ASSET COVERED SECURITIES ACT 2001
REGULATORY NOTICE (SECTION 47(12)) 2007

This regulatory notice is issued pursuant to section 47(12) of the Asset Covered Securities Act 2001 (No. 47 of 2001)(the "Act") by the Irish Financial Services Regulatory Authority in performance of the functions of the Authority under the Act in accordance with section 33C(1)(a) of the Central Bank Act 1942 (No. 22 of 1942).

1.   The formula and criteria for determining present value for the purposes of section 47(12) of the Act are as specified in this regulatory notice.

2.   In this regulatory notice, unless the context otherwise requires, "relevant asset" means, in relation to a designated public credit institution, a public credit asset or a substitution asset comprised in the cover assets pool of that institution.

3.   Present value of a designated public credit institution's relevant assets

The present value of a relevant asset of a designated public credit institution, taking account of any transaction under a cover asset hedge contract(s) which hedges such relevant asset, shall be calculated as the sum of the present values of each cashflow payable on such relevant asset or transaction, as follows:

$$PV = \sum_{t=1}^{T} \frac{CF_t}{(1+S_t+Z)^t}$$

where: CF_t = interest $_t$ + capital $_t$

S_t is the zero coupon interest rate, at valuation, to time t

Z is a static spread over the zero coupon interest rate that lets the present value of the relevant asset or transaction be equal to its price.

4.   Total present value of designated public credit institution's cover asset pool

The total present value of a designated public credit institution's relevant assets shall be the sum of the present values of each such relevant asset, taking account of any transaction under a cover asset hedge contract which hedges any or all such relevant assets.

5. Present value of public credit covered securities issued

The present value of a public credit covered security issued, taking account of any transaction under a cover asset hedge contract which hedges such security, shall be the sum of the present values of each cash flow payable on such security or transaction, as follows:

$$PV = \sum_{t=1}^{T} \frac{CF_t}{(1+S_t+X)^t}$$

where CF_t = interest $_t$ + capital $_t$

S_t is the zero coupon interest rate, at valuation, to time t

X is the zero coupon interest rate that lets the present value of the security or transaction be equal to its price.

6. Total present value of public credit covered securities issued

The total present value of public credit covered securities issued shall be the sum of the present values of such securities, taking account of any transaction under a cover asset hedge contract which hedges any or all such securities.

Signed for and on behalf of
THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY
on this the 31st day of August 2007

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Mr Patrick Neary
Chief Executive
Irish Financial Services Regulatory Authority

This regulatory notice was published in Iris Oifigiúil on 31 August 2007 and comes into operation on that date.