National Asset
Management Agency

Unaudited Quarterly Accounts of the National Asset Management Agency and its Group Entities

For the quarter ended 31 March 2012

Contents

Board and other information

Board

Frank Daly (Chairman)
Brendan McDonagh, Chief Executive NAMA
John Corrigan, Chief Executive NTMA
Eilish Finan
Brian McEnery
John Mulcahy (appointed 7 March 2012) (Head of Asset Management NAMA)
Steven Seelig
Willie Soffe

Registered Office

Treasury Building
Grand Canal Street
Dublin 2

Bankers

Central Bank of Ireland
Dame Street
Dublin 2

Citibank
IFSC
Dublin 1

Auditor

Comptroller & Auditor General
Dublin Castle
Dublin 2

General information

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

The main purpose of NAMA is to acquire assets in the form of property related loans from credit institutions which have been designated by the Minister for Finance as Participating Institutions under Section 67 of the Act. The Participating Institutions are: Allied Irish Banks, p.l.c. (AIB), Irish Bank Resolution Corporation (IBRC) (formerly Anglo Irish Bank Corporation Limited (Anglo) and Irish Nationwide Building Society (INBS)), Bank of Ireland (BOI) and EBS Building Society (EBS). On 1 July 2011 AIB completed the acquisition of EBS.

Group structure

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

National Asset Management Agency Investment Limited (NAMAIL)
NAMAIL is the company through which private investors have invested in the Group. NAMA holds 49% of the shares of the company. The remaining 51% of the shares of the company are held by private investors.

NAMA has invested €49m in NAMAIL, receiving 4,900 A ordinary shares. The remaining €51m was invested in NAMAIL by private investors, each receiving an equal share of 5,100 B ordinary shares. Under the terms of a shareholders' agreement between NAMA, the private investors and NAMAIL, NAMA can exercise a veto over decisions taken by NAMAIL. As a result of this veto, the private investors' ability to control the financial and operating policies of the entity is restricted and NAMA has effective control of the company.

National Asset Management Limited (NAML)

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

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

National Asset Management Group Services Limited (NAMGS Ltd)
NAMGS Ltd acts as the holding company for its three subsidiaries, National Asset Loan Management Limited, National Asset Property Management Limited and National Asset Management Services Limited.

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

NAMGS Ltd is wholly owned by NAML.

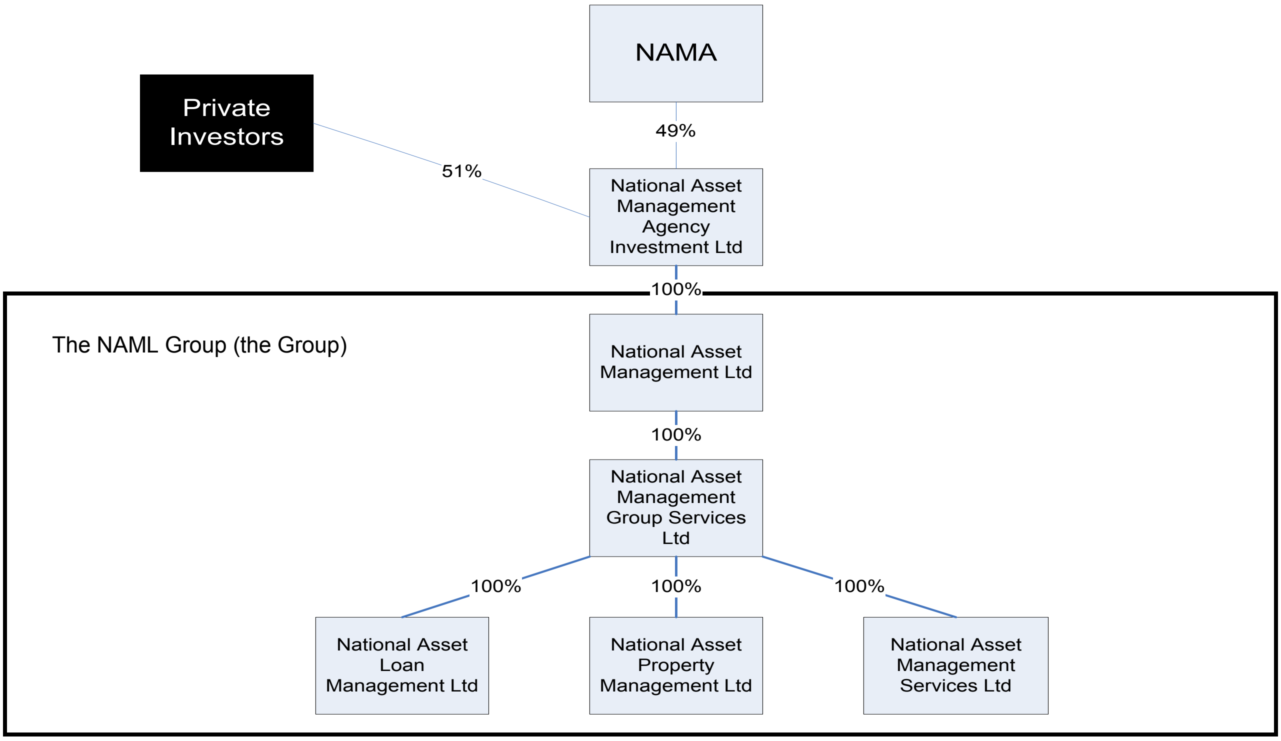
National Asset Loan Management Limited (NALM Ltd)
The purpose of NALM Ltd is to acquire, hold, and manage the loan assets acquired from the Participating Institutions.

National Asset Property Management Limited (NAPM Ltd)
The purpose of NAPM Ltd is to take direct ownership of real property assets if and when required. During the year, certain land and development sites were acquired as consideration for guarantees held by NALM Ltd. At the reporting date these properties are held in NALM Ltd.

National Asset Management Services Limited (NAMS Ltd)
NAMS Ltd is a non-trading entity and has no activity at present. During 2011 all accounts of NAMS were transferred to their beneficial owner, NALM Ltd.

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

Chart 1 NAMA Group Entities



National Treasury Management Agency (NTMA)

The NTMA provides NAMA with business and support services, and will assign staff to NAMA as deemed necessary. NAMA reimburses the NTMA for the costs of staff and services provided.

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 information for all entities is presented showing items of income and expenditure for the quarter from 1 January 2012 to 31 March 2012.

The balance sheets are presented as at 31 March 2012, with comparatives in the form of the unaudited results as at 31 December 2011. The cash flow statements for the NAML Group only are presented for all cash movements for the quarter from 1 January 2012 to 31 March 2012.

The financial information provided in this report includes details of all NAMA Group Entities and includes accounts for:

1. The National Asset Management Agency (non-consolidated)

2. National Asset Management Agency Investment Limited (non-consolidated)

3. Consolidated accounts of National Asset Management Limited

Annual Financial Report

In accordance with Section 57 of the Act, NAMA and each NAMA group entity shall submit its accounts to the Comptroller and Auditor General (C&AG) for audit within two months after the end of the financial year to which they relate. On 29 February 2012, NAMA submitted for audit draft NAMA accounts and draft IFRS accounts for the year ended 31 December 2011 for all NAMA Group entities to the C&AG for audit. The audit of these accounts is ongoing at the date of completion of these quarterly accounts.

* The final audited results for the year ended 31 December 2011 may differ from the comparative balance sheet figures shown in these accounts as the 2011 year end audit was still on-going at the date of completion of these quarterly accounts.

The National Asset Management Agency (the Agency)

The Agency (non-consolidated) reported a loss for the quarter of €0.5m.

The Agency incurs all administrative costs on behalf of the NAML Group for personnel and services such as Finance, ICT, HR and Risk, which are charged to it by the NTMA. These costs are reimbursed to the Agency by the NAML Group. The total charge to the Agency by the NTMA in the quarter was €7.8m, of which €6.4m related to salary costs. Board and Advisory Committee fees of the Group are incurred directly by the Agency and are not reimbursed by the NAML Group. Board fees for the quarter were €0.109m.

NAMA has a €49m investment in NAMAIL, representing a 49% ownership in NAMAIL and the NAML Group. The Agency initially funded this investment with a loan of €49m from the Exchequer. The loan together with accrued interest was repaid to the Exchequer on 25 February 2011. On the same day, NALM Ltd provided a loan of €52m to the Agency at an interest rate set at six month Euribor.

National Asset Management Agency Investment Limited (NAMAIL)

NAMAIL made a profit after tax and before dividend payment of €1.5m in the quarter. The company provided an inter company loan of €99.9m to the NAML Group on 1 April 2010. The interest rate on the loan was reset to 7% on 1 January 2012 (2011: 12.5%).

The company paid a dividend of €0.06778 per share amounting to €3.457m on 30 March 2012, from its retained earnings.

Consolidated accounts of National Asset Management Limited (NAML Group)

The NAML Group is the main commercial entity of the Group. It made an operating profit of €133m in the quarter. The operating profit is primarily generated by NALM Ltd as the entity that acquires the loans and associated derivatives.

Further details of the income statements and balance sheets by NAMA Group Entity are provided on pages 34-37.

Unaudited Quarterly Accounts of the National Asset Management Agency

For the quarter ended 31 March 2012

Income statement

	Note	For the period from 1 Jan 2012 to 31 Mar 2012
		€'000
Income		
Interest income		1
Other income	*3*	7,819
Total income		**7,820**
Expenses		
Agency costs	*4*	8,120
Interest expense	*5*	204
Net expense for period		**(504)**

Balance Sheet

	Note	31 Mar 2012	31 Dec 2011 *
		€'000	€'000
Assets			
Cash		937	1,623
Other receivables	*7*	4,564	3,381
Fixed assets	*8*	906	906
Investments	*6*	49,000	49,000
Total assets		**55,407**	**54,910**
Liabilities			
Interest bearing loans	*9*	52,924	52,720
Other liabilities	*10*	4,837	4,040
Total liabilities		**57,761**	**56,760**
Net liabilities		**(2,354)**	**(1,850)**

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

* The final audited results for the year ended 31 December 2011 may differ from the comparative balance sheet figures shown above as the 2011 year end audit was still on-going at the date of completion of these quarterly accounts.

1. General information

The National Asset Management Agency owns 49% of the NAMA group entity National Asset Management Agency Investment Limited. The remaining 51% of the shares are held by private investors.

2. Summary of significant accounting policies

Basis of preparation

The Agency's accounts for the period to 31 March 2012 have been prepared in accordance with its accounting policies, for the purposes of complying with the requirements of S55 of the Act.

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

2.2 Basis of measurement
The accounts have been prepared under the historical cost convention.

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

2.3 Investment in subsidiary
Investments in subsidiary is accounted for at cost less impairment.

2.4 Cash and cash equivalents
Cash comprises cash on hand.

2.5 Property, plant and equipment
Fixtures and fittings are stated at historical cost less any impairment losses and depreciation calculated to write-off the assets over their estimated useful life. Fixtures and fittings are depreciated over a useful life of 10 years on a straight-line basis

2.6 Financial liabilities
The Agency carries all financial liabilities at amortised cost.

3 Other income

	For the period from 1 Jan 2012 to 31 Mar 2012 €'000
Costs reimbursed from NAML Group	**7,819**

These relate to salary costs, overheads and rent expense which are incurred by NAMA (see note 4), and reimbursed to NAMA by its Group entities. Board fees paid by NAMA are not reimbursed.

4 Agency costs

	For the period from 1 Jan 2012 to 31 Mar 2012 €'000
Costs reimbursable to the NTMA	7,819
NAMA Board and Advisory Committee Fees and board expenses	109
Rent expense	192
Total Agency costs	**8,120**

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 4.1 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 (Chief Executive, NAMA), John Corrigan (Chief Executive, NTMA) and John Mulcahy (Head of Asset Management, NAMA) receive no payment as members of the Board.

4.1 Costs reimbursable to NTMA	**For the period from 1 Jan 2012 to 31 Mar 2012**
Staff costs	6,392
Overheads	1,427
Total	**7,819**

5 Interest expense	**For the period from 1 Jan 2012 to 31 Mar 2012 €'000**
Interest expense on inter-group loan	**204**

Interest on the inter-group loan is charged at the six month Euribor rate.

6 Investments	**31 Mar 2012 €'000**	**31 Dec 2011 €'000**
49,000,000 ordinary A shares in National Asset Management Agency Investment Limited	**49,000**	**49,000**

7 Other receivables	**31 Mar 2012 €'000**	**31 Dec 2011 €'000**
Costs reimbursable from NAML	4,441	3,014
Other receivables	123	367
Total	**4,564**	**3,381**

8 Property, plant and equipment	**31 Mar 2012 €'000**	**31 Dec 2011 €'000**
Lease fit out costs	**906**	**906**

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

9 Interest bearing loans and borrowings	**31 Mar 2012 €'000**	**31 Dec 2011 €'000**
Inter-group loan	52,000	52,000
Interest payable on inter-group loan	924	720
	52,924	**52,720**

On 25 February 2011 NAML issued a loan of €52m to the Agency. The interest rate on this loan is set at the six month Euribor. This loan was advanced to the Agency in order for it to repay its initial funding from the Exchequer.

10 Other liabilities	**31 Mar 2012 €'000**	**31 Dec 2011 €'000**
Costs payable to the NTMA	4,309	3,454
Other liabilities	528	586
	4,837	**4,040**

Included in other liabilities is a rent free provision and retention costs payable on the completion of the fit out costs.

Unaudited Quarterly Accounts for National Asset Management Agency Investment Limited

For the quarter ended 31 March 2012

Income Statement

	Note	For the period from 1 Jan 2012 to 31 Mar 2012 €'000
Interest income	*3*	1,768
Interest expense		-
Net interest income		1,768
Administration expenses		-
Operating profit before tax and dividend payment		1,768
Tax expense	*4*	(221)
Profit before dividend payment		**1,547**
Reserves brought forward		8,460
Retained earnings at 31 March 2012 before dividend payment		**10,007**
Dividend paid	*5*	(3,457)
Retained earnings after payment of dividend at 31 March 2012		**6,550**

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

Balance Sheet

	Note	31 Mar 2012 €'000	31 Dec 2011 * €'000
Assets			
Investment in subsidiary	*6*	-	-
Loans receivable from group entities	*7*	117,158	115,390
Total assets		**117,158**	**115,390**
Liabilities			
Amounts due to group entities	*8*	10,232	6,775
Current tax liability		376	155
Total liabilities		**10,608**	**6,930**
Equity			
Share capital	*9*	10,000	10,000
Share premium	*9*	90,000	90,000
Retained earnings	*10*	6,550	8,460
Total equity		**106,550**	**108,460**
Total equity and liabilities		**117,158**	**115,390**

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

* The final audited results for the year ended 31 December 2011 may differ from the comparative balance sheet figures shown above as the 2011 year end audit was still on-going at the date of completion of these quarterly accounts.

1 General Information

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

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The company's accounts for the period to 31 March 2012 have been prepared in accordance with its accounting policies, for the purposes of complying with the requirements of S55 of the Act.

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

2.2 Basis of measurement

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

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

2.3 Intergroup receivables

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

Loans and receivables are subsequently held at amortised cost.

2.4 Inter-group payables

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

2.5 De-recognition of financial assets and financial liabilities

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

2.6 Taxation

Current income tax

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

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

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

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

2.7 Share capital

(a) Dividends on ordinary shares

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

3 Interest income

	For the period from 1 Jan 2012 to 31 Mar 2012
	€'000
Interest income earned on inter-group loan	**1,768**

On 1 April 2010, the Company provided a loan of €99.9m to National Asset Management Limited. From 1 January 2012 the interest rate on the loan was set at 7% for the year (2011: 12.5%).

4 Tax expense

	For the period from 1 Jan 2012 to 31 Mar 2012
	€'000
Profit before tax	1,768
Tax at 12.5%	221

5 Dividend declared and paid

	For the period from 1 Jan 2012 to 31 Mar 2012
	€'000
Dividend paid	**3,457**

On 30 March 2012 the Board declared and approved a dividend payment of €0.06778 per share, amounting to €3.457m. The amount of dividend per share was based on the ten year Irish government bond yield as at 30 March 2012. The dividend was paid to the holders of B ordinary shares only, the private investors, who have an ownership of 51% in the Company. No dividend was paid to the A ordinary shareholders (NAMA the Agency, who has a 49% ownership in the Company).

6 Investment in subsidiary

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

7 Loans receivable from group entities

	31 Mar 2012	31 Dec 2011
	€'000	€'000
Loan receivable from NAML	99,900	99,900
Accrued interest on inter-group loan	17,258	15,490
	117,158	**115,390**

NAMAIL issued a loan of €99.9m to NAML at an interest rate to be reviewed annually. This rate was set at 7% for 2012 (2011: 12.5%).

8 Amounts due to group entities

	31 Mar 2012	31 Dec 2011
	€'000	€'000
Amounts due from NALM Ltd	(100)	(100)
Loan due to NALM Ltd	10,332	6,875
	10,232	**6,775**

The loan due to NALM primarily relates to dividend payments for 2010 and 2011 totalling €8.551m made by NALM Ltd on behalf of NAMAIL. The balance relates to preliminary tax paid by NALM Ltd on behalf of NAMAIL.

9 Share capital and share premium	**Number**	**€'000**
At 31 March 2012		
Authorised:		
A Ordinary shares of € 0.10 each	49,000,000	4,900
B Ordinary shares of € 0.10 each	51,000,000	5,100
Issued and fully paid during the period:		
A Ordinary shares of € 0.10 each	49,000,000	4,900
B Ordinary shares of € 0.10 each	51,000,000	5,100
Share premium A Ordinary Shares		44,100
Share premium B Ordinary Shares		45,900
	100,000,000	**100,000**

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

10 Reconciliation of reserves	**31 Mar 2012** **€'000**
Retained earnings at 31 Dec 2011	8,460
Profit before dividend payment for the period to 31 Mar 2012	1,547
Total retained earnings at 31 Mar 2012	**10,007**
Dividend paid	(3,457)
Retained earnings at 31 Mar 2012	**6,550**

Unaudited Quarterly Consolidated Accounts for National Asset Management Limited

For the quarter ended 31 March 2012

Consolidated Income Statement

	Note	For the period from 1 Jan 2012 to 31 Mar 2012 €'000
Interest and similar income	*3*	351,362
Interest and similar expenses	*4*	(134,297)
Net interest income		**217,065**
Profit on disposal of loans	*5*	12,251
Gains / (losses) on derivative financial instruments	*6*	(16,977)
Total operating income		**212,339**
Administration expenses	*7*	(24,723)
Foreign exchange (losses)	*8*	(54,523)
Operating profit before income tax		**133,093**
Tax expense		-
Profit for the quarter		**133,093**

The accompanying notes 1 to 21 form an integral part of these accounts.

Consolidated Balance Sheet

	Note	31 Mar 2012 €'000	31 Dec 2011 * €'000
Assets			
Cash	*9*	4,594,526	3,345,363
Financial assets available for sale	*10*	28,468	499,747
Receivable from Participating Institutions	*11*	123,473	409,143
Derivative financial instruments	*12*	382,855	448,539
Loans and receivables	*13*	25,049,656	25,607,389
Other assets	*14*	90,554	104,060
Trading properties	*15*	6,850	6,850
Deferred tax asset	*16*	309,525	309,525
Total assets		**30,585,907**	**30,730,616**
Liabilities			
Payable to Participating Institutions	*11*	34,039	60,224
Derivative financial instruments	*12*	764,465	728,725
Debt securities in issue	*17*	28,970,000	29,106,000
Other liabilities	*18*	316,291	368,082
Total liabilities		**30,084,795**	**30,263,031**
Equity			
Share capital	*19*	-	-
Other equity instruments	*20*	1,594,000	1,601,000
Retained earnings		(808,181)	(941,274)
Other reserves	*21*	(284,707)	(192,141)
Total equity		**501,112**	**467,585**
Total equity and liabilities		**30,585,907**	**30,730,616**

The accompanying notes 1 to 21 form an integral part of these accounts.

* The final audited results for the year ended 31 December 2011 may differ from the comparative balance sheet figures shown above as the 2011 year end audit was still on-going at the date of completion of these quarterly accounts.

Consolidated Statement of Cash Flows
for the quarter ended 31 March 2012

	For the period from 1 Jan 2012 to 31 Mar 2012 €'000
Cash flow from operating activities	
Receipts from borrowers	1,091,152
Advances to borrowers	(55,706)
NAMA derivative cashflows	21,451
Payments to suppliers of services	(50,902)
Interest expense on debt securities in issue	(252,843)
Arrangement fee income	4,303
Interest received on cash and cash equivalents	3,686
Dividend paid on behalf of NAMA IL	(3,457)
Net cash generated from operating activities	**757,684**
Net cash provided by investing activities	
Purchase of available for sale assets	(332,801)
Sale / settlement of available for sale assets	824,341
Net cash provided by investing activities	**491,540**
Cash flow provided by financing activities	**-**
Cash and cash equivalents at 1 January 2012	3,345,363
Net cash provided by operating activities	757,684
Net cash provided by investing activities	491,540
Net cash provided by financing activities	-
Effects of exchange-rate changes on cash and cash equivalents	(61)
Cash and cash equivalents at 31 March 2012	**4,594,526**

1 General Information

The Company's immediate parent company is NAMAIL. 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 its registered office is Treasury Building, Grand Canal Street, Dublin 2.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Group's consolidated accounts for the period to 31 March 2012 are presented in accordance with its accounting policies for the purposes of complying with the requirements of S55 of the Act.

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

2.2 Basis of measurement

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

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

2.3 Consolidation

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. Intergroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Unless otherwise stated, the Group has a 100% holding in all subsidiaries.

2.4 Foreign currency translation

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

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

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

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

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

2.5 Financial assets – Loans and receivables

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

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

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

(b) Loans and receivables

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

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

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

Loans and receivables are classified as follows;

- Land and development loans
- Investment property loans

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

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

(c) Available for sale

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

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

2.6 Financial liabilities

The Group carries all financial liabilities at amortised cost, with the exception of derivative financial instruments, which are measured at fair value. Further information on derivative liabilities is included in accounting policy 2.12.

2.7 De-recognition of financial assets and financial liabilities

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

2.8 Interest income and expense

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

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

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

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

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

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

2.9 Fee income

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

2.10 Profit and losses on the disposal of loans

NAMA has disposed of certain loan assets to third parties during the year. Profits and losses on the disposal of loans is calculated as the difference between the carrying value of the loans and the contractual sales price at the date of sale. The contractual sales price includes any deferred consideration where NAMA has contractual right to receive any deferred cash flow. Profits and losses on the disposal of loans are recognised in the income statement when the transaction occurs.

2.11 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.

2.12 Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

2.13 Trading Properties

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

2.14 Taxation

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

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

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

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

The Group does not offset income tax assets and liabilities.

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

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

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

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

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

2.15 Provisions for liabilities and charges and contingent assets and liabilities

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

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

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

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

2.16 Amounts due to and from Participating Institutions

Amounts due to and from Participating Institutions are classified as follows:

- Due diligence valuation adjustments
- Value to transfer adjustments
- Section 88, Section 93, Section 98 adjustments
- Unsettled overdraft positions

Due diligence valuation adjustments
Any adjustments arising on completion of due diligence on assets transferred, are initially recognised in the balance sheet as an adjustment to the carrying value of assets acquired and as amounts due to or from Participating Institutions. Settlement of due diligence adjustments is in the form of cash or through the issuance or redemption of government guaranteed debt securities.

Value to transfer adjustments
Value to transfer adjustments relate to net movements that occurred on borrower exposures between the loan assets valuation date and the date the loans were transferred to the Group. Any amount due to or from a Participating Institution is settled in cash or through the issuance or redemption of government guaranteed debt securities.

Section 88, Section 93 and Section 98 adjustments
Adjustments under Section 88 of the Act relate to obvious errors or omissions in an acquisition schedule.

Adjustments under Section 93 of the Act arise where the Group has overpaid for an asset. If a Participating Institution receives from the Group an amount in exchange for loan assets acquired that is more than is due to the Participating Institution under the Act, or receives any other amount from the Group to which it is not entitled, the Participating Institution is obliged to repay the Group any amount of overpayment plus accrued interest as determined by the Group.

Adjustments under Section 98 of the Act relate to obvious errors in relation to the valuation of assets acquired from Participating Institutions.

Any adjustments under Section 88, 93 or 98, that are unsettled at the reporting date, are recognised as amounts due to or from Participating Institutions until the amounts are settled.

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

2.17 Trading properties

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

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

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

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

2.19 Share capital

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

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

3 Interest and fee income

	For the period from 1 Jan 2012 to 31 Mar 2012
	€'000
Interest on loans and receivables	313,248
Interest on derivative financial instruments	23,615
Interest on cash and cash equivalents	1,839
Interest on financial assets held as available for sale	8,249
Interest on inter group loans	204
Total interest income	**347,155**
Fee income	4,207
Total interest and fee income	**351,362**

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

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

Interest on loans and receivables - bulk transfer loans

Interest income on loans subject to 'bulk transfer' is recognised on a cash receipts basis, pending completion of the mandated due diligence process of those loans (including any value to transfer adjustments in accordance with accounting policy note 2.13). On completion of due diligence interest is recognised using the EIR method. During Q1 2012, an amount of € 26.1m was recognised on a cash receipts basis in relation to €4.6bn of loans pending completion of due diligence.

Interest income on derivative financial instruments relates to interest received on derivatives acquired from the Participating Institutions.

4 Interest and similar expenses

	For the period from 1 Jan 2012 to 31 Mar 2012 €'000
Interest on debt securities in issue	115,602
Interest on other derivative financial instruments	6,672
Interest on interest bearing loans and borrowings	1,768
Interest on derivatives where hedge accounting is applied	10,255
Total interest expense	**134,297**

5 Profit on disposal of loans

	For the period from 1 Jan 2012 to 31 Mar 2012 €'000
Profit on disposal of loans	**12,251**

During the quarter, the Group sold certain loans and receivables acquired to third parties. Profit on disposal is measured as the difference between proceeds received and the carrying value of those loans and receivables. The Group realised profits of €12.2m on the disposal of loans in the quarter.

6 Gains and (losses) on financial assets and liabilities carried at fair value	**For the period from 1 Jan 2012 to 31 Mar 2012**
	€'000
Fair value loss on acquired derivatives	(34,234)
Fair value gains on other derivatives	15,513
Hedge ineffectiveness adjustment	1,744
Total fair value (loss) on derivatives	**(16,977)**

Fair value gains on acquired derivatives comprises fair value gains on derivatives acquired from Participating Institutions that were associated with the loans acquired. Fair value losses on other derivatives comprise fair value losses on interest rate swaps entered into by the Group during the quarter.

7 Administration expenses	**For the period from 1 Jan 2012 to 31 Mar 2012**
	€'000
Costs reimbursable to NAMA	7,819
Primary servicer fees	14,584
Master servicer fees	767
Legal fees	23
Portfolio management fees	355
Accounting, audit and tax	562
Rent & occupancy costs	255
Derivative valuation costs	37
IT costs	4
Other administrative expenses	317
Total administration expenses	**24,723**

8 Foreign exchange gains/ (losses)	**For the period from 1 Jan 2012 to 31 Mar 2012**
	€'000
Foreign exchange gain on loans and receivables	6,793
Foreign exchange gains on derivative financial instruments	989
Realised foreign exchange loss on derivative financial instruments	(62,244)
Other foreign exchange (losses)	(61)
Total foreign exchange (loss)	**(54,523)**

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

Following the transfer of assets from the Participating Institutions, the Group entered into currency derivative contracts to reduce its exposure to foreign exchange rate fluctuations arising on foreign currency denominated loans and receivables acquired, as it paid the consideration in euro. Gains and losses on foreign exchange derivatives arise on the fair value movement of currency derivatives during the reporting period. Currency derivatives are explained in more detail in note 12.

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

9 Cash and cash equivalents

	31 Mar 2012 €'000	31 Dec 2011 €'000
Balances with Central Bank	3,516,626	972,943
Balances with other banks	77,900	54,462
Exchequer notes	1,000,000	2,300,000
Term deposits	-	17,958
Total	**4,594,526**	**3,345,363**

10 Financial assets available for sale

	31 Mar 2012 €'000	31 Dec 2011 €'000
Short term treasury bonds	**28,468**	**499,747**

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

11 Receivables and payables from/to Participating Institutions

	31 Mar 2012 €'000	31 Dec 2011 €'000
Receivables from Participating Institutions	**123,473**	**409,143**
Payable to Participating Institutions	**34,039**	**60,224**

Receivables from and payables to Participating Institutions comprise due diligence valuation adjustments, value to transfer settlements due, unsettled overdraft positions and adjustments under Sections 88, 93 and 98 of the Act. These amounts will be settled on completion of due diligence of all assets transferred.

12 Financial assets and (liabilities) at fair value

	31 Mar 2012 €'000	31 Dec 2011 €'000
Derivative assets at fair value through profit or loss		
Derivative financial instruments acquired	340,133	374,367
Other derivative financial instruments	10,204	9,382
Foreign currency derivatives	32,472	57,332
Total	**382,809**	**441,081**
Derivative financial instruments designated in hedge relationships		
Interest rate swaps	46	7,458
Total derivative assets	**382,855**	**448,539**
Derivative liabilities at fair value through profit or loss		
Derivative financial instruments acquired		
Other derivative financial instruments	(141,100)	(155,791)
Foreign currency derivatives	(256,944)	(289,830)
Total	**(398,044)**	**(445,621)**
Hedging derivative liabilities	(366,421)	(283,104)
Total derivative liabilities	**(764,465)**	**(728,725)**

Derivative financial instruments at fair value through profit or loss
Derivative financial instruments acquired from borrowers relates to the fair value of derivatives acquired from borrowers that were associated with loans acquired. The fair value of these derivatives at 31 March 2012 was €340m (2010: €374m) and the fair value movement on these derivatives in the quarter was a loss of €34m.

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

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

Derivative financial instruments designated in hedge relationships

The Group entered into interest rate swap contracts to hedge its exposure to cash flow variability arising from interest rate risk in its portfolio of debt securities. These swaps were formally designated into hedge relationships during 2010, when the fair value of these derivatives was (negative) €30.4m. This amount was recognised as a fair value loss on other derivative financial instruments in the income statement in 2010. This fair value gain is amortised as hedge ineffectiveness over the remaining life of the derivatives. An amount of €1.7m has been recognised in the income statement and cash flow hedge reserve for Q1 2012. The total loss for the quarter on cash flow hedges of €92.4m is recognised in the cash flow hedge reserve in other comprehensive income.

13 Loans and receivables

	31 Mar 2012 €'000	31 Dec 2011 €'000
Loans and receivables	**25,049,656**	**25,607,389**

The loans and receivables balance is stated net of a cumulative 2010 and 2011 impairment provision of €2.75bn. This provision was not reassessed at the quarter end, and hence no change in the provision has been recorded. As at the quarter end due diligence has been completed on all loans acquired, with a total acquisition value of €31.8bn.

14 Other assets

	31 Mar 2012 €'000	31 Dec 2011 €'000
Receivables from NAMA the Agency	53,747	54,114
Accrued swap interest receivable	12,293	12,649
Receivable from NAMA IL	10,332	6,875
Interest receivable on financial assets available for sale	1,345	16,122
Interest receivable on cash and cash equivalents	3,580	2,755
Deferred consideration	5,534	7,687
VAT receivable	3,723	3,723
Prepayments	-	135
Total other assets	**90,554**	**104,060**

Included within receivables from the Agency is a loan for €52m receivable from the Agency. NALM provided this loan to the Agency on 25 February 2011 at an interest rate set at the six month Euribor rate.

15 Trading properties

	31 Mar 2012 €'000	31 Dec 2011 €'000
Trading properties	**6,850**	**6,850**

During 2011 NAMA received certain property assets as settlement for outstanding guarantees. Properties are carried at the lower of cost and net realisable value.

16 Deferred tax

	31 Mar 2012 €'000	31 Dec 2011 €'000
Deferred tax assets	**309,525**	**309,525**

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

Deferred income tax assets are recognised in respect of tax losses carried forward only to the extent that realisation of the related tax benefit is probable. A deferred income tax asset of €306m in respect of unutilised tax losses was recognised in the 31 December 2011 year end financial statements. Based on 2011 year end results, NAMA believe that future taxable profits will be available to offset any deferred tax asset recognised.

Deferred tax assets will be assessed annually for recoverability.

17 Debt Securities in issue

	For the period from 1 Jan 2012 to 31 Mar 2012 €'000
In issue at 1 January 2012	29,106,000
Issued in the quarter	-
Redeemed during the quarter	-
Cancelled in the quarter	(136,000)
In issue at 31 March 2012	**28,970,000**

There were non cash redemptions of bonds in the period of €136m. These non cash redemptions resulted from a reduction in consideration due to Participating Institutions following the completion of due diligence in respect of loans acquired as part of the "bulk transfer" in quarter 4, 2010.

The Group did not issue or redeem any senior notes during the quarter.

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

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

Notes are issued on each acquisition date and all Notes issued prior to 1 March 2011 matured on 1 March 2011. The Notes issued in 2010 permitted the issuer to settle all, or some only, of the Notes at maturity by issuing a new Note on the same terms as the existing Note (other than as to maturity which may be up to 364 days from the date of issue notwithstanding that the existing Note may have had a shorter maturity).

All the Notes that matured on 1 March 2012 were settled by issuing new Notes with a maturity of 1 March 2013.

The Minister for Finance issued a direction to NAMA under Section 14 of the Act that the terms and conditions of the Notes issued on 1 March 2011, and of any Notes issued thereafter, should be amended to remove the issuer's option to settle maturing Notes by the issue of new Notes on similar terms unless prior consent is received from the note holder, and to remove the issuer's option to extend the maturity of the Notes. This direction was implemented on 22 June 2011.

18 Other liabilities

	31 Mar 2012 €'000	31 Dec 2011 €'000
Accrued swap interest payable	137,101	29,443
Accrued interest on debt securities in issue	32,056	169,298
Accrued expenses	24,722	43,944
Accrued due diligence costs	1,849	6,961
Professional services withholding tax and other taxes	2,159	1,992
Other liabilities	118,404	116,444
Total other liabilities	**316,291**	**368,082**

Included within other liabilities is an inter-Group loan of €99.9m from NAMAIL and accrued interest on same. The balance relates to occupany costs payable to NAMA the Agency.

19 Share capital

	31 March 2012	
	Number	€
Authorised:		
Ordinary shares of € 1 each	1,000	1,000
Issued and fully paid during the period:		
Ordinary shares of € 1 each	100	100

20 Other equity instruments	**For the period from 1 Jan 2012 to 31 Mar 2012 €'000**
At 1 January 2012	1,601,000
Issued in the quarter	-
Redeemed during the quarter	-
Cancelled in the quarter	(7,000)
In issue at 31 March 2012	**1,594,000**

There were non cash redemptions of subordinated notes in the quarter of €7m. These non cash redemptions resulted from a reduction in consideration due to Participating Institutions following the completion of due diligence in respect of loans acquired as part of the "bulk transfer" in quarter 4, 2010.

The Group did not issue or redeem any subordinated notes during the quarter.

Terms of the instrument

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

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

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

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

21 Other reserves

Other reserves are analysed as follows:	**Cashflow hedge reserve €'000**	**Available for sale reserve €'000**	**Total €'000**
At 1 January 2012	(261,135)	110	**(261,025)**
Net changes in fair value	(92,473)	(94)	**(92,567)**
Deferred tax recognised in other reserves	68,913	(28)	**68,885**
At 31 March 2012	**(284,695)**	**(12)**	**(284,707)**

The cash flow hedge reserve comprises the mark to market movement on interest rate swaps that have been designated into hedge relationships. Any fair value gains or losses arising on these derivatives in hedge relationships is accounted for in reserves. The available for sale (AFS) reserve comprises the fair value movement on AFS assets in the quarter (see note 10).

National Asset Management Limited
Income Statement by NAMA group entity
For the period from 1 January 2012 to 31 March 2012

	National Asset Loan Management Limited	National Asset Property Management Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	Consolidated Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Interest and similar income	351,362	-	-	-	-	-	351,362
Interest and similar expenses	(16,927)	-	-	-	(117,370)	-	(134,297)
Net interest income / (expense)	**334,435**	**-**	**-**	**-**	**(117,370)**	**-**	**217,065**
Profit on disposal of loans	12,251						12,251
(Losses) on derivative financial instruments	(16,977)	-	-	-	-	-	(16,977)
Total operating income / (expense)	**329,709**	**-**	**-**	**-**	**(117,370)**	**-**	**212,339**
Administration expenses	(24,723)	-	-	-	-	-	(24,723)
Foreign exchange (losses)	(54,523)	-	-	-	-	-	(54,523)
Operating profit / (loss) before income tax	**250,463**	**-**	**-**	**-**	**(117,370)**	**-**	**133,093**
Tax (expense) / credit	-	-	-	-	-	-	-
Profit / (loss) for the period	**250,463**	**-**	**-**	**-**	**(117,370)**	**-**	**133,093**

National Asset Management Limited							
Balance Sheet by NAMA group entity as at 31 March 2012							
	National Asset Loan Management Limited	**National Asset Property Management Limited**	**National Asset Management Services Limited**	**National Asset Management Group Services Limited**	**National Asset Management Limited**	**Consolidation Adjustments**	**Consolidated Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Assets							
Cash	4,594,526	-	-	-	-	-	4,594,526
Financial assets available for sale	28,468	-	-	-	-	-	28,468
Receivables from Participating Institutions	123,473	-	-	-	-	-	123,473
Derivative financial instruments	382,855	-	-	-	-	-	382,855
Loans and receivables	25,049,656	-	-	-	-	-	25,049,656
Deferred tax asset	175,124	-	-		134,401	-	309,525
Other assets	696,211	-	-	30,564,000	30,663,900	(61,833,557)	90,554
Inventories	6,850	-	-	-	-	-	6,850
Total assets	**31,057,163**	**-**	**-**	**30,564,000**	**30,798,301**	**(61,833,557)**	**30,585,907**
Liabilities							
Payable to Participating Institutions	(34,039)	-	-	-	-	-	(34,039)
Derivative financial instruments	(764,465)	-	-	-	-	-	(764,465)
Debt securities in issue	-	-	-	-	(28,970,000)	-	(28,970,000)
Other liabilities	(30,830,977)	-	-	(30,564,000)	(754,871)	61,833,557	(316,291)
Total liabilities	**(31,629,481)**	**-**	**-**	**(30,564,000)**	**(29,724,871)**	**61,833,557**	**(30,084,795)**
Equity							
Share capital	-	-	-	-	-	-	-
Other equity instruments	-	-	-	-	1,594,000	-	1,594,000
Retained earnings	(287,611)	-	-		(520,570)	-	(808,181)
Other reserves	(284,707)	-	-	-	-	-	(284,707)
Total equity	**(572,318)**	**0**	**0**	**0**	**1,073,430**	**0**	**501,112**
Total equity & liabilities	**(31,057,163)**	**0**	**0**	**(30,564,000)**	**(30,798,301)**	**61,833,557**	**(30,585,907)**

National Asset Management Limited

Balance Sheet by NAMA group entity as at 31 December 2011

	National Asset Loan Management Limited	National Asset Property Management Limited	National Asset Management Services Limited	National Asset Management Group Services Limited	National Asset Management Limited	Consolidation Adjustments	Consolidated Total
	€’000	€’000	€’000	€’000	€’000	€’000	€’000
Assets							
Cash	3,345,363	-	-	-	-	-	3,345,363
Financial assets available for sale	499,747	-	-	-	-	-	499,747
Receivables from Participating Institutions	409,143	-	-	-	-	-	409,143
Derivative financial instruments	448,539	-	-	-	-	-	448,539
Loans and receivables	25,607,389	-	-	-	-	-	25,607,389
Deferred tax asset	175,124	-	-		134,401		309,525
Other assets	456,874	-	-	30,707,000	30,806,900	(61,866,714)	104,060
Inventories	6,850	-	-	-	-	-	6,850
Total assets	**30,949,029**	**-**	**-**	**30,707,000**	**30,941,301**	**- 61,866,714**	**30,730,616**
Liabilities							
Payable to Participating Institutions	(60,224)	-	-	-	-	-	(60,224)
Derivative financial instruments	(728,725)	-	-	-	-	-	(728,725)
Debt securities in issue	-	-	-	-	(29,106,000)	-	(29,106,000)
Other liabilities	(30,890,294)	-	-	(30,707,000)	(637,502)	61,866,714	(368,082)
Total liabilities	**(31,679,243)**	-	-	**(30,707,000)**	**(29,743,502)**	**61,866,714**	**(30,263,031)**
Equity							
Share capital	-	-	-	-	-	-	-
Subordinated equity	-	-	-	-	1,601,000	-	1,601,000
Retained earnings	(538,073)	-	-	-	(403,201)	-	(941,274)
Other reserves	(192,141)	-	-	-	-	-	(192,141)
Total equity	**(730,214)**	-	-	-	**1,197,799**	**0**	**467,585**
Total equity & liabilities	**(30,949,029)**	**-**	**-**	**(30,707,000)**	**(30,941,301)**	**61,866,714**	**(30,730,616)**