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**Direction to the National Asset Management Agency pursuant to  
Section 14(1) of the National Asset Management Agency Act  
2009 in relation to the interest rate on the NAMA Senior Note  
Programme**

Ireland: Department of Finance/An Roinn Airgeadais

Michael Noonan

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Our Reference: 513/43/10

National Asset Management Agency  
Treasury Building  
Grand Canal Street  
Dublin 2

31 July 2015

**Direction to the National Asset Management Agency pursuant to Section 14(1) of the National Asset Management Agency Act 2009 in relation to the interest rate on the NAMA Senior Note Programme**

1. Background

The National Asset Management Limited Senior Notes (the "Notes"), issued under Section 48 of the National Asset Management Agency Act, 2009 (the "Act"), are guaranteed by the Minister for Finance.

The interest rate on the Notes in issue is 6 month Euribor with no spread. 6 month Euribor has continually dropped since 2011 and now stands at 4.9bps and as a result the interest rate on the Notes could become negative should this trend continue.

A negative interest rate would have a significant effect on the Note Programme, namely:

The Notes would become ineligible as collateral with the European Central Bank ("ECB"), resulting in them no longer qualifying as Level 1 High Quality Liquid Assets as part of the Note Holders liquidity coverage ratio and net stable funding ratio for fulfilment of their regulatory liquidity requirements.

Had the possibility of negative rates been envisaged at the time of their issuance, the Notes would likely have had an effective zero interest rate floor to protect ECB eligibility.

The eligibility of the Notes as collateral at the ECB is a key feature underpinning NAMA's establishment and in providing liquidity for the Note Holders.

Acknowledging the purposes of the Act, the NAMA Board is seeking a Direction to take appropriate steps to ensure any negative euribor rate would not apply to the Notes.

2. Direction

2.1 This is a direction pursuant to Section 14(1) of the National Asset Management Agency Act 2009 (the "Act") in order to achieve the purposes of this Act, in particular Section 2(b)(v) to "facilitate restructuring of credit institutions of systemic importance to the economy."

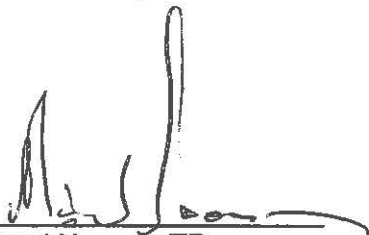
2.2 I hereby direct:

That NAMA take appropriate steps to ensure that in the event 6 month euribor is negative a negative rate will not apply to the Notes and, in so far as possible, to ensure that the Notes remain eligible as collateral for Eurosystem monetary policy operations.

2.3 This Direction will remain effective unless revoked.

I reserve the right to issue further directions to you from time to time.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Noonan', written over a horizontal line.

Michael Noonan TD  
Minister for Finance