(3,388)
Cash and cash equivalents at 30 June 2013	60,403	2,315,093	2,375,497	2,375,497
Financial assets and cash collateral				
Financial assets available for sale	-	147,674	147,674	147,674
Amounts pledged as collateral with NTMA	-	916,000	916,000	916,000
Total cash, cash equivalents and collateral held	60,403	3,378,767	3,439,171	3,439,171

1 General Information

For the purposes of these accounts, the 'NAMA Group' comprises; the parent entity NAMA (the Agency) and all entities shown in Chart 1 on page 11. The Agency owns 49% of the shares in NAMAIL and the remaining 51% of the shares are held by private investors.

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The Group's consolidated accounts for the period to 30 June 2013 are presented in accordance with its accounting policies for the purposes of complying with the requirements of Section 55 of the Act.

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

2.2 Basis of measurement

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

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

2.3 Consolidation

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

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

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at quarter end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

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

2.5 Financial assets – Loans and receivables

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

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

(a) Financial assets at fair value through profit or loss

This category of assets comprises derivatives other than derivatives that are designated and are effective as hedging instruments. These assets are recognised initially at fair value and transaction costs are taken directly to the consolidated income statement. Interest income and expense arising on these assets are included in interest income and interest expense. Fair value gains and losses on these financial assets are included in gains and losses on derivative financial instruments in the consolidated income statement or as part of foreign exchange gains and losses where they relate to currency derivatives.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans acquired by the Group are treated as loans and receivables because the original contracts provided for payments that were fixed or determinable. The Group has classified the loan assets it acquired from Participating Institutions as loans and receivables.

Loans and receivables are initially recognised at fair value plus transaction costs. Loan assets acquired by the Group from Participating Institutions, as provided for in the Act, are treated as having a fair value at initial recognition equal to the acquisition price paid for the asset, taking into account any cash flow movements in the loan balance between the valuation date and transfer date.

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

Loans and receivables are classified as follows:

- Land and development loans
- Investment property loans

Land and development loans includes loans on land which has been purchased for the purpose of development and loans secured on partly developed land.

Investment property loans are loans secured on any property purchased with the primary intention of retaining it and enjoying the total return, i.e. income and/or capital appreciation, over the life of the interest acquired.

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

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

(c) Financial assets available for sale

Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Available for sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or exchange rates.

Available for sale financial assets are initially recognised at fair value plus transaction costs. They are subsequently held at fair value. Interest income calculated using the effective interest method is recognised in profit or loss. Other changes in the carrying amount of available for sale financial assets are recognised in other comprehensive income in the available for sale reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available for sale reserve is reclassified to profit or loss.

(d) Financial assets and liabilities at fair value

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

Borrower derivatives

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

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

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

NAMA derivatives

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

Hedge accounting

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

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

Cash flow hedge

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

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

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

2.6 Financial liabilities

The Group carries all financial liabilities at amortised cost, with the exception of derivative financial instruments, which are measured at fair value. Further information on derivative liabilities is included in accounting policy 2.13.

2.7 De-recognition of financial assets and financial liabilities

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

2.8 Interest income and expense

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

The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Group estimated cash flows using the mandated LTEV methodology but did not consider future credit losses beyond any already recognised in the acquisition price of loans. The calculation includes transaction costs and all fees paid or received between parties to the contract that are an integral part of the EIR.

Where loan cash flows cannot be reliably estimated on initial recognition (generally when the due diligence process has not yet completed), interest income is recognised on a contractual interest receipts basis until the cash flows can be estimated, at which time interest income will be recognised using the EIR method.

When a loan and receivable is impaired, the Group reduces the carrying amount to its estimated recoverable amount (being the estimated future cash flows discounted at the original EIR) and continues unwinding the remaining discount as interest income.

Once a financial asset (or a group of similar financial assets) has been written down as a result of an impairment loss, interest income is recognised using the original rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income on impaired loans is only recognised on the unimpaired amount of the loan balance using the original EIR rate.

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

2.9 Fee income

Fee income that is an integral part of calculating the EIR or originating a loan is recognised as part of EIR as described in accounting policy 2.8. Fees earned by the Group that are not part of EIR are recognised immediately in profit or loss as fee income.

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

Profit and loss on the disposal of loans and property assets

NAMA has disposed of certain loan/property assets to third parties during the period. Profits and losses on the disposal of loans/property is calculated as the difference between the carrying value of the loans/property and the contractual sales price at the date of sale. The contractual sales price includes any deferred consideration where NAMA has the contractual right to receive any deferred cash flow. Profits and losses on the disposal of loans/profits are recognised in the income statement when the transaction occurs. Profit on disposal of loans is not recognised when the overall debtor connection is impaired in accordance with latest available impairment assessment data.

Surplus income

Surplus income is calculated as the excess cash recovered on a total debtor connection over the loan carrying value and is recognised in the income statement:

- a) to the extent that actual cashflows for a total debtor connection are in excess of the total debtor connection loan carrying values, i.e. to the extent that the debtor has repaid all of its NAMA debt; or
- b) when the estimated cashflows for the total debtor connection are greater than the total debtor connection loan carrying value. Such surplus income, to the extent that cash is realised from specific loan assets within the connection, is taken to the income statement at each annual reporting date only.

2.11 Impairment of financial assets

The Group assesses on a semi-annual basis, whether there is objective evidence that a financial asset or group of financial assets, measured at amortised cost, is impaired.

(a) Loans and receivables carried at amortised cost

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. The individually significant assessment is completed in respect of the total portfolio of borrowings of each individually significant debtor connection, rather than on an individual loan basis.

The vast majority of loans and receivables acquired had already incurred credit losses, which were reflected in the valuation of loans and receivables by NAMA.

Objective evidence that an asset or portfolio of assets is impaired after acquisition by NAMA includes:

- International, national or local economic conditions that correlate with defaults on the assets in the group (e.g. a decrease in property prices in the relevant area or adverse changes in industry conditions that affect the debtor);
- Observable data indicating that there is a measurable decrease in the value of estimated future cash flows from a portfolio of assets since the initial recognition of those assets;
- Adverse changes in expectations about the amount likely to be realised from the disposal of collateral associated with the loan or loan portfolio;
- Adverse changes in expectations of the timing of future cash flows arising from disposals of collateral;
- Adverse changes in the payment status of the debtor (e.g. an increased number of delayed payments);
- Further significant financial difficulty of the debtor since acquisition;
- Additional breaches of contract, such as a default or delinquency in interest or principal payments;
- It becoming increasingly probable that the debtor will enter bankruptcy or other financial reorganisation.

Individually Significant

For the purpose of the individually significant assessment, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original EIR. This is assessed at a total debtor connection level, which is the unit of account applied by NAMA. The carrying amount of the asset is reduced through use of an allowance account. The amount of the impairment loss is recognised in the consolidated income statement.

Collective Assessment

Loans which are not subject to individually significant assessment are grouped collectively for the purposes of performing an impairment assessment. This assessment is based on the experience of the detailed impairment assessment carried out in respect of individually significant loans.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated income statement.

Where there is no further prospect of recovery of the carrying value of a loan, or a portion thereof, the amount that is not recoverable is written off against the related allowance for debtor impairment. Such financial assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

2.12 Cash and cash equivalents

Cash comprises cash on hand, demand deposits and exchequer notes.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Derivative financial instruments and hedge accounting

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

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

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

Derivatives at fair value through profit or loss

Derivatives at fair value through profit or loss are initially recognised at fair value on the date on which a derivative contract is entered into or acquired and are subsequently re-measured at fair value.

The fair value of derivatives is determined using a mark to market valuation technique based on independent valuations obtained using observable market inputs such as Euribor and Libor yield curves, par interest and foreign exchange rates.

The assumptions involved in these valuation techniques include the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement is required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Fair value gains or losses on these derivatives are recognised in the income statement. However where they are designated as hedging instruments, the treatment of the fair value gains and losses depends on the nature of the hedging relationship.

Gains and losses on currency swaps are recognised in profit or loss as part of foreign exchange gains and losses.

Derivatives designated in hedge relationships

The Group designates certain derivatives as hedges of highly probable future cash flows, attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedges). At the inception of the hedge relationship, the Group documents the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge

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

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss. Amounts reclassified to profit or loss from equity are included in net interest income.

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

2.14 Trading Properties

Trading properties include property assets and non real estate assets which are held for resale and are stated at the lower of cost and net realisable value. Costs are determined on the basis of specific identification of individual costs relating to each asset. Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale.

2.15 Taxation

(a) Current income tax

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

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

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

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

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax related to cash flow hedges is recognised in equity and subsequently in the consolidated income statement together with the deferred gain or loss.

Deferred income tax related to available for sale reserves is recognised in other comprehensive income and subsequently in the consolidated income statement together with the deferred gain or loss.

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

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

2.16 Provisions for liabilities and charges and contingent assets and liabilities

Provisions

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

Contingent liabilities

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

Contingent assets

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

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

2.17 Amounts due to and from Participating Institutions

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

Unsettled overdraft positions

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

2.18 Financial guarantee contracts acquired

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was acquired. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS 18 and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of Management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

2.19 Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual terms of the instruments. Instruments which do not carry a contractual obligation to deliver cash or another financial asset to another entity are classified as equity and are presented in equity. The coupon payments on these instruments are recognised directly in equity. The subordinated bonds issued by the Group contain a discretionary coupon and have no obligation to deliver cash and are therefore classified as equity instruments.

Senior debt securities, issued by the Group are classified as debt instruments as the securities carry a fixed coupon based on Euribor and the coupon payment is non-discretionary.

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

2.20 Share capital

(a) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's Board. Dividends for the period that are declared after the date of the consolidated statement of financial position are dealt with in the Events after the Reporting Date note.

(b) Other equity instrument

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

2.21 Cash placed as collateral with the NTMA

NTMA and NAMA. The NTMA is the counterparty to all NAMA derivatives (other than those acquired from borrowers). The NTMA require cash to be placed with it as collateral to reduce the exposure it has to NAMA with regard to its derivative positions.

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

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

2.22 Property, plant and equipment

The Agency incurred costs for the fit-out of leased office space. Costs incurred are capitalised in the balance sheet as property, plant and equipment. The recognised asset is depreciated on a straight line basis over 10 years. A full year's depreciation is recognised in the year the asset is capitalised.

2.23 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the NAMA CEO who allocates resources to and assesses the performance of the operating segments of NAMA.

3 Interest and fee income

	For the period from 1 Apr 2013 to 30 June 2013			For the period from 1 Jan 2013 to 30 June 2013
	NAMA Group		Total €000	Total €000
	NARL €000	(excl. NARL) €000		
Interest on loans and receivables	72,083	258,603	330,686	611,644
Interest on derivative financial instruments	-	19,997	19,997	32,292
Interest on cash and cash equivalents	15	4,046	4,061	8,025
Interest on financial assets held as available for sale	-	2,428	2,428	5,342
Interest on loan to Special Liquidators of IBRC	-	515	515	724
Other fee income	-	283	283	381
Total interest and fee income	72,098	285,872	357,970	658,408

Interest on loans and receivables

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

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

Of the €612m in interest income on loans and receivables recognised in the period 1 January 2013 to 30 June 2013, €415m was realised by way of non-disposal cash receipts. Any difference between the EIR income recognised and the element realised in cash in any particular period is factored into NAMA's impairment process.

There has been a reduction in the level of income realised in cash for the 6 month period ended 30 June 2013. NAMA's non-disposal income, which peaked in 2012, was €0.4 billion for the 6 month period ended 30 June 2013 (30 June 2012: €0.6 billion). This reflects the commercial reality that, as NAMA disposes of income producing assets, there is a natural corresponding fall-off in non-disposal (mainly rental) income.

Following the appointment of the Special Liquidators to IBRC in February 2013, NAMA experienced an unexpected disruption to its non-disposal cash collection. Of NAMA's original €74 billion par debt exposure, €41 billion (€13.4 billion NAMA debt) originated from IBRC. As part of NAMA's operating model, under the NAMA Act 2009, IBRC formerly acted as Primary Servicer (performing all loan administration services) on this entire €13.4 billion NAMA debt. Following the appointment of the Special Liquidators, bank and loan accounts were frozen and standing orders were blocked. Work is ongoing in respect of the restoration of the rental payment structures in new banks and the collection of any outstanding cash collections.

4 Interest expense

	For the period from 1 Apr 2013 to 30 June 2013			For the period from 1 Jan 2013 to 30 June 2013
	NAMA Group		Total €000	Total €000
	NARL €000	(excl. NARL) €000		
Interest on debt securities in issue	-	32,312	32,312	62,838
Interest on other derivative financial instruments	-	4,260	4,260	10,493
Interest on derivatives where hedge accounting is applied	-	59,673	59,673	114,952
Interest on inter-group loans	73,776	(73,776)	-	-
Total interest expense	73,776	22,469	96,245	188,283

On 28th March 2013, NAML issued bonds to the value of €12.9bn as consideration for the acquisition by NARL of a floating charge over the assets of IBRC from Central Bank of Ireland. The interest expense incurred by NAML on these bonds in the quarter was €11.5m.

NAMA Group
Notes to the accounts

NARL has an intercompany profit participating facility agreement in operation with NAML, reflecting the consideration for the floating charge acquired from the Central Bank. NARL has earned cumulative income of €75m to date (Q1 €3m; Q2 €72m), of which €74m has been transferred to NAML by way of profit participating loan interest. Refer to Appendix 6 for the full set of NARL accounts.

5 Net profit/(loss) on disposal of loans and property assets, and surplus income	For the period from 1 Apr 2013 to 30 June 2013		For the period from 1 Jan 2013 to 30 June 2013
	NAMA Group		Total
	NARL	(excl. NARL)	Total
	€000	€000	€000
Surplus Income	-	202,342	202,342
Net loss on disposal of loans	-	(9,464)	(15,723)
	-	192,878	186,619

During the quarter, the Group sold certain loans and receivables acquired to third parties. Profit or loss on disposal is measured as the difference between proceeds of sale received and the carrying value of those loans and receivables. The Group realised net losses of €9.5m on the disposal of loans in the quarter. Profit on disposal of loans is not recognised where the overall debtor connection is impaired in accordance with the latest available information.

For certain assets acquired, the proceeds from the disposal of the underlying collateral in a debtor connection has exceeded the carrying value of those loans and receivables. This surplus is recognised in the income statement as realised profits on loans (surplus income). For the period 1 January 2013 to 30 June 2013 €202m of surplus income was recognised (see accounting policy 2.10).

6 Gains/(losses) on derivative financial instruments	For the period from 1 Apr 2013 to 30 June 2013		For the period from 1 Jan 2013 to 30 June 2013
	NAMA Group		Total
	NARL	(excl. NARL)	Total
	€000	€000	€000
Fair value losses on acquired derivatives	-	(60,190)	(72,348)
Fair value gains on other derivatives	-	12,622	21,676
Hedge ineffectiveness adjustment	-	2,274	4,640
Total losses on derivative financial instruments	-	(45,294)	(46,032)

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

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

Included in the total losses on derivative financial instruments is an exceptional loss of €28m incurred relating to the termination of a derivative as a result of the sale of a loan in May 2013.

In 2010 a fair value loss of €30.4m in respect of derivatives that are now designated in hedge relationships was included in fair value losses on other derivatives. This loss is amortised to the cash flow hedge reserve as hedge ineffectiveness over the remaining life of the derivatives. At the reporting date cumulative hedge ineffectiveness of €28.3m is recognised in the cashflow hedge reserve, current year hedge ineffectiveness is €4.6m.

7 Administration expenses

For the period from 1 Apr 2013 to 30 June 2013

For the period from 1 Jan 2013 to 30 June 2013

	NAMA Group			Total €000
	NARL €000	(excl. NARL) €000	Total €000	
Costs reimbursable to NTMA	1,530	8,058	9,588	19,309
Primary servicer fees	-	13,049	13,049	28,438
Legal fees	-	(1,236)	(1,236)	612
Portfolio management fees	-	1,988	1,988	2,410
Master servicer fees	-	745	745	1,491
Finance and technology costs	-	805	805	1,269
Rent and occupancy costs	-	289	289	573
Internal audit fees	-	251	251	505
NAMA Board and Committee Fees	-	138	138	265
External audit remuneration	-	112	112	225
Total administration expenses	1,530	24,199	25,729	55,097

Under Section 42 (4) of the Act, the Agency shall reimburse the NTMA for the costs incurred by the NTMA as a consequence of its assignment of staff to the NAMA Group Entities. See 7.1 below for further breakdown of such costs.

During the period, NAMA negotiated a significant reduction in legal costs on settlement of a legal case, resulting in a release of €1.5m of costs previously recognised to the income statement.

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

7.1 Costs reimbursable to NTMA

For the period from 1 Apr 2013 to 30 June 2013

For the period from 1 Jan 2013 to 30 June 2013

	NAMA Group			Total €000
	NARL €000	(excl. NARL) €000	Total €000	
Staff costs	727	6,822	7,549	14,646
Overheads and shared service costs	803	1,236	2,039	4,663
Total	1,530	8,058	9,588	19,309

8 Foreign exchange gains/ (losses)

For the period from 1 Apr 2013 to 30 June 2013

For the period from 1 Jan 2013 to 30 June 2013

	NAMA Group			Total €000
	NARL €000	(excl. NARL) €000	Total €000	
Foreign exchange translation loss on loans and receivables	-	(94,308)	(94,308)	(328,636)
Unrealised foreign exchange gain on derivative financial instruments	-	110,998	110,998	325,611
Realised foreign exchange loss on derivative financial instruments	-	(26,701)	(26,701)	(48,270)
Foreign exchange loss on cash	-	(1,058)	(1,058)	(3,388)
Total foreign exchange gains/(losses)	-	(11,069)	(11,069)	(54,683)

Gains and losses on foreign exchange derivatives arise from market movements that affect the value of the derivatives at the reporting date. On a cumulative basis since 2010, NAMA has recorded a loss of €70m on currency derivatives. This cumulative net cost is akin to an "insurance" cost of protecting NAMA from the impact of foreign exchange rate fluctuations.

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Foreign exchange translation gains and losses on loans and receivables arise on the revaluation of foreign currency denominated loans and receivables. Foreign currency translation amounts are recognised in accordance with accounting policy 2.4.

Following the transfer of assets from the Participating Institutions, the Group entered into currency derivative contracts to reduce its exposure to exchange rate fluctuations arising on foreign currency denominated loans and receivables acquired. Realised and unrealised gains are recognised in accordance with accounting policy 2.13. Currency derivatives are explained in more detail in note 14.

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

9 Tax charge

	For the period from 1 Apr 2013 to 30 June 2013			For the period from 1 Jan 2013 to 30 June 2013
	NAMA Group NARL €000	(excl. NARL) €000	Total €000	Total €000
Current tax				
Corporation Tax in NAMAIL	-	(8)	(8)	(16)
Deferred Tax				
On fair value gains and losses on derivatives (Note 19)	-	(7,997)	(7,997)	(60,873)
On utilised tax losses forward	-	-	-	-
Total taxation charge	-	(8,005)	(8,005)	(60,889)

10 Dividend declared and paid

	For the period from 1 Apr 2013 to 30 June 2013			For the period from 1 Jan 2013 to 30 June 2013
	NAMA Group NARL €000	(excl. NARL) €000	Total €000	Total €000
Dividend paid	-	-	-	(2,162)

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

11 Cash and cash equivalents

	NAMA Group		30 June 2013	31 Mar 2013
	NARL €000	(excl. NARL) €000	Total €000	Total €000
Balances with Central Bank	383	326,188	326,571	361,451
Balances with other banks	20	78,908	78,928	60,215
Exchequer notes	60,000	1,875,000	1,935,000	1,750,000
Term deposits	-	34,998	34,998	141,911
Total cash and cash equivalents	60,403	2,315,094	2,375,497	2,313,577
Cash placed as collateral with the NTMA	-	916,000	916,000	1,173,000
Total cash, cash equivalents and collateral postings	60,403	3,231,094	3,291,497	3,486,577

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

12 Financial assets available for sale

	NAMA Group		30 June 2013	31 Mar 2013
	NARL €000	(excl. NARL) €000	Total €000	Total €000
Short term treasury bonds	-	147,674	147,674	403,790

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

13 Receivables from and payables to Participating Institutions

	NAMA Group		30 June 2013	31 Mar 2013
	NARL €000	(excl. NARL) €000	Total €000	Total €000
Receivables from Participating Institutions	-	83,612	83,612	80,204
Payable to Participating Institutions	-	(27,543)	(27,543)	(24,021)

Receivables from and payables to Participating Institutions comprise unsettled overdraft positions. Amounts are settled when a terminating event occurs for overdrafts. NAMA legally acquired overdraft accounts attached to debtor loan accounts in 2010 and 2011. At 30 June 2013 the above amounts were receivable from and payable to the Participating Institutions for cash collected or paid out by the Participating Institutions in relation to NAMA debtors' overdraft accounts. Amounts due are generally only settled by NAMA and the Participating Institutions upon a terminating event such as account closure. Amounts settled may differ to the balances reported at quarter end.

14 Financial assets and liabilities at fair value

	NAMA Group		30 June 2013	31 Mar 2013
	NARL	(excl. NARL)	Total	Total
	€000	€000	€000	€000
<i>Derivative assets at fair value through profit or loss</i>				
Derivative financial instruments acquired	-	125,874	125,874	309,683
Other derivative financial instruments	-	86,690	86,690	15,950
Foreign currency derivatives	-	91,805	91,805	36,418
Total derivative assets	-	304,369	304,369	362,051
<i>Derivative liabilities at fair value through profit or loss</i>				
Other derivative financial instruments	-	(110,709)	(110,709)	(144,768)
Foreign currency derivatives	-	(60,403)	(60,403)	(116,014)
Total	-	(171,112)	(171,112)	(260,782)
Hedging derivative liabilities	-	(471,599)	(471,599)	(629,375)
Total derivative liabilities	-	(642,711)	(642,711)	(890,157)

Derivative financial instruments at fair value through profit or loss

Derivative financial instruments acquired from borrowers relate to the fair value of derivatives acquired from borrowers that were associated with loans acquired. The fair value of these derivatives at the quarter end was €126m (31 March 2013: €310m), a movement of €184m, of which €123m was cash received on the settlement of an acquired borrower derivative, and the net movement of €60m is recognised in the income statement (Note 6).

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

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

Derivative financial instruments designated in hedge relationships

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

Some of these interest rate swaps were formally designated into hedge relationships during 2010, when the fair value of these derivatives was (negative) €30.4m. This amount was recognised as a fair value loss on other derivative financial instruments in the income statement in 2010. This fair value gain is amortised as hedge ineffectiveness over the remaining life of the derivatives. A cumulative amount of €28.3m has been recognised as income in the income statement and cash flow hedge reserve.

15 Loans and receivables

			30 June 2013	31 Mar 2013
	NARL	NAMA Group (excl. NARL)	Total	Total
	€000	€000	€000	€000
Loans and receivables	12,943,616	24,940,130	37,883,746	38,477,407
Less provision for impairment charges on loans and receivables	-	(3,618,775)	(3,618,775)	(3,263,422)
	<u>12,943,616</u>	<u>21,321,355</u>	<u>34,264,971</u>	<u>35,213,985</u>
Loan to IBRC Special Liquidators	-	139,602	139,602	173,324
	<u>12,943,616</u>	<u>21,460,957</u>	<u>34,404,573</u>	<u>35,387,309</u>

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

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

Impairment is assessed semi annually. NAMA carried out an impairment assessment at 30 June 2013 of its individually significant debtors, which are those managed directly by NAMA. Based on the assessment an additional impairment charge of €385m has been recorded, primarily relating to specific debtors with a material adverse change in timing and amount of expected cashflows. This brings the total impairment coverage to 14.4% at 30 June 2013 (31 December 2012: 12.5%).

	2013 €000
Balance at the beginning of the year	3,263,422
Increase in specific provision	378,227
Release of specific provision	(102,949)
Increase in collective provision	80,075
Total movement in provision	<u>355,353</u>
Balance at the end of the year	<u>3,618,775</u>
Recognised in income statement	385,353
Recognised against loans and receivables	<u>(30,000)</u>
	<u>355,353</u>

The impairment review is subject to estimation and judgement in relation to the amount and timing of cash flows and the value of underlying collateral. Actual results may differ from expected results. A detailed impairment assessment will be carried out at 31 December 2013.

NAMA and the Special Liquidators of IBRC have entered into a loan facility, agreeing an external loan of €1bn between NAMA and the Special Liquidators of IBRC. The purpose of the facility is to provide the Special Liquidators with working capital and cash collateral required by the NTMA to post to derivative counterparties of IBRC. At the reporting date, €139.6m of the loan has been drawn down by the Special Liquidators.

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16 Other assets

	NAMA Group		30 June 2013	31 Mar 2013
	NARL €000	(excl. NARL) €000	Total €000	Total €000
Accrued swap interest receivable	-	6,710	6,710	10,826
Deferred consideration	-	6,083	6,083	6,426
VAT receivable	-	554	554	524
Interest receivable on financial assets available for sale	-	2,654	2,654	13,364
Interest receivable on cash and cash equivalents	15	394	409	2,948
Prepayments	-	645	645	258
Total other assets	15	17,040	17,055	34,346

17 Trading properties

	NAMA Group		30 June 2013	31 Mar 2013
	NARL €000	(excl. NARL) €000	Total €000	Total €000
Trading properties	-	6,740	6,740	6,745

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

18 Property, plant and equipment

	NAMA Group		30 June 2013	31 Mar 2013
	NARL €000	(excl. NARL) €000	Total €000	Total €000
Lease fit out costs	-	831	831	831

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

19 Deferred tax

	Deferred tax on derivatives Assets	Deferred tax on (Liabilities)	Deferred tax on tax losses	Total
	€000	€000	€000	€000
Balance at 1 Apr 2013	223,354	(91,322)	133,393	265,425
Movement in the period	(63,213)	15,611	-	(47,602)
Balance at 30 June 2013	160,141	(75,711)	133,393	217,823

	For the period from 1 Apr 2013 to 30 June 2013 €000
Current tax (Note 9)	(8)
Movement recognised in the income statement (Note 9)	(7,997)
Movement recognised in reserves (Note 24 (a))	(39,605)
Net movement in deferred tax	(47,602)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets are recognised in respect of tax losses carried forward only to the extent that realisation of the related tax benefit is probable. A deferred income tax asset of €133m (2012: €133m) in respect of unutilised tax losses has been recognised in these financial statements. Based on the current year results, NAMA believes that future taxable profits will be available to offset any deferred tax asset recognised.

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

20 Debt securities in issue

	For the period from 1 Apr 2013 to 30 June 2013		
	NARL €000	NAMA Group (excl. NARL) €000	Total €000
In issue at beginning of quarter	-	38,368,000	38,368,000
Issued in the quarter	-	-	-
Redeemed during the quarter	-	(1,500,000)	(1,500,000)
In issue at end of quarter	-	36,868,000	36,868,000

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

Terms of notes issued for the acquisition of loans by NALML

The above debt securities are all Government Guaranteed Floating Rate Notes, which were issued by NAML and transferred to NAMGSL under a profit participating loan arrangement and by it to NALML. The latter company used these securities as consideration (95%) for the loan portfolio acquired from each of the Participating Institutions.

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

The securities in issue permit the issuer (where the issuer has not received a Holder Physical Delivery Rejection Notice) to physically settle all, or some only, of the securities at maturity which may be up to 364 days from the date of issue, notwithstanding that the existing security may have had a shorter maturity.

All of the securities which matured on 1 March 2013 were physically settled by issuing new securities with a maturity of 1 March 2014.

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

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

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

Senior debt securities were issued on 28 March 2013 and are due to mature on 20 February 2014. The securities issued permitted the issuer to settle all, or some only, of the securities at maturity by issuing a new security on the same terms as the existing security (other than as to maturity which may be up to 364 days from the date of issue notwithstanding that the existing security may have had a shorter maturity).

21 Other liabilities

	NAMA Group		30 June 2013	31 Mar 2013
	NARL €000	(excl. NARL) €000	Total €000	Total €000
Intercompany - NAML / NARL	12,928,344	(12,928,344)	-	-
Accrued swap interest payable	-	220,488	220,488	159,165
Accrued interest on debt securities in issue - loans acquired by NALML	-	27,316	27,316	7,361
Accrued interest on debt securities in issue - floating charge acquired by NARL	-	11,497	11,497	484
Accrued expenses	1,912	39,694	41,606	36,198
Other liabilities	73,776	(73,518)	258	294
Total other liabilities	13,004,032	(12,702,867)	301,165	203,502

22 Tax payable

	NAMA Group		30 June 2013	31 Mar 2013
	NARL €000	(excl. NARL) €000	Total €000	Total €000
Professional services withholding tax and other taxes payable	-	1,461	1,461	1,836
Current tax liability	-	36	36	48
Total tax payable	-	1,497	1,497	1,884

23 Other equity instruments

**For the period
from 1 Apr 2013 to
30 June 2013
€000**

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

Terms of the instrument

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

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

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

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

24 Other reserves

For the period **For the period**
from 1 Apr 2013 **from 1 Jan 2013 to**
to 30 June 2013 **30 June 2013**

Other reserves are analysed as follows:

	€000	€000
Cashflow hedge reserve		
At the beginning of the period	(467,608)	(524,019)
Net changes in fair value	157,775	236,148
Hedge ineffectiveness	(2,274)	(4,642)
Deferred tax recognised in other reserves (note a)	(39,981)	(59,574)
At 30 June 2013	(352,088)	(352,087)
Available for sale reserve		
At the beginning of the period	(13)	1,805
Net changes in fair value	(1,504)	(3,928)
Deferred tax recognised in other reserves (note a)	376	982
At 30 June 2013	(1,141)	(1,141)
Total other reserves	(353,229)	(467,621)

The cash flow hedge reserve comprises the mark to market movement on interest rate swaps that have been designated into hedge relationships. Any fair value gains or losses arising on these derivatives in hedge relationships is accounted for in reserves. The available for sale reserve comprises the fair value movement on available for sale assets in the quarter (see note 12). Total deferred tax recognised in reserves in the period is €40m (Q1: €19m) (note 19).

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

	€000	€000
Deferred tax on movement in cash flow hedge reserve from 1 Jan 2013 to 31 Mar 2013	(19,593)	
Deferred tax on movement in available for sale reserve from 1 Jan 2013 to 31 Mar 2013	606	
Total deferred tax movement on reserves from 1 Jan 2013 to 31 Mar 2013		(18,987)
Deferred tax on movement in cash flow hedge reserve from 1 Apr 2013 to 30 June 2013	(39,981)	
Deferred tax on movement in available for sale reserve from 1 Apr 2013 to 30 June 2013	376	
Total deferred tax movement on reserves from 1 Apr 2013 to 30 June 2013		(39,605)
Total deferred tax movement on reserves from 1 Jan 2013 to 30 June 2013		(58,592)
<u>Consists of:</u>		
Cashflow hedge reserve		(59,574)
Available for sale reserve		982
		(58,592)

NAMA Group													
Section 55 (6) (j): Income Statement by NAMA group entity													
For the period from 1 January 2013 to 30 June 2013													

	National Asset Loan Management Limited	National Asset Property Management Limited	National Asset Residential Property Services Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Services Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Resolution Limited	National Asset Management Agency Investment Limited €000	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Interest and fee income	582,630	-	-	-	-	73,776	(73,776)	582,630	75,690	126	725	(763)	658,408
Interest expense	(125,445)	-	-	-	-	(62,964)	-	(188,409)	(73,776)	-	(637)	74,539	(188,283)
Net interest income / (expense)	457,185	-	-	-	-	10,812	- 73,776	394,221	1,914	126	88	73,776	470,125
Other income	1,912	-	-	-	-	-	-	1,912	-	-	19,735	(21,647)	-
Net Profit on disposal of loans, property and surplus income	186,619	-	-	-	-	-	-	186,619	-	-	-	-	186,619
(Losses) on derivative financial instruments	185,474	-	-	-	-	-	(231,506)	(46,032)	-	-	-	-	(46,032)
Total operating income / (expense)	831,190	-	-	-	-	10,812	(305,282)	536,720	1,914	126	19,823	52,129	610,712
Administration expenses	(54,664)	(18)	(150)	-	-	-	-	(54,832)	(1,912)	-	(20,000)	21,647	(55,097)
Foreign exchange (losses)	(54,665)	(18)	-	-	-	-	-	(54,683)	-	-	-	-	(54,683)
Operating profit / (loss) before impairment	721,861	(36)	(150)	-	-	10,812	(305,282)	427,205	2	126	(177)	-	500,932
Impairment charges on loans and receivables	(385,353)	-	-	-	-	-	-	(385,353)	-	-	-	-	(385,353)
Profit / (loss) for the period before income tax	336,508	(36)	(150)	-	-	10,812	(305,282)	41,852	2	126	(177)	-	115,579
Tax credit/(expense)	(120,447)	-	-	-	-	-	59,574	(60,873)	-	(16)	-	-	(60,889)
Profit for the year before dividend	216,061	(36)	(150)	-	-	10,812	(245,708)	(19,021)	2	110	(177)	-	54,690
Dividend paid	-	-	-	-	-	-	-	-	-	(2,162)	-	-	(2,162)
Profit for the year	216,061	(36)	(150)	-	-	10,812	(245,708)	(19,021)	2	(2,052)	(177)	-	52,528

NAMA Group													
Section 55 (6) (j): Income Statement by NAMA group entity													
For the period from 1 April 2013 to 30 June 2013													
	National Asset Loan Management Limited	National Asset Property Management Limited	National Asset Residential Property Services Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Resolution Limited	National Asset Management Agency Investment Limited €000	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Interest and fee income	285,826	-	-	-	-	73,776	(73,776)	285,826	72,098	64	516	(534)	357,970
Interest expense	(63,933)	-	-	-	-	(32,376)	-	(96,309)	(73,776)	-	(470)	74,310	(96,245)
Net interest income / (expense)	221,893	-	-	-	-	41,400	- 73,776	189,517	(1,678)	64	46	73,776	261,725
Other income	1,530.00	-	-	-	-	-	-	1,530.00	-	-	9,802	(11,332)	-
Net Profit on disposal of loans, property and surplus income	192,878	-	-	-	-	-	-	192,878	-	-	-	-	192,878
(Losses) on derivative financial instruments	110,207	-	-	-	-	-	(155,501)	(45,294)	-	-	-	-	(45,294)
Total operating income / (expense)	526,508	-	-	-	-	41,400	(229,277)	338,631	(1,678)	64	9,848	62,444	409,309
Administration expenses	(25,512)	(14)	(65)	-	-	-	-	(25,591)	(1,530)	-	(9,940)	11,332	(25,729)
Foreign exchange (losses)	(11,064)	(5)	-	-	-	-	-	(11,069)	-	-	-	-	(11,069)
Operating profit / (loss) before impairment	489,932	(19)	(65)	-	-	41,400	(229,277)	301,971	(3,208)	64	(92)	-	372,511
Impairment charges on loans and receivables	(385,353)	-	-	-	-	-	-	(385,353)	-	-	-	-	(385,353)
Profit / (loss) for the period before income tax	104,579	(19)	(65)	-	-	41,400	(229,277)	83,382	3,208	64	(92)	-	(12,842)
Tax credit/(expense)	(47,978)	-	-	-	-	-	39,981	(7,997)	-	(8)	-	-	(8,005)
Profit for the year before dividend	56,601	(19)	(65)	-	-	41,400	(189,296)	(91,379)	(3,208)	56	(92)	-	(20,847)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	56,601	(19)	(65)	-	-	41,400	(189,296)	(91,379)	(3,208)	56	(92)	-	(20,847)

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 30 June 2013

	National Asset Loan Management Limited	National Asset Property Management Limited	National Asset Residential Property Services Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	NAML Group Consolidated Total	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Assets													
Investments	-	-	-	-	-	-	-	-	-	-	49,000	(49,000)	-
Cash	2,314,325	-	-	-	-	-	-	2,314,325	60,403	-	769	-	2,375,497
Cash placed as collateral with the NTMA	916,000	-	-	-	-	-	-	916,000	-	-	-	-	916,000
Financial assets available for sale	147,674	-	-	-	-	-	-	147,674	-	-	-	-	147,674
Receivables from Participating Institutions	83,612	-	-	-	-	-	-	83,612	-	-	-	-	83,612
Derivative financial instruments	304,369	-	-	-	-	-	-	304,369	-	-	-	-	304,369
Loans and receivables	21,321,356	-	-	-	-	-	-	21,321,356	12,943,615	-	139,602	-	34,404,573
Other assets	790,625	-	-	-	26,089,854	38,635,020	(52,287,394)	13,228,105	15	119,118	14,649	(13,344,831)	17,056
Trading properties	200	7,056	-	-	-	-	(516)	6,740	-	-	-	-	6,740
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	831	-	831
Deferred tax asset	84,429	-	-	-	-	137,981	187	222,597	-	-	-	(4,774)	217,823
Total assets	25,962,590	7,056	-	-	26,089,854	38,773,001	(52,287,723)	38,544,778	13,004,033	119,118	204,851	(13,398,605)	38,474,175
Liabilities													
Payable to Participating Institutions	27,543	-	-	-	-	-	-	27,543	-	-	-	-	27,543
Derivative financial instruments	642,711	-	-	-	-	-	-	642,711	-	-	-	-	642,711
Debt securities in issue	-	-	-	-	-	36,868,000	-	36,868,000	-	-	-	-	36,868,000
Tax payable	1,461	-	-	-	-	-	-	1,461	-	36	-	-	1,497
Other liabilities	25,895,949	7,139	339	-	26,089,853	715,130	(52,287,394)	421,016	13,004,031	12,978	207,971	(13,344,831)	301,165
Total liabilities	26,567,664	7,139	339	-	26,089,853	37,583,130	(52,287,394)	37,960,731	13,004,031	13,014	207,971	(13,344,831)	37,840,916
Equity													
Share capital	-	-	-	-	-	-	-	-	-	100,000	-	(100,000)	0
Other equity instruments	-	-	-	-	-	1,593,000	-	1,593,000	-	-	-	-	1,593,000
Retained earnings	(603,933)	(83)	(339)	-	1	(403,129)	351,759	(655,724)	2	6,104	3,120	46,226	(606,512)
Other reserves	(1,141)	-	-	-	-	-	(352,088)	(353,229)	-	-	-	-	(353,229)
Total equity	(605,074)	83	(339)	-	1	1,189,871	(329)	584,047	2	106,104	(3,120)	(53,774)	633,259
Total equity & liabilities	25,962,590	7,056	-	-	26,089,854	38,773,001	(52,287,723)	38,544,778	13,004,033	119,118	204,851	(13,398,605)	38,474,175

NAMA Group

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

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

Supplementary information required under Section 54 of the Act

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

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

Administration Expenses by NAMA group entity						
For the period from 1 April 2013 to 30 June 2013						
	NALML	NAPML	NARPSL	NARL	NAMA	NAMA Group Consolidated Total
	€000	€000	€000	€000	€000	€000
Costs reimbursable to NTMA	8,058	-	-	1,530	-	9,588
Primary servicer fees	13,049	-	-	-	-	13,049
Legal fees	(1,236)	-	-	-	-	(1,236)
Master servicer fees	745	-	-	-	-	745
Finance and technology costs	811	-	(6)	-	-	805
Portfolio management fees	1,903	14	71	-	-	1,988
Internal audit fees	363	-	-	-	-	363
Rent and occupancy costs	75	-	-	-	214	289
NAMA Board and Committee Fees	-	-	-	-	138	138
	23,768	14	65	1,530	352	25,729

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

	NARL	NAMA Group (excl. NARL)	30-Jun-13
Senior notes issued by NAML	-	36,868,000	36,868,000
Subordinated debt issued by NAML	-	1,593,000	1,593,000
Total	-	38,461,000	38,461,000

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

Financial Institution	Outstanding at 1 April 2013 €'000	Issued €'000	Redeemed €'000	Outstanding at 30 June 2013 €'000
AIB	17,876,000	-	(1,028,000)	16,848,000
BOI	4,756,000	-	(264,000)	4,492,000
EBS	332,000	-	(18,000)	314,000
IL&P	2,432,000	-	(143,000)	2,289,000
CBI	1,637,000	-	(47,000)	1,590,000
Total	27,033,000	-	1,500,000	25,533,000

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

3 (iv) SECTION 54 (3) (C) - ADVANCES TO NAMA FROM THE CENTRAL FUND

There were no advances to NAMA from the Central Fund in the quarter.

3 (v) SECTION 54 (3) (D) - ADVANCES MADE BY NAMA TO DEBTORS VIA PARTICIPATING INSTITUTIONS AND VENDOR FINANCE IN THE QUARTER

Participating Institution	NARL €000	NAMA Group (exc NARL) €000	For the period from 1 April 2013 to 30 June 2013 €000
AIB	-	13,948	13,948
IBRC	-	7,405	7,405
BOI	-	41,900	41,900
Vendor Finance	-	214,770	214,770
Total	-	278,023	278,023

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

The assets held by NAMA and each NAMA Group entity are set out below. The assets include intergroup assets and liabilities and intergroup profit participating loans between NAMA Group entities.

National Asset Management Agency (NAMA)	30 June 2013 €000
Investment in NAMA IL	49,000
Cash	769
Loans and receivables	139,602
Receivable from NALM	14,394
VAT receivable	23
Other receivables	232
Property, plant and equipment	831
Total	204,851

National Asset Management Agency Investment Limited	30 June 2013 €000
Loan to NAML	99,900
Intercompany loans and receivables - accrued interest	19,118
Inter-group receivable	100
Total	119,118

National Asset Resolution Limited	30 June 2013 €000
Loans and receivables	12,943,615
Cash and cash equivalents	60,403
Other assets	15
Total	13,004,033

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

30 June 2013	
€000	
National Asset Management Limited	
PPL receivable from NAMGSL	25,606,776
PPL receivable from NARL	12,928,344
Intergroup assets	99,900
Deferred tax asset	137,981
Total	38,773,001

30 June 2013	
€000	
National Asset Management Group Services Limited	
PPL receivable from NAML	25,606,776
Other assets	556,854
Total	26,163,630

30 June 2013	
€000	
National Asset Loan Management Limited	
Cash	2,314,325
Cash placed as collateral with the NTMA	916,000
Financial assets available for sale	147,674
Receivable from Participating Institutions	83,612
Financial assets at fair value through profit or loss	304,369
Loans and receivables	21,321,356
Inventories	200
Other assets	790,625
Deferred tax asset	84,429
Total	25,962,590

30 June 2013	
€000	
National Asset Property Management Limited	
Inventories	7,056

There are no assets held in NAMSL or NARPSL.

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

		Amount in issue at
		30 June 2013
Entity	Description	€000
National Asset Management Limited	On 26 March 2010, the Minister for Finance guaranteed Senior Notes issued by NAMA as provided for under Section 48 of the NAMA Act 2010. The maximum aggregate principal amount of Senior Notes to be issued at any one time is €51,300,000,000.	36,868,000

Supplementary information required under Section 55 of the NAMA Act 2009

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

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

Compliance with Guidelines Issued by the Minister under Section 13 (NAMA Act 2009) as at 30 June 2013

No guidelines issued

Compliance with Directions Issued by the Minister under Section 14 (NAMA Act 2009) as at 30 June 2013

- (1) 14th May 2010 - Direction (Ref 513/43/10) - Pricing of government guaranteed debt issued by NAMA.
No such debt was issued by NAMA as at 30 June 2013.
- (2) 22nd October 2010 - Expeditious Transfer of Eligible Assets.
All transfers completed since 22 October 2011 have complied with this Direction.
- (3) 11th May 2011 - Direction (Ref 513/43/10) - Amendment to Senior Notes Terms & Conditions
All senior notes have been amended in accordance with this Direction.
- (4) 7th March 2012 - NAMA Advisory Group
A NAMA Advisory Group has been set up in accordance with this Direction
- (5) 29th March 2012 - Irish Bank Resolution Corporation - Short Term Financing
NAMA adopted all reasonable measures to facilitate the short-term financing of IBRC.

Compliance with Directions Issued by the Minister under Section 13 (IBRC Act 2013) as at 30 June 2013

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

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

Weighted average loan performance metric

Weighted Average Loan Performance - 6 months to 30/06/2013			
Income Statement			
	€bn		
EIR Income	0.61		
EIR cash received*	0.42		
Cash Flow			
	Cash received	Par Debt at 30/06/13	Weighted Average Performance
	€m	€m	
Non Disposal Income			
Full performing loans	207	12,298	
Partially and non-performing loans (including enforced loans)	188	56,844	
Total recurring non-disposal cash receipts	394	69,141	34%
€394m income equates to a weighted average performance level of 34%			
* Excludes debtor derivative cash receipts			

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

NAMA measures its performance on the extent to which it captures such income on an on-going basis and not wholly on the extent to which a debtor is in compliance with the terms of its legacy loan facility arrangements which predated NAMA.

At 30 June 2013, NAMA has generated cash receipts of €12.6 billion since inception, of which €8.4 billion relates to disposal activity (properties and loan sales), €3.6 billion relates to non-disposal income and €0.6 billion to other income. This capturing of this €3.6 billion is an important measure of NAMA's performance.

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

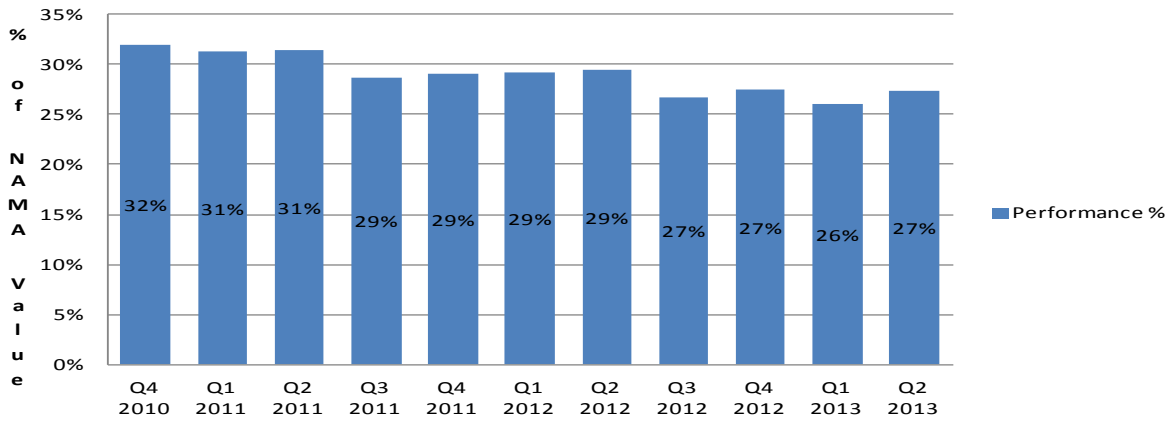
Legacy loan facility loan performance metric

Classification	Number	Loan Nominal (Par Debt) €m	NAMA Value less Impairment* €m
Performing	2,538	12,298	5,827
Non-Performing	10,672	56,844	15,495
Total	13,210	69,141	21,321

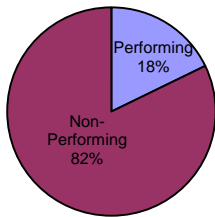
*The cumulative impairment recognised to 30 June 2013 was €3,619 million

Another measure of loan performance is the Loan Payment Status. The Loan Payment Status is a measurement of loan performance based on cash receipts with regard to the contractual obligations of the legacy loan facility.

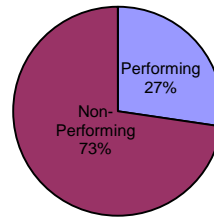
**NAMA Value Performing %
Q4 2010 to Q2 2013**



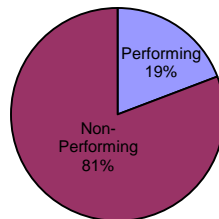
Performing & Non-Performing Loans by Loan Nominal as at 30 June 2013



Performing & Non-Performing Loans by NAMA Value as at 30 June 2013



Performing & Non-Performing Loans by loan number as at 30 June 2013



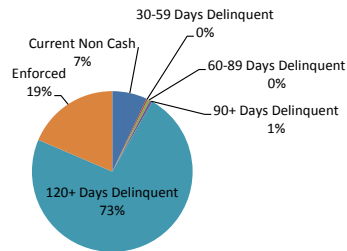
4 (iii) SECTION 55 (6) (B) - CATEGORISATION OF NON-PERFORMING AS TO THE DEGREE OF DEFAULT

Categorisation of non performing loans in accordance with the Loan Payment Status as at 30 June 2013

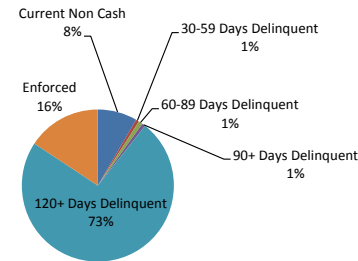
Loan Payment Status	Degree of Default	Number	Loan Nominal €m	NAMA Value less Impairment €m
9	Current Non Cash	961	3,970	1,300
1	30-59 Days Delinquent	70	176	105
2	60-89 Days Delinquent	49	280	135
3	90+ Days Delinquent	94	292	111
4	120+ Days Delinquent	7,614	41,578	11,412
7 & 8	Enforced	1,884	10,547	2,432
	Total	10,672	56,844	15,495

An analysis of the non-performing profile of the loan book indicates significant volume in the '120+ Days Delinquent' classifications. NAMA is addressing this issue in part by insisting, as part of any ongoing consensual support provided by NAMA to the debtor, that all income produced by the underlying secured assets is paid to NAMA. The extent to which debtors do not comply with this, and other key milestones set by NAMA, will determine whether these delinquent loans will be enforced. In some cases, the delinquent loans may be re-financed on new terms set by NAMA. The sole driver of NAMA's decisions in this regard is the maximisation of the return to the taxpayer.

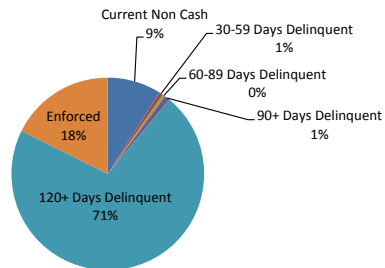
Degree of Default of Non-Performing Loans by Loan Nominal



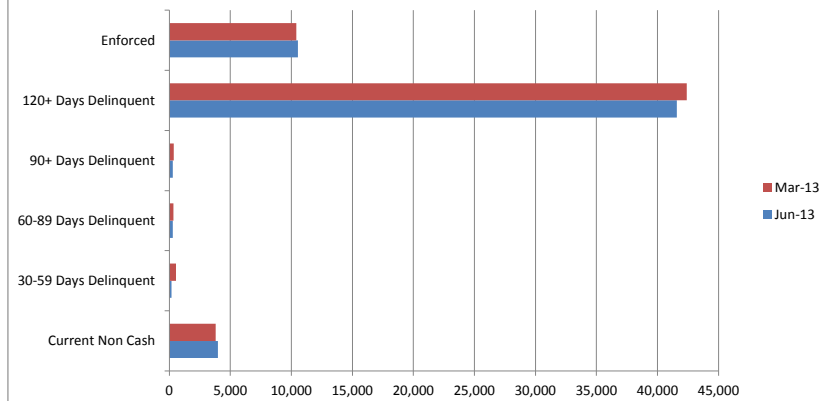
Degree of Default of Non-Performing Loans by NAMA Value



No. of Non-Performing Loans by Degree of Default



Non-Performing Loans by Loan Nominal 30 June 2013



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

Definition of loan payment status

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

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

Number of loans foreclosed in the quarter to 30 June 2013

Classification	Number	Loan Nominal €m	NAMA Value €m
Enforced	229	1,350	459

Note: Section 55 6 (B) on page 46 contains a category of default called 'Enforced' where 1,884 loans have been classified. This includes enforcements that were instigated by the Participating Institutions prior to the transfer of the loans to NAMA. This section deals with the number of loans being enforced by NAMA.

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

Number of cases where receivers and liquidators have been appointed in the quarter to 30 June 2013

Classification	Number	Loan Nominal €m	NAMA Value €m
Liquidators	-	-	-
Receivers	229	1,350	459
Total	229	1,350	459

4 (vi) SECTION 55 (6) (E) - LEGAL PROCEEDINGS COMMENCED BY NAMA AND EACH NAMA GROUP ENTITY IN THE QUARTER

List of all legal proceedings (except any proceeding in relation to which a rule of law prohibits publication)

Proceeding	Title	Parties to the proceeding	Relief sought by NAMA or the NAMA group entity
(i)	The Supreme Court - Appeal No. 159 / 2013	NAMA v. Commissioner for Environmental Information	Appeal against Information Commissioner's decision that NAMA is a public body subject to the European Communities (Access to Information on the Environment) Regulations, 2007
(ii)	High Court Record Number 2013/ 1153S	NALM –v- Michael Finn and Claire Finn	Summary Judgment in the amount of €108,509,693.97
(iii)	High Court - 2013/1387S	NALM v Thomas Tougher	Summary Judgment in the amount of €11,649,500
(iv)	Commercial 2013 No.1661P	NALM v John Flynn Snr, Leona Flynn, James Flynn, John Flynn Jnr and Elaine Flynn	Judgment
(v)	Civil Court of Grasse 13/03268	NALM v Sarl Lessalles	Transfer of title to property to NALM and Judgment
(vi)	Civil Court of Bonneville 13/00855	NALM v Sarl le Richmond	Transfer of title to property to NALM and Judgment
(vii)	Civil Court of Digne les Bains	NALM v Bernon and Other	Transfer of title to property to NALM and Judgment
(viii)	Civil Court of Bonneville	NALM v Butler and Others	Damages for breach of warranty

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

Schedule of finances raised by NAMA and each NAMA group entity in the quarter to 30 June 2013

Description	Date	€m
N/A		

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

Amount of money recovered by sale of property up to 30 June 2013

Description	Date	€m
None	None	Nil
Total		Nil

National Asset Property Management Limited holds €7.1m and National Asset Loan Management Limited holds €0.2m million in property assets.

At 30 June 2013, NAMA had received amounts in the order of €7.0 billion relating to the disposal of Debtor owned properties.

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

Other income from interest bearing loans up to 30 June 2013

Description	Date	€m
National Asset Management Limited (Master SPV - Consolidated) - NOTE 1	1 April - 30 June 2013	0.3

NOTE 1 - Breakdown of Consolidated Master SPV by NAMA Group Entity

Description	Date	€m
National Asset Loan Management Limited	1 April - 30 June 2013	0.3



**5 - National Asset Management Agency Investment Limited Company only
accounts**

For the quarter ended 30 June 2013

National Asset Management Agency Investment Limited

Income Statement

For the period from 1 April 2013 to 30 June 2013

	Note	For the period from 1 Apr 2013 to 30 Jun 2013 €000	For the period from 1 Jan 2013 to 30 Jun 2013 €000
Interest income	3	64	126
Interest expense		-	-
Net interest income		64	126
Administration expenses		-	-
Operating profit before tax and dividend		64	126
Tax expense	4	(8)	(16)
Profit before dividend payment		56	110
Reserves brought forward		6,048	8,156
Retained earnings before dividend		6,104	8,210
Dividend paid	5	-	(2,162)
Retained earnings at 30 June 2013		6,104	6,048

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

National Asset Management Agency Investment Limited

Balance Sheet

	Note	30 June 2013 €000	31 March 2013 €000
Assets			
Investment in subsidiaries	6	-	-
Loans receivable from group entity	7	119,118	119,055
Total assets		119,118	119,055
Liabilities			
Amounts due to group entity	8	12,978	12,959
Current tax liability		36	48
Total liabilities		13,014	13,007
Equity			
Share capital	9	10,000	10,000
Share premium	9	90,000	90,000
Retained earnings	10	6,104	6,048
Total equity		106,104	106,048
Total equity and liabilities		119,118	119,055

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

1 General Information

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

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

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The Company's accounts for the period to 30 June 2013 have been prepared in accordance with its accounting policies, for the purposes of complying with the requirements of Section 55 of the Act.

The accounts are for the Company only, and they have been prepared on a non-consolidated basis.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

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

2.3 Intergroup receivables

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

Loans and receivables are subsequently held at amortised cost.

2.4 Inter-group payables

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

2.5 De-recognition of financial assets and financial liabilities

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

2.6 Taxation

Current income tax

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

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

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

2.7 Share capital

Dividends on ordinary shares

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

3 Interest income	For the period from 1 April 2013 to 30 June 2013 €000	For the period from 1 Jan 2013 to 30 Jun 2013 €000
Interest income earned on inter-group loan	<u>64</u>	<u>126</u>

On 1 April 2010, the Company provided a loan of €99.9m to National Asset Management Limited. The interest rate on the loan was reset to 0.25% on 1 July 2012.

4 Tax expense	For the period from 1 April 2013 to 30 June 2013 €000	For the period from 1 Jan 2013 to 30 Jun 2013 €000
Profit before tax	64	126
Tax expense for the period (12.5% of profit before tax)	<u>(8)</u>	<u>(16)</u>

5 Dividend declared and paid	For the period from 1 April 2013 to 30 June 2013 €000	For the period from 1 Jan 2013 to 30 Jun 2013 €000
Dividend paid	<u>-</u>	<u>(2,162)</u>

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

6 Investment in subsidiary

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

7 Loans receivable from group entity	30 June 2013 €000	31 March 2013 €000
Loan receivable from NAML	99,900	99,900
Accrued interest on inter-group loan	19,218	19,155
Loan receivable from group entity	<u>119,118</u>	<u>119,055</u>

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

8 Amounts due to group entity	30 June 2013 €000	31 March 2013 €000
Amounts due from NALML	(100)	(100)
Loan due to NALML	13,078	13,059
Amounts due to group entity	<u>12,978</u>	<u>12,959</u>

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

National Asset Management Agency Investment Limited
Notes to the Accounts

9 Share capital and share premium

Number

€000

At 30 June 2013

Authorised:

A Ordinary shares of €0.10 each	49,000,000	4,900
B Ordinary shares of €0.10 each	51,000,000	5,100

Issued and fully paid during the period:

A Ordinary shares of €0.10 each	49,000,000	4,900
B Ordinary shares of €0.10 each	51,000,000	5,100
Share premium A Ordinary Shares	-	44,100
Share premium B Ordinary Shares	-	45,900
	100,000,000	100,000

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

10 Reconciliation of reserves

30 June 2013

31 March 2013

€000

€000

Retained earnings at beginning of period	6,048	8,156
Profit before dividend payment for the period	56	54
Total retained earnings at end of period	6,104	8,210
Dividend paid (Note 5)	-	(2,162)
Retained earnings at end of period	6,104	6,048



6 - National Asset Resolution Limited Company only accounts

For the quarter ended 30 June 2013

National Asset Resolution Limited

Income Statement

For the period from 1 April 2013 to 30 June 2013

		For the period from 1 Apr 2013 to 30 Jun 2013 €000	For the period from 1 Jan 2013 to 30 Jun 2013 €000
	Note		
Interest income	3	72,098	75,690
Interest expense	4	(73,776)	(73,776)
Net interest income		(1,678)	1,914
Administration expenses	5	(1,530)	(1,912)
Operating profit for the period		(3,208)	2
Reserves brought forward		3,210	-
Retained earnings at 30 June 2013		2	2

The accompanying notes 1 to 11 form an integral part of these accounts.

National Asset Resolution Limited

Balance Sheet

	Note	30 June 2013 €000	31 March 2013 €000
Assets			
Cash and cash equivalents	6	60,403	-
Loans and receivables	7	12,943,615	12,931,936
Other assets	8	15	-
Total assets		13,004,033	12,931,936
Liabilities			
Amounts due to group entity	9	13,002,119	12,928,344
Accrued expenses	9	1,912	382
Total liabilities		13,004,031	12,928,726
Equity			
Share capital	10	-	-
Share premium	10	-	-
Retained earnings	11	2	3,210
Total equity		2	3,210
Total equity and liabilities		13,004,033	12,931,936

The accompanying notes 1 to 11 form an integral part of these accounts.

1 General Information

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

NARL is a wholly owned subsidiary of NAMAIL. The Agency owns 49% of NAMAIL and the remaining 51% of the shares in the Company are held by private investors.

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The Company's accounts for the period to 30 June 2013 have been prepared in accordance with its accounting policies, for the purposes of complying with the requirements of Section 55 of the Act.

The accounts are for the Company only, and they have been prepared on a non-consolidated basis.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

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

2.3 Intergroup receivables

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

Loans and receivables are subsequently held at amortised cost.

2.4 Inter-group payables

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

2.5 De-recognition of financial assets and financial liabilities

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

2.6 Interest income and expense

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

When a loan and receivable is impaired, the Group reduces the carrying amount to its estimated recoverable amount (being the estimated future cash flows discounted at the original EIR) and continues unwinding the remaining discount as interest income.

National Asset Resolution Limited
Notes to the Accounts

2.7 Taxation

Current income tax

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

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

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

3 Interest income	For the period from 1 April 2013 to 30 June 2013 €000	For the period from 1 Jan 2013 to 30 Jun 2013 €000
Interest on IBRC floating charge	72,083	75,675
Interest on cash and cash equivalents	15	15
Total interest income	<u>72,098</u>	<u>75,690</u>

Interest income on loans and receivables is recognised in accordance with accounting policy note 2.6.

4 Interest expense	For the period €000	For the period €000
Interest on inter-group loans	<u>73,776</u>	<u>73,776</u>

5 Administration expenses	For the period from 1 April 2013 to 30 June 2013 €000	For the period from 1 Jan 2013 to 30 Jun 2013 €000
Costs reimbursable to NTMA	<u>1,530</u>	<u>1,912</u>

6 Cash and cash equivalents	30 June 2013 €000	31 March 2013 €000
Balances with Central Bank	383	-
Balances with other banks	20	-
Exchequer notes	60,000	-
Total cash and cash equivalents	<u>60,403</u>	<u>-</u>

7 Loans and receivables	30 June 2013 €000	31 March 2013 €000
Floating charge from Central Bank of Ireland	12,928,344	12,928,344
Accrued interest on floating charge	15,271	3,592
Floating charge from Central Bank of Ireland	<u>12,943,615</u>	<u>12,931,936</u>

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

With the establishment of NARL, NAMA acquired a floating charge of €12.92bn over certain IBRC assets which were used as collateral by IBRC as part of its funding arrangements with the Central Bank. Interest receivable on the floating charge is €15.3m. As consideration for the loan facility and floating charge, NAML issued Senior Bonds, via a profit participating loan agreement, worth €12.92bn (guaranteed by the Minister for Finance) to the Central Bank.

National Asset Resolution Limited
Notes to the Accounts

8 Other assets	30 June 2013	31 March 2013
	€000	€000
Interest Receivable on cash and cash equivalents	15	-
Receivable from NAMAIL	-	-
	<u>15</u>	<u>-</u>

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

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

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

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

9 Other liabilities	30 June 2013	31 March 2013
	€000	€000
PPL loan due to NAML	12,928,343	12,928,344
PPL interest due to NAML	73,776	-
Accrued expenses	1,912	382
Amounts due to group entity	<u>13,004,031</u>	<u>12,928,726</u>

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

10 Share capital and share premium	Number	€000
<u>Authorised:</u>		
Ordinary shares of €1 each	1,000	1
<u>Issued and fully paid during the period:</u>		
Ordinary shares of €1 each	100	-
At 30 June 2013	<u>100</u>	<u>-</u>

100% of the ordinary shares are held by NAMAIL.

11 Reconciliation of reserves	30 June 2013	31 March 2013
	€000	€000
Retained earnings at beginning of period	3,210	-
Loss for the period	(3,208)	3,210
Retained earnings at end of period	<u>2</u>	<u>3,210</u>