National Asset Management Agency

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

30 June 2018

Gníomhaireacht Náisiúnta um Bhainistíocht Sócmhainní
National Asset Management Agency

28 September 2018

Mr. Paschal Donohoe T.D.,
Minister for Finance,
Department of Finance,
Upper Merrion Street,
Dublin 2.

Section 55 Quarterly Report and Accounts - NAMA Act 2009

Dear Minister,

Please find attached the Quarterly Report and Accounts for the second quarter of 2018 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 also present for your information Financial Highlights and Key Performance Indicators for the period with Full Year 2017 information as comparatives.

Financial Highlights	H1 2018 IFRS 9 €m	Full year 2017 IAS39 €m	Inception to 30 June 2018 €m
Total cash generated	**1,518**	**2,560**	**42,217**
Cash proceeds from property collateral and loan sales	1,456	2,434	36,648
Non-disposal cash receipts from borrowers	62	126	5,569
Senior bond redemptions*	-	2,590	30,190
Subordinated Bond repurchases	485	-	485
Operating profit before impairment	322	531	
Impairment credit (IAS 39 only)	-	13	
Profit for the period after tax	**281**	**481**	
Cash and cash equivalents and liquid assets balance at period end	1,877	1,254	
Loans and receivables balance (net of impairment) (IAS 39)	-	3,194	
Debtor loans measured at fair value through profit or loss (IFRS 9)	2,472	-	
Debtor loans measured at fair value through other comprehensive income (IFRS 9)	231	-	

***All of the original Senior debt issued of €30.2bn was fully redeemed by Q4 2017.**

Key Performance Indicators

Cash generation

NAMA continues to generate significant cash through disposals of assets and loans and the receipt of non-disposal income:

- NAMA generated €1.5bn in the six month period to 30 June 2018 (H1 2017: €1.5bn).
- NAMA generated a further €0.6bn in cash in the period from 30 June to 14 September 2018, bringing cumulative cash generated to €42.8bn since inception.
- Cash, cash equivalent, collateral and liquid asset balances held at 30 June 2018 were €1.9bn.

Profitability

NAMA recorded a profit after tax of €281m for the six month period to 30 June 2018 (H1 2017: €195m).

NAMA Strategic Objectives

1. Subordinated Bonds

NAMA issued subordinated debt of €1.593bn to Participating Institutions to acquire bank assets. NAMA repurchased €485m (nominal) of this debt in Q2 2018. In the period since June 2018, NAMA has repurchased a further €44m nominal, bringing the total repurchased to €529m and the total outstanding subordinated debt to €1.064bn.

2. Dublin Docklands SDZ

One of the objectives set by the NAMA Board is to facilitate the delivery of grade A office accommodation in the Dublin Docklands SDZ. The Agency originally held an interest in approximately 75% of the developable land area of 22 hectares in the Dublin Docklands. Delivery strategies have been approved for all of NAMA's Docklands sites and planning permission has now been obtained for all of the NAMA Docklands sites to be developed. These sites are expected to contribute over 4.2m sq.ft of commercial space and 2,183 residential units which represents significant progress in the four years since the SDZ was approved in May 2014.

3. Residential Delivery

In total NAMA has delivered either directly or indirectly in excess of 10,000 residential units between the start of 2014 and August 2018. Of these, 7,881 residential units were delivered directly through NAMA funding. Another 11,000 units are either under construction or have secured planning permission. In addition, sites with a delivery capacity of over 8,000 units are either in the planning system or are expected to be within twelve months. NAMA is also funding pre-planning and feasibility work on other sites under the control of NAMA debtors and receivers which are estimated to have a delivery capacity of over 14,800 units.

In addition to the units directly funded by NAMA, it is estimated that over 2,400 units have been delivered on sites which have been sold by NAMA or where the associated loans have been sold or refinanced.

4. Poolbeg West SDZ

In October 2017, Dublin City Council approved the Poolbeg West Planning Scheme which has potential to provide up to 3,500 residential units and 860,000 sq.ft. of commercial development as well as school sites and community space. In conjunction with the receiver, NAMA is actively working on a strategy for this site which, in time, will make a strong contribution to the residential needs of Dublin. An Oral Hearing with An Bord Pleanála took place in April 2018 and they have indicated that the planning scheme will be adopted in early 2019.

5. Social housing

NAMA has exceeded its social housing delivery target of 2,000 units. Up to end-June 2018, NAMA had identified 6,984 residential units as potentially suitable for social housing. Demand has been confirmed by local authorities for 2,717 of the units, of which 2,474 (91%) had been delivered or committed by end-June 2018.

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

Unaudited Consolidated Accounts of the National Asset Management Agency

For the quarter ended 30 June 2018

National Asset Management Agency Group

Quarter to 30 June 2018

Contents of Unaudited Consolidated Accounts

Board and other information

Board

Frank Daly (Chairman)
Brendan McDonagh, Chief Executive Officer NAMA
Conor O'Kelly, Chief Executive Officer NTMA[1]
Oliver Ellingham (non-executive)
Mari Hurley (non-executive)
Brian McEnery (non-executive)
Willie Soffe (non-executive)
Eileen Maher (non-executive) (appointed 3rd July 2018)
Michael Wall (non-executive) (appointed 3rd July 2018)

Registered Office

Treasury Building
Grand Canal Street
Dublin 2
D02 XN96

Principal Bankers

Central Bank of Ireland
Dame Street
Dublin 2

Citibank
I.F.S.C.
Dublin 1

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

[1] The Chief Executive of the NTMA is an ex-officio Board member of NAMA.

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 Officer, 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.

Group structure

In accordance with the Act and to achieve its objectives, the Agency has set up certain special purpose vehicles (SPVs). 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.

On 18 December 2014, National Asset Leisure Holdings Limited (in Voluntary Liquidation) (NALHL) was placed into liquidation by its members. As the liquidator has assumed the rights of the shareholder and now controls NALHL and it's subsidiaries, NALHL (in Voluntary Liquidation) and its subsidiaries, RLHC and RLHC II, are not consolidated into the results of the NAMA Group.

The SPVs established are as follows:

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

NAMAI was incorporated on 27 January 2010. NAMAI 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 NAMAI, receiving 49m A ordinary shares. The remaining €51m was invested in NAMAI 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 NAMAI. 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 NAMAI and its subsidiaries and the 51% external investment in NAMAI is reported as a non-controlling interest in these financial statements.

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

NAM was incorporated on 27 January 2010. NAM 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 NAM were listed on the Irish Stock Exchange prior to their full redemption.

The government guaranteed debt instruments and the subordinated debt instruments, issued in respect of the original loan portfolio, were transferred to National Asset Management Group Services D.A.C. (NAMGS) and by NAMGS to National Asset Loan Management D.A.C. (NALM). The latter used these debt instruments as consideration for the loan assets acquired from the Participating Institutions.

NAM has eleven subsidiaries. These are referred to as the NAM Group:

NAMGS

NAMGS acts as the holding company for its ten subsidiaries: NALM, National Asset Management Services D.A.C. (NAMS), National Asset JVA D.A.C. (NAJVA), National Asset Property Management D.A.C. (NAPM), National Asset North Quays D.A.C. (NANQ), National Asset Residential Property Services D.A.C. (NARPS), National Asset Sarasotta Limited Liability Company (NASLLC), NALHL (in Voluntary Liquidation), RLHC and RLHC II.

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

NALM

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

NALM has one subsidiary, NANQ.

NANQ

On 8 April 2015, NANQ was established. NANQ is a 100% wholly owned subsidiary of NALM and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from such lands in the form of a licence fee, a fixed percentage of rent or a percentage of sales proceeds of any completed development to be built on the lands.

NANQ previously had one subsidiary, North Wall Plaza Management Company (NWPMC). NWPMC ceased to be a NAMA Group Entity with effect from 24 May 2018 following the transfer of NANQ's controlling share to a third party.

NAMS

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

NAJVA

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

NAPM

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

NAPM has five subsidiaries; NARPS, NASLLC, NALHL (in Voluntary Liquidation), RLHC and RLHC II.

NARPS

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

2,474 residential properties were delivered to the social housing sector by NAMA debtors from inception to 31 December 2018. This includes the direct sale of 993 properties by NAMA debtors and receivers to various approved housing bodies, the direct leasing of 106 properties by NAMA debtors and receivers and the acquisition by NARPS of 1,308 properties for lease to approved housing bodies. In addition, contracts were exchanged on a further 67 properties (for both direct sale and through NARPS) at the reporting date.

NASLLC

On 1 August 2013, NAMA established a US subsidiary, National Asset Sarasota Limited Liability Company (NASLLC). NASLLC is a wholly owned subsidiary of NAPM, and was established to acquire any property assets located in the US, if and when required.

NALHL (in Voluntary Liquidation)

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

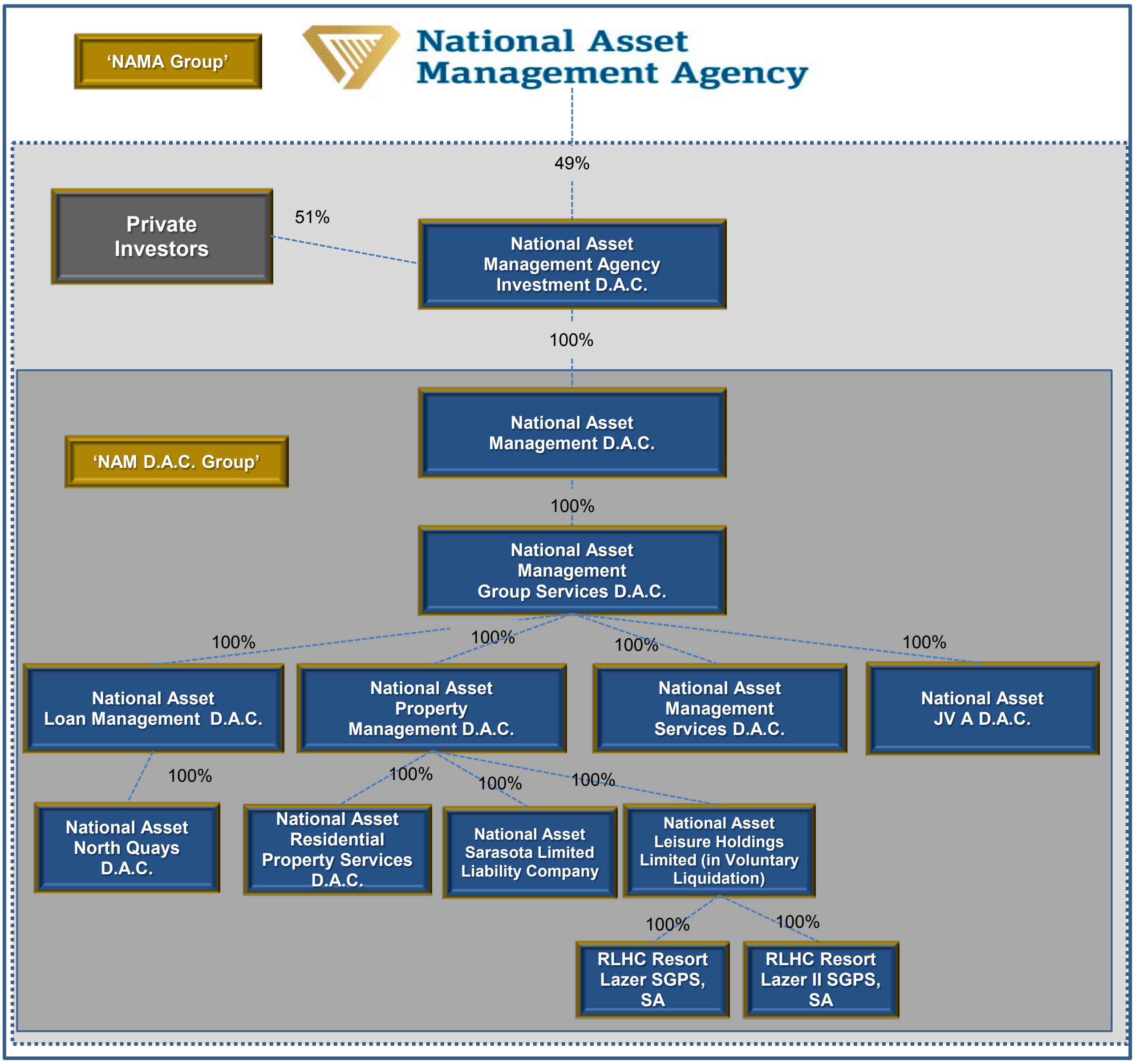
The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into voluntary liquidation on 18 December 2014. The control of NALHL (in Voluntary Liquidation) is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation).

RLHC Resort Lazer SGPS, S.A. (RLHC), RLHC Resort Lazer II SGPS, S.A. (RLHC II)

On 5 February 2014, NAMA established two subsidiaries, RLHC Resort Lazer SGPS, S.A. (RLHC) and RLHC Resort Lazer II SGPS, S.A. (RLHC II). RLHC and RLHC II are wholly owned subsidiaries of NALHL (in Voluntary Liquidation) and acquired 90% and 10% respectively of the share capital of a number of Portuguese entities, following the legal restructure of the debt owed by these entities.

With the exception of RLHC and RLHC II, 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, and RLHC and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC and RLHC II is Rua Garrett, no. 64, 1200-204 Lisbon, Portugal.

Chart 1 NAMA Group entities at 30 June 2018



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 June 2018. For the purposes of these accounts, the 'NAMA Group' comprises the result of all entities presented in Chart 1, excluding those in liquidation.

The financial information for all entities is presented showing items of income and expenditure for the quarter from 1 April 2018 to 30 June 2018 and for the year to date.

The statement of financial position is presented as at 30 June 2018 and 31 March 2018. The cash flow statement for the NAMA Group is presented for all cash movements for the quarter from 1 April 2018 to 30 June 2018 and the year to date.

The income statements and statement of financial position for each NAMA Group Entity are provided on pages 34 to 37.

Consolidated Income Statement
For the quarter from 1 April 2018 to 30 June 2018

	Note	For the quarter from 1 Apr 2018 to 30 Jun 2018 €'000	For the period from 1 Jan 2018 to 30 Jun 2018 €'000
Fair value gains on debtor loans measured at fair value through profit or loss	4	162,536	235,246
Interest Income	5	2,049	3,920
Other income / (expense)	8	6,779	15,773
Profit on disposal and refinancing of loans	9	42,597	46,270
Profit on disposal of property assets	10	33,272	33,272
Fair value losses on derivative financial instruments	11	(277)	(602)
Fee Income	6	26,852	27,179
Interest and similar expense	7	(1,135)	(2,142)
Total operating income		**272,673**	**358,916**
Administration expenses	12	(18,748)	(35,721)
Foreign exchange losses	13	(736)	(1,530)
Operating profit		**253,189**	**321,665**
Tax charge	14	(30,546)	(40,385)
Profit for the period		**222,643**	**281,280**

The accompanying notes 1 to 30 form an integral part of these accounts.

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	30 Jun 2018 €'000	31 Mar 2018 €'000
Assets			
Cash and cash equivalents	15	1,362,244	1,091,088
Cash placed as collateral with the NTMA	15	25,000	25,000
Irish government bonds	16	489,880	494,402
Debtor loans measured at fair value through other comprehensive income	17	230,605	232,682
Amounts due from Participating Institutions	18	20,292	20,279
Derivative financial instruments	19	19,718	16,453
Debtor loans measured at fair value through profit or loss	20	2,471,920	2,998,817
Other assets	21	6,220	19,044
Inventories - trading properties	22	273,627	277,357
Property, plant and equipment	23	1,008	1,008
Investments in equity instruments	24	56,664	71,833
Total assets		**4,957,178**	**5,247,963**
Liabilities			
Amounts due to Participating Institutions	18	10,809	10,716
Derivative financial instruments	19	2,886	7,540
Other liabilities	26	24,834	16,060
Tax payable	27	6,725	302
Deferred tax	25	21,426	21,624
Total liabilities		**66,680**	**56,242**
Equity			
Other equity instruments	28	1,108,000	1,593,000
Retained earnings	30	3,728,042	3,544,098
Other reserves	29	3,456	3,623
Equity and reserves attributable to owners of the Group		**4,839,498**	**5,140,721**
Non-controlling interests		51,000	51,000
Total equity and reserves		**4,890,498**	**5,191,721**
Total equity, reserves and liabilities		**4,957,178**	**5,247,963**

The accompanying notes 1 to 30 form an integral part of these accounts.

Consolidated Statement of Cash Flows
For the quarter from 1 April 2018 to 30 June 2018

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Cash flow from operating activities		
Debtor Loans		
Receipts from borrowers	755,922	1,312,971
Receipts from derivatives acquired	-	1,005
Fee Income	26,852	27,179
Funds advanced to borrowers - debtor loans	(122,538)	(231,114)
Movement in funds in the course of collection	105,154	104,477
Net cash provided by debtor loans	**765,390**	**1,214,518**
Derivatives		
Net Cash outflow on foreign currency derivatives	(5,149)	(6,251)
Cash outflow on other derivatives	-	(27)
Net cash used in derivatives	**(5,149)**	**(6,278)**
Other operating cashflows		
Payments to suppliers of services	(26,564)	(42,853)
Interest paid on cash and cash equivalents	(1,259)	(1,824)
Dividend paid on B ordinary shares	-	(454)
Coupon paid on subordinated debt issued	-	(83,529)
Funds paid to acquire trading properties	(4,609)	(4,763)
Funds received on disposal of trading properties	37,605	47,605
Rental income received	3,871	6,907
Net cash provided by / (used in) other operating activities	**9,044**	**(78,911)**
Net cash provided by operating activities	**769,285**	**1,129,329**
Cash flow from investing activities		
Disposal of equity instruments	14,479	14,479
Distributions received from investments	5,170	5,170
Funds advanced as shareholder loans	(40)	(2,465)
Interest received on shareholder loans	-	20
Interest received on irish government bonds	4,275	4,275
Net cash provided by investing activities	**23,884**	**21,479**
Cash flow used in financing activities		
Repurchase of subordinated bonds	(521,995)	(521,995)
Net cash used in financing activities	**(521,995)**	**(521,995)**
Cash and cash equivalents at the beginning of the period	1,091,088	733,470
Net cash provided by operating activities	769,285	1,129,329
Net cash provided by investing activities	23,884	21,479
Net cash used in financing activities	(521,995)	(521,995)
Effects of exchange-rate changes on cash and cash equivalents	(18)	(39)
Cash and cash equivalents at 30 June 2018	**1,362,244**	**1,362,244**
Financial assets and cash collateral		
Amounts pledged as collateral with the NTMA	25,000	25,000
Irish government bonds	489,880	489,880
Total cash, cash equivalents and collateral held at 30 June 2018	**1,877,124**	**1,877,124**

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

The Agency may exercise a veto power in respect of decisions of NAMAI 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.

With the exception of RLHC and RLHC II, 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, and RLHC and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC and RLHC II is Rua Garrett, nº. 64, 1200-204 Lisbon, Portugal.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Group's consolidated accounts for the period to 30 June 2018 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 determining the fair value of financial instruments, impairment of financial instruments, the carrying value of trading properties, the assessment of control & significant influence in investments and deferred tax.

2.2 Basis of measurement

Prior to 1 January 2018, the consolidated accounts were prepared under the historical cost convention, except for derivative financial instruments, equity instruments, inventories - trading properties and available for sale assets, which were measured at fair value. Following the adoption of IFRS 9, a number of other financial instruments have been measured at fair value, including debtor loans and vendor finance loans.

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).

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

The Group has adopted IFRS 9 with effect from 1 January 2018. This standard replaces IAS 39. This has resulted in significant change to the recognition, measurement and classification of financial assets held by the Group . This in turn, has impacted certain significant accounting policies, most notably accounting policy 2.5 'Financial Instruments'. The implementation of IFRS 9 is viewed as an ongoing process with further refinement expected in forthcoming quarterly reporting periods and reporting to be finalised in the Group's 31 December 2018 Annual Report.

2.3 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the parent entity, NAMA and its subsidiaries, with the exception of NALHL (in voluntary liquidation), RLHC and RLHC II . The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the same reporting date as that of the parent.

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

Recognition and initial measurement

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

Classification and Measurement

Subsequent to initial recognition, a financial asset is classified and subsequently measured at
(a) Amortised cost
(b) Fair value through other comprehensive income (FVTOCI)
(c) Fair value through profit & loss

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

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

A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:
• The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

At initial recognition, the Group may irrevocably designate an equity instruments as FVTOCI. The election to designate an investment in equity instrument at FVTOCI is made on an instrument-by instrument basis.

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

Contractual cash flows are solely payments of principal and interest assessment (SPPI Assessment)

For the purpose of the SPPI Assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin. The SPPI Assessment is made in the currency in which the financial asset is denominated.

Business Model Assessment

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

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

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

(a) Amortised Cost
The Group has classified and measured cash and cash equivalents, cash placed as collateral, amounts due from participating institutions and other assets at amortised cost. These assets are measured at amortised cost using the effective interest method less any expected credit loss allowance.

(b) Fair value through other comprehensive income (FVTOCI)
Due to their cash flow characteristics and the business model for managing the assets, the Group has classified and measured other debtor loans which include instruments such as vendor finance, shareholder loan structures and an income stream associated with a landholding as at FVTOCI. Fair value is determined in the manner described in note 2.26.

The Group's portfolio of Irish government bonds is also classified and measured at FVTOCI. Fair value is determined in the manner described in note 2.26. These bonds were acquired for liquidity purposes. They are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates or exchange rates.

Changes in the fair value of financial assets at FVTOCI are recognised in other comprehensive income within the fair value reserve. When a financial asset at FVTOCI is derecognised, the cumulative gain/loss previously recognised in Other Comprehensive Income is reclassified from equity to profit or loss. Financial assets at FVTOCI must be assessed for impairment with any expected credit losses being recognised in the income statement. Interest is recognised using the effective interest method.

(c) Fair value through profit & loss (FVTPL)
Due to their cash flow characteristics and the business model for managing the asset, the Group has classified and measured certain debtor loans at FVTPL. These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the income statement. Fair value is determined in the manner described in note 2.26.

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

Derivatives

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 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 measured at FVTPL. 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 the income statement as part of other income/(expenses). Equity instruments are separately disclosed in the statement of financial position.

Reclassifications of financial assets

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial period there was no change in the business models under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on de-recognition of financial assets and financial liabilities as described below.

2.6 Financial liabilities

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

Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the income statement.

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 Fair value gains/losses on debtor loans at fair value through profit and loss (FVTPL)

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

2.9 Interest income and interest expense

Interest income and interest expense for all interest-bearing financial instruments other than those accounted for as FVTPL is recognised as interest income and interest expense in the income statement using the effective interest (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.

When a other debtor loan 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.

2.10 Fee income

Fees earned by the Group are recognised immediately in the income statement as fee income.

2.11 Profit / (loss) on the disposal of loans

Profits and losses on the disposal of loans is calculated as the difference between the carrying value of the loans assets and the contractual sales price at the date of sale, less related loan sale costs. The contractual sales price includes any deferred consideration where NAMA has the contractual right to receive any deferred cash flow in accordance with IAS 32. Profits and losses on the disposal of loans are recognised in the income statement when the transaction occurs.

2.12 Impairment of financial assets

The Group is required to determine the impairment of financial assets on an expected credit loss (ECL) basis for all financial assets classified at amortised cost and at FVTOCI and recognise a loss allowance. The ECL that is recognised is based on a three-stage approach:

Stage 1 : where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that result from default events that are possible within 12 months of the reporting date;

Stage 2 : where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that result from all possible default events possible over the lifetime of the financial asset;

Stage 3 : where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

The measurement of the loss allowance is based on the present value of the financial assets expected cash flows using the financial assets EIR.

2.13 Impairment of non-financial assets

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

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

2.14 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.

2.15 Derivative financial instruments

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 risk on performing borrower derivatives acquired from the Participating Institutions is hedged using interest rate swaps.

All derivatives are accounted for at fair value through profit or loss.

Borrower derivatives
Borrower derivatives comprise derivatives acquired from Participating Institutions that were originally put in place to provide hedges to borrowers ('borrower derivatives'). These derivatives were acquired from each Participating Institution 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 of interest rate derivatives. The 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 of derivatives entered into to hedge exposure to debtor loans 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.

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.

2.16 Inventories - trading properties

Trading properties include property assets and non real estate assets which are held for resale. Trading properties are carried under IAS 2 - Inventories, 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. Profits and losses on the disposal of trading properties are calculated as the difference between the carrying value of the trading property asset and the contractual sales price at the date of sale, less related selling costs. 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 trading properties are recognised in the income statement when the transaction occurs.

2.17 Taxation

Tax primarily comprises current and deferred corporation tax. 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 corporation tax

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

Current corporation 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 corporation 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.

Under IFRS, an entity shall offset current tax assets and current tax liabilities if, and only if, the entity: has a legally enforceable right to set off the recognised amounts: and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(b) Deferred corporation tax

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

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

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

Deferred corporation 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

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

2.18 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 periodically to ensure that they are appropriately reflected in the financial statements.

2.19 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 debtor loans balance.

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.

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

Any dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

(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 recognised in the statement of financial position. 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 property, plant and equipment. Following a review in 2016, the recognised asset is depreciated over remaining life of the asset remaining life of the asset, in compliance with IAS 16, and the asset will be fully depreciated by the end of 2020.

2.24 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. The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or whether the arrangement conveys a right to use the asset. 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 NARPS 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. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

2.25 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.

2.26 Determination of fair value

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

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

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

The valuation methodology for debtor loans at FVTPL is to estimate the expected cash flows to be generated by the financial asset and discount it to a present value. The assumptions involved in this valuation technique include:

– Determining suitable stratifications for the portfolio for assets with similar risk characteristics;

– The likelihood and expected timing of future cash flows of the financial asset. Future cash flows may be sensitive to the occurrence of future events including changes in property prices; and

– Selecting an appropriate discount rate for the instrument based on management's assessment of the characteristics of the instrument and prevailing market discount rates for similar assets.

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 other 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. Application of IFRS 9 *Financial Instruments*

IFRS 9 is being implemented in the Group with effect from 1 January 2018. As permitted under IFRS 9, the Group is availing of the exemption not to restate prior periods and therefore recognised differences arising between IAS 39 carrying amounts and IFRS 9 carrying amounts at 1 January 2018 in opening retained earnings on that date.

Impact on Financial Assets

The table below details the transition impact of IFRS 9 on the classification and measurement basis of the Group's financial assets at 1 January 2018.

Financial Asset IAS 39	Financial Asset IFRS 9	IAS 39 Measurement	IFRS 9 Measurement	IAS 39 Carrying Value 01-Jan-18 €'m	IFRS 9 Carrying Value 01-Jan-18 €'m
Loans and Receivables	Debtor Loans at FVTPL	Amortised Cost	FVTPL	2,966	3,125
Loans and Receivables	Debtor loans at FVTOCI	Amortised Cost	FVOCI	228	228
Cash & Cash Equivalents	Cash & Cash Equivalents	Amortised Cost	Amortised Cost	733	733
Cash Placed as Collateral with NTMA	Cash Placed as Collateral with NTMA	Amortised Cost	Amortised Cost	25	25
Available for Sale Financial Assets	Irish Government Bonds	FVOCI	FVOCI	495	495
Amounts due from Participating Institutions	Amounts due from Participating Institutions	Amortised Cost	Amortised Cost	20	20
Derivative Financial Instruments	Derivative Financial Instruments	FVTPL	FVTPL	18	18
Investments in Equity Instruments	Investments in Equity Instruments	FVTPL	FVTPL	66	66

Impact on Financial Liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

Impact on impairment of financial assets

The expected credit losses are not material based on the credit risk characteristics of the financial assets with the scope of impairment under IFRS 9. No transition adjustment pertaining to expected credit losses has been recognised at 1 January 2018.

Quantitative impact

Based on assessments undertaken to date, the current estimated quantitative impact on implementation of IFRS 9 is a positive increase in retained earnings in the order of €139m after tax (€159m before tax). Substantially all of this relates to the change in measurement basis of certain debtor loans included within loans and receivables from amortised cost to fair value.

This estimate is based on a number of assumptions, judgements and other assessments that remain subject to change until the Agency finalises its financial statements for the year ending 31 December 2018. NAMA will continue to refine and validate the fair value models and related processes and controls during 2018.

4. Fair value gains on debtor loans measured at fair value through profit or loss

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Fair value movements on debtor loans (Note 20)	162,536	235,246
Total fair value gains on debtor loans measured at fair value through profit or loss	**162,536**	**235,246**

The Group assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing that asset. A significant proportion of the Group's loan portfolio, which was reported as 'Loans and receivables' and measured at amortised cost prior to 1 January 2018, is now classified as 'Debtor loans measured at fair value through profit or loss' under IFRS 9.

5 Interest income

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Interest on debtor loans through other comprehensive income (OCI) (Note 17)	1,553	2,935
Interest on acquired derivative financial instruments	490	975
Interest on cash and cash equivalents	6	10
Total interest income	**2,049**	**3,920**

Interest income on financial assets through other comprehensive income is recognised in accordance with accounting policy note 2.9.

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

6 Fee income

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Fee Income from debtor loans	26,852	27,179
Total fee income	**26,852**	**27,179**

Fee income from debtor loans is made up of exit, performance, arrangement, restructuring and other transaction fees related to debtor loans.

7 Interest and similar expense

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Interest on other derivative financial instruments	124	249
Negative interest expense on cash and cash equivalents	954	1,779
Interest on Irish government bonds (note 16)	57	114
Total interest and similar expense	**1,135**	**2,142**

8 Other income / (expenses)

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Distributions from equity investments measured at FVTPL	5,170	5,170
Fair value movements on equity instruments measured at FVTPL	(1,541)	4,584
Licence fee income	283	283
Lease rental income	2,867	5,736
Total other income / (expenses)	**6,779**	**15,773**

Distributions from equity instruments comprises distributions arising from Group shareholdings in funds predominantly holding real estate assets.

The fair value of NAMA's equity instruments at FVTPL is based on the net asset value of the investment entity at the reporting date, and changes in fair value are recognised in the income statement in accordance with accounting policy 2.5.

In 2013, NAMA acquired certain lands at North Wall Quay and subsequently entered into an income sharing agreement to develop the site, which provides a secure income stream from the lands in the form of a licence fee.

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

9 Profit on disposal and refinancing of loans

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Net profit on disposal and refinancing of loans	42,597	46,270
Total profit on disposal and refinancing of loans	**42,597**	**46,270**

The Group disposes of loans to third parties. Profit or loss on disposal of loans is measured as the difference between the cash received, including any deferred consideration, less related selling expenses less the net carrying value of those debtor loans. The Group realised a net profit of €42.6m on the disposal of loans in Q2 2018. The net profit recognised in the period includes disposal costs of €83k.

The cash proceeds received in the financial year are analysed below and in the Statement of Cashflows.

	For the period from 1 Jan 2018 to 30 Jun 2018			For the period from inception to 30 Jun 2018		
	Disposals of underlying collateral	Disposals of loans	Total	Disposals of underlying collateral	Disposals of loans	Total
	€m	€m	€m	€m	€m	€m
Proceeds	1,225	293	**1,518**	31,537	10,680	**42,217**

10 Profit on disposal of property assets

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Profit on disposal of property assets	33,272	33,272
Total profit on disposal of property assets	**33,272**	**33,272**

During the period, the Group sold certain trading property assets to third parties. Profit/(loss) on disposal of properties is measured as the difference between the sales proceeds received and the carrying value of those property assets. The Group realised a net profit of €33.3m on the disposal of trading property assets in Q2 2018.

11 (Losses) / gains on derivative financial instruments

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Fair value losses on derivatives acquired from borrowers	(96)	(615)
Fair value (losses) / gains on other derivatives	(181)	13
Total losses on derivative financial instruments	**(277)**	**(602)**

Fair value movements on derivatives are driven by market movements that occurred during the year. The fair value of these derivatives is impacted by changes in Euribor rates and borrower derivative performance levels. Further information on derivative financial instruments is provided in Note 19.

Gains or losses arising on derivatives acquired from borrowers comprise fair value movements on these derivatives. Other derivatives hedge NAMA's interest rate risk exposure arising from derivatives acquired from the participating institutions. Hedge accounting has not been applied on these derivatives.

12 Administration expenses

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Costs reimbursable to the NTMA	9,429	18,840
Primary servicer fees	2,229	4,570
Finance, communication and technology costs	1,830	3,443
Legal fees	2,320	3,865
Portfolio management fees	823	1,481
Rent and occupancy costs	1,125	1,541
Master servicer fees	482	953
Internal audit fees	180	367
External audit remuneration	223	446
Board and Committee fees and expenses	107	215
Total administration expenses	**18,748**	**35,721**

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 12.1 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 Conor O'Kelly (CEO, NTMA) receive no payment as members of the NAMA Board.

12.1 Costs reimbursable to the NTMA

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	**€'000**
Staff costs	7,231	14,882
Overheads and shared service costs	2,197	3,957
Total	**9,428**	**18,839**

13 Foreign exchange gains / (losses)

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	**€'000**
Foreign exchange translation (losses) / gains on debtor loans (note 20)	(1,119)	1,111
Foreign exchange translation (losses) / gains on Vendor finance (note 17)	(2,545)	270
Unrealised foreign exchange gains on derivative financial instruments	8,196	3,372
Realised foreign exchange losses on derivative financial instruments	(5,150)	(6,252)
Foreign exchange losses on cash	(18)	(39)
Other foreign exchange (losses) / gains	(100)	8
Total foreign exchange losses	**(736)**	**(1,530)**

Foreign exchange translation gains and losses on loans and receivables arise on the revaluation of foreign currency denominated debtor loans. 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 debtor loans. The gain or loss on derivative products comprises both realised and unrealised gains and losses. Realised and unrealised gains and losses are recognised in accordance with accounting policy 2.15. Currency derivatives are explained in more detail in Note 19.

14 Tax charge

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
Current tax charge	**€'000**	**€'000**
Corporation tax	(32,276)	(42,245)
Deferred tax credit		
On fair value gains / (losses) on equity instruments (note 25)	654	(136)
On transitional adjustments (note 25)	1,076	1,996
	1,730	**1,860**
Total taxation charge	**(30,546)**	**(40,385)**

15 Cash, cash equivalents and collateral

	30 Jun 2018 €'000	31 Mar 2018 €'000
Balances with the Central Bank of Ireland	235,208	263,825
Balances with other banks	177,036	27,263
Exchequer note investments	950,000	800,000
Total cash and cash equivalents	**1,362,244**	**1,091,088**
Cash placed as collateral with the NTMA	25,000	25,000
Total cash, cash equivalents and collateral	**1,387,244**	**1,116,088**

Balances with other banks comprise balances held with Citibank, AIB and BNP. Exchequer notes are short term interest bearing notes, with maturities generally less than 30 days, which are held with the NTMA.

NAMA is required to post cash collateral with the NTMA under a collateral posting agreement (CPA) (as amended) entered into in 2012. 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. At 30 June 2018, NAMA's derivative liability exposure was €2.9m (Q1: €7.5m) as set out in Note 19.

16 Irish government bonds

	30 Jun 2018 €'000	31 Mar 2018 €'000
Opening balance (IFRS 9)	494,402	495,097
Interest for the period (note 7)	(57)	(57)
Cash receipts	(4,275)	-
Net changes in fair value	(190)	(638)
Total Irish government bonds	**489,880**	**494,402**

17 Debtor loans at fair value through other comprehensive income

	For the quarter from 1 Apr 2018 to 30 Jun 2018 €'000	For the period from 1 Jan 2018 to 30 Jun 2018 €'000
Opening balance (IFRS 9) (note 20)	232,682	227,662
Interest earned	1,553	2,935
Cash advanced	40	2,465
Cash receipts	(1,125)	(2,727)
FX (losses) / gains (note 13)	(2,545)	270
Total debtor loans at fair value through other comprehensive income	**230,605**	**230,605**

The Group assess the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing that asset. Debtor loans classified as financial assets at FVTOCI income include vendor finance agreements, shareholder loan agreements entered into as part of the Group's investments in equity instruments and an income stream associated with an investment vehicle.

18 Amounts due from/(to) Participating Institutions

	30 Jun 2018 €'000	31 Mar 2018 €'000
Amounts due from Participating Institutions	**20,292**	**20,279**
Amounts due to Participating Institutions	**(10,809)**	**(10,716)**

NAMA legally acquired overdraft accounts attached to debtor loan accounts in 2010 and 2011. At 30 June 2018 the above amounts were receivable from and payable to the Participating Institutions for cash collected or paid out by the Participating Institutions in relation to NAMA debtors' overdraft accounts.

19 Derivative financial instruments

	30 Jun 2018 €'000	31 Mar 2018 €'000
Derivative assets at fair value through profit or loss		
Derivative financial instruments acquired from borrowers	16,357	16,453
Foreign currency derivatives	3,361	-
Total derivative assets	**19,718**	**16,453**
Derivative liabilities at fair value through profit or loss		
Other derivative financial instruments	(2,674)	(2,493)
Foreign currency derivatives	(212)	(5,047)
Total derivative liabilities	**(2,886)**	**(7,540)**

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.

NAMA uses currency derivatives to hedge the foreign exchange exposure which arose on the transfer of foreign currency loans from Participating Institutions in exchange for Euro denominated NAMA bonds. The foreign currency derivatives are used to reduce its exposure to exchange rate fluctuation arising on foreign denominated financial assets.

20 Debtor loans measured at fair value through profit or loss

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
Loans and receivables carrying value before impairment (IAS 39) as reclassified under IFRS 9	-	4,599,288
Provision for impairment charges on loans and receivables as reclassified under IFRS 9	-	(1,405,783)
of which was reclassified to financial assets at FVTOCI (note 17)	-	(227,662)
IFRS 9 transition adjustment (note 30)	-	159,647
At the beginning of the period (IFRS 9)	**2,998,817**	**3,125,490**
Movements in period:		
Cash receipts on debtor loans	(854,409)	(1,163,326)
Cash advanced to borrowers	122,538	231,114
FX (losses) / gains on debtor loans (note 13)	(1,119)	1,111
Profit on disposal and refinancing of loans	42,514	43,679
Other movements	1,043	(1,394)
Fair value gains on debtor loans through profit or loss (note 4)	162,536	235,246
Total debtor loans measured at fair value through profit or loss	**2,471,920**	**2,471,920**

The Group has assessed the classification and measurement of a these loans based on their contractual cash flow characteristics and the Group's business model for managing them, and deemed that these assets should be classified as fair value through P&L. The Group will utilise a Present Value approach in assessing the Fair Value of debtor loans (See note 3).

21 Other assets

	30 Jun 2018	31 Mar 2018
	€'000	€'000
Accrued swap interest receivable	800	309
Deferred consideration receivable from loan sales	-	537
Tax prepaid	-	12,647
Other assets	5,420	5,551
Total other assets	**6,220**	**19,044**

Tax prepaid is presented net with the current tax liability (note 27). Tax prepaid has decreased in the period due to an increased tax liability following recording of taxable profits in Q2.

22 Inventories - trading properties

	30 Jun 2018 €'000	31 Mar 2018 €'000
Inventories - trading properties	**273,627**	**277,357**

The Group acquires trading properties either in settlement of debt or where the asset is deemed to be of strategic importance to the Group objectives. Trading properties are recognised in accordance with accounting policy 2.16.

23 Property, plant and equipment

	30 Jun 2018 €'000	31 Mar 2018 €'000
Lease fit out costs	**1,008**	**1,008**

Property, plant and equipment relates to lease fit out costs incurred to date. The assets are depreciated annually at 31 December on a straight line basis in accordance with accounting policy 2.23.

24 Investments in equity instruments

	30 Jun 2018 €'000	31 Mar 2018 €'000
Investments in equity instruments measured at fair value	**56,664**	**71,833**

The Group may invest in equity instruments to maximise value and to facilitate the effective delivery of commercial or residential developments. The movement in the value of investments in equity instruments is a combination of fair value movements, acquisitions and disposals.

25 Deferred tax

	Deferred tax on equity instruments & govt. bonds		Deferred tax on transition adjustment	Total
	Assets €'000	(Liabilities) €'000	(Liabilities) €'000	€'000
Balance at 31 Dec 2017	1,438	(4,889)	-	**(3,451)**
Deferred tax recognised on IFRS 9 transition adjustment	-	-	(19,956)	**(19,956)**
Amortisation of transition adjustment	-	-	1,996	**1,996**
Decrease in the period	-	(15)	-	**(15)**
Balance at 30 June 2018	**1,438**	**(4,904)**	**(17,960)**	**(21,426)**

	For the quarter from 1 Apr 2018 to 30 Jun 2018 €'000	For the period from 1 Jan 2018 to 30 Jun 2018 €'000
Movement recognised in the income statement (Note 14)	654	(136)
Movement recognised in reserves (note 29)	24	120
Movement recognised on transitional adjustment:		
Initial recognition in retained earnings	(1,559)	(19,956)
Amortisation through income statement (Note 14)	1,076	1,996
Net movement in deferred tax	**195**	**(17,976)**

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

A deferred tax liability has been recognised on the fair value adjustment to retained earnings following the Group's adoption of IFRS 9. This liability will be recognised as a charge to the income statement over a five year period following initial adoption.

26 Other liabilities

	30 Jun 2018 €'000	31 Mar 2018 €'000
Accrued swap interest payable on other derivatives	386	261
Interest payable on cash and cash equivalents	329	589
Accrued expenses	13,491	12,339
VAT payable	9,826	2,046
Other liabilities	802	825
Total other liabilities	**24,834**	**16,060**

Interest is payable on cash and cash equivalents as a result of negative Euribor interest rates.

27 Tax payable

	30 Jun 2018	31 Mar 2018
	€'000	€'000
Professional services withholding tax and other taxes payable	1,025	302
Current tax liability	5,700	-
Total tax payable	**6,725**	**302**

The current tax liability is presented net with tax prepaid (note 21).

28 Other equity instruments

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
In issue at the beginning of the period	1,593,000	1,593,000
Bond repurchases	(485,000)	(485,000)
Total other equity instruments	**1,108,000**	**1,108,000**

The above are Callable Perpetual Subordinated Fixed Rate Bonds that were issued by NAM and the proceeds transferred to NALM 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. Hence, this rate has been set at a fixed return of 5.264%. Interest is paid annually if deemed appropriate to do so with the coupon declared at the option of the issuer. Coupons not declared in any year will not accumulate. In February 2018, NAMA declared a payment of a coupon of €83.86m on its subordinated bonds, which was paid on 1 March 2018.

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).

Under IAS 32, 'Financial Instruments: Presentation', 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, in accordance with IAS 32 the subordinated debt has been classified as equity in the statement of financial position, with any coupon payments classified as dividend payments (Note 30).

Bonds with a nominal value of €485m were repurchased for total consideration of €523m in Q2 2018. The cost of this transaction along with any incremental transaction costs have been accounted for in equity.

29 Other reserves

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the period from 1 Jan 2018 to 30 Jun 2018
Other reserves are analysed as follows:	€'000	€'000
At the beginning of the period	3,623	4,165
Net changes in fair value	(191)	(829)
Deferred tax recognised in other reserves (note 25)	24	120
Total other reserves at end of period	**3,456**	**3,456**

Other reserves consists of fair value movements on financial assets measured at FVTOCI. These include Irish government bonds, vendor finance loans and other loans.

30 Retained earnings

	For the quarter from 1 Apr 2018 to 30 Jun 2018	For the quarter from 1 Jan 2018 to 30 Jun 2018
	€'000	€'000
At the beginning of the period	3,544,098	3,430,830
Transition adjustment - IFRS 9 (net of tax)	-	138,941
Profit for the period	222,643	281,280
Dividend paid on B ordinary shares	-	(454)
Coupon paid on subordinated bonds	-	(83,856)
Premium paid on repurchase of subordinated bonds	(38,699)	(38,699)
At the end of the period	**3,728,042**	**3,728,042**

Effective from 1 January 2018, the Group has adopted IFRS 9, the standard replacing IAS 39. The Group has assessed the classification and measurement of each of its financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset. As a result of this assessment and the transition to Fair Value accounting of debtor loans, the Group has recognised on 1 January 2018 a transition adjustment in retained earnings of €139m, net of tax of €20m (see note 25).

On 15 March 2018, the Board of NAMAI declared and approved a dividend payment of €0.891 per share, amounting to €0.454m. The amount of the dividend per share was based on the ten year Irish government bond yield as at 31 March 2018. The dividend was paid to the holders of B ordinary shares of NAMAI only, the private investors, who have ownership of 51% in the Company. No dividends were paid to the A ordinary shareholders, NAMA the Agency, which has a 49% ownership in the Company.

In February 2018, the Board of NAMA 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 2018 be paid. The subordinated bonds are classified as equity in the statement of financial position, and related payments thereon are classified as coupon payments. Refer to Note 28 for further details in this regard.

Non-controlling interests in subsidiaries comprises ordinary share capital in subsidiaries not attributable directly or indirectly to the parent entity. In respect of the Group this represents the investment by private investors in the ordinary share capital of NAMAI.

NAMA has, along with the private investors, invested in NAMAI. NAMA holds 49% of the issued share capital of NAMAI and the remaining 51% of the share capital is held by private investors. Under the terms of the shareholders' agreement between NAMA and the private investors, NAMA can exercise a veto over decisions taken by NAMAI.

Under the shareholders' agreement, the maximum return which will be paid to the private investors by way of dividend is restricted to the 10 year Irish Government Bond Yield applying at the date of the declaration of the dividend. In addition the maximum investment return to the private investors is capped under the Articles of Association of NAMAI.

NAMA's ability to veto decisions taken by NAMAI restricts the ability of the private investors to control the financial and operating policies of the Group, and as a result NAMA has effective control over NAMAI and the subsidiaries in the Group, as well as substantially all the economic benefits and risks of the Group. While the private investors are subject to the risk that NAMAI may incur losses and the full value of their investment may not be recovered, they are not required to contribute any further capital to NAMAI.

Bonds with a nominal value of €485m were repurchased for total consideration of €523m in Q2 2018. The cost of this transaction along with any incremental transaction costs have been accounted for in equity.

NAMA Group

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

For the period from 1 January 2018 to 30 June 2018

	National Asset Loan Management	**National Asset North Quays**	**National Asset JVA**	**National Asset Property Management**	**National Asset Sarasota LLC**	**National Asset Residential Property Services**	**National Asset Management Services**	**National Asset Management Group Services**	**National Asset Management**	**National Asset Management Agency Investment**	**NAMA**	**Consolidation Adjustments**	**NAMA Group Consolidated Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Fair value gains/ (losses) on debtor loans measured at fair value through profit or loss	235,246	-	-	-	-	-	-	-	-	-	-	-	235,246
Interest Income	2,471	-	1,207	-	-	-	-	36,102	-	126	-	(35,986)	3,920
Other income/(expenses)	7,521	283	2,233	11	-	5,725	-	-	-	-	20,015	(20,015)	15,773
Profit on disposal and refinancing of loans	46,270	-	-	-	-	-	-	-	-	-	-	-	46,270
Profit on disposal of property assets	-	32,841	-	431	-	-	-	-	-	-	-		33,272
Fair value losses on derivative financial instruments	(602)	-	-	-	-	-	-	-	-	-	-	-	(602)
Fee Income	27,179	-	-	-	-	-	-	-	-	-	-		27,179
Interest and similar expense	(36,814)	-	(1,238)	-	(21)	-	-	-	(126)	-	71	35,986	(2,142)
Total operating income	**281,271**	**33,124**	**2,202**	**442**	**(21)**	**5,725**	**-**	**36,102**	**(126)**	**126**	**20,086**	**(20,015)**	**358,916**
Administration expenses	(35,167)	(236)	(37)	(31)	(7)	(28)	-	-	-	-	(20,230)	20,015	(35,721)
Foreign exchange gains and losses	(1,468)	-	-	-	(62)	-	-	-	-	-	-	-	(1,530)
Operating profit	**244,636**	**32,888**	**2,165**	**411**	**(90)**	**5,697**	**-**	**36,102**	**(126)**	**126**	**(144)**		**321,665**
Tax charge	(39,976)	-	(393)	-	-	-	-	-	-	(16)	-	-	(40,385)
Profit/(loss) for the year	**204,660**	**32,888**	**1,772**	**411**	**(90)**	**5,697**	**-**	**36,102**	**(126)**	**110**	**(144)**	**-**	**281,280**

NAMA Group

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

For the quarter from 1 April 2018 to 30 June 2018

	National Asset Loan Management	National Asset North Quays	National Asset JVA	National Asset Property Management	National Asset Sarasota LLC	National Asset Residential Property Services	National Asset Management Services	National Asset Management Group Services	National Asset Management	National Asset Management Agency Investment	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Fair value gains/ (losses) on debtor loans measured at fair value through profit or loss	162,536	-	-	-	-	-	-	-	-	-	-	-	162,536
Interest Income	1,403	-	702	-	-	-	-	16,312	-	64	-	(16,432)	2,049
Other income/(expenses)	1,921	283	1,709	5	-	2,861	-	-	-	-	10,017	(10,017)	6,779
Profit on disposal and refinancing of loans	42,597	-	-	-	-	-	-	-	-	-	-	-	42,597
Profit on disposal of property assets	-	32,841	-	431	-	-	-	-	-	-	-		33,272
Fair value losses on derivative financial instruments	(277)	-	-	-	-	-	-	-	-	-	-	-	(277)
Fee Income	26,852	-	-	-	-	-	-	-	-	-	-		26,852
Interest and similar expense	(16,288)	-	(1,238)	-	(13)	-	-	-	(64)	-	36	16,432	(1,135)
Total operating income	**218,744**	**33,124**	**1,173**	**436**	**(13)**	**2,861**	**-**	**16,312**	**(64)**	**64**	**10,053**	**(10,017)**	**272,673**
Administration expenses	(18,454)	(97)	(21)	(41)	(1)	(26)	-	-	-	-	(10,125)	10,017	(18,748)
Foreign exchange gains and losses	(617)	-	-	-	(119)	-	-	-	-	-	-	-	(736)
Operating profit	**199,673**	**33,027**	**1,152**	**395**	**(133)**	**2,835**	**-**	**16,312**	**(64)**	**64**	**(72)**		**253,189**
Tax charge	(39,189)	-	(390)	-	-	-	-	-	9,041	(8)	-	-	(30,546)
Profit/(loss) for the year	**160,484**	**33,027**	**762**	**395**	**(133)**	**2,835**	**-**	**16,312**	**8,977**	**56**	**(72)**	**-**	**222,643**

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 31 March 2018

	National Asset Loan Management	North Wall Plaza Management Co.	National Asset North Quays	National Asset JVA	National Asset Property Management	National Asset Sarasota LLC	National Asset Residential Property Services	National Asset Management Services	National Asset Management Group Services	National Asset Management	National Asset Management Agency Investment	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	1,078,840	-	2,934	872	3,415	-	2,453	-	-	-	251	2,323	-	1,091,088
Cash placed as collateral with the NTMA	25,000	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Irish government bonds	494,402	-	-	-	-	-	-	-	-	-	-	-		494,402
Debtor loans measured at fair value through other comprehensive income	202,712	-	8,268	21,702	-	-	-	-	-	-	-	-		232,682
Amounts due from Participating Institutions	20,279	-	-	-	-	-	-	-	-	-	-	-	-	20,279
Derivative financial instruments	16,453	-	-	-	-	-	-	-	-	-	-	-	-	16,453
Debtor loans measured at fair value through profit or loss	2,998,817	-	-	-	-	-	-	-	-	-	-	-	-	2,998,817
Other assets	839,182	21	3	-	110	-	1,727	-	5,456,936	5,508,705	105,322	3,545,854	(15,438,816)	19,044
Inventories - trading properties	1,300	-	21,750	-	49,382	1,739	203,486	-	-	-	-	-	(300)	277,357
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	1,008	-	1,008
Investments in equity instruments	41,669	-	-	30,164	533	-	-	-	-	-	-	49,000	(49,533)	71,833
Total assets	**5,718,654**	**21**	**32,955**	**52,738**	**53,440**	**1,739**	**207,666**	**-**	**5,456,936**	**5,508,705**	**105,573**	**3,598,185**	**(15,488,649)**	**5,247,963**
Liabilities														
Amounts due to Participating Institutions	10,716	-	-	-	-	-	-	-	-	-	-	-	-	10,716
Derivative financial instruments	7,540	-	-	-	-	-	-	-	-	-	-	-	-	7,540
Other liabilities	5,380,445	21	32,881	50,797	59,094	2,091	207,497	-	5,437,140	3,992,503	1,368	67,003	(15,214,780)	16,060
Tax payable	32,031	-	-	-	37	-	666	-	1	191,708	39	-	(224,180)	302
Deferred tax	20,796	-	-	828	-	-	-	-	-	-	-	-	-	21,624
Total liabilities	**5,451,528**	**21**	**32,881**	**51,625**	**59,131**	**2,091**	**208,163**	**-**	**5,437,141**	**4,184,211**	**1,407**	**67,003**	**(15,438,960)**	**56,242**
Equity														
Share capital	-	-	-	-	-	6,332	-	-	-	-	10,000	-	(16,332)	-
Share premium	-	-	-	-	-	-	-	-	-	-	90,000	-	(90,000)	-
Other equity instruments	-	-	-	-	-	-	-	-	-	1,593,000	-	-	-	1,593,000
Retained earnings	263,503	-	74	1,113	(5,691)	(6,684)	(497)	-	19,795	(268,506)	4,166	3,480,182	56,643	3,544,098
Other reserves	3,623	-	-	-	-	-	-	-	-	-	-	-	-	3,623
Equity and reserves attributable to owners of the Group	267,126	-	74	1,113	(5,691)	(352)	(497)	-	19,795	1,324,494	104,166	3,480,182	(49,689)	5,140,721
Non controlling interests	-		-	-	-	-	-	-	-	-	-	51,000	-	51,000
Total equity and reserves	**267,126**	**-**	**74**	**1,113**	**(5,691)**	**(352)**	**(497)**	**-**	**19,795**	**1,324,494**	**104,166**	**3,531,182**	**(49,689)**	**5,191,721**
Total equity & liabilities	**5,718,654**	**21**	**32,955**	**52,738**	**53,440**	**1,739**	**207,666**	**-**	**5,456,936**	**5,508,705**	**105,573**	**3,598,185**	**(15,488,649)**	**5,247,963**

NAMA Group

Section 55 (6) (i): Statement of Financial Position by NAMA group entity as at 30 June 2018

	National Asset Loan Management	National Asset North Quays	National Asset JVA	National Asset Property Management	National Asset Sarasota LLC	National Asset Residential Property Services	National Asset Management Services	National Asset Management Group Services	National Asset Management	National Asset Management Agency Investment	NAMA	Consolidation Adjustments	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assets													
Cash and cash equivalents	1,333,008	12,881	5,326	3,915	-	5,258	-	-	-	251	1,605	-	1,362,244
Cash placed as collateral with the NTMA	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000
Irish government bonds	489,880	-	-	-	-	-	-	-	-	-	-		489,880
Debtor loans measured at fair value through other comprehensive income	200,054	8,107	22,444	-	-	-	-	-	-	-	-		230,605
Amounts due from Participating Institutions	20,292	-	-	-	-	-	-	-	-	-	-	-	20,292
Derivative financial instruments	19,718	-	-	-	-	-	-	-	-	-	-	-	19,718
Debtor loans measured at fair value through profit or loss	2,471,920	-	-	-	-	-	-	-	-	-	-	-	2,471,920
Other assets	767,286	3	-	103	-	1,021	-	4,927,529	4,804,456	105,386	3,545,821	(14,145,385)	6,220
Inventories - trading properties	1,299	17,958	-	49,319	1,739	203,612	-	-	-	-	-	(300)	273,627
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	1,008	-	1,008
Investments in equity instruments	29,285	-	27,379	533	-	-	-	-	-	-	49,000	(49,533)	56,664
Total assets	**5,357,742**	**38,949**	**55,149**	**53,870**	**1,739**	**209,891**	**-**	**4,927,529**	**4,804,456**	**105,637**	**3,597,434**	**(14,195,218)**	**4,957,178**
Liabilities													
Amounts due to Participating Institutions	10,809	-	-	-	-	-	-	-	-	-	-	-	10,809
Derivative financial instruments	2,886	-	-	-	-	-	-	-	-	-	-	-	2,886
Other liabilities	4,853,777	5,847	51,441	59,150	2,224	207,548	-	4,891,422	3,994,597	1,399	66,324	(14,108,895)	24,834
Tax payable	42,961	-	-	16	-	5	-	-	378	16	-	(36,651)	6,725
Deferred tax	20,598	-	828	-	-	-	-	-	-	-	-	-	21,426
Total liabilities	**4,931,031**	**5,847**	**52,269**	**59,166**	**2,224**	**207,553**	**-**	**4,891,422**	**3,994,975**	**1,415**	**66,324**	**(14,145,546)**	**66,680**
Equity													
Share capital	-	-	-	-	6,332	-	-	-	-	10,000	-	(16,332)	-
Share premium	-	-	-	-	-	-	-	-	-	90,000	-	(90,000)	-
Other equity instruments	-	-	-	-	-	-	-	-	1,108,000	-	-	-	1,108,000
Retained earnings	423,255	33,102	2,880	(5,296)	(6,817)	2,338	-	36,107	(298,519)	4,222	3,480,110	56,660	3,728,042
Other reserves	3,456	-	-	-	-	-	-	-	-	-	-	-	3,456
Equity and reserves attributable to owners of the Group	426,711	33,102	2,880	(5,296)	(485)	2,338	-	36,107	809,481	104,222	3,480,110	(49,672)	4,839,498
Non controlling interests	-	-	-	-	-	-	-	-	-	-	51,000	-	51,000
Total equity and reserves	**426,711**	**33,102**	**2,880**	**(5,296)**	**(485)**	**2,338**	**-**	**36,107**	**809,481**	**104,222**	**3,531,110**	**(49,672)**	**4,890,498**
Total equity & liabilities	**5,357,742**	**38,949**	**55,149**	**53,870**	**1,739**	**209,891**	**-**	**4,927,529**	**4,804,456**	**105,637**	**3,597,434**	**(14,195,218)**	**4,957,178**

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 quarter from 1 April 2018 to 30 June 2018								
	NALM	NANQ	NAJVA	NAPM	NASLLC	NARPS	NAMA	NAMA Group Consolidated Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Costs reimbursable to the NTMA	9,429	-	-	-	-	-	-	9,429
Primary Servicer fees	2,229	-	-	-	-	-	-	2,229
Master servicer fees	482	-	-	-	-	-	-	482
Portfolio management fees	702	59	-	41	-	21	-	823
Finance, communication and technology costs	1,836	-	-	-	(6)	-	-	1,830
Legal fees	2,249	38	21	-	7	5	-	2,320
Rent and occupancy costs	1,125	-	-	-	-	-	-	1,125
Internal audit fees	180	-	-	-	-	-	-	180
Board and Committee fees and expenses	-	-	-	-	-	-	107	107
External audit remuneration	223	-	-	-	-	-	-	223
	18,455	**97**	**21**	**41**	**1**	**26**	**107**	**18,748**

Administration Expenses by NAMA group entity								
For the period from 1 January 2018 to 30 June 2018								
	NALM	NANQ	NAJVA	NAPM	NASLLC	NARPS	NAMA	NAMA Group Consolidated
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Costs reimbursable to the NTMA	18,840	-	-	-	-	-	-	18,840
Primary Servicer fees	4,570	-	-	-	-	-	-	4,570
Master servicer fees	953	-	-	-	-	-	-	953
Portfolio management fees	1,357	65	-	39	-	20	-	1,481
Finance, communication and technology costs	3,393	9	1	38	-	2	-	3,443
Legal fees	3,702	162	36	(46)	7	4	-	3,865
Rent and occupancy costs	1,541	-	-	-	-	-	-	1,541
Internal audit fees	367	-	-	-	-	-	-	367
Board and Committee fees and expenses	-	-	-	-	-	-	215	215
External audit remuneration	446	-	-	-	-	-	-	446
	35,169	**236**	**37**	**31**	**7**	**26**	**215**	**35,721**

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

	Outstanding at 30 June 2018 €'000
Subordinated debt issued by NAM	1,108,000

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

Government guaranteed senior debt securities

There were no Senior bonds issued or redeemed in the period. All Senior bonds were redeemed by the start of the period.

Subordinated debt securities held

Financial Institution	Outstanding at 30 June 2018 €'000	Outstanding at 31 Mar 2018 €'000
AIB	417,000	417,000
BOI	70,000	281,000
EBS Building Society	20,000	20,000
Other Noteholders	601,000	875,000
Total	**1,108,000**	**1,593,000**

There were no new issuances of NAMA senior or subordinated bonds during the quarter. The Group repurchased €485m (nominal) of subordinated debt in Q2 2018.

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 IN THE QUARTER

Participating Institutions and Primary Servicer	For the quarter from 1 Apr 2018 to 30 Jun 2018 €'000
Asset Services (formerly Capita)	12,264
AIB	110,274
Total	**122,538**

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 June 2018 €'000
Investment in NAMAI	49,000
Cash and cash equivalents	1,605
Interest receivable on loan to NAM	3,536,554
Receivable from NALM	8,658
Prepaid Rent	609
Property, plant and equipment	1,008
Total	**3,597,434**

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

National Asset Management Agency Investment	30 June 2018 €'000
Receivable from NAM	99,900
Receivable from NAM - accrued interest	5,486
Cash and cash equivalents	251
Total	**105,637**

National Asset Management	30 June 2018 €'000
PPL receivable from NAMGS	1,045,251
Receivable from NALM	278,068
PPL interest receivable	3,479,137
Tax prepayments	2,000
Total	**4,804,456**

National Asset Management Group Services	30 June 2018 €'000
PPL receivable from NALM	1,057,428
PPL interest receivable from NALM	3,513,404
PPL receivable from NAJVA	4,040
Inter-group receivable	352,657
Total	**4,927,529**

National Asset Loan Management	30 June 2018 €'000
Investments in equity instruments	29,285
Cash and cash equivalents	1,333,008
Cash placed as collateral with the NTMA	25,000
Financial assets at fair value through other comprehensive income	689,934
Amounts due from Participating Institutions	20,292
Derivative financial instruments	19,718
Debtor loans measured at fair value through profit or loss	2,471,920
Other assets	54,365
Inter-group receivable	712,921
Inventories - trading properties	1,299
Total	**5,357,742**

National Asset North Quays	30 June 2018 €'000
Cash and cash equivalents	12,881
Debtor loans measured at fair value through profit or loss	8,107
Inventories - trading properties	17,958
Other assets	3
Total	**38,949**

National Asset JV A	30 June 2018 €'000
Investments in equity instruments	27,379
Cash and cash equivalents	5,326
Financial assets at fair value through other comprehensive income	22,444
Total	**55,149**

National Asset Sarasota LLC	30 June 2018 €'000
Inventories - trading properties	1,739
	1,739

National Asset Property Management	30 June 2018 €'000
Cash and cash equivalents	3,915
Investments in equity instruments	533
Inter-group receivable	103
Inventories - trading properties	49,319
Total	**53,870**

National Asset Residential Property Services	30 June 2018 €'000
Cash and cash equivalents	5,258
Other assets	1,021
Inventories - trading properties	203,612
Total	**209,891**

National Asset Leisure Holdings Limited (in Voluntary Liquidation)	30 June 2018 €'000
Investment in subsidiaries[1]	**39,363**

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 June 2018 €'000
National Asset Management D.A.C.	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.	Nil

1 This amount represents the investment of NALHL in RHLC I and RHLC II. The amount is as per 31 December 2016 final audited results.

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 FOR FINANCE

Compliance with Guidelines Issued by the Minister under Section 13 (NAMA Act 2009) as at 30 June 2018
No guidelines issued

Compliance with Directions Issued by the Minister under Section 14 (NAMA Act 2009) as at 30 June 2018	
(1)	14th May 2010 - Direction (Ref 513/43/10) - Pricing of government guaranteed debt issued by NAMA. No such debt was issued by NAMA as at 31 March 2016.
(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.
(6)	31st July 2015 - Direction (513/43/10) - Effect of a potential negative interest rates on the NAMA Senior Note Programme. Pursuant to a direction issued by the Minister on 31 July 2015, on 28 January 2016 NAM D.A.C. and Citibank executed documentation to floor the coupon rate on the senior notes in issue at zero if the 6 month Euribor rate is negative. This resulted in €4.7bn of cashflow hedge relationships being derecognised on this date.

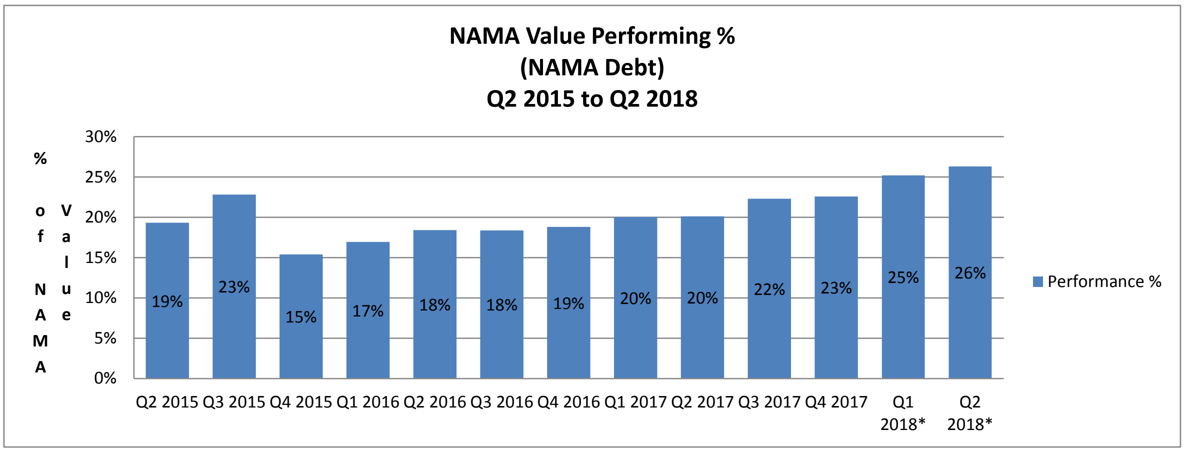
Compliance with Directions Issued by the Minister under Section 13 (IBRC Act 2013) as at 30 June 2018	
(1)	7th February 2013 - Irish Bank Resolution Corporation - Deed of Assignment and Transfer NAMA complied with this direction.
(2)	7th February 2013 - Irish Bank Resolution Corporation - Bid for Assets of IBRC NAMA adopted 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

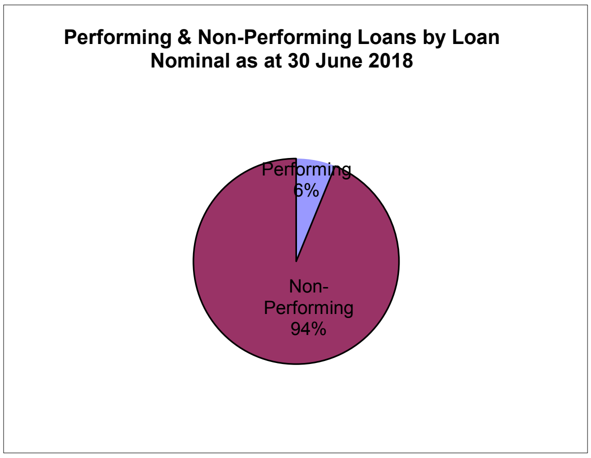
Legacy loan facility loan performance metric

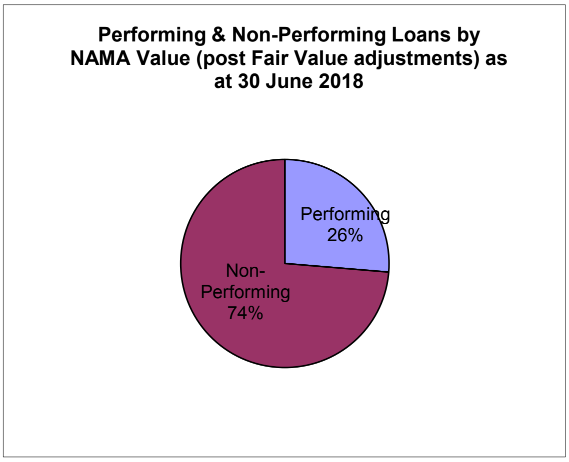
Classification	Number	Loan Nominal €m	NAMA Value (Fair value) €m
Performing	276	1,499	712
Non-Performing	4,165	22,805	1,991
Total	**4,441**	**24,304**	**2,703**

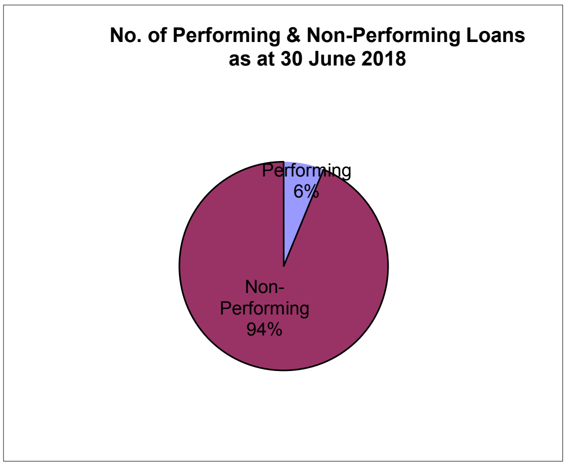
A measure of loan performance is the Loan Payment Status. The Loan Payment Status is a measurement of loan performance based on cash receipts with regard to the contractual obligations of the legacy loan facility. With effect from January 1 2018, all loans have moved from being measured at amortised cost to fair value models. The degree of default measurement is based on the default of the original PAR debt acquired by NAMA from the participating institutions.



** 2018 analysis prepared based on fair value as opposed to amortised cost following adoption of IFRS 9.*





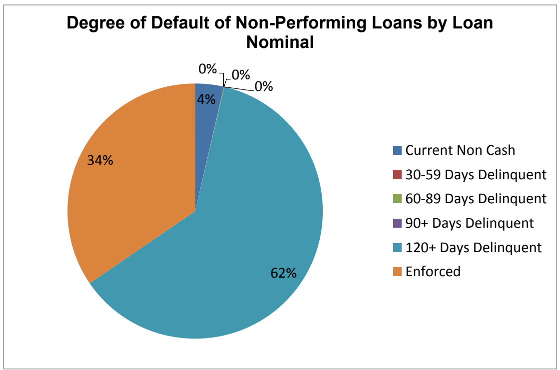


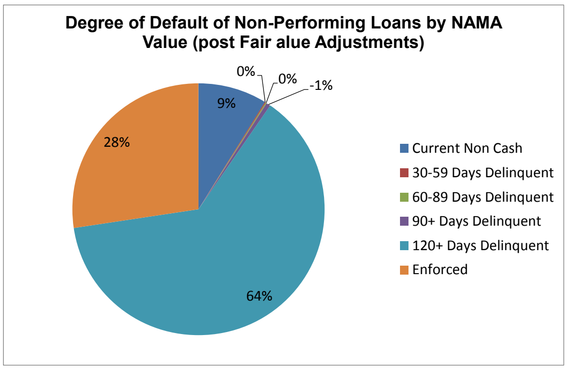
4 (iii) SECTION 55 (6) (B) - CATEGORISATION OF NON-PERFORMING AS TO THE DEGREE OF DEFAULT

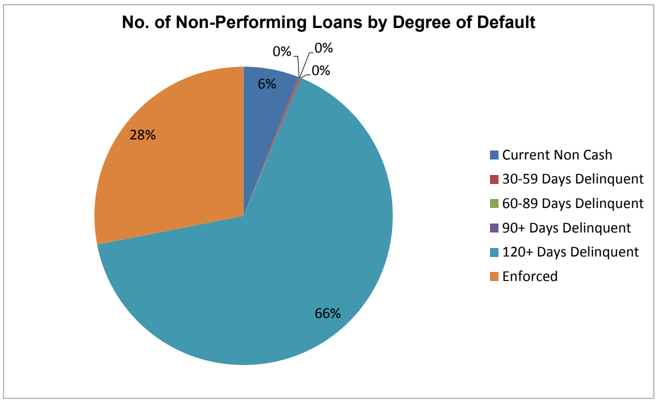
Categorisation of non performing loans in accordance with the Loan Payment Status as at 30 June 2018

Loan Payment Status	Degree of Default	Number	Loan Nominal €m	NAMA Value (Fair value) €m
9	Current Non Cash	249	820	178
1	30-59 Days Delinquent	6	1	(3)
2	60-89 Days Delinquent	2	16	3
3	90+ Days Delinquent	6	2	(11)
4	120+ Days Delinquent	2,732	14,085	1,271
7 & 8	Enforced	1,170	7,881	553
	Total	**4,165**	**22,805**	**1,991**

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. The degree of default measurement is based on the default of the original PAR debt acquired by NAMA from the participating institutions. NAMA value is provided for information purposes and is not measured for degree of default under the same terms as the PAR debt.







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 capitalised or account has a zero interest rate applying
1	30-59 Days Delinquent	Non Performing	Accounts in arrears where the amounts due are between 30 and 59 days outstanding
2	60-89 Days Delinquent	Non Performing	Accounts in arrears where the amounts due are between 60 and 89 days outstanding
3	90+ Days Delinquent	Non Performing	Accounts in arrears where the amounts due are between 90 and 119 days outstanding
4	120+ Days Delinquent	Non Performing	Accounts in arrears where the amounts due are 120 days or more outstanding
7 & 8	Enforced	Non Performing	Accounts subject to enforcement

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

Number of loans foreclosed in the quarter to 30 June 2018

Classification	Number	Loan Nominal €m	NAMA Value €m
Enforced	54	105	24

Note: Section 55 6 (B) on page 44 contains a category of default called 'Enforced' where 1,170 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 only.

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

Number of cases where receivers and liquidators have been appointed in the quarter to 30 June 2018

Classification	Number	Loan Nominal €m	NAMA Value €m
Liquidators	0	0	0
Receivers	54	105	24
Total	**54**	**105**	**24**

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 2015/ 400S	National Asset Loan Management DAC v Thomas Anderson	Order for discovery in aid of execution and the attendance and oral examination of Mr Anderson before the High Court

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

Schedule of finances raised by NAMA and each NAMA group entity in the quarter to 30 June 2018

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 in the quarter to 30 June 2018

Description	Date	€m
NANQ	25/05/2018	37.1

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 June 2018

Description	Date	€m
NALM (fee income)	1 April - 30 June 2018	26.9

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

5 - National Asset Management Agency Investment D.A.C. Company only accounts

For the quarter ended 30 June 2018

NAMAI D.A.C. (company only)
Income Statement
For the quarter from 1 Apr 2018 to 30 June 2018

	Note	For the quarter from 1 Apr 2018 to 30 June 2018 €'000	For the period from 1 Jan 2018 to 30 June 2018 €'000
Net interest income	3	64	126
Operating profit before tax		**64**	**126**
Tax charge	4	(8)	(16)
Profit for the period		**56**	**110**

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

NAMAI D.A.C. (company only)
Statement of Financial Position
As at 30 June 2018

	Note	30 June 2018 €'000	31 Mar 2018 €'000
Assets			
Cash and Cash Equivalents	6	251	251
Other Assets	7	105,386	105,322
Total assets		**105,637**	**105,573**
Liabilities			
Amounts due to group entity	8	1,399	1,399
Current tax liability	9	16	8
Total liabilities		**1,415**	**1,407**
Equity			
Share capital	10	10,000	10,000
Share premium	10	90,000	90,000
Retained earnings	11	4,222	4,166
Total equity		**104,222**	**104,166**
Total equity and liabilities		**105,637**	**105,573**

The accompanying notes 1 to 11 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 D.A.C. (NAMAI) 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 quarter to 30 June 2018 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

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

Inter-group 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.

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 quarter from 1 Apr 2018 to 30 June 2018**	**For the period from 1 Jan 2018 to 30 June 2018**
	€'000	**€'000**
Interest receivable on inter-group loan	64	126

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

4 Tax charge	**For the quarter from 1 Apr 2018 to 30 June 2018**	**For the period from 1 Jan 2018 to 30 June 2018**
	€'000	**€'000**
Profit before tax	64	126
Tax charge for the period	**(8)**	**(16)**

5 Investment in subsidiaries

NAMAI holds 100 €1.00 ordinary shares in NAM representing 100% of the issued share capital.

6 Cash and cash equivalents

	30 June 2018	**31 Mar 2018**
	€'000	**€'000**
Balance at bank	**251**	**251**

7 Other Assets

	30 June 2018	**31 Mar 2018**
	€'000	**€'000**
Loan receivable from NAM	99,900	99,900
Accrued interest on receivable from NAM	5,486	5,422
Total other assets	**105,386**	**105,322**

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

8 Amounts due to group entity

	30 June 2018	**31 Mar 2018**
	€'000	**€'000**
Amounts due to NALM	**1,399**	**1,399**

9 Tax payable	**30 June 2018**	**31 Mar 2018**
	€'000	**€'000**
Tax payable	**16**	**8**

10 Share capital and share premium

	Number	€'000
At 30 June 2018		
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.

11 Retained earnings	**For the quarter from 1 Apr 2018 to 30 June 2018 €'000**	**For the year from 1 Jan 2018 to 30 June 2018 €'000**
Retained earnings at beginning of period	4,166	4,566
Profit for the period	56	110
Dividend paid	-	(454)
Retained earnings at end of period	**4,222**	**4,222**

On 15 March 2018, the Board of NAMAI declared and approved a dividend payment of €0.891 per share, amounting to €0.454m. The amount of the dividend per share was based on the ten year Irish government bond yield as at 31 March 2018. The dividend was paid to the holders of B ordinary shares of NAMAI only, the private investors, who have ownership of 51% in the Company. No dividends were paid to the A ordinary shareholders, NAMA the Agency, which has a 49% ownership in the Company.