National Asset Management Agency

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

30 September 2014

Gníomhaireacht Náisiúnta um Bhainistíocht Sócmhainní
National Asset Management Agency

19 December 2014

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

Section 55 Quarterly Report and Accounts - NAMA Act 2009

Dear Minister,

Please find attached the Quarterly Report and Accounts for the third quarter of 2014 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 financial highlights:

	YTD Q3 2014 €m	FY 2013 €m	Inception to 30 Sept 2014 €m
Cash generation (excl. NARL)			
Total cash generated	**6,866**	**4,480**	**21,950**
Disposal receipts	6,274	3,672	17,144
Non-disposal income	661	792	4,268
Senior bond redemptions			
Senior bond redemptions - excl NARL	7,000	2,750	14,500
Senior bond redemptions - NARL	11,794	1,000	12,794
Profitability			
Operating profit before impairment	146	1,198	
Impairment charge	(57)	(914)	
Profit for the period	134	214	
Loan portfolio			
Loans and receivables (net of impairment) - excl NARL	14,257	19,598	
Loans and receivables - NARL	318	11,716	

Gníomhaireacht Náisiúnta um Bhainistíocht Sócmhainní
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Cashflow

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

- **NAMA's cash generation activity has significantly accelerated in 2014.**

  NAMA (excl. NARL) generated €6.9 billion in the nine month period to 30 September 2014 (Q3 2013: €3.2 billion). The increase in cash generation was largely driven by an increase in loan disposal activity of large scale portfolio and loan transactions.

- Furthermore, NAMA (excl. NARL) has generated a further €1.4 billion in cash to 19 December 2014, bringing cumulative cash generated to €8.3 billion to date in 2014 and €23.4 billion since inception.

- At 30 September 2014, NAMA **held cash and cash equivalent balances of €2.4 billion**.

Senior bond repayments

NAMA redeemed €7.0 billion of its senior bonds in the nine months to 30 September 2014. Furthermore, an additional senior bond redemption of €2.1 billion occurred in Q4 2014, bringing the total cumulative amount redeemed to €16.6 billion – 55% of NAMA's original senior bonds in issue.

By end-September 2014, NAMA has redeemed €12.8 billion of the €12.9 billion of senior bonds issued in respect of the acquisition of the IBRC loan facility deed and floating charge. The NARL bonds were fully redeemed in October 2014.

Financial results

For the first nine months of 2014, NAMA recorded an operating profit before impairment of €146 million (Q3 2013: €686 million) and a profit for the period of €134 million (Q3 2013: €273 million).

Loan portfolio

The carrying value of NAMA's loan portfolio (excluding IBRC floating charge), net of cumulative impairment provision of €3.6 billion, as at 30 September 2014 was €14.3 billion (30 June 2014: €15.3 billion).

The carrying value of the IBRC loan facility deed and floating charge as at 30 September 2014 was €0.3 billion (30 June 2014: €1.3 billion). The €12.9 billion IBRC loan facility deed and floating charge was repaid in full in October 2014.

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

Yours sincerely,

Frank Daly
Chairman

Brendan McDonagh
Chief Executive Officer

National Asset
Management Agency

Unaudited Consolidated Accounts of the National Asset Management Agency

For the quarter ended 30 September 2014

National Asset Management Agency Group

Quarter to 30 September 2014

Contents of Unaudited Consolidated Accounts

Board and other information

Board

Frank Daly (Chairman)
Brendan McDonagh, Chief Executive Officer NAMA
John Corrigan, Chief Executive Officer NTMA
Oliver Ellingham (non-executive)
Mari Hurley (non-executive)
Brian McEnery (non-executive)
Willie Soffe (non-executive)

Registered Office

Treasury Building
Grand Canal Street
Dublin 2

Principal Bankers

Central Bank of Ireland
Dame Street
Dublin 2

Citibank
IFSC
Dublin 1

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. On 7 February 2013, joint Special Liquidators were appointed under the IBRC Act 2013 and assumed the role of the Primary Servicer, 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 (Capita)**.**

Group structure

In accordance with the Act and to achieve its objectives, the Agency has set up certain special purpose vehicles (SPV). These are designated as NAMA Group entities within the meaning of Section 4 of the Act. The relationship between the NAMA Group entities is summarised in Chart 1.

The SPVs established are as follows:

National Asset Management Agency Investment Limited (NAMAIL)

NAMAIL was incorporated on 27 January 2010. NAMAIL is the company through which private investors have invested in the Group. NAMA holds 49% of the shares of the company. The remaining 51% of the shares of the company are held by private investors.

NAMA has invested €49m in NAMAIL, receiving 49m A ordinary shares. The remaining €51m was invested in NAMAIL by private investors, each receiving an equal share of 51m B ordinary shares. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA may exercise a veto over decisions taken by NAMAIL. As a result of this veto, the private investors' ability to control the financial and operating policies of the entity is restricted and NAMA has effective control of the company. By virtue of this control, NAMA has consolidated NAMAIL and its subsidiaries and the 51% external investment in NAMAIL is reported as a non-controlling interest.

National Asset Resolution Limited (NARL)

On 7 February 2013, joint Special Liquidators were appointed to IBRC under the IBRC Act 2013. 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 loan facility deed and floating charge over certain IBRC assets. Consideration was in the form of Government Guaranteed debt securities and cash. The debt securities were issued by NAML and transferred to NARL via a profit participating loan facility. NARL is a 100% subsidiary of NAMAIL.

NARL is the senior creditor of IBRC (in liquidation), therefore funds received by the joint Special Liquidators are used to reduce the loan facility deed in the first instance. NAMA has no involvement in the liquidation process and the financial statements recognise funds received from the joint Special Liquidators and other transactions to facilitate the orderly wind up of IBRC arising from the Minister's directions under the Act. On 22 April 2014, the Minister announced that no assets would transfer to NAMA from IBRC (in liquidation). The closing balance on the loan facility deed at 30 September 2014 was €0.3 billion and the loan facility deed was fully repaid on 21 October 2014.

National Asset Management Limited (NAML)

NAML was incorporated on 27 January 2010. NAML is responsible for issuing the government guaranteed debt instruments and the subordinated debt, which were used as consideration in acquiring loan assets. The Government guaranteed debt securities issued by NAML are listed on the Irish Stock Exchange.

The government guaranteed debt instruments and the subordinated debt instruments, issued in respect of the original loan portfolio, were transferred to NAMGSL and by NAMGSL to NALML. The latter used these debt instruments as consideration for the loan assets acquired from the Participating Institutions.

The government guaranteed debt instruments issued in respect of the IBRC loan facility deed were transferred to NARL. NARL used these debt instruments as consideration for the loan facility deed acquired from the Central Bank of Ireland. By end-September 2014, NAMA had redeemed €12.8 billion of the NARL senior bonds and the closing balance on the NARL senior bonds at 30 September 2014 was €134m. The NARL senior bonds were fully redeemed in October 2014.

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

National Asset Management Group Services Limited (NAMGSL)

NAMGSL acts as the holding company for its seven subsidiaries; NALML, NAMSL, NAJVAL, NAPML, NARPSL, NASLLC and NALHL.

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

National Asset Loan Management Limited (NALML)

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

National Asset Management Services Limited (NAMSL)

NAMSL was incorporated on 27 January 2010. Previously a non-trading entity, NAMSL acquired a 20% shareholding in a general partnership associated with the NAJVAL investment during 2013.

National Asset JV A Limited (NAJVAL)

National Asset JVA Limited (NAJVAL) was incorporated on 4 July 2013. NAJVAL is a wholly owned subsidiary of NAMGSL. NAMA entered a joint venture arrangement with a consortium whereby a 20% interest in a limited partnership was acquired, and NAJVAL was established to facilitate this transaction. The Group is not able to exercise significant influence over the partnership, as the other 80% interest is held by one shareholder who controls the decision making of the partnership. NAJVAL's 20% investment in the partnership is recognised as an equity instrument.

National Asset Property Management Limited (NAPML)

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

NAPML has three subsidiaries; NARPSL, NASLLC and NALHL:

National Asset Residential Property Services Limited (NARPSL)

On 18 July 2012, NAMA established a new subsidiary National Asset Residential Property Services Limited (NARPSL). NARPSL is a wholly owned subsidiary of NAPML, and was established to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies for social housing purposes.

926 residential properties were delivered to the social housing sector by NAMA debtors from inception to the 30 September 2014.

National Asset Sarasota LLC (NASLLC)

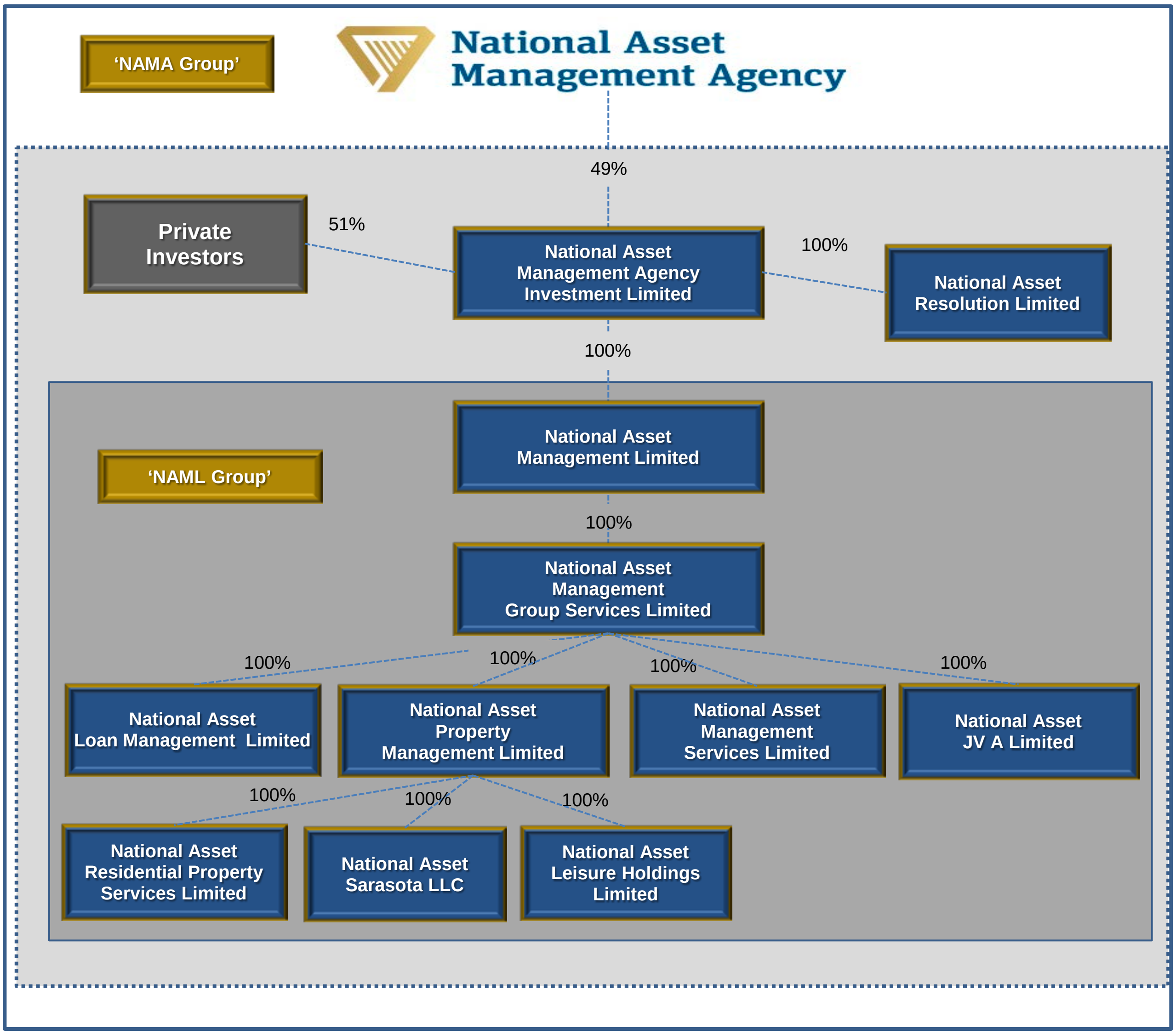
On 1 August 2013, NAMA established a new US subsidiary, National Asset Sarasota Limited Liability Company (NASLLC). NASLLC is a wholly owned subsidiary of NAPML, and was established to acquire a property asset located in the US, in settlement of debt owed to NAMA.

National Asset Leisure Holdings Limited (NALHL)

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

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

Chart 1 NAMA Group entities



Quarterly financial information

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

The financial statements present the consolidated results of the NAMA Group for the quarter ended 30 September 2014. For the purposes of these accounts, the 'NAMA Group' comprises the result of all entitles presented in Chart 1.

The financial information for all entities is presented showing items of income and expenditure for the quarter from 1 July 2014 to 30 September 2014 and for the year to date.

The statement of financial position is presented as at 30 September 2014 and 30 June 2014. The cash flow statement for the NAMA Group is presented for all cash movements for the quarter from 1 July 2014 to 30 September 2014 and for the year to date.

The income statements and statement of financial position for each NAMA Group Entity are provided on pages 33 to 36.

Consolidated Income Statement
For the period from 1 July 2014 to 30 September 2014

	Note	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
Interest and fee income	3	200,425	767,929
Interest expense	4	(71,656)	(242,928)
Net interest income		**128,769**	**525,001**
Other income/(expenses)	5	66	(2,019)
Profit/(loss) on disposal of loans and property assets; and surplus income	6	(2,180)	(143,026)
Losses on derivative financial instruments	7	(74,510)	(121,703)
Total operating income/(loss)		**52,145**	**258,253**
Administration expenses	8	(34,890)	(102,158)
Foreign exchange gains/(losses)	9	(2,927)	(10,346)
Operating profit before impairment		**14,328**	**145,749**
Impairment charge on loans and receivables	14	-	(56,958)
Operating profit after impairment		**14,328**	**88,791**
Tax credit	10	17,635	45,175
Profit for the period		**31,963**	**133,966**

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

Consolidated Statement of Financial Position
As at 30 September 2014

	Note	30 Sept 2014 €'000	30 June 2014 €'000
Assets			
Cash and cash equivalents	11	1,574,918	1,999,318
Cash placed as collateral with the NTMA	11	830,000	1,018,000
Amounts due from Participating Institutions	12	80,281	81,668
Derivative financial instruments	13	57,071	67,113
Loans and receivables (net of impairment)	14	14,575,725	16,588,181
Other assets	15	17,004	12,997
Inventories - trading properties	16	47,808	39,698
Property, plant and equipment	17	2,189	2,189
Investments in equity instruments	18	15,718	10,101
Deferred tax	19	252,215	254,109
Total assets		**17,452,929**	**20,073,374**
Liabilities			
Amounts due to Participating Institutions	12	19,593	20,992
Derivative financial instruments	13	695,657	713,276
Other liabilities	20	65,586	269,517
Senior debt securities in issue	21	15,824,000	18,313,000
Tax payable	22	1,610	675
Total liabilities		**16,606,446**	**19,317,460**
Equity			
Share capital		-	-
Other equity	23	1,593,000	1,593,000
Retained losses	25	(399,029)	(430,992)
Other reserves	24	(347,488)	(406,094)
Total equity and reserves		**846,483**	**755,914**
Total equity, reserves and liabilities		**17,452,929**	**20,073,374**

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

Consolidated Statement of Cash Flows
For the period from 1 July 2014 to 30 September 2014

	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
Cash flow from operating activities		
Receipts from loans	1,456,743	6,805,752
Receipts from derivatives acquired	16,425	94,190
Funds advanced to borrowers	(146,879)	(409,911)
New loans issued/acquired	(8,600)	(242,763)
Funds in the course of collection	(4,709)	(35,547)
Cash held on behalf of debtors	(197)	(2,046)
Fee income on loans with borrowers	2,150	5,428
Repayment of loan facility deed by joint Special Liquidator	990,000	11,397,000
Interest received on loan facility deed from joint Special Liquidator	2,002	73,108
Interest received on loan to limited liability partnership	186	742
Net cash provided by loans and receivables	**2,307,121**	**17,685,953**
Derivatives		
Cash inflow on foreign currency derivatives	1,603,719	11,027,016
Cash outflow on foreign currency derivatives	(1,636,394)	(11,221,979)
Net cash outflow on derivatives where hedge accounting is applied	(226,996)	(223,087)
Net cash outflow on other derivatives	(77,065)	(133,263)
Net cash used in derivatives	**(336,736)**	**(551,313)**
Other operating cashflows		
Payments to suppliers of services	(50,252)	(138,804)
Interest paid on senior debt securities in issue	(35,371)	(107,110)
Interest received on cash and cash equivalents	455	11,345
Dividend paid by NAMAIL	-	(1,540)
Dividend paid on NAMA subordinated debt	-	(83,856)
Net inflow/(outflow) on amounts pledged as collateral with the NTMA	188,000	(28,000)
Funds paid to acquire properties	(10,889)	(11,542)
Rental income received on social housing units	201	379
Net cash provided by/(used in) other operating activities	**92,144**	**(359,128)**
Net cash provided by operating activities	**2,062,529**	**16,775,512**
Cash flow from investing activities		
Investments in equity instruments	(597)	(5,061)
Sale of available for sale assets	-	145,000
Net cash used in investing activities	**(597)**	**139,939**
Cash flow from financing activities		
Redemption of senior debt securities	(2,489,000)	(18,794,000)
Net cash used in financing activities	**(2,489,000)**	**(18,794,000)**
Cash and cash equivalents at the beginning of the period	1,999,318	3,453,236
Net cash provided by operating activities	2,062,529	16,775,512
Net cash used in investing activities	(597)	139,939
Net cash used in financing activities	(2,489,000)	(18,794,000)
Effects of exchange-rate changes on cash and cash equivalents	2,668	231
Cash and cash equivalents at 30 September 2014	**1,574,918**	**1,574,918**
Financial assets and cash collateral		
Amounts pledged as collateral with NTMA	830,000	830,000
Total cash, cash equivalents and collateral held at 30 September 2014	**2,404,918**	**2,404,918**

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The Group's consolidated accounts for the period to 30 September 2014 are presented in accordance with its accounting policies for the purposes of complying with the requirements of Section 55 of the Act.

The preparation of these accounts requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the accounts in the period the assumptions change. Management believes that the underlying assumptions are appropriate and that the Group's accounts therefore present the financial position and results fairly. The Group's principal critical estimates and judgements include impairment of loans and receivables and related derivatives acquired; income recognition on loans and receivables; surplus income; and deferred tax.

2.2 Basis of measurement

The consolidated accounts have been prepared under the historical cost convention, except for derivative financial instruments, equity instruments and available for sale assets, which have been measured at fair value.

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

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

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

2.3 Basis of 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 transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition.

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

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

2.5 Financial assets

The Group classifies its financial assets in to the following IAS 39 categories:
(a) Financial assets at fair value through profit or loss;
(b) Loans and receivables; and
(c) Available for sale financial assets

The Group determines the classification of its financial instruments at initial recognition.

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

This category of assets comprises derivatives other than derivatives that are designated and are effective as hedging instruments and equity instruments.

Derivatives
These assets are recognised initially at fair value and transaction costs are taken directly to the consolidated income statement. Interest income and expense arising on these derivatives (other than on cross currency interest rate swaps) are included in interest income and interest expense in the consolidated income statement. Fair value gains and losses on these financial assets are included in gains and losses on derivative financial instruments in the consolidated income statement or as part of foreign exchange gains and losses where they relate to currency derivatives. Interest on cross currency interest rate swaps is recognised as part of fair value gains and losses on currency derivatives.

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

Equity instruments are initially measured at fair value. Equity instruments are subsequently measured at fair value unless the fair value cannot be reliably measured, in which case the equity instrument is measured at cost. The fair value of equity instruments is measured based on the net asset value of the entity at the reporting date. Changes in fair value are recognised in profit or loss.

Equity instruments are separately disclosed in the Statement of Financial Position.

(b) Loans and receivables

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

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

Loans and receivables are subsequently measured at amortised cost using the effective interest rate (EIR) method (see accounting policy 2.8).

Loans and receivables are classified as follows:

- Land and development loans
- Investment property loans

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

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

(c) Available for sale financial assets

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

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

Financial assets and liabilities at fair value

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

Borrower derivatives
Borrower derivatives comprise 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 derivatives. Fair value is determined using a valuation technique based on independent valuations obtained using observable market inputs such as Euribor and Libor yield curves, FX rates, option volatilities and par interest swap rates.

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

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

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

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

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

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

2.6 Financial liabilities

The Group carries all financial liabilities at amortised cost, with the exception of derivative financial instruments, which are measured at fair value. Further information on derivative liabilities is included in accounting policy 2.14.

2.7 De-recognition of financial assets and financial liabilities

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

2.8 Interest income and interest expense

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

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

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

The EIR on the IBRC loan facility deed acquired is calculated with reference to the ECB Marginal Lending Facility Rate plus a fixed margin of 1%.

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

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

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

2.9 Fee income

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

2.10 Profit / (loss) on the disposal of loans, property assets; and surplus income

a) Profit and loss on the disposal of loans and property assets

Profits and losses on the disposal of loans/property assets is calculated as the difference between the carrying value of the loans/property assets and the contractual sales price at the date of sale. The contractual sales price includes any deferred consideration where NAMA has the contractual right to receive any deferred cash flow in accordance with IAS 32. Profits and losses on the disposal of loans/property assets are recognised in the income statement when the transaction occurs. Profit on disposal of loans is not recognised when the overall debtor connection is impaired in accordance with latest available impairment assessment data, or if the recognition of profit on disposal of loans may result in future impairment in the connection.

b) Surplus income

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

a) to the extent that actual cashflows for a total debtor connection are in excess of the total debtor connection loan carrying values, i.e. to the extent that the debtor has repaid all of its NAMA debt. Such income is recognised semi-annually; or

b) when the estimated discounted cashflows for the total debtor connection are greater than the total debtor connection loan carrying value. Such surplus income, to the extent that cash is realised from specific loan assets within the connection, is assessed on a semi-annual basis.

2.11 Impairment of financial assets

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

Loans and receivables carried at amortised cost

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

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

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

Individually Significant

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

Collective Assessment

Loans which are not subject to individually significant assessment are grouped collectively for the purposes of performing an impairment assessment.

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 Impairment of non-financial assets

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

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

2.13 Cash and cash equivalents

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

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

2.14 Derivative financial instruments and hedge accounting

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

The Group's policy is to hedge its foreign currency exposure through the use of currency derivatives. Interest rate risk on debt issued by the Group is hedged using interest rate swaps. Interest rate 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, using the hedge accounting provisions of IAS 39.

Derivatives at fair value through profit or loss

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

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

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

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

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

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

Derivatives designated in hedge relationships

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

Cash flow hedge

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

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

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

2.15 Trading Properties

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

2.16 Taxation

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

(a) Current income tax

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

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

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

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

(b) Deferred income tax

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

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

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

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

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

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

2.17 Provisions for liabilities and charges and contingent assets and liabilities

Provisions

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

Contingent liabilities

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

Contingent assets

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

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

2.18 Amounts due to and from Participating Institutions

Unsettled overdraft positions

The Participating Institutions fund overdraft accounts and collect cash repayments on overdraft accounts on NAMA's behalf. The amounts funded by Participating Institutions are recognised in the statement of financial position as amounts due to Participating Institutions and the amounts collected are recognised as amounts due from Participating Institutions. The net amount due to / from Participating Institutions is applied against the outstanding loans and receivables balance.

2.19 Financial guarantee contracts acquired

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

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

2.20 Debt and equity instruments

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

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

Debt securities in issue are initially measured at fair value less transaction costs and are subsequently measured at amortised cost using the EIR method.

2.21 Share capital

(a) Dividends on ordinary shares

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

(b) Coupon on other equity

Coupon payments on subordinated bonds that are classified as equity are reflected directly in equity when they are declared.

2.22 Cash placed as collateral with the NTMA

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

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

Cash placed as collateral is 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.

2.23 Property, plant and equipment

The Agency incurred costs for the fit-out of leased office space. Costs incurred are capitalised in the statement of financial position as property, plant and equipment in accordance with IAS 16. The recognised asset is depreciated on a straight line basis over 10 years. A full year's depreciation is recognised in the year the asset is capitalised.

2.24 Segmental reporting

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

2.25 Operating leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The leased asset is recognised in the statement of financial position of the lessor. Properties acquired by NARPSL for the purposes of social housing are recognised as inventories in accordance with IAS 2. Rental income arising from operating leases on inventory property is accounted for on a straight line basis over the lease term.

2.26 Non-controlling interests in subsidiaries

Non-controlling interests in subsidiaries comprise ordinary share capital and/or other equity in subsidiaries not attributable directly or indirectly to the parent entity.

Profits which may arise in any period may be allocated to the non-controlling interest in accordance with maximum investment return which may be paid to the external investors. Losses arising in any period are allocated to the non-controlling interest only up to the value of the non-controlling interest in the Group, as NAMA takes substantially all the economic benefits and risks of the Group.

2.27 Determination of fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

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

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

Valuation techniques

In the absence of quoted market prices, and in the case of over-the-counter derivatives, fair value is calculated using valuation techniques. Fair value may be estimated using quoted market prices for similar instruments, adjusted for differences between the quoted instrument and the instrument being valued. Where the fair value is calculated using discounted cash flow analysis, the methodology is to use, to the extent possible, market data that is either directly observable or is implied from instrument prices, such as interest rate yield curves, equities and commodities prices, credit spreads, option volatilities and currency rates.

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

– the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. In addition, future cash flows may also be sensitive to the occurrence of future events, including changes in market rates; and

– selecting an appropriate discount rate for the instrument, based on the interest rate yield curves including the determination of an appropriate spread for the instrument over the risk-free rate. The spread is adjusted to take into account the specific credit risk profile of the exposure.

All adjustments in the calculation of the present value of future cash flows are based on factors market participants would take into account in pricing the financial instrument.

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

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

3 Interest and fee income

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Interest on loans and receivables	196,054	735,445
Interest on acquired derivative financial instruments	1,826	21,572
Interest on cash and cash equivalents	394	5,440
Interest on available for sale financial assets	-	44
Fee income from borrowers	2,151	5,428
Total interest and fee income	**200,425**	**767,929**

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

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

Interest on loans and receivables recognised for the period 1 January 2014 to 30 September 2014 was €0.74bn and, of this €0.66bn relates to the NAMA group excluding NARL. Of this amount €0.57bn (87%) was realised in non-disposal cash. Any difference between the EIR income recognised and the element realised in cash in any particular period is factored into NAMA's impairment process.

Interest on acquired derivative financial instruments relates to interest received on derivatives acquired from Partipating Institutions that were associated with the loans acquired.

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

Interest on available for sale assets comprises interest earned on short term governments bonds held for liquidity purposes. No government bonds were held by the Group during the quarter.

Fee income from borrowers 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, such as exit or performance fees, are recognised immediately in profit or loss as fee income.

4 Interest expense

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Interest on senior debt securities in issue	15,212	69,253
Interest on derivatives where hedge accounting is applied	55,952	168,911
Interest on other derivative financial instruments	492	4,764
Total interest expense	**71,656**	**242,928**

Interest on senior debt securities for the period from 1 July 2014 to 30 September 2014 consists of €14.8m (year to date: €53.5m) interest charged on the senior bonds issued in connection with the existing NAMA loan portfolio and €0.4m (year to date: €15.8m) on the senior bonds issued in connection with the acquisition of the IBRC loan facility deed from the Central Bank of Ireland.

5 Other income/(expenses)

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Lease rental income	231	461
Transfer from available for sale reserve	-	(1,679)
Fair value loss on equity instrument (note 18)	(165)	(801)
Total other income/(expenses)	**66**	**(2,019)**

Lease rental income is earned from the lease of residential properties to approved housing bodies for social housing purposes. It is accounted for on a straight line basis over the lease term.

6 Profit/(loss) on disposal of loans and property assets; and surplus income

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Surplus income on loan repayments (in excess of loan carrying values)	-	149,657
Net loss on disposal of loans	(2,330)	(292,931)
Net profit on disposal of property assets	150	248
Profit/(loss) on disposal of loans and property assets; and surplus income	**(2,180)**	**(143,026)**

Surplus income is recognised semi-annually in accordance with accounting policy 2.10. The €150m recognised in Q2 was generated from debtors where the cash generated and received by NAMA in respect of the total debtor connection has exceeded the total loan carrying values (i.e. the debtor has repaid all of its NAMA debt).

The Group disposes of certain loans acquired to third parties. Profit/(loss) on disposal of loans is measured as the difference between proceeds of sale and the carrying value of those loans and receivables (net of impairment). Profit on disposal of loans is not recognised where the overall debtor connection is impaired in accordance with the latest available impairment assessment.

During the period, the Group sold certain property assets to third parties. Profit/(loss) on disposal is measured as the difference between the proceeds of sale received and the carrying value of those property assets.

The following table summarises NAMA's overall profit/(loss) recognised on property and loan sale transactions:

	For the period from 1 Jan 2014 to 30 Sept 2014			For the period from inception to 30 Sept 2014		
	Property transactions	Loan sales	Total	Property transactions	Loan sales	Total
	€m	€m	€m	€m	€m	€m
Proceeds	3,545	3,321	**6,866**	16,944	5,006	**21,950**
Profit/(loss) recognised in Income Statement (Note 6)	150	(293)	**(143)**	1,325	(229)	**1,096**
Utilisation of existing impairment provision (Note 14)	(1)	(610)	**(611)**	(31)	(633)	**(664)**
Total	**149**	**(903)**	**(754)**	**1,294**	**(862)**	**432**

The utilisation of existing impairment provision represents the amount of the previously recognised impairment provision that is attributed to NAMA's property and loan sale transaction activity to date. It does not represent an Income Statement charge in the period of utilisation. Instead, the Income Statement recognition occurred when the impairment provision was previously historically recorded. Combined with the 'Profit/(loss) recognised in Income Statement', it presents an overall profit/(loss) in respect of NAMA's property and loan sale transaction activity for the period.

7 Losses on derivative financial instruments

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Fair value gains/(losses) on derivatives acquired from borrowers	1,509	(1,840)
Fair value losses on other derivatives	(77,786)	(111,578)
Hedge ineffectiveness	1,767	(8,285)
Total losses on derivative financial instruments	**(74,510)**	**(121,703)**

Fair value movements on derivatives are driven by market movements that occurred during the year. The fair value of these swaps are impacted by changes in Euribor rates and borrower derivatives performance levels. Further information on derivative financial instruments is provided in Note 13.

During the quarter, NAMA recognised termination fees of €77m on the early termination of certain interest rate swaps. These costs would have arisen as an interest expense in the future, but due to the early termination of the swaps, the accelerated loss is being recognised in the current period. These swaps were in place to hedge NAMA's interest rate risk arising from its senior bond portfolio. The swaps qualified for hedge accounting and gains/losses were recognised in the cashflow hedge reserve. Due to a revised bond redemption profile arising from NAMA's H1 2014 strategy review and Minister for Finance section 227 review, the NAMA Board decided to terminate swaps in place for the years 2017 to 2020 as there are not expected to be senior bond cashflows arising to match against the cashflows on interest rate swaps.

At the reporting date, NAMA had entered into €14.4bn of interest rate swaps to hedge its exposure to interest rate risk arising from Euribor floating rates. These derivatives are designated and are effective as hedge instruments. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income within equity (see Note 24). The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

8 Administration expenses

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Costs reimbursable to the NTMA	12,983	40,544
Primary servicer fees	12,768	39,075
Master servicer fees	678	1,868
IBRC integration costs	1,067	4,484
Portfolio management fees	1,582	3,211
Finance, communication and technology costs	1,051	2,835
Legal fees	3,654	6,880
Rent and occupancy costs	673	1,948
Internal audit fees	204	627
Board and Committee fees and expenses	107	305
External audit remuneration	123	381
Total administration expenses	**34,890**	**102,158**

Under Section 42 (4) of the Act, the Agency shall reimburse the NTMA for the costs incurred by the NTMA as a consequence of its assignment of staff to the NAMA Group Entities. See 8.1 below for further breakdown of such costs.

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

8.1 Costs reimbursable to the NTMA	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Staff costs	10,494	30,601
Overheads and shared service costs	2,489	9,943
Total	**12,983**	**40,544**

9 Foreign exchange

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Foreign exchange translation	85,898	297,585
Unrealised foreign exchange loss on derivative financial instruments	(59,383)	(114,500)
Realised foreign exchange loss on derivative financial instruments	(32,675)	(194,963)
Foreign exchange gain on cash	2,668	231
Other foreign exchange gains	565	1,301
Total foreign exchange gains/(losses)	**(2,927)**	**(10,346)**

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

Gains and losses on foreign exchange derivatives arise from market movements that affect the value of the derivatives at the reporting date.

Following the transfer of assets from the Participating Institutions, the Group entered into currency derivative contracts to reduce its exposure to exchange rate fluctuations arising on foreign currency denominated loans and receivables acquired. The loss on derivative products comprises both realised and unrealised losses. Realised and unrealised losses are recognised in accordance with accounting policy 2.14. Currency derivatives are explained in more detail in note 13.

Included within total foreign exchange gains/(losses) for the period from 1 January 2014 to 30 September 2014 is cross currency swap interest charged amounting to €17.1m.

10 Tax credit

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
Current tax charge	€'000	€'000
Corporation tax	(8)	(24)
	(8)	(24)
Deferred tax credit		
On fair value gains and losses on derivatives (Note 19)	17,643	45,199
On utilised tax losses forward	-	-
	17,643	45,199
Total taxation credit	**17,635**	**45,175**

11 Cash, cash equivalents and collateral

	30 Sept 2014 €'000	30 June 2014 €'000
Balances with the Central Bank of Ireland	204,483	189,601
Balances with other banks	46,812	72,287
Term deposits	83,623	37,430
Exchequer note investments	1,240,000	1,700,000
Total cash and cash equivalents	**1,574,918**	**1,999,318**
Cash placed as collateral with the NTMA	830,000	1,018,000
Total cash, cash equivalents and collateral	**2,404,918**	**3,017,318**

The Agency 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 Amounts due from/(to) Participating Institutions

	30 Sept 2014 €'000	30 June 2014 €'000
Amounts due from Participating Institutions	**80,281**	**81,668**
Amounts due to Participating Institutions	**(19,593)**	**(20,992)**

Amounts due to and from 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 September 2014 the above amounts were due from and to 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.

13 Derivative financial instruments

	30 Sept 2014 €'000	30 June 2014 €'000
(a) Derivative assets at fair value through profit or loss		
Derivative financial instruments acquired from borrowers	38,633	50,807
Other derivative financial instruments	17,378	16,272
Foreign currency derivatives	1,060	34
Total derivative assets	**57,071**	**67,113**
(a) Derivative liabilities at fair value through profit or loss		
Other derivative financial instruments	(22,493)	(20,611)
Foreign currency derivatives	(201,560)	(141,151)
(b) Derivative financial instruments designated in hedge relationships		
Interest rate swaps	(471,604)	(551,514)
Total derivative liabilities	**(695,657)**	**(713,276)**

(a) Derivative financial instruments at fair value through profit or loss

Derivative financial instruments acquired from borrowers relate to the fair value of derivatives acquired from borrowers that were associated with loans acquired.

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

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.

(b) Hedging derivatives

Hedging derivatives relate to the fair value of derivatives entered into by the group to hedge its interest rate risk arising from Euribor floating rates on its senior debt securities. These derivatives have been designated into hedge relationships.

14 Loans and receivables (net of impairment)

	30 Sept 2014 €'000	30 June 2014 €'000
Loans and receivables carrying value before impairment	18,147,125	20,159,581
Less: provision for impairment charges on loans and receivables	(3,571,400)	(3,571,400)
Total loans and receivables (net of impairment)	**14,575,725**	**16,588,181**

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.

The following table summarises the movement in loans and receivables.

<u>Reconciliation of movement in loans and receivables</u>	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
Opening balance	20,159,581	35,438,959
New loans issued/acquired	8,600	242,763
Receipts from and payments to borrowers		
Non-disposal income	(180,125)	(667,125)
Proceeds from the sale of collateral as security against loans and receivables and other loan repayments	(1,053,146)	(2,815,797)
Proceeds from the sale of loans	(222,887)	(3,321,099)
Funds advanced to borrowers	146,879	409,911
Net movement on the NARL loan facility deed (principal and accrued interest)	(990,225)	(11,397,489)
Other	4,111	34,242
Total receipts from and payments to borrowers	**(2,295,393)**	**(17,757,357)**
Other loan movements		
Loan interest income earned	194,091	662,131
Overdraft accounts	289	(6,308)
(Loss)/profit recognised on sale of loans	-	(282,333)
Surplus income	-	149,657
Foreign exchange movement on loans and receivables	85,899	297,586
Impairment provision released against loans and receivables on disposal of loans	-	(604,314)
Other	(5,942)	6,341
Total other loan movements	**274,337**	**222,760**
Total loan movements	**(2,012,456)**	**(17,291,834)**
Loans and receivables pre impairment	**18,147,125**	**18,147,125**
Provision for impairment of loans and receivables	(3,571,400)	(3,571,400)
Net loans and receivables after impairment	**14,575,725**	**14,575,725**

Impairment provision	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
Balance at the start of the period	4,125,260
Increase in specific provision	310,224
Decrease in specific provision	(459,688)
Increase in collective provision	237,824
	88,360
Release of specific provision on disposal of loans	(642,220)
Total movement in provision (Note (i))	**(553,860)**
Balance at 30 September 2014	**3,571,400**
Note (i)	
Recognised in income statement	(56,958)
Recognised against loans and receivables (Note 6)	610,818
	553,860

There was no movement in the impairment provision in the quarter. Impairment is assessed semi-annually. NAMA carried out an impairment assessment at 30 June 2014 which included individually significant debtors, which are those managed directly by NAMA (specific provision) and the remaining debtor connections, which are principally managed by the Participating Institutions / Service Provider (collective provision).

Based on the assessment, an additional provision of €88m was recorded which included a net release of the specific impairment provision of €150m offset by an increase in the collective impairment provision of €238m. The release of the specific impairment provision reflects an improvement in expected cash flows for these debtor connections where there has been an increase in the projected disposal value of property collateral based on external market conditions and available evidence. The increase in the collective impairment provision is as a result of the additional information which is now available to NAMA in respect of the expected cash flows for debtor connections managed by the NAMA Participating Institutions / Service Providers following a detailed assessment of cash flows completed during H1 2014.

During Q2, NAMA completed a number of significant loan sales and as a result, there was a release of specific provisions relating to these loans of €642m, resulting in total downward movement in the impairment provision of €554m.

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 assesment will be carried out as at 31 December 2014.

15 Other assets

	30 Sept 2014 €'000	30 June 2014 €'000
Accrued swap interest receivable	798	1,713
Interest receivable on cash and cash equivalents	185	257
Deferred consideration receivable from loan sales	10,356	10,039
Other assets	5,665	988
Total other assets	**17,004**	**12,997**

16 Inventories - trading properties

	30 Sept 2014 €'000	30 June 2014 €'000
Trading properties	**47,808**	**39,698**

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. The movement in the carrying values relates to the acquisition of additional social housing units, foreign exchange movements and the disposal of a site in Dublin.

17 Property, plant and equipment

	30 Sept 2014 €'000	30 June 2014 €'000
Lease fit out costs	**2,189**	**2,189**

The fixed assets relates to lease fit out costs incurred to date. The assets are depreciated annually at 31 December on a straight line basis at rate of 10% per annum.

18 Investments in equity instruments

	30 Sept 2014 €'000	30 June 2014 €'000
Investments in equity instruments measured at fair value	**15,718**	**10,101**

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

- a 20% interest in a partnership of €1.25m, held by NAJVAL. The interest was acquired by the Group as consideration for the sale of certain loans. The Group is not able to exercise significant influence over the partnership, as the other 80% interest is held by one shareholder who controls the decision making of the partnership.

- a 16.5% ownership in a qualifying investment fund ("QIF 1") and a 47.75% ownership in a second QIF ("QIF 2"), with a combined value of €9.4m. The units in QIF 1 were acquired as consideration for the sale of certain property assets to the fund in 2013. The units in QIF 2 were acquired by the Group in 2014, to facilitate the fund's purchase of property assets. The objective of the two funds is to enhance the development potential of combined sites in the South Docks area of Dublin, thereby generating capital growth over the longer term.

- as a result of a restructure of one of the NAMA managed debtors, the Group acquired a 98% ownership of a fund which holds real-estate in Portugal.

19 Deferred tax

	Deferred tax on derivatives and available for sale assets		Deferred tax on tax losses	Total
	Assets	(Liabilities)		
	€'000	€'000	€'000	€'000
Balance at 1 July 2014	178,319	(16,778)	92,568	254,109
Movement in the period	(4,405)	2,511	-	(1,894)
Balance at 30 September 2014	**173,914**	**(14,267)**	**92,568**	**252,215**
Balance at 1 January 2014	144,553	(34,734)	92,568	202,387
Movement in the period	29,361	20,467	-	49,828
Balance at 30 September 2014	**173,914**	**(14,267)**	**92,568**	**252,215**

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Movement recognised in the income statement (Note 10)	17,643	45,199
Movement recognised in reserves (Note 24)	(19,537)	4,629
Net movement in deferred tax	**(1,894)**	**49,828**

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 €93m (30 June 2014: €93m) in respect of unutilised tax losses has been recognised in these financial statements. Based on the current period results, NAMA believes that future taxable profits will be available to offset any deferred tax asset recognised. The Group calculates, on an annual basis only, the movement in respect of the deferred tax asset relating to unutilised tax losses.

20 Other liabilities

	30 Sept 2014	30 June 2014
	€'000	€'000
Accrued interest on debt securities in issue - NAMA	3,374	22,003
- NARL	46	1,577
Accrued swap interest payable on derivatives where hedge accounting is applied	25,643	196,688
Accrued swap interest payable on other derivatives	1,188	749
Accrued expenses	32,623	39,004
VAT payable	1,962	2,498
Other liabilities	750	6,998
Total other liabilities	**65,586**	**269,517**

21 Senior debt securities in issue

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
In issue at beginning of period	18,313,000	34,618,000
Redeemed during the period	(2,489,000)	(18,794,000)
In issue at end of period	**15,824,000**	**15,824,000**

Terms of notes issued for the acquisition of loans by NALML

The total debt securities outstanding at 30 September 2014 issued in respect of the original acquisition of loans by NALML is €15.7bn (30 June 2014: €17.2bn). The debt securities are all government guaranteed Floating Rate Notes, which were issued by NAML and transferred to NAMGSL under a profit participating loan facility and by it to NALML. The latter company used these securities as consideration (95%) for the loan portfolio acquired from each of the Participating Institutions.

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

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

All of the securities which matured on 3 March 2014 were physically settled by issuing new securities with a maturity of 2 March 2015.

Terms of notes issued for the acquisition of a loan facility deed and floating charge by NARL

On 28 March 2013, NAML issued government guaranteed senior debt securities to the value of €12.928bn as consideration for the acquisition by NARL of a loan facility deed and floating charge over certain assets of IBRC as part of its funding arrangements with the Central Bank of Ireland. The debt securities issued in respect of the acquisition of the loan facility deed and floating charge are all government guaranteed senior unsecured floating rate notes, which were issued at par and transferred to NARL under a profit participating loan arrangement. The balance in issue as at 30 September 2014 was €0.1bn (30 June 2014: €1.1bn). All bonds were fully redeemed on 23 October 2014.

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 August in each year. Euro denominated notes only have been issued.

The securities in issue permit the issuer (where the issuer has not received a Holder Physical Delivery Rejection Notice) to physically settle all, or some only, of the securities at maturity 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).

All of the securities which matured on 20 February 2014 were physically settled by issuing new securities with a maturity of 20 February 2015.

Debt securities in issue by purpose

	€'000
Notes issued for the acquisition of loans by NALML	
In issue at beginning of quarter	17,190,000
Redeemed during the quarter	(1,500,000)
In issue at end of quarter	**15,690,000**
Notes issued for the acquisition of a loan facility deed and floating charge by NARL	
In issue at beginning of quarter	1,123,000
Redeemed during the quarter	(989,000)
In issue at end of quarter	**134,000**
Total in issue at the end of the quarter	**15,824,000**

22 Tax payable

	30 Sept 2014 €'000	30 June 2014 €'000
Professional services withholding tax and other taxes payable	1,581	654
Current tax liability	29	21
Total tax payable	**1,610**	**675**

23 Other equity instruments

	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
In issue at beginning and the end of quarter	1,593,000	1,593,000

Terms of the instrument

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

The interest rate on the instruments is the 10 year Irish Government rate at the date of first issuance, plus 75 basis points. This rate has been set at a fixed return of 5.264%. Interest is paid annually, however the coupon is declared at the option of the issuer. Coupons not declared in any year will not accumulate. A coupon of €83.856m was declared during Q1 2014.

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 (Note 25).

24 Other reserves

Other reserves are analysed as follows:	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
Cashflow hedge reserve		
At the beginning of the period	(406,094)	(333,708)
Net changes in fair value	79,910	(26,659)
Hedge ineffectiveness	(1,767)	8,285
Deferred tax recognised in other reserves (note 19)	(19,537)	4,594
At 30 Sept 2014	**(347,488)**	**(347,488)**
Available for sale reserve		
At the beginning of the period	-	(1,755)
Transferred to the income statement	-	1,720
Deferred tax recognised in other reserves (note 19)	-	35
At 30 Sept 2014	**-**	**-**
Total other reserves	**(347,488)**	**(347,488)**

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 movements on available for sale assets. The Group disposed of all of its short term treasury bonds during Q1 and the net changes in fair value previously recorded in reserves were transferred to the income statement.

(a) Movement in deferred tax is recognised as follows:	**€'000**	**€'000**
Deferred tax on movement in cash flow hedge reserve from 1 Jan 2014 to 31 March 2014	17,739	
Deferred tax on movement in available for sale reserve from 1 Jan 2014 to 31 March 2014	35	
Total deferred tax movement on reserves from 1 January 2014 to 31 March 2014		17,774
Deferred tax on movement in cash flow hedge reserve from 1 April 2014 to 30 June 2014		6,392
Deferred tax on movement in cash flow hedge reserve from 1 July 2014 to 30 September 2014		(19,537)
Total deferred tax movement on reserves from 1 January 2014 to 30 September 2014		**4,629**
Consists of:		
Cashflow hedge reserve		4,594
Available for sale reserve		35
		4,629

25 Retained earnings

	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
At the beginning of the period	(430,992)	(447,599)
Profit for the period	31,963	133,966
Dividend paid on B ordinary shares	-	(1,540)
Dividend paid on subordinated bonds	-	(83,856)
At the end of the period	**(399,029)**	**(399,029)**

On 13 March 2014, the Board of NAMAIL declared and approved a dividend payment of €0.0302 per share, amounting to €1.54m. 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.

On 13 February 2014, the Board of NAML resolved that it was appropriate, in the context of NAMA's overall aggregate financial performance and objectives, that the annual coupon on the subordinated bonds of €83.86m due on 1 March 2014 be paid. The subordinated bonds are classified as equity in the statement of financial position, and related coupon payments are classified as dividend payments. Refer to Note 23 for further details in this regard.

NAMA Group

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

For the period from 1 January 2014 to 30 September 2014

	National Asset Loan Management Limited	National Asset JVA Limited	National Asset Property Management Limited	National Asset Sarasota LLC	National Asset Residential Property Services Limited	National Asset Leisure Holdings Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Interest and fee income	694,478	695	-	-	-	-	-	-	-	72,960	189	1	(394)	767,929
Interest expense	(170,709)	-	-	(59)	-	-	-	-	(69,442)	(2,966)	-	(146)	394	(242,928)
Net interest income / (expense)	**523,769**	**695**	**-**	**(59)**	**-**	**-**	**-**	**-**	**(69,442)**	**69,994**	**189**	**(145)**	**-**	**525,001**
Other income/(expenses)	(1,492)	-	3	-	458	-	-	-	-	-	-	41,981	(42,969)	(2,019)
Net loss on disposal of loans and property; and surplus income	(143,274)	-	136	-	-	-	-	-	-	-	-	-	112	(143,026)
Losses on derivative financial instruments	(115,595)	-	-	-	-	-	-	-	-	(24,481)	-	-	18,373	(121,703)
Total operating income / (expense)	**263,408**	**695**	**139**	**(59)**	**458**	**-**	**-**	**-**	**(69,442)**	**45,513**	**189**	**41,836**	**(24,484)**	**258,253**
Administration expenses	(96,704)	-	(70)	(330)	(279)	-	-	-	-	(5,458)	-	(42,287)	42,970	(102,158)
Foreign exchange gains and losses	(8,157)	-	(1)	(2,188)	-	-	-	-	-	-	-	-	-	(10,346)
Operating profit / (loss) before impairment	**158,547**	**695**	**68**	**(2,577)**	**179**	**-**	**-**	**-**	**(69,442)**	**40,055**	**189**	**(451)**	**18,486**	**145,749**
Impairment charges on loans and receivables	(56,958)	-	-	-	-	-	-	-	-	-	-	-	-	(56,958)
Profit / (loss) for the year before income tax	**101,589**	**695**	**68**	**(2,577)**	**179**	**-**	**-**	**-**	**(69,442)**	**40,055**	**189**	**(451)**	**18,486**	**88,791**
Tax credit/(charge)	51,843	-	-	-	-	-	-	-	-	(2,051)	(24)	-	(4,593)	45,175
Profit/(loss) for the year	**153,432**	**695**	**68**	**(2,577)**	**179**	**-**	**-**	**-**	**(69,442)**	**38,004**	**165**	**(451)**	**13,893**	**133,966**

NAMA Group

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

For the period from 1 July 2014 to 30 September 2014

	National Asset Loan Management Limited	National Asset JVA Limited	National Asset Property Management Limited	National Asset Sarasota LLC	National Asset Residential Property Services Limited	National Asset Leisure Holdings Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Interest and fee income	198,526	186	-	-	-	-	-	-	-	1,777	63	-	(127)	200,425
Interest expense	(56,444)	-	-	(20)	-	-	-	-	(15,275)	-	-	(44)	127	(71,656)
Net interest income / (expense)	**142,082**	**186**	**-**	**(20)**	**-**	**-**	**-**	**-**	**(15,275)**	**1,777**	**63**	**(44)**	**-**	**128,769**
Other income/(expenses)	(165)	-	3	-	230	-	-	-	-	-	-	13,507	(13,509)	66
Net loss on disposal of loans and property; and surplus income	(2,330)	-	150	-	-	-	-	-	-	-	-	-	-	(2,180)
Losses on derivative financial instruments	3,634	-	-	-	-	-	-	-	-	-	-	-	(78,144)	(74,510)
Total operating income / (expense)	**143,221**	**186**	**153**	**(20)**	**230**	**-**	**-**	**-**	**(15,275)**	**1,777**	**63**	**13,463**	**(91,653)**	**52,145**
Administration expenses	(33,520)	-	(32)	(21)	(82)	-	-	-	-	(1,128)	-	(13,615)	13,508	(34,890)
Foreign exchange gains and losses	(960)	-	-	(1,967)	-	-	-	-	-	-	-	-	-	(2,927)
Operating profit / (loss) before impairment	**108,741**	**186**	**121**	**(2,008)**	**148**	**-**	**-**	**-**	**(15,275)**	**649**	**63**	**(152)**	**(78,145)**	**14,328**
Impairment charges on loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the year before income tax	**108,741**	**186**	**121**	**(2,008)**	**148**	**-**	**-**	**-**	**(15,275)**	**649**	**63**	**(152)**	**(78,145)**	**14,328**
Tax credit/(charge)	(1,893)	-	-	-	-	-	-	-	-	0	(8)	-	19,536	17,635
Profit/(loss) for the year	**106,848**	**186**	**121**	**(2,008)**	**148**	**-**	**-**	**-**	**(15,275)**	**649**	**55**	**(152)**	**(58,609)**	**31,963**

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 30 September 2014

	National Asset Loan Management Limited	National Asset JVA Limited	National Asset Property Management Limited	National Asset Sarasota LLC	National Asset Residential Property Services Limited	National Asset Leisure Holdings Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assets														
Cash and cash equivalents	1,571,946	839	-	-	426	-	-	-	-	1,497	-	210	-	1,574,918
Cash placed as collateral with the NTMA	830,000	-	-	-	-	-	-	-	-	-	-	-	-	830,000
Financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from Participating Institutions	80,281	-	-	-	-	-	-	-	-	-	-	-	-	80,281
Derivative financial instruments	57,071	-	-	-	-	-	-	-	-	-	-	-	-	57,071
Loans and receivables (net of impairment)	14,245,520	12,105	-	-	-	-	-	-	-	318,100	-	-	-	14,575,725
Other assets	904,241	-	4,853	-	87	100	-	18,154,195	17,663,332	-	119,431	6,284	(36,835,519)	17,004
Inventories - trading properties	-	-	4,621	26,104	17,483	-	-	-	-	-	-	-	(400)	47,808
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	2,189	-	2,189
Investments in equity instruments	14,470	1,248	5,798	-	-	-	-	-	-	-	-	49,000	(54,798)	15,718
Deferred tax	159,647	-	-	-	-	-	-	-	92,568	-	-	-	-	252,215
Total assets	**17,863,176**	**14,192**	**15,272**	**26,104**	**17,996**	**100**	**-**	**18,154,195**	**17,755,900**	**319,597**	**119,431**	**57,683**	**(36,890,717)**	**17,452,929**
														-
Liabilities														-
Amounts due to Participating Institutions	19,593	-	-	-	-	-	-	-	-	-	-	-	-	19,593
Derivative financial instruments	695,657	-	-	-	-	-	-	-	-	-	-	-	-	695,657
Other liabilities (net)	17,540,864	13,496	15,240	25,014	18,350	100	-	18,154,193	769,900	287,744	14,563	61,641	(36,835,519)	65,586
Senior debt securities in issue	-	-	-	-	-	-	-	-	15,824,000	-	-	-	-	15,824,000
Tax payable	1,578	-	3	-	-	-	-	-	-	-	29	-	-	1,610
Total liabilities	**18,257,692**	**13,496**	**15,243**	**25,014**	**18,350**	**100**	**-**	**18,154,193**	**16,593,900**	**287,744**	**14,592**	**61,641**	**(36,835,519)**	**16,606,446**
Equity														
Share capital	-	-	-	5,798	-	-	-	-	-	-	10,000	-	(15,798)	-
Share premium	-	-	-	-	-	-	-	-	-	-	90,000	-	(90,000)	-
Other equity instruments	-	-	-	-	-	-	-	-	1,593,000	-	-	-	-	1,593,000
Retained earnings	(394,516)	696	29	(4,708)	(354)	-	-	2	(431,000)	31,853	4,839	(3,958)	398,088	(399,029)
Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	(347,488)	(347,488)
Total equity	**(394,516)**	**696**	**29**	**1,090**	**(354)**	**-**	**-**	**2**	**1,162,000**	**31,853**	**104,839**	**(3,958)**	**(55,198)**	**846,483**
Total equity & liabilities	**17,863,176**	**14,192**	**15,272**	**26,104**	**17,996**	**100**	**-**	**18,154,195**	**17,755,900**	**319,597**	**119,431**	**57,683**	**(36,890,717)**	**17,452,929**

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 30 June 2014

	National Asset Loan Management Limited	National Asset JVA Limited	National Asset Property Management Limited	National Asset Sarasota LLC	National Asset Residential Property Services Limited	National Asset Leisure Holdings Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	National Asset Resolution Limited	National Asset Management Agency Investment Limited	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assets														
Cash and cash equivalents	1,997,482	653	-	-	225	-	-	-	-	641	-	317	-	1,999,318
Cash placed as collateral with the NTMA	1,018,000	-	-	-	-	-	-	-	-	-	-	-	-	1,018,000
Financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from Participating Institutions	81,668	-	-	-	-	-	-	-	-	-	-	-	-	81,668
Derivative financial instruments	67,113	-	-	-	-	-	-	-	-	-	-	-	-	67,113
Loans and receivables (net of impairment)	15,267,751	12,105	-	-	-	-	-	-	-	1,308,325	-	-	-	16,588,181
Other assets	856,636	-	100	-	58	100	-	19,620,678	20,266,259	-	119,368	11,021	(40,861,223)	12,997
Inventories - trading properties	-	-	6,121	26,104	7,873	-	-	-	-	-	-	-	(400)	39,698
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	2,189	-	2,189
Investments in equity instruments	8,853	1,248	5,798	-	-	-	-	-	-	-	-	49,000	(54,798)	10,101
Deferred tax	161,541	-	-	-	-	-	-	-	92,568	-	-	-	-	254,109
Total assets	**19,459,044**	**14,006**	**12,019**	**26,104**	**8,156**	**100**	**-**	**19,620,678**	**20,358,827**	**1,308,966**	**119,368**	**62,527**	**(40,916,421)**	**20,073,374**
Liabilities														
Amounts due to Participating Institutions	20,992	-	-	-	-	-	-	-	-	-	-	-	-	20,992
Derivative financial instruments	713,276	-	-	-	-	-	-	-	-	-	-	-	-	713,276
Other liabilities (net)	19,225,489	13,496	12,108	23,006	8,658	100	-	19,620,676	868,552	1,277,762	14,563	66,333	(40,861,226)	269,517
Senior debt securities in issue	-	-	-	-	-	-	-	-	18,313,000	-	-	-	-	18,313,000
Tax payable	651	-	3	-	-	-	-	-	-	-	21	-	-	675
Total liabilities	**19,960,408**	**13,496**	**12,111**	**23,006**	**8,658**	**100**	**-**	**19,620,676**	**19,181,552**	**1,277,762**	**14,584**	**66,333**	**(40,861,226)**	**19,317,460**
Equity														
Share capital	-	-	-	5,798	-	-	-	-	-	-	10,000	-	(15,798)	-
Share premium	-	-	-	-	-	-	-	-	-	-	90,000	-	(90,000)	-
Other equity instruments	-	-	-	-	-	-	-	-	1,593,000	-	-	-	-	1,593,000
Retained earnings	(501,364)	510	(92)	(2,700)	(502) -	-		2	(415,725)	31,204	4,784	(3,806)	456,697	(430,992)
Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	(406,094)	(406,094)
Total equity	**(501,364)**	**510**	**(92)**	**3,098**	**(502)**	**-**	**-**	**2**	**1,177,275**	**31,204**	**104,784**	**(3,806)**	**(55,195)**	**755,914**
Total equity & liabilities	**19,459,044**	**14,006**	**12,019**	**26,104**	**8,156**	**100**	**-**	**19,620,678**	**20,358,827**	**1,308,966**	**119,368**	**62,527**	**(40,916,421)**	**20,073,374**

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 July 2014 to 30 September 2014

	NALML	NAJVAL	NAPML	NASLLC	NARPSL	NARL	NAMAIL	NAMA	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Costs reimbursable to the NTMA	12,983	-	-	-	-	-	-	-	12,983
Primary Servicer fees	11,830	-	-	-	-	938	-	-	12,768
Master servicer fees	678	-	-	-	-	-	-	-	678
IBRC integration costs	1,067	-	-	-	-	-	-	-	1,067
Portfolio management fees	1,501	-	12	19	50	-	-	-	1,582
Finance, communication and technology costs	866	-	-	-	-	185	-	-	1,051
Legal fees	3,600	-	20	2	32	-	-	-	3,654
Rent and occupancy costs	673	-	-	-	-	-	-	-	673
Internal audit fees	204	-	-	-	-	-	-	-	204
Board and Committee fees and expenses	-	-	-	-	-	-	-	107	107
External audit remuneration	118	-	-	-	-	5	-	-	123
	33,520	**-**	**32**	**21**	**82**	**1,128**	**-**	**107**	**34,890**

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

	Outstanding at 30 Sept 2014 €'000
Senior notes issued by NAML	15,824,000
Subordinated debt issued by NAML	1,593,000
Total	**17,417,000**

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

Government guaranteed senior debt securities

Financial Institution	Outstanding at 30 June 2014 €'000	Redeemed €'000	Outstanding at 30 Sept 2014 €'000
AIB	11,986,000	(1,046,000)	10,940,000
BOI	3,023,000	(264,000)	2,759,000
IL&P	1,643,000	(144,000)	1,499,000
CBI	1,661,000	(1,035,000)	626,000
Total	**18,313,000**	**(2,489,000)**	**15,824,000**

Subordinated debt securities held

Financial Institution	Outstanding at 30 Sept 2014 €'000	Outstanding at 30 June 2014 €'000
AIB	451,000	451,000
BOI	281,000	281,000
EBS	20,000	20,000
IBRC (in liquidation)	841,000	841,000
Total	**1,593,000**	**1,593,000**

There were no new issuances or transfers of NAMA senior or subordinated bonds during the period.

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

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

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

Participating Institutions and Primary Servicer	For the period from 1 July 2014 to 30 Sept 2014 €'000
AIB	42,784
Capita	96,888
BOI	7,207
Total	**146,879**

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

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

National Asset Management Agency	30 Sept 2014 €'000
Investment in NAMAIL	49,000
Cash and cash equivalents	210
Receivable from NALML	5,778
Other assets	506
Property, plant and equipment	2,189
Total	**57,683**

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

National Asset Management Agency Investment Limited	30 Sept 2014 €'000
Receivable from NAML	99,900
Receivable from NAML - accrued interest	19,531
Total	**119,431**

National Asset Resolution Limited	30 Sept 2014 €'000
Loans and receivables (net of impairment)	318,100
Cash and cash equivalents	1,497
Total	**319,597**

National Asset Management Limited	30 Sept 2014 €'000
PPL receivable from NAMGSL	17,283,000
PPL receivable from NARL	134,000
PPL interest receivable from NARL	146,432
Receivable from NALML	99,900
Deferred tax asset	92,568
Total	**17,755,900**

National Asset Management Group Services Limited	30 Sept 2014 €'000
PPL receivable from NALML	17,283,000
PPL interest receivable from NALML	98,624
PPL receivable from NAJVAL	13,450
Inter-group receivable	759,121
Total	**18,154,195**

National Asset Loan Management Limited	30 Sept 2014 €'000
Investments in equity instruments	14,470
Cash and cash equivalents	1,571,946
Cash placed as collateral with the NTMA	830,000
Amounts due from Participating Institutions	80,281
Derivative financial instruments	57,071
Loans and receivables (net of impairment)	14,245,520
Other assets	59,939
Inter-group receivable	844,302
Deferred tax asset	159,647
Total	**17,863,176**

National Asset JVA Limited	30 Sept 2014 €'000
Investments in equity instruments	1,248
Cash and cash equivalents	839
Loans and receivables (net of impairment)	12,105
Total	**14,192**

National Asset Sarasota LLC	30 Sept 2014 €'000
Inventories - trading properties	**26,104**

National Asset Property Management Limited	30 Sept 2014 €'000
Investments in equity instruments	5,798
Inter-group receivable	4,853
Inventories - trading properties	4,621
Total	**15,272**

National Asset Residential Property Services Limited	30 Sept 2014 €'000
Cash and cash equivalents	426
Other assets	87
Inventories - trading properties	17,483
Total	**17,996**

National Asset Leisure Holdings Limited	30 Sept 2014 €'000
Other assets	100

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

Entity	Description	Amount in issue at 30 Sept 2014 €'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.	15,824,000

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 September 2014
No guidelines issued

Compliance with Directions Issued by the Minister under Section 14 (NAMA Act 2009) as at 30 September 2014	
(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 30th 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 September 2014	
(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

Loan Performance - 9 months to 30/09/2014		
Income Statement	**€bn**	
EIR Income	0.66	
EIR cash received*	0.57	
Cash Flow		
Non Disposal Income	**Cash received €m**	**Par Debt at 30/09/14 €m**
Full performing loans	265	4,895
Partially and non-performing loans (including enforced loans)	396	52,360
Total non-disposal cash receipts	661	57,255
* 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.

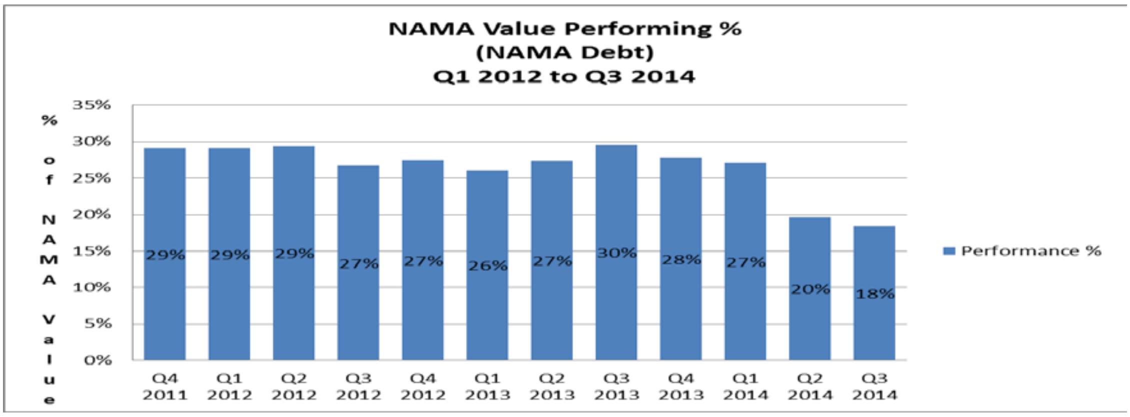
At 30 September 2014, NAMA has generated cash receipts of €21.9bn since inception, of which €17.1bn relates to disposal activity (properties and loan sales), €4.3bn relates to non-disposal income and €0.5bn to other income. This capturing of this €4.3bn is an important measure of NAMA's performance.

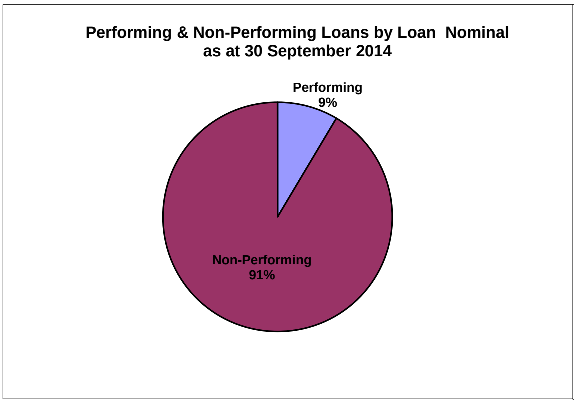
4 (ii) SECTION 55 (6) (A) - CONTINUED

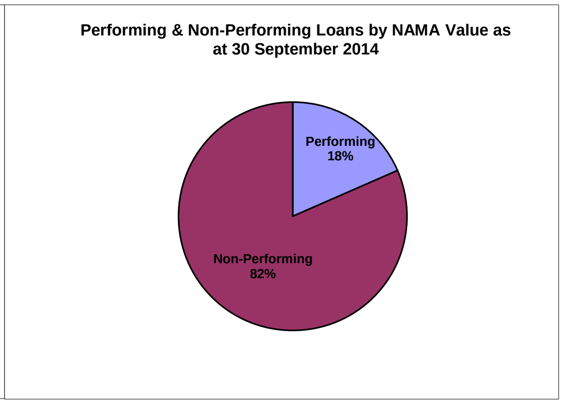
Legacy loan facility loan performance metric

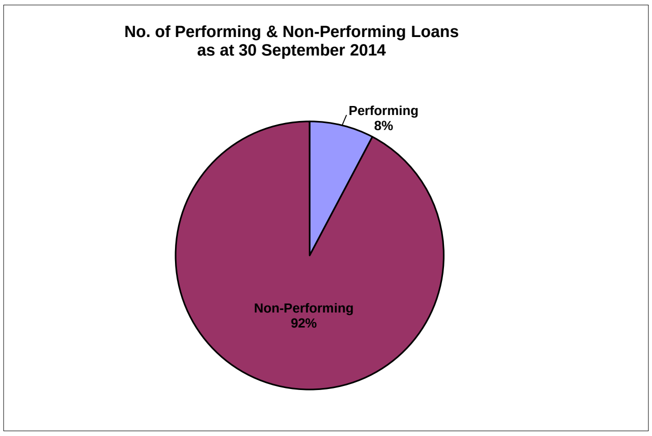
Classification	Number	Loan Nominal €m	NAMA Value (net of impairment provision) €m
Performing	914	4,895	2,629
Non-Performing	10,880	52,360	11,617
Total	**11,794**	**57,255**	**14,246**
*The cumulative impairment recognised to 30 September 2014 was €3,571 million.			

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. As NAMA disposes of income producing assets, which up to the point of disposal would have been used for debt servicing purposes, there is a natural fall off in the loan performance status.







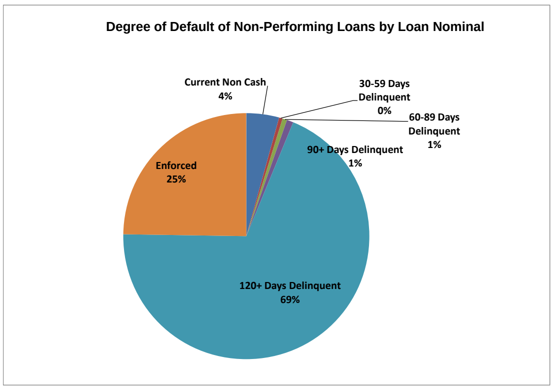


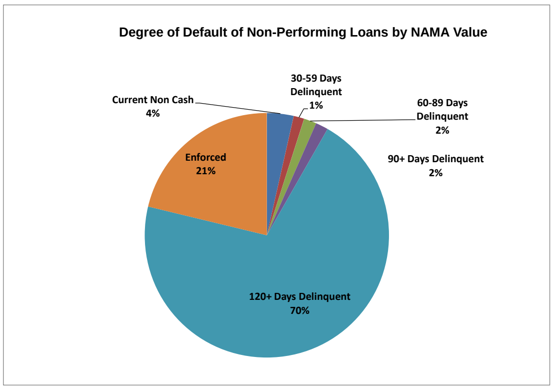
4 (iii) SECTION 55 (6) (B) - CATEGORISATION OF NON-PERFORMING AS TO THE DEGREE OF DEFAULT

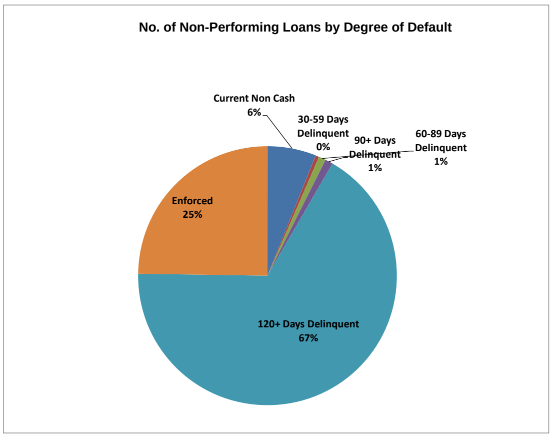
Categorisation of non performing loans in accordance with the Loan Payment Status as at 30 September 2014

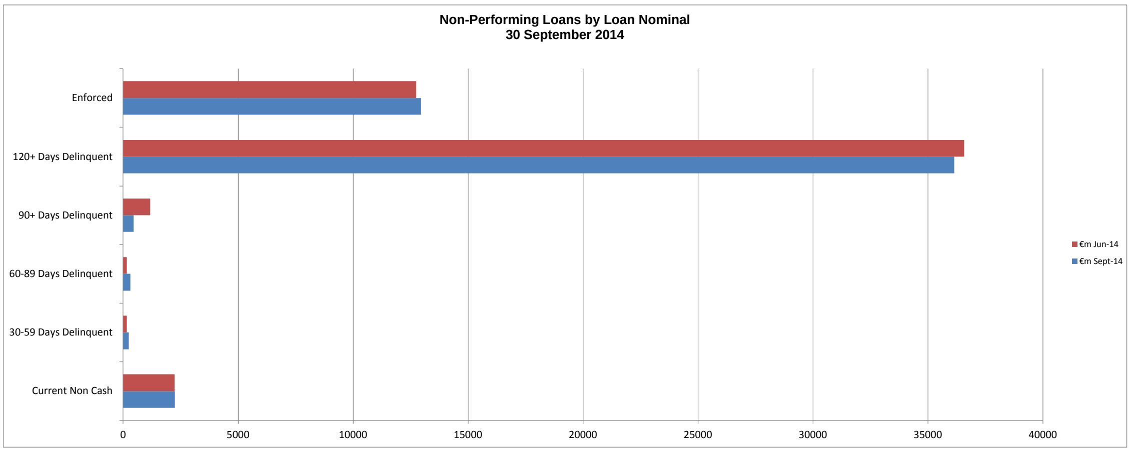
Loan Payment Status	Degree of Default	Number	Loan Nominal €m	NAMA Value less Impairment €m
9	Current Non Cash	662	2,250	411
1	30-59 Days Delinquent	47	245	163
2	60-89 Days Delinquent	95	311	193
3	90+ Days Delinquent	106	449	193
4	120+ Days Delinquent	7,278	36,143	8,190
7 & 8	Enforced	2,692	12,962	2,467
	Total	**10,880**	**52,360**	**11,617**

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









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

Definition of loan payment status

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

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

Number of loans foreclosed in the quarter to 30 September 2014

Classification	Number	Loan Nominal €m	NAMA Value €m
Enforced	105	452	161

Note: Section 55 6 (B) on page 43 contains a category of default called 'Enforced' where 2,692 loans have been classified. This includes enforcements that were instigated by the Participating Institutions prior to transfer of the loans to NAMA. This section deals with the number of loans being enforced by NAMA.

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

Number of cases where receivers and liquidators have been appointed in the quarter to 30 September 2014

Classification	Number	Loan Nominal €m	NAMA Value €m
Liquidators	-	-	-
Receivers	105	452	161
Total	**105**	**452**	**161**

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

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

Proceeding	Title	Parties to the proceeding	Relief sought by NAMA or the NAMA group entity
(i)	High Court 2014/5771P	National Asset Loan Management Limited (NALM) v. Michael Barker, Malgorzata Barker	Seeking to void and asset reversal or damages
(ii)	High Court, 2014/1777S	NALM v. Joseph O'Donovan and Ann O'Donovan	Judgment for €520,340,031.17 and judgment for €303,170,559.13.
(iii)	High Court 2014/1773S	NALM v. Glen Supermarkets	Judgment for €7,634,746.48.
(iv)	High Court 2014/1782S	NALM v. David Agar	Judgment for €22,656,669.54
(v)	High Court 2014/1779S	NALM v. Rachel Agar	Judgment for €454,559.89
(vi)	High Court 2014/5919P	NALM v.David Dalton and Louis Scully	Judgment for €10,335,103.52, €38,253,318.52
(vii)	High Court 2014/5992P	NAMA and NALM v. John McCabe Senior, Mary McCabe and Dawn Sky	Declaratory relief and order to set aside
(viii)	High Court 2014/1756S	NALM v Garrett Kelleher	Judgment for €46,834,472.35
(ix)	High Court 2014/1852S	NALM v. Coyne t/a Grafton Partnership	Judgment for €10,000,000.00
(x)	High Court 2014/1859S	NALM v. Nagle	Judgement for €42,249,647.64
(xi)	High Court 2014/1863S	NALM v Bernard Costelloe	Judgment for €41,714,709.46
(xii)	High Court 2012/3454S	NALM v. John McCabe Senior, John McCabe Junior, Mary McCabe	Motion to examine these parties on foot of the judgment obtained against them.
(xiii)	High Court 2014/1906S	NALM v. Cronan Nagle	Judgement for €42,249,647.64
(xiv)	High Court 2014/106 IA	NALM v. Harry Warnock & Paul Warnock	Leave to issue and serve summary summons outside jurisdiction
(xv)	High Court 2014/107 IA	NALM v. Warnock & anor	Leave to issue and serve summary summons outside jurisdiction
(xvi)	High Court 2014/1954S	NALM v. Maurice Cox	Judgment for €61,805.97
(xvii)	Circuit Court 5363/2014	NALM v. David Agar	Possession proceedings
(xviii)	High Court 2014 379 COS	In the Matter of O'Brien & O'Flynn and In the Matter of the Companies Acts 1963 to 2013	Petition by NALM to wind up OBOF
(xix)	High Court 2014/1989S	NALM v. Frank Egan, Philip O'Neill, Austin O'Neill and Michael O'Neill	Judgment for €1,392,045.04
(xx)	High Court 2014/2022S	NALM v. Killian Whelan	Judgment for €61,805.97
(xxi)	High Court 2014/2052S	NALM v. Bernard O'Mahony & Mary O'Mahony	Judgments for (i) €1,374,979.36, (ii) €3,672.47, (iii) €33,555,014.49 & (iv) (JPY)¥45,946,825.66
(xxii)	High Court 2014/2046S	NALM v. Foudi & Anor	Judgment for €2,159,165.66 against Foudi Ltd
(xxiii)	High Court 2014/2053S	NALM v. Paul Connolly	Judgment for €83,229,437.83
(xxiv)	High Court 2014/2055S	NALM v. John Curley	Judgment for €244,442,314.64
(xxv)	High Court 2014/2057S	NALM v. Annette Curley	Judgment for €185,949,035.02
(xxvi)	High Court, 2014/2054S	NALM v. Thoman Mogan	Judgment for €6,364,297.14
(xxvii)	High Court 2014/2092S	NALM v. Harry Warnock & Paul Warnock	Judgment for €790,649.07
(xxviii)	High Court 2014/2093S	NALM v. Harry Warnock & Paul Warnock	Judgment for €1,767,728.71

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

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

Proceeding	Title	Parties to the proceeding	Relief sought by NAMA or the NAMA group entity
(xxix)	High Court 2014/123 IA	NALM v. Alan McCormack, Brian McCormack, John McCormack and Niall McCormack and Marcus Ryan	Ex parte application seeking Court's consent to issue proceedings against 2 non-resident debtors
(xxx)	High Court 2014/2307S	NALM v. Stokes & Anor	Judgment for €5,616,667.70
(xxxi)	High Court 2014/345 SP	NALM v. Donal O Connor	Application for well charging order
(xxxii)	High Court 2014/8126P	NALM v. John Walsh and Bronagh Walsh	Reversal of Asset Transfer

These proceedings were recorded as one previously and are now disaggregated into a number of separate proceedings

Proceeding	Title	Parties to the proceeding	Relief sought by NAMA or the NAMA group entity
(i)	High Court 2013/3566	NALM v. Donal Dooley, Richard Burke, William Moran and Sheila Moran	NALM seeking judgment for €5,600,000, €5,600,000, €2,800,000 and €2,800,000 respectively
(ii)	High Court 2013/3567	NALM v. Donal Dooley, William Moran and Sheila Moran	NALM seeking judgment for €5,763,479.70 against each of the defendants
(iii)	High Court 2013/3568	NALM v. Donal Dooley and John Dooley	NALM seeking judgment for €44,669,107.67 plus $196,659.24 against the first named defendant and for €2,658,912.79 as against the second named defendant

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

Schedule of finances raised by NAMA and each NAMA group entity in the quarter to 30 September 2014

Description	Date	€bn
N/A		

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

Amount of money recovered by sale of property up to 30 September 2014

Description	Date	€m
Sale of property asset	26 August 2014	1.65

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

Other income from interest bearing loans in the quarter to 30 September 2014

Description	Date	€m
National Asset Loan Management Limited (fee income)	1 July - 30 September 2014	**2,151**

No other income was earned in any other NAMA Group entity in the quarter.

National Asset Management Agency

5 - National Asset Management Agency Investment Limited Company only accounts

For the quarter ended 30 September 2014

NAMAIL (company only)
Income Statement
For the period from 1 July 2014 to 30 September 2014

	Note	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
Interest income	3	63	189
Net interest income		**63**	**189**
Administration expenses		-	-
Operating profit before tax		**63**	**189**
Tax charge	4	(8)	(24)
Profit for the period		**55**	**165**

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

NAMAIL (company only)
Statement of Financial Position
As at 30 Sept 2014

	Note	30 Sept 2014 €'000	30 June 2014 €'000
Assets			
Investment in subsidiaries	5	-	-
Loan receivable from group entity	6	119,431	119,368
Total assets		**119,431**	**119,368**
Liabilities			
Amounts due to group entity	7	14,563	14,563
Current tax liability	8	29	21
Total liabilities		**14,592**	**14,584**
Equity			
Share capital	9	10,000	10,000
Share premium	9	90,000	90,000
Retained earnings	10	4,839	4,784
Total equity		**104,839**	**104,784**
Total equity and liabilities		**119,431**	**119,368**

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 September 2014 have been prepared in accordance with its accounting policies, for the purposes of complying with the requirements of Section 55 of the Act.

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

2.2 Basis of measurement

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

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

2.3 Inter-group receivables

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

Loans and receivables are subsequently held at amortised cost.

2.4 Inter-group payables

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

2.5 De-recognition of financial assets and financial liabilities

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

2.6 Taxation

Current income tax

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

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

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

2.7 Share capital

Dividends on ordinary shares

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

3 Interest income	**For the period from 1 July 2014 to 30 Sept 2014**	**For the period from 1 Jan 2014 to 30 Sept 2014**
	€'000	**€'000**
Interest receivable on inter-group loan	**63**	**189**

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

4 Tax expense	**For the period from 1 July 2014 to 30 Sept 2014**	**For the period from 1 Jan 2014 to 30 Sept 2014**
	€'000	**€'000**
Profit before tax	63	189
Tax expense for the period (12.5% of profit before tax)	**(8)**	**(24)**

5 Investment in subsidiaries

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

6 Loan receivable from group entity

	30 Sept 2014	**30 June 2014**
	€'000	**€'000**
Loan receivable from NAML	99,900	99,900
Accrued interest on receivable from NAML	19,531	19,468
Loan receivable from group entity	**119,431**	**119,368**

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

7 Amounts due to group entity

	30 Sept 2014	**30 June 2014**
	€'000	**€'000**
Amounts due to NALML	14,563	14,563
Amounts due to group entity	**14,563**	**14,563**

The loan due to NALML primarily relates to dividend payments for 2010, 2011, 2012 and 2013 totalling €12.24m made by NALML on behalf of NAMAIL. The balance relates to taxes paid by NALML on behalf of NAMAIL.

8 Tax payable	**30 Sept 2014**	**30 June 2014**
	€'000	**€'000**
Tax payable	29	21

9 Share capital and share premium

At 30 September 2014	Number	€'000
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 Retained earnings	**For the period from 1 July 2014 to 30 Sept 2014 €'000**	**For the period from 1 Jan 2014 to 30 Sept 2014 €'000**
Retained earnings at beginning of period	4,784	6,214
Profit for the period	55	165
Dividend paid	-	(1,540)
Retained earnings at end of period	**4,839**	**4,839**

On 13 March 2014, the Board of NAMAIL declared and approved a dividend payment of €0.0302 per share, amounting to €1.54m. 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.

National Asset
Management Agency

6 - National Asset Resolution Limited Company only accounts

For the quarter ended 30 September 2014

Income Statement
For the period from 1 July 2014 to 30 September 2014

	Note	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
Interest income	3	1,777	72,960
Interest expense	4	-	(2,966)
Net interest income		**1,777**	**69,994**
Losses on derivative financial instruments	5	-	(24,481)
Administration expenses	6	(1,128)	(5,458)
Operating profit before tax		**649**	**40,055**
Tax charge	7	-	(2,051)
Profit for the period		**649**	**38,004**

The accompanying notes 1 to 13 form an integral part of these accounts.

Statement of Financial Position

As at 30 September 2014

	Note	30 Sept 2014 €'000	30 June 2014 €'000
Assets			
Cash and cash equivalents	8	1,497	641
Loans and receivables	9	318,100	1,308,325
Total assets		**319,597**	**1,308,966**
Liabilities			
Amounts due to group entity	10	280,432	1,271,286
Other liabilities	11	7,312	6,476
Total liabilities		**287,744**	**1,277,762**
Equity			
Share capital	12	-	-
Retained earnings	13	31,853	31,204
Total equity		**31,853**	**31,204**
Total equity and liabilities		**319,597**	**1,308,966**

The accompanying notes 1 to 13 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 IBRC Act 2013 to NAMA to acquire a loan facility deed and floating charge over certain IBRC assets. Consideration was in the form of Government Guaranteed debt securities and cash. The debt securities were issued by NAML and transferred to NARL via a profit participating loan facility.

NARL is a wholly owned subsidiary of NAMAIL. NAMA 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 September 2014 have been prepared in accordance with its accounting policies, for the purposes of complying with the requirements of Section 55 of the Act.

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.

The EIR on the IBRC loan facility deed acquired is calculated with reference to the ECB Marginal Lending Facility Rate plus a fixed margin of 1%.

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.

2.7 Derivative financial instruments

Derivatives, such as interest rate swaps, are used for hedging purposes as part of the Group's risk management strategy. The Group does not enter into derivatives for proprietary trading purposes.

The Group's policy is to hedge its interest rate risk on debt issued by the Group using interest rate swaps. Derivative financial instruments are initially recognised at fair value and transaction costs are taken directly to the income statement. Interest income and expenses arising on derivatives are included in interest income and interest expense in the income statement. Fair value gains and losses on these financial instruments are included in gains/losses on derivatives financial instruments in the income statement or as part of foreign exchange gains and losses where they relate to currency derivatives.

2.8 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 July 2014 to 30 Sept 2014**	**For the period from 1 Jan 2014 to 30 Sept 2014**
	€'000	**€'000**
Interest on IBRC loan facility deed	1,777	72,619
Interest on cash and cash equivalents	-	341
Total interest income	**1,777**	**72,960**

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

4 Interest expense	**For the period from 1 July 2014 to 30 Sept 2014**	**For the period from 1 Jan 2014 to 30 Sept 2014**
	€'000	**€'000**
Interest on derivative financial instruments	-	2,966
Total interest expense	**-**	**2,966**

The NARL derivatives were terminated in Q2 2014 (see note 5).

5 Losses on derivative financial instruments	**For the period from 1 July 2014 to 30 Sept 2014**	**For the period from 1 Jan 2014 to 30 Sept 2014**
	€'000	**€'000**
Fair value losses on other derivatives	-	(24,481)
Total losses on derivative financial instruments	**-**	**(24,481)**

On acquisition of the loan facility deed and floating charge from IBRC, NARL entered into €1.9bn of interest rate swaps to hedge the Group's exposure to interest rate risk arising from the floating rate senior bonds issued to acquire the loan facility deed and floating charge. As the senior bonds have been substantially repaid, the hedged item no longer existed and the interest rate swaps were terminated in Q2 2014.

6 Administration expenses

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Costs reimbursable to the NTMA	-	988
Primary servicer fees	938	4,270
Finance, communication and technology costs	185	185
Audit fees	5	15
Total administration expenses	**1,128**	**5,458**

7 Tax charge

	For the period from 1 July 2014 to 30 Sept 2014	For the period from 1 Jan 2014 to 30 Sept 2014
	€'000	€'000
Deferred tax on derivative financial instruments		
Balance at the beginning of the period	-	2,051
Movement in the period	-	(2,051)
Balance at the end of the period	**-**	**-**

8 Cash, cash equivalents and collateral

	30 Sept 2014	30 June 2014
	€'000	€'000
Balances with the Central Bank of Ireland	1,477	621
Balances with other banks	20	20
Total cash and cash equivalents	**1,497**	**641**

9 Loans and receivables

	30 Sept 2014	30 June 2014
	€'000	€'000
Loan facility due from IBRC	306,344	1,296,344
Accrued interest on loan facility	11,756	11,981
Total loans and receivables	**318,100**	**1,308,325**

With the establishment of NARL, NAMA acquired a loan facility deed and floating charge over certain IBRC assets which were used as collateral by IBRC as part of its funding arrangements with the Central Bank of Ireland. As at 30 September 2014, NARL has received repayment of €12.6bn of the loan facility deed.

10 Amounts due to group entity

	30 Sept 2014	30 June 2014
	€'000	€'000
PPL payable to NAML	134,000	1,123,000
PPL interest payable to NAML	146,432	148,286
Total amounts due to group entity	**280,432**	**1,271,286**

As consideration for the acquired loan facility and floating charge, NAML issued senior bonds, via a profit participating loan agreement (PPL), worth €12.928bn (guaranteed by the Minister for Finance) to the Central Bank on behalf of NARL.

11 Other liabilities

	30 Sept 2014 €'000	30 June 2014 €'000
Accrued expenses	7,312	6,476

12 Share capital

	Number	€'000
Authorised:		
Ordinary shares of €1 each	1,000	1
Issued and fully paid during the period:		
Ordinary shares of €1 each	100	-
At 30 September 2014	**100**	**-**

100% of the ordinary shares are held by NAMAIL.

13 Retained earnings

	For the period from 1 July 2014 to 30 Sept 2014 €'000	For the period from 1 Jan 2014 to 30 Sept 2014 €'000
Retained earnings/(losses) at the beginning of the period	31,204	(6,151)
Profit for the period	649	38,004
Retained earnings at the end of the period	**31,853**	**31,853**