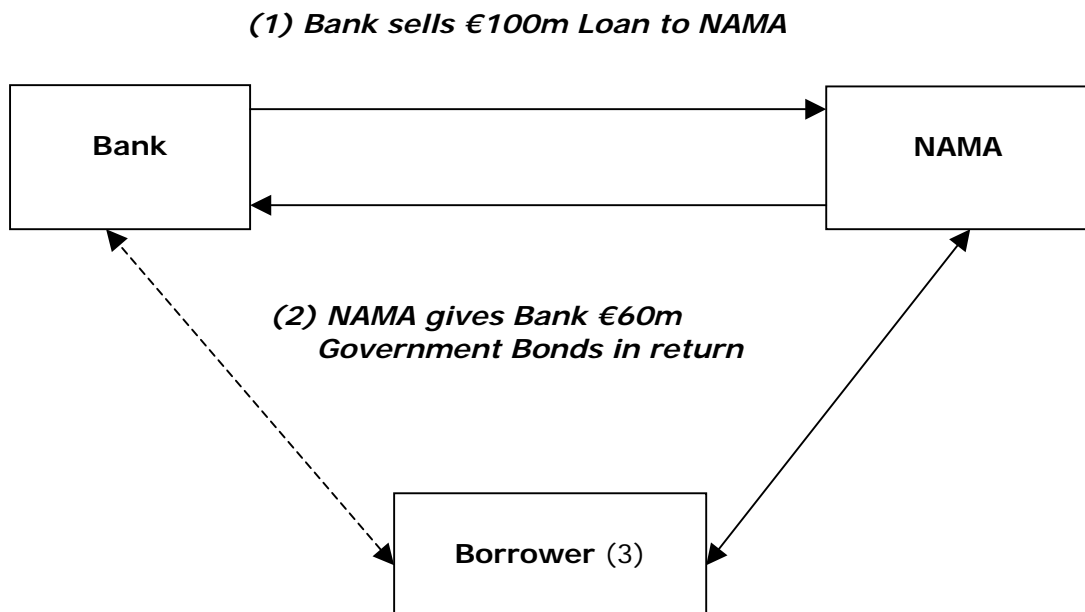


NAMA Prospective Business Model



(3) *Borrower continues to owe €100m to NAMA despite NAMA only having paid €60m to Bank for the Loan.*

Bank Perspective – sale of loans to NAMA for Government Bonds

- Reduces risk weighted assets (RWA) which have a high weighting for capital ratio purposes.
- Removes Loans from Bank's Balance Sheet that generally cannot be used for collateral purposes to access liquidity with Central Banks or market counterparties.
- Receives Government Bonds which can be used as collateral with Central Banks and market counterparties for liquidity (zero weighting RWA)
- Banks will administer the loans on behalf of NAMA but control passes to NAMA.

NAMA Perspective

- NAMA controls the relationship with borrower and makes all decisions.
- NAMA receives income on the acquired loan portfolios' (usually floating interest rate plus a profit margin)
- NAMA pays an interest coupon on Government bonds (floating interest rate)