

Confidential

# The Board of EETI

VALUATION OF THE INVESTMENT PORTFOLIO AS AT 31/12/2015

January 2016

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# 1 SUMMARY

# Introduction

- ▶ The EETI portfolio comprises first and second loss positions of RMBS (residential mortgage-backed securities) with underlying loan portfolios primarily in Spain, Portugal, the UK, Germany and France.
- ▶ This document details the assumptions and model outputs of the quarterly valuation undertaken at 31/12/2015. It forms part of the ongoing monitoring and revaluation of the portfolio.
- ▶ The market for European securitisations has reopened after a lull of several years but it is almost exclusively focused on the issuance of first-pay / AAA-rated bonds, due to prevailing regulatory capital constraints for issuers and investors.
- ▶ Trading in pre-crisis senior and mezzanine positions of European securitisations has also markedly picked up. However, the deeply subordinated first and second loss positions held by EETI remain illiquid, with no recorded trading activity and a very limited number of comparable transactions.
- ▶ In that context, the fair value of the portfolio is assessed through a mark-to-model approach.
  - This approach is predicated on preparing forecast cash flow until maturity for each investment using observable credit assumptions and deriving their net present values based on discount rates consistent with the current market environment;
  - The credit assumptions retained by Cartesia are based on the historical performance of individual transactions, benchmarked against a broad sample of comparable transactions;
    - In order to provide observable inputs, the main credit variables have been set at their 24-month average values (default rates and prepayment or redemption rates);
  - The discount rates are set by the Board and derived from average credit spreads for traded debt securities providing comparable risk/reward profiles;
  - The exercise by the originator of optional termination clauses (time or clean-up calls) is assessed on a case-by-case basis.
- ▶ The forecast cash flows have been prepared by Cartesia using internally developed models.

## Valuation summary

- ▶ The EETI portfolio is valued at 31/12/2015 at EUR 30,344k before accruals, corresponding to the net present value of a total forecast cash flow stream of EUR 46,395k, discounted at the rates set by the Board for each investment.
  - Including accrued interest, the portfolio is valued at EUR 30,789k at year-end 2015.
- ▶ Valuation adjustments this quarter amount to EUR 1,023k, primarily stemming from an improvement in the credit performance and/or repayment profile of most positions as well as the tightening in discount rates.
- ▶ Over the whole year, the total revaluation has amounted to EUR 3,356k corresponding principally to the following movements:
  - The revaluation of the Gems position by an aggregate amount of EUR 1m over the year, as the bond will in all likelihood be repaid at par in March 2016, generating a EUR 5m inflow;
  - The revaluation of the Lusitano 3 and 5 positions by an aggregate amount of EUR 1.1m, following an improvement in their credit performance;
  - The revaluation of the Pastor positions by an aggregate amount of EUR 0.7m, reflecting an improvement in their underlying credit performance.

### Portfolio book value at 31/12/2015

(EUR 000s)

Investments	Country	Book Value at 31/12/2015			Q4 2015 (Markdown)/ Revaluation	2015 (Markdown)/ Revaluation	% Book Value	% Total Cash Flow
		Net Present Values	Total Forecast Cash Flow	Discount Rate				
Pastor 2	Spain	3,916	5,060	7.1%	(5)	55	12.9%	10.9%
Pastor 3	Spain	0	0	12.1%	0	0	0.0%	0.0%
Pastor 4	Spain	1,386	3,559	12.1%	55	626	4.6%	7.7%
Pastor 5	Spain	0	0	12.1%	0	0	0.0%	0.0%
Lusitano 3	Portugal	7,281	9,793	7.1%	22	492	24.0%	21.1%
Lusitano 5	Portugal	5,348	10,439	12.1%	603	629	17.6%	22.5%
Gems	Germany	4,940	5,007	5.6%	399	1,017	16.3%	10.8%
Minotaure	France	1,770	4,998	12.1%	21	72	5.8%	10.8%
Sestante 4A1	Italy	49	51	5.6%	(2)	9	0.2%	0.1%
Ludgate	UK	5,654	7,488	12.1%	(71)	456	18.6%	16.1%
<b>TOTAL</b>		<b>30,344</b>	<b>46,395</b>	<b>9.2%</b>	<b>1,023</b>	<b>3,356</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Book values above are indicated without accrued interest; accrued interest at year amount to an aggregate EUR 445k. EETI also holds interests in Sestante 4D as well as in the most subordinated bonds issued by Citrine Finance Ltd referencing the residuals of the Sestante 2, Sestante 3 and Lusitano 4 securitisations. These bonds are fully written off and considered irremediably impaired; Citrine Finance has been put in liquidation.

## Net present values at different discount rates

(EUR 000s)

### Net present values at different discount rates (at 31/12/2015)

Discount Rate	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Total
5.61%	4,128	-	2,268	-	7,718	7,499	49	4,940	3,041	6,523	36,665
7.11%	3,916	-	2,019	-	7,282	6,910	49	4,922	2,675	6,302	34,668
12.11%	3,304	-	1,385	-	6,084	5,349	47	4,867	1,770	5,655	29,288
15.00%	3,006	-	1,123	-	5,533	4,660	47	4,836	1,406	5,334	26,867
17.50%	2,774	-	940	-	5,119	4,158	46	4,810	1,159	5,082	25,081
20.00%	2,565	-	790	-	4,755	3,725	45	4,785	959	4,853	23,527
22.50%	2,376	-	667	-	4,432	3,350	45	4,760	796	4,642	22,167
<b>Valuation</b>	<b>3,916</b>	<b>-</b>	<b>1,385</b>	<b>-</b>	<b>7,282</b>	<b>5,349</b>	<b>49</b>	<b>4,940</b>	<b>1,770</b>	<b>5,655</b>	<b>30,346</b>

### Cash flow multiples at different discount rates (total cash flow / net present value)

Discount Rate	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Total
5.61%	1.2x	-	1.6x	-	1.3x	1.4x	1.0x	1.0x	1.6x	1.1x	1.3x
7.11%	1.3x	-	1.8x	-	1.3x	1.5x	1.0x	1.0x	1.9x	1.2x	1.3x
12.11%	1.5x	-	2.6x	-	1.6x	2.0x	1.1x	1.0x	2.8x	1.3x	1.6x
15.00%	1.7x	-	3.2x	-	1.8x	2.2x	1.1x	1.0x	3.6x	1.4x	1.7x
17.50%	1.8x	-	3.8x	-	1.9x	2.5x	1.1x	1.0x	4.3x	1.5x	1.8x
20.00%	2.0x	-	4.5x	-	2.1x	2.8x	1.1x	1.0x	5.2x	1.5x	2.0x
22.50%	2.1x	-	5.3x	-	2.2x	3.1x	1.1x	1.1x	6.3x	1.6x	2.1x
<b>Valuation</b>	<b>1.3x</b>	<b>-</b>	<b>2.6x</b>	<b>-</b>	<b>1.3x</b>	<b>2.0x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>2.8x</b>	<b>1.3x</b>	<b>1.5x</b>

Note: Values above do not include accrued interest. Values in the table above differ marginally from the ones indicated on the previous page due to differences in daycount.

# Quarterly historical cash flow

(EUR 000s)	Spain				Portugal		Italy	Germany	France		UK	TOTAL EETI		
	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Qtly	Annual	Cumulative	
<b>HISTORICAL</b>														
Q3 2009	86	-	-	-	59	77	-	25	213	13	891			
Q4 2009	430	-	-	-	34	75	-	19	210	-	1,166		2,057	
Q1 2010	337	-	-	-	-	0	-	18	190	26	960			
Q2 2010	235	-	-	-	75	-	-	17	233	6	952			
Q3 2010	59	-	-	-	205	-	-	18	264	6	940			
Q4 2010	160	-	-	-	-	-	-	20	216	8	802	3,655	5,712	
Q1 2011	316	-	-	-	85	-	-	22	132	10	968			
Q2 2011	385	-	-	-	529	-	25	23	214	13	1,595			
Q3 2011	222	-	-	-	350	-	25	27	249	11	1,307			
Q4 2011	169	-	-	-	273	-	19	28	177	11	8,746	12,616	18,328	
Q1 2012	235	-	-	-	487	-	20	27	189	2	1,215			
Q2 2012	170	-	-	-	388	-	15	22	134	2	4,961			
Q3 2012	91	-	-	-	282	-	14	17	99	5	655			
Q4 2012	7	-	-	-	-	-	11	12	-	5	175	7,006	25,334	
Q1 2013	7	-	-	-	5	-	11	11	-	7	178			
Q2 2013	-	-	-	-	-	-	13	12	-	14	6,131			
Q3 2013	14	-	-	-	203	-	12	11	-	14	255			
Q4 2013	-	-	-	-	110	-	11	12	-	1	134	6,698	32,032	
Q1 2014	-	-	-	-	183	-	10	12	-	4	209			
Q2 2014	-	-	-	-	78	-	12	13	-	291	394			
Q3 2014	-	-	-	-	247	-	13	13	-	577	850			
Q4 2014	29	-	-	-	237	-	12	11	-	575	864	2,317	34,349	
Q1 2015	4	-	-	-	114	-	11	10	-	456	595			
Q2 2015	4	-	-	-	110	-	11	9	-	479	614			
Q3 2015	3	-	-	-	71	-	13	9	-	541	637			
Q4 2015	-	-	-	-	102	-	13	8	-	331	455	2,301	36,650	

# Quarterly forecast cash flow

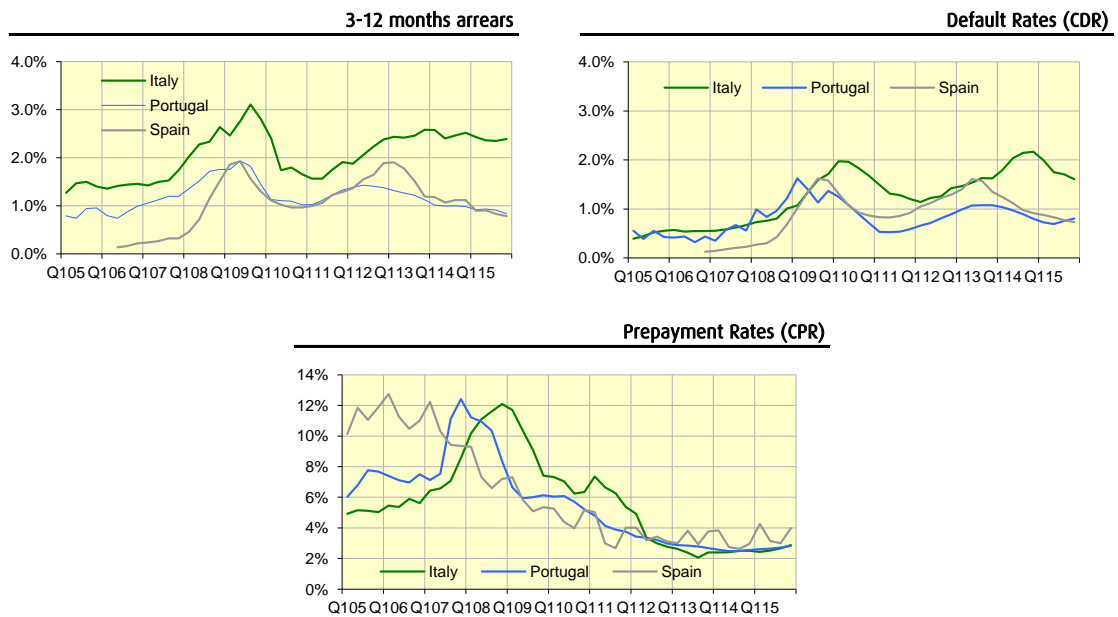
(EUR 000s)		Spain				Portugal		Italy	Germany	France	UK	Total		
		Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate			
<b>Sum CF</b>		<b>5,060</b>	-	<b>3,559</b>	-	<b>9,793</b>	<b>10,439</b>	<b>51</b>	<b>5,007</b>	<b>4,998</b>	<b>7,488</b>	<b>46,395</b>		
<b>% Total</b>		<b>10.9%</b>	<b>0.0%</b>	<b>7.7%</b>	<b>0.0%</b>	<b>21.1%</b>	<b>22.5%</b>	<b>0.1%</b>	<b>10.8%</b>	<b>10.8%</b>	<b>16.1%</b>	<b>100.0%</b>		
												Quarterly CF	Annual CF	Cumulative CF
Q1 2016	1	7	-	-	149	-	12	5,007	-	-	441	5,616	-	5,616
Q2 2016	2	4	-	-	165	-	12	-	-	-	428	610	-	6,225
Q3 2016	3	3	-	-	157	-	12	-	-	-	415	587	-	6,813
Q4 2016	4	3	-	-	187	-	12	-	-	-	425	627	7,440	7,440
Q1 2017	5	3	-	-	165	-	2	-	-	-	411	582	-	8,022
Q2 2017	6	3	-	-	177	-	0	-	-	-	399	579	-	8,600
Q3 2017	7	3	-	-	167	-	0	-	-	-	386	556	-	9,157
Q4 2017	8	3	-	-	317	-	0	-	-	-	375	695	2,412	9,852
Q1 2018	9	4	-	-	320	-	-	-	-	-	358	681	-	10,533
Q2 2018	10	4	-	-	321	-	-	-	-	-	341	666	-	11,199
Q3 2018	11	4	-	-	491	-	-	-	-	-	325	820	-	12,019
Q4 2018	12	4	-	-	614	-	-	-	-	-	310	929	3,096	12,948
Q1 2019	13	4	-	-	596	-	-	-	-	-	289	890	-	13,837
Q2 2019	14	5	-	-	595	-	-	-	-	-	269	868	-	14,705
Q3 2019	15	5,005	-	-	594	95	-	-	-	-	250	5,944	-	20,649
Q4 2019	16	-	-	-	585	1,924	-	-	-	-	232	2,741	10,443	23,390
Q1 2020	17	-	-	-	588	805	-	-	-	-	208	1,601	-	24,992
Q2 2020	18	-	-	-	765	803	-	-	-	-	186	1,755	-	26,746
Q3 2020	19	-	-	-	93	799	-	-	-	-	1,439	2,332	-	29,078
Q4 2020	20	-	-	-	88	2,712	-	-	-	-	-	2,800	8,487	31,878
Q1 2021	21	-	-	-	88	130	-	-	-	-	-	218	-	32,096
Q2 2021	22	-	-	-	86	128	-	-	-	-	-	214	-	32,310
Q3 2021	23	-	-	-	86	122	-	-	-	-	-	208	-	32,517
Q4 2021	24	-	-	-	78	121	-	-	-	-	-	199	838	32,716
Q1 2022	25	-	-	-	80	94	-	-	-	-	-	174	-	32,890
Q2 2022	26	-	-	-	78	64	-	-	-	-	-	142	-	33,031
Q3 2022	27	-	-	-	77	59	-	-	-	-	-	137	-	33,168
Q4 2022	28	-	-	-	70	58	-	-	-	-	-	128	581	33,296
Q1 2023	29	-	-	-	72	58	-	-	-	-	-	129	-	33,426
Q2 2023	30	-	-	-	70	56	-	-	-	-	-	126	-	33,551
Q3 2023	31	-	-	-	69	52	-	-	-	-	-	121	-	33,672
Q4 2023	32	-	-	-	62	51	-	-	-	533	-	647	1,023	34,319
Q1 2024	33	-	3,559	-	64	50	-	-	-	768	-	4,441	-	38,760
Q2 2024	34	-	-	-	62	49	-	-	-	658	-	769	-	39,529
Q3 2024	35	-	-	-	61	46	-	-	-	510	-	616	-	40,145
Q4 2024	36	-	-	-	56	44	-	-	-	384	-	484	6,310	40,629
Q1 2025	37	-	-	-	56	43	-	-	-	303	-	403	-	41,031
Q2 2025	38	-	-	-	54	42	-	-	-	226	-	322	-	41,354
Q3 2025	39	-	-	-	1,391	38	-	-	-	109	-	1,538	-	42,892
Q4 2025	40	-	-	-	-	38	-	-	-	28	-	66	2,329	42,958
Q1 2026	41	-	-	-	-	37	-	-	-	1,478	-	1,514	-	44,472
Q2 2026	42	-	-	-	-	35	-	-	-	-	-	35	-	44,508
Q3 2026	43	-	-	-	-	33	-	-	-	-	-	33	-	44,540
Q4 2026	44	-	-	-	-	32	-	-	-	-	-	32	1,614	44,572
Q1 2027	45	-	-	-	-	31	-	-	-	-	-	31	-	44,603
Q2 2027	46	-	-	-	-	30	-	-	-	-	-	30	-	44,632
Q3 2027	47	-	-	-	-	27	-	-	-	-	-	27	-	44,659
Q4 2027	48	-	-	-	-	26	-	-	-	-	-	26	114	44,686
Q1 2028	49	-	-	-	-	1,709	-	-	-	-	-	1,709	-	46,395



# European RMBS performance update

- ▶ The improvement of the Spanish and the Portuguese economies in 2015 has reflected positively on the credit performance of a broad sample of RMBS transactions in these countries:
  - 90-day+ arrears have further declined to an average of approx. 0.8% in both countries, down 0.1-0.2% over 2015;
  - Default rates have continued to decrease, after a peak in the first half of 2013, and now stand close to 0.8% in both countries. Later vintage pre-crisis Spanish RMBS (2006-07) continue to significantly underperform earlier transactions;
  - Spanish residential real estate prices have bottomed in 2014 at a level of approx. 35% below peak and have slowly increased since. In Portugal, with less overvaluation to deflate, prices have fallen by an average of 12% since 2008 and have recovered slowly to mid-2012 levels in the third quarter of 2015 (10% below peak);
  - In both cases, any sustained price recovery in dwellings requires in our perception a continued uplift in transaction volume and/or availability of bank financing.
- ▶ RMBS performance in Italy has finally stabilised in 2015, after continued deterioration in 2014.
  - The economy appears to have modestly expanded in 2015 (+0.8%) leading to a decrease in unemployment to 11.7% vs. 12.9% a year ago and driving a rise in private consumption (+1.2% in 2015);
  - Housing prices have continued to decrease though and bank lending remains sluggish due to a large (and still rising) amount of non-performing loans weakening the entire banking sector.
- ▶ German credit performance in general remains solid, supported by continuous housing price increases through 2015. However, the German transaction held by EETI is an outlier due to its large East German component; this transaction should be fully repaid over the coming months.

## European RMBS performance



Sources : Cartesia, Trustee reports.

## 2 PASTOR INVESTMENTS (SPANISH SECOND LOSS)

# Fact sheet

<b>EETI Investments:</b>	<ul style="list-style-type: none"> <li>▶ <u>Pastor 2</u>: 100% of the EUR 5,000,000 subordinated loan at EUR 3M + 0.35% p.a.</li> <li>▶ <u>Pastor 3</u>: 100% of the EUR 9,000,000 subordinated loan at EUR 3M + 2.50% p.a.</li> <li>▶ <u>Pastor 4</u>: 100% of the EUR 5,500,000 subordinated loan at EUR 3M + 2.50% p.a.</li> <li>▶ <u>Pastor 5</u>: 33.3% of the EUR 10,500,000 Class D Notes at EUR 3M + 4.50% p.a.</li> </ul>
<b>Position:</b>	<ul style="list-style-type: none"> <li>▶ <b>Second-loss position</b></li> <li>▶ First loss (residual) held by Banco Pastor</li> <li>▶ Unpaid interests accrue and remain a liability of the securitisation fund until termination</li> </ul>
<b>Spread:</b>	<p>Swap with Banco Pastor guarantees a spread after notes margin and fees of:</p> <ul style="list-style-type: none"> <li>▶ <u>Pastor 2</u>: 0.40% p.a.</li> <li>▶ <u>Pastor 3</u>: 0.40% p.a.</li> <li>▶ <u>Pastor 4</u>: 0.40% p.a.</li> <li>▶ <u>Pastor 5</u>: 0.60% p.a.</li> </ul>
<b>Principal CF drivers:</b>	<ul style="list-style-type: none"> <li>▶ CDR (annualised default rate)</li> <li>▶ Recovery lag</li> <li>▶ Loss severity</li> </ul>
<b>Clean-up call:</b>	Optional clean-up once the collateral has reached 10% of its initial amount assumed to be exercised.

# Collateral profile

## Key characteristics

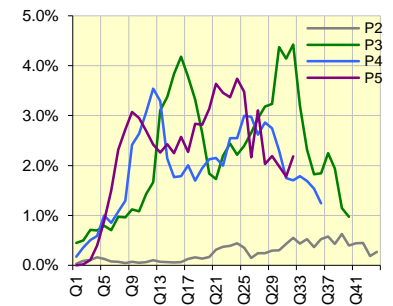
		P2	P3	P4	P5	
<b>Key deal information</b>						
Issuer		Banco Pastor				
Issue date		06/2004	06/2005	06/2006	06/2007	
Months since issue		139	127	115	103	
Issue size (OB)	EURm	1,000	1,000	920	711	
Current size (CB)	EURm	175	219	288	284	
	% OB	17%	22%	31%	40%	
Count		3,523	3,002	3,318	2,798	
Avg balance	EURk	50	73	87	101	
% Non-residential		14%				
Guaranteed spread to securitisation through swap	% CB	0.40%	0.40%	0.40%	0.60%	
Plus: Notes interest & Fees						
Initial spread on loans	% CB	0.56%	1.52%	1.37%	0.72%	
Current spread on loans	% CB	0.99%	1.44%	1.38%	1.25%	
<b>Collateral composition</b>						
LTV:	At issue	61%	67%	64%	65%	
	Last Q	35%	44%	46%	47%	
LTV buckets:	<50%	86.4%	50.2%	49.6%	75%	
	[50-70%]	13.6%	49.8%	49.9%	22%	
	[70-80%]	0.0%	0.0%	0.5%	3%	
	>80%	0.0%	0.0%	0.0%	0%	
Vintage:	<=2002	57%				
	2003	43%	8%		0%	
	2004		92%	9%	1%	
	2005			91%	8%	
	2006				90%	
Region:	Madrid	24%	16%	16%	20%	
	Catalunya	28%	31%	24%	27%	
	Valencia	5%	7%	11%	7%	
	Andalusia	2%	7%	9%	10%	
	Galicia	15%	17%	17%	15%	
	Others	26%	22%	24%	21%	
<b>Transaction performance</b>						
Average CPR:	Since issue	% CB	8.1%	7.8%	6.2%	4.6%
	Last 24M	% CB	4.4%	3.7%	3.8%	3.3%
	Last 12M	% CB	4.7%	4.1%	3.9%	3.5%
Arrears:	<=1M	% CB	4.9%	7.5%	6.4%	6.2%
	]1-3M]	% CB	2.7%	6.3%	5.9%	2.2%
	3-12M	% CB	0.3%	0.9%	0.8%	1.4%
	Total	% CB	7.9%	14.6%	13.1%	9.8%
Cumulative defaults	EURm	8.7	81.6	85.6	63.4	
	% OB	0.9%	8.2%	9.3%	8.9%	
Default Rate (CDR):	Since issue	% CB	0.2%	2.3%	2.2%	2.4%
	Last 24M	% CB	0.4%	2.1%	2.3%	2.4%
	Last 12M	% CB	0.2%	1.7%	1.8%	1.7%
Cumulative recoveries	EURm	4.4	15.6	12.1	15.8	
As a % of cumulative defaults		50.9%	19.1%	14.1%	24.9%	
Reserve amount	EURm	4.95	(49.78)	(38.12)	(29.55)	
Reserve %	% CB	2.83%	-22.70%	-13.25%	-10.42%	
Reserve drawn?		No	Yes	Yes	Yes	

Sources: Cartesia, Trustee reports.

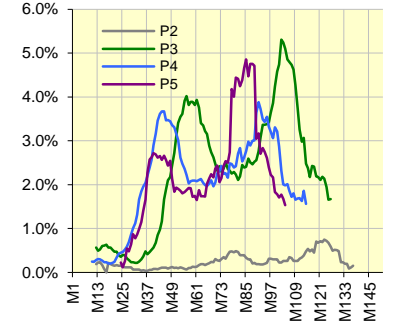
## Collateral performance

Months or Quarters since issue

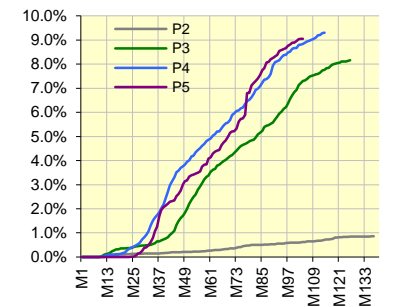
90-day + Arrears (%CB)



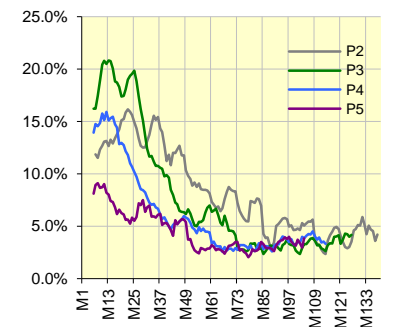
12 Months Average Default Rates (% CB)



Cumulative defaults (% OB)



6M trailing average prepayments (CPR)

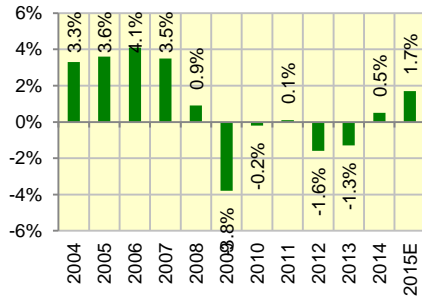


## Macroeconomic update

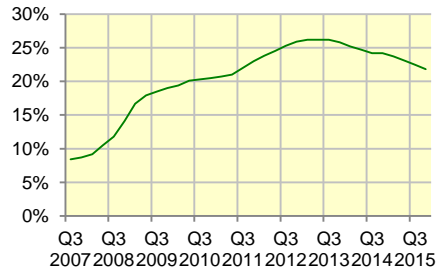
- ▶ The deep post-crisis recession experienced by Spain has now unequivocally ended with real GDP growing at an estimated 1.7% in 2015, after an 0.5% increase in 2014. Current output stands at mid-2006 levels, approx. 5% below peak output of 2008.
- ▶ Renewed growth has helped the continued decrease in unemployment to 21.7% of the workforce at year-end, compared with a peak of over 26% in 2013. Youth unemployment however still stood at 47.7% at year-end, over twice the European average.
- ▶ Government finances, alongside the balance of payments, remain broadly unchanged, with the budget deficit expected to equal the 5.7% recorded in 2014 and sovereign debt amounting to almost 100% of GDP.
- ▶ Sovereign yields have ended the year wider, albeit with a broadly unchanged credit spread to Germany, reflecting growing risk aversion at year-end as well as political uncertainty following the recent general election in which the two mainstream parties fared particularly poorly.
  - The 10-year sovereign bonds yielded 1.77% at year-end vs. 1.61% at the beginning of the year (+16bps).
- ▶ Spanish banks passed the recent round of ECB stress tests with relative ease, which has been supportive of bank borrowing rates; senior unsecured bank debt and covered bonds are currently trading at yields of 0.8%-1.5% for 5-year maturities, 0.5-1.0% above their German equivalents (stable vs. 2014).
- ▶ Real estate activity has also steadily increased since 2014, with the number of yearly transactions rising to 335k in 2015 (+10% vs. 2014).
  - Transaction volume remains however approx. 50% below pre-crisis level (770-800k sales / year) as well as 10% below post-crisis average (370k / year since 2009).
- ▶ Real estate prices have also continued their slow recovery, with an average national price increase of over 4% in 2015, raising average prices to approx. 70% of their pre-crisis level.
  - The price appreciation appears relatively homogenous across the country, with no region recording a price decline, unlike in 2014;
  - The highest rises took place in Madrid (+6.9%), Catalonia (+6.1%) and the Balearic Islands (+8.4%); Aragon and Rioja recorded the lowest price rises, short of +1%.

# Macroeconomic update (Cont'd)

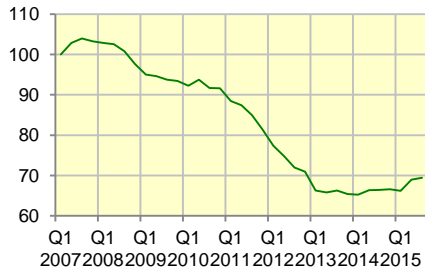
Yearly evolution in real GDP since 2004



Unemployment rate since 2007



Real estate prices (Base 100 = Q1 2007)



12M rolling transaction volume since 2009 (000s)



Sources : Cartesia, Eurostat, Spanish National Institute of Statistics.

## Transaction performance

### PASTOR 2

- ▶ The transaction has continued to perform in line with forecast; 90-day+ arrears have slightly declined to 0.3% alongside 12-month and 24-month average CDRs (default rates) which dropped to 0.17% and 0.38% respectively.
- ▶ CDR for the last quarter of the year increased to 0.41%, exceeding available excess spread. As a consequence, the coupon on the subordinated loan held by EETI was not paid in Q4 2015; the amount remains however due and should be paid over the coming quarters.

### PASTOR 3, 4 AND 5

- ▶ The credit performance of these transactions has markedly improved over the past year with 90-day+ arrears declining by close to half to 0.85%, 0.78% and 1.35% for Pastor 3, 4 and 5 respectively.
  - 90-day+ arrears at the end of 2014 stood at 1.94%, 1.69% and 2.21% respectively for these transactions.
- ▶ Default rates have similarly improved to an average level of 1.7-1.8% for the three transactions in 2015 vs. a range of 2.5-3.2% a year ago. Current CDRs are 0.4-0.7% below the default assumptions used in the valuations.
- ▶ These default rates nonetheless continue to vastly exceed the available excess spread in the transactions. As recoveries have been disappointingly low, the principal deficiency (negative reserve or PDLs) in Pastor 3, 4 and 5 have continued to worsen.
  - Principal deficiency amount to EUR 49.8m, EUR 38.1m and EUR 29.5m respectively for Pastor 3, 4 and 5 at year-end 2015 vs. EUR 48.3m, 36.5m and EUR 26.3m a year ago;
  - Recoveries over the course of 2015 have amounted to EUR 1.4m, EUR 0.9m and EUR 1.3m for Pastor 3, 4 and 5 respectively, significantly lower than the amounts recovered in 2014, which amounted to EUR 3.9m, EUR 3.4m and EUR 4.9m for the three transactions respectively;
  - The amount of defaulted loans on which the mortgaged properties have not yet been sold remain substantial for all three transactions.
- ▶ Trustee data on the loss severity incurred upon resale of foreclosed properties suggest substantial losses, in excess of 50% of the loan amount, and a recovery lag of 4 years:
  - Expenses incurred during the foreclosure process and/or for the refurbishment of properties appear to account for close to half of the total loss;
  - This dataset however only covers approx. 22% of total defaulted loans in the transactions.
- ▶ On the significantly larger inventory of repossessed homes that are not yet sold, expected loss severities based on servicer estimates average approx. 24%.
  - On that basis and taking into account improving real estate market conditions, the loss severity on the transactions has been maintained at 30%;
  - The recovery lag has however been increased to 14 quarters, up from 10 quarters.

## Transaction performance (Cont'd)

### Pastor Transactions – Actual and Expected Loss Severity on Current Defaults

(EUR m)	Foreclosed & Sold Properties						Foreclosed & Not Yet Sold Properties				
	Count	Debt Amount	Expenses	Sale Price	Actual Loss Severity	Time from NPL to Sale	Count	Debt Amount	Expenses	Appraisal Value	Estimated Loss Severity
Pastor 2	5	0.49	0.19	0.45	-46.9%	3.3 yrs	18	1.36	0.19	1.78	0.0%
Pastor 3	43	5.70	1.58	3.96	-58.2%	4.2 yrs	266	31.66	6.39	30.23	-24.7%
Pastor 4	37	4.70	1.12	3.38	-51.9%	4.3 yrs	283	37.45	7.01	32.7	-31.4%
Pastor 5	n/a	9.90	n/a	4.48	-54.8%	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL</b>		<b>20.79</b>	<b>2.89</b>	<b>12.27</b>	<b>-54.9%</b>	<b>4.2 yrs</b>	<b>567</b>	<b>70.47</b>	<b>13.59</b>	<b>64.71</b>	<b>-27.5%</b>

(EUR m)	Estimated Total Losses on Foreclosed Defaults			
	Debt Amount	Expenses	Appraisal or Sale Value	Estimated Loss Severity
Pastor 2	1.9	0.4	2.2	0.0%
Pastor 3	37.4	8.0	34.2	-29.8%
Pastor 4	42.2	8.1	36.1	-33.7%
Pastor 5	9.9		4.5	-54.8%
<b>TOTAL</b>	<b>91.3</b>	<b>16.5</b>	<b>77.0</b>	<b>-33.7%</b>

### Pastor Transactions – Re-performance of Defaulted Loans

(EUR m)	Reperforming Loans			
	Count	% Total Count	Debt Amount	% Total Debt Amount
Pastor 2	42	30.3%	3.47	39.8%
Pastor 3	113	16.7%	11.77	14.4%
Pastor 4	90	13.9%	9.34	10.9%
Pastor 5	n/a		n/a	
<b>TOTAL</b>		<b>16.8%</b>	<b>25</b>	<b>10.2%</b>



## Main valuation assumptions

### DEFAULT RATE (CDR)

- ▶ Change to 0.4%, 2.1%, 2.3% and 2.4% p.a. for Pastor 2, 3, 4 and 5 respectively in line with 24-month average default rates.
  - Defaults rates used for the Q3 2015 valuation were of 0.4%, 2.7%, 2.5% and 3.3% for the four transactions respectively.

### RECOVERY LAG

- ▶ Existing defaults: Recovery period increased from 5 to 7 years given the substantial backlog of outstanding defaults.
- ▶ New defaults: Recovery lag increased from at 2.5 years (10 quarters) to 3.5 years (14 quarters).
  - Note that defaults being defined as arrears of 12 months, a 3.5-year lag translates into a 4.5-year delay from first arrear to the sale of foreclosed properties, broadly in line with actual recovery data disclosed by the Trustees.

### LOSS SEVERITY

- ▶ 30% based on the average between actual and expected loss severity on defaulted mortgages.

### PREPAYMENT RATE (CPR)

- ▶ Starting CPR equal to the 24-month average for each transaction of 4.4%, 3.7%, 3.8% and 3.3% respectively for Pastor 2, 3, 4 and 5.
- ▶ After a 24-month period, incremental growth to a 5% p.a. level except for Pastor 2.

### EURIBOR FORWARD CURVE

- ▶ Euribor 3-month forward curve.

### MATURITY

- ▶ Exercise of the 10% clean-up call.

## Main valuation assumptions (Cont'd)

### COMPARISON OF REVISED AND PREVIOUS KEY ASSUMPTIONS

		CDR	Lag	Severity	CPR
Pastor 2	New	0.4%	3.5 yrs	30%	4.4%
	Previous	0.4%	2.5 yrs	20%	4.3%
Pastor 4	New	2.3%	3.5 yrs	30%	Until end 2017: 3.8% Thereafter: + 0.2% p.a. capped at 5.0% p.a.
	Previous	2.5%	2.5 yrs	20%	Until end 2017: 3.7% Thereafter: + 0.20% p.a.

Note: Recovery lag stated in the table is for new defaults. Existing un-foreclosed defaults are assumed to be recovered over a 7-year period.

- ▶ Assumptions for the Pastor 3 and 5 positions are not depicted as the positions remain written-off.

## Pastor 2 – Valuation and CF summary

(EUR 000s)

Period	Forecast Sub Loan CF		
	IPD	Q	CF
03/2016	1		7
06/2016	2		4
09/2016	3		3
12/2016	4		3
03/2017	5		3
06/2017	6		3
09/2017	7		3
12/2017	8		3
03/2018	9		4
06/2018	10		4
09/2018	11		4
12/2018	12		4
03/2019	13		4
06/2019	14		5
09/2019	15		5,005

(EUR 000s)

### Valuation at different discount rates

discount rate	Value at 31/12/2015
0.0%	5,064
5.0%	4,227
<b>7.1%</b>	<b>3,927</b>
10.0%	3,559
12.0%	3,329

### Net present value at 7.1% under different combinations

#### CDR / Severity combinations

	CDR					
	0.00%	0.25%	0.38%	0.50%	0.75%	1.00%
10%	3,866	3,927	3,927	3,927	3,927	3,926
15%	3,866	3,927	3,927	3,927	3,927	3,926
20%	3,866	3,927	3,927	3,927	3,927	3,924
25%	3,866	3,927	3,927	3,927	3,927	3,924
<b>30%</b>	<b>3,866</b>	<b>3,927</b>	<b>3,927</b>	<b>3,927</b>	<b>3,927</b>	<b>3,863</b>
35%	3,866	3,927	3,927	3,927	3,927	3,789
Severity						

#### CDR / Recovery lag combinations

	CDR					
	0.00%	0.25%	0.38%	0.50%	0.75%	1.00%
4	3,866	3,927	3,927	3,927	3,927	3,927
8	3,866	3,927	3,927	3,927	3,927	3,927
12	3,866	3,927	3,927	3,927	3,927	3,925
<b>14</b>	<b>3,866</b>	<b>3,927</b>	<b>3,927</b>	<b>3,927</b>	<b>3,927</b>	<b>3,863</b>
18	3,866	3,927	3,927	3,927	3,874	3,495
22	3,866	3,927	3,884	3,698	3,316	2,937
Lag						

#### CDR / CPR combinations

	CDR					
	0.00%	0.20%	0.40%	0.60%	0.80%	1.00%
0.0%	3,632	3,632	3,688	3,688	3,687	3,683
2.0%	3,746	3,805	3,805	3,805	3,805	3,802
<b>4.4%</b>	<b>3,866</b>	<b>3,927</b>	<b>3,927</b>	<b>3,927</b>	<b>3,927</b>	<b>3,863</b>
6.4%	3,927	3,927	3,927	3,927	3,927	3,871
8.4%	3,927	3,927	3,927	3,927	3,927	3,832
10.4%	3,927	3,927	3,927	3,927	3,990	3,837
CPR						

Note: Net present values above include accrued interest.

## Pastor 4 – Valuation and CF summary

(EUR 000s)

Period CF		
IPD	Q	CF
03/2016	1	0
06/2016	2	0
09/2016	3	0
12/2016	4	0
03/2017	5	0
06/2017	6	0
09/2017	7	0
12/2017	8	0
03/2018	9	0
06/2018	10	0
09/2018	11	0
12/2018	12	0
03/2019	13	0
06/2019	14	0
09/2019	15	0
12/2019	16	0
03/2020	17	0
06/2020	18	0
09/2020	19	0
12/2020	20	0
03/2021	21	0
06/2021	22	0
09/2021	23	0
12/2021	24	0
03/2022	25	0
06/2022	26	0
09/2022	27	0
12/2022	28	0
03/2023	29	0
06/2023	30	0
09/2023	31	0
12/2023	32	0
03/2024	33	3,559

(EUR 000s)

### Valuation at different discount rates

discount rate	Value at 31/12/2015
<b>0.0%</b>	<b>3,559</b>
8.5%	1,819
10.0%	1,624
<b>12.1%</b>	<b>1,389</b>
20.0%	794

### Net present value at 12.1% under different combinations

#### CDR / Severity combinations

	CDR					
	1.00%	1.50%	2.32%	2.50%	3.00%	4.00%
<b>10%</b>	3,217	3,274	3,320	3,320	3,354	3,435
<b>20%</b>	3,186	3,272	3,290	3,290	3,337	1,451
<b>30%</b>	3,156	3,244	1,389	900	0	0
<b>40%</b>	1,613	0	0	0	0	0
<b>50%</b>	0	0	0	0	0	0
<b>60%</b>	0	0	0	0	0	0
Severity						

#### CDR / Recovery lag combinations

	CDR					
	1.00%	1.50%	2.32%	2.50%	3.00%	4.00%
<b>8</b>	3,160	3,244	2,873	2,418	1,342	0
<b>12</b>	3,156	3,244	1,893	1,438	153	0
<b>14</b>	3,156	3,244	1,389	900	0	0
<b>16</b>	3,156	3,241	855	329	0	0
<b>20</b>	3,156	2,620	0	0	0	0
<b>24</b>	3,156	1,745	0	0	0	0
Lag						

#### CDR / CPR combinations

	CDR					
	1.00%	1.50%	2.32%	2.50%	3.00%	4.00%
<b>0.0%</b>	2,822	2,839	674	201	0	0
<b>2.0%</b>	2,997	3,034	1,059	561	0	0
<b>3.0%</b>	3,115	3,156	1,226	736	0	0
<b>3.8%</b>	3,156	3,244	1,389	900	0	0
<b>5.0%</b>	3,244	3,290	1,576	1,040	0	0
<b>6.0%</b>	3,244	3,290	1,627	1,130	0	0
CPR						

Note: Net present values above include accrued interest.

### 3 LUSITANO INVESTMENTS (PORTUGUESE FIRST LOSS)

## Summary fact sheet

<b>EETI Investments:</b>	<ul style="list-style-type: none"> <li>▶ <u>Lusitano 3</u>: 24.1% of the Class E Notes (par value of EUR 1,682k)</li> <li>▶ <u>Lusitano 5</u>: 27.7% of the Class E Notes (par value of EUR 3,300k)</li> </ul>
<b>Position:</b>	▶ First loss position entitled to all profit on the interest waterfall as well as the reserve amount at maturity.
<b>Pool spread:</b>	<ul style="list-style-type: none"> <li>▶ <u>Lusitano 3</u>: 1.13% p.a. (before notes interest and cost)</li> <li>▶ <u>Lusitano 5</u>: 0.92% p.a. (before notes interest and cost)</li> </ul>
<b>Principal CF drivers:</b>	<ul style="list-style-type: none"> <li>▶ CDR / defaults</li> <li>▶ Recovery lag</li> <li>▶ Loss severity</li> <li>▶ CPR</li> </ul>
<b>Clean-up call / Maturity:</b>	Current valuations assume exercise of the 10% clean-up call.

# Collateral profile

## Key characteristics

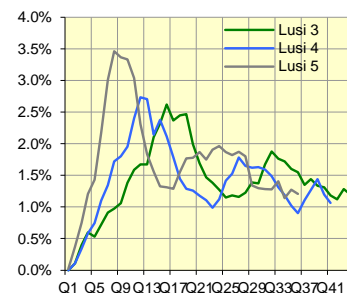
				L3	L5
<b>Key deal information</b>					
	Issuer			Banco Espirito Santo	
	Issue date		09/2004		09/2006
	M since issue		137		113
	Issue size (OB)	EURm	1,200		1,400
	Current size (CB)	EURm	395		662
	% OB		33%		47%
	Count at issue		21,509		22,888
	Avg balance	EURk	55,791		61,167
	Issue spread	%CB	1.24%		1.04%
	Current spread ex-compensation	%CB	0.10%		0.81%
	Current spread with compensation	%CB	1.02%		0.87%
<b>Collateral composition</b>					
	WA LTV at issue		73.1%		72.4%
	WA Current LTV		58.1%		62.0%
Current LTV buckets	<=60%		51%		52%
	]60-70%]		29%		12%
	]70-80%]		19%		15%
	]80-90%]		2%		23%
	>90%		0%		0%
Vintage (at issue)	<=2002		47%		18%
	2003		42%		4%
	2004		11%		10%
	2005		--		47%
	2006		--		21%
	2007		--		--
Region (at issue)	Lisbon		43%		41%
	Norte		28%		26%
	Centro		13%		16%
	Alentejo		9%		7%
	Algarve		3%		4%
	Islands & others		4%		6%
<b>Transaction performance</b>					
CPR	Since issue	%CB	4.9%		3.7%
	Last 24M	%CB	1.8%		1.7%
	Last 12M	%CB	1.9%		1.9%
Arrears	]1-3M]	%CB	1.2%		1.3%
	3-12M	%CB	1.2%		1.2%
	Total		2.4%		2.5%
Cumulative defaults		EURm	71.2		108.9
		% OB	5.9%		7.8%
CDR	Since issue	%CB	1.10%		1.38%
	Last 24M	%CB	0.90%		1.16%
	Last 12M	%CB	0.90%		1.09%
Cumulative recoveries		EURm	32.2		41.6
	As a % of cumulative defaults	%	45.3%		38.2%
Reserve amount		EURm	7.0		-6.4
		%CB	1.77%		-0.97%
Reserve drawn			No		Yes

Sources: Cartesia, Trustee reports.

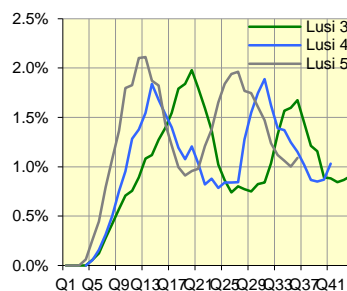
## Collateral performance

Quarters since issue

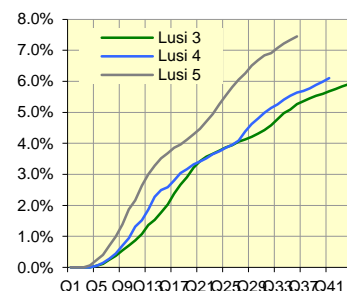
90-day + Arrears (%CB)



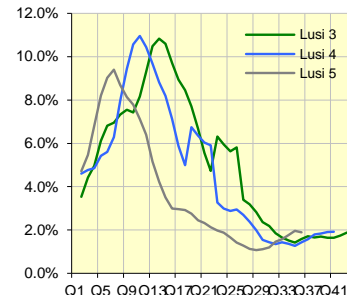
12 Months Average Default Rate (% CB)



Cumulative defaults (% OB)



12 Months Average CPR



## Macroeconomic update

- ▶ The Portuguese economy has grown by 1.3% in 2015, slightly faster than in 2014 (+0.9%), the year the recession ended. Current output level is 7% below pre-crisis peak.
  - The Bank of Portugal has renewed its objective of 1.7% of growth for 2015, thanks in part to increasing exports (+6.1% in 2015, +3.9 in 2014), while budget deficit is expected to improve to 3.1% according to the IMF vs. 7.2% in 2014;
  - Unemployment has continued to improve to an impressive 12.3% of the workforce, down from 13.5% 12 months ago and 16.0% 24 months ago.
- ▶ Sovereign yields have been volatile throughout the year, owing in particular to the risk of a Greek Eurozone exit before the summer and political uncertainty after the general election in October 2015. The 10-year sovereign ended the year at similar levels than at end 2014, with tighter credit spreads to the 10-year German sovereign.
  - The country's credit ratings remain one notch away from regaining investment grade status (Ba1 with stable outlook by Moody's and BB+ with stable outlook by S&P);
  - While the most radical proposals of some groups supporting the ruling Socialist party have been dropped, the fiscal and economic plans of the new government and its ability to enact pro-growth reforms while meeting deficit reduction targets are unclear;
    - Against this backdrop, the Portuguese sovereign has widened since the beginning of 2016.
- ▶ At the same time, the financial system remains fragile, with two of the four main banks not fully passing the recent stress test (BCP and Novo Banco);
  - The ensuing decision by the Bank of Portugal to cherry-pick EUR 2bn in senior debt from Novo Banco (out of a total of EUR 20bn) and assign it to the defaulted Banco Espírito Santo bad bank structure has been particularly badly received by markets; the transfer occurred two days before the introduction of the new EU-wide bail-in rules on Jan. 1, 2016, which would have clearly prevented that move;
  - Combined with political uncertainty, the funding cost of Portuguese banks, including on the covered bond markets, is likely to be volatile.
- ▶ We do not expect these developments to negatively affect the ability of Novo Banco to adequately service the loans underlying the Lusitano transactions.
- ▶ On a more positive note, real estate prices have increased by 2.7% over the past 12 months (reverting to mid-2012 levels), amidst a modest resurgence in transaction volume.



# Macroeconomic update (Cont'd)

Yearly Evolution in Real GDP since 2008



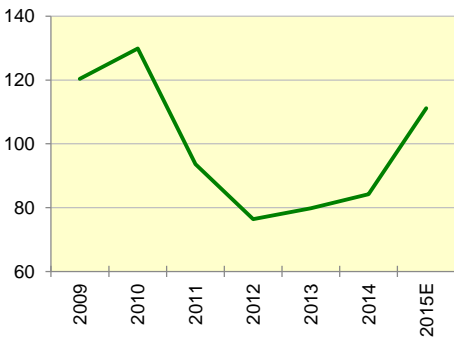
Unemployment rate since 2000



Real Estate Prices (Base 100 = Sep. 2008)



12M rolling transaction volume since 2009



Sources : Cartesia, Eurostat, Portuguese National Institute of Statistics.

## Transaction performance

### COLLATERAL PERFORMANCE

- ▶ 90-day+ arrears level improved marginally in 2015 to 1.2% (vs. 1.3% at year-end 2014) for both Lusitano 3 and 5 transactions.
- ▶ Similarly, default rates decreased by approx. 0.1% during the year and stand at 0.9% and 1.1% for Lusitano 3 and 5 respectively.
  - The 24-month average CDR used in the valuations is almost equal to the actual default levels for both deals.
- ▶ Recoveries on foreclosed mortgages have declined in 2015 to less than EUR 2.5m on Lusitano 3 and approx. EUR 4.5m on Lusitano 5, compared with approx. EUR 5m and EUR 6.6m in 2014 respectively.
  - These recoveries compare to outstanding defaults of EUR 33m for Lusitano 3 (of which EUR 10m are considered as re-performing) and EUR 57m for Lusitano 5 (of which EUR 20m are considered as reperforming).
- ▶ Loss severity upon disposal of foreclosed properties, as derived from available data, continues to remain low, in line with the broader real estate indices.
  - Average loss severity on foreclosed loans in Lusitano 3 and 5 ranges between 4% and 7% and available data suggests 2015 foreclosures generated loss severity between 3% and 5%.

#### Loss severity in Lusitano 3 and 5

	Lusitano 3				Lusitano 5			
	Cumulative Defaults	Cumulative Recoveries	Cumulative Losses	Loss Severity To Date	Cumulative Defaults	Cumulative Recoveries	Cumulative Losses	Loss Severity To Date
Oct. 2012 Data	55.4	23.7	1.2	5%	70.9	21.5	2.5	11%
Oct. 2013 Data	63.4	25.3	1.2	5%	86.0	30.3	2.6	8%
Oct. 2014 Data	67.4	30.0	1.4	4%	101.4	37.1	2.8	7%
Oct. 2015 Data	71.2	32.2	1.4	4%	108.9	41.6	3.0	7%
2015 Delta		2.3	0.1	3%		4.5	0.23	5%

- ▶ Prepayment rates (CPR) have modestly increased to 1.9% for both transactions in 2015, compared with an average of 1.5-1.6% in 2014. The 24-month averages used for valuation purposes are of 1.8% for Lusitano 3 and 1.7% for Lusitano 5.

## Transaction performance (Cont'd)

### SPECIFICS OF LUSITANO 3

- ▶ The Lusitano 3 first loss position has cash flowed in each of the 4 quarters of 2015, generating a total of EUR 398k in 2015 vs EUR 746k in 2014 and EUR 318k in 2013.
  - The decline in residual cash flow vs. 2014 is almost entirely attributable to the decline in foreclosure proceeds on defaulted loans highlighted above.
- ▶ The transaction is nonetheless expected to continue to cash flow over the coming quarters, as the level of excess spread now exceeds the run-rate level of defaults, albeit modestly. The quantum of residual cash flows is however almost entirely dependent on the pace of foreclosure proceeds, which are particularly challenging to forecast with any accuracy.

### SPECIFICS OF LUSITANO 5

- ▶ The principal deficiency (negative reserve) of the Lusitano 5 transaction amounts to EUR 6.4m at year-end, the same level as it was a year ago.
- ▶ This situation stems from the combined effect of:
  - A run-rate level of defaults which remains above the level of excess spread, despite its decline in 2015; all things equal, this increases the amount of principal deficiency;
  - Recoveries on defaulted mortgages making up for the shortfall between defaults and excess spread.
- ▶ Given the substantial amount of un-foreclosed loans, the negative reserve should in all likelihood be absorbed over the coming years, causing the residual position held by EETI to resume cash flowing.
  - Under prevailing assumptions, it is expected that the residual position should cash flow again in late 2019.

## Main valuation assumptions

### DEFAULT RATE (CDR)

- ▶ Lusitano 3: 0.90% p.a., in line with 24-month average;
- ▶ Lusitano 5: 1.16% p.a. in line with 24-month average against 1.7% p.a. in Q4 2013.

### RECOVERY LAG

- ▶ Existing un-foreclosed defaults: Recovery lag of 16 quarters;
- ▶ New defaults: Recovery lag of 10 quarters. As defaults are defined as loans with arrears in excess of 12 months, the recovery lag equates to a 3.5-year time to foreclosure from the first arrear.

### LOSS SEVERITY

- ▶ Unchanged at 20%.

### PREPAYMENT RATE (CPR)

- ▶ Lusitano 3: CPR of 1.8%, in line with 24-month average, increasing by 0.2% p.a. to 5.0%.
- ▶ Lusitano 5: CPR of 1.7%, in line with 24-month average, increasing by 0.2% to 5.0%.

### EURIBOR CURVE

- ▶ Euribor 3-month forward curve.

### MATURITY

- ▶ Exercise of the 10% clean-up call at the first optional date.

### Comparison of revised and previous key assumptions

		CDR	Lag	Severity	CPR
Lusitano 3	New	0.90%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Starting point: 1.8% Thereafter: + 0.20% p.a. capped at 5.0% p.a.
	Previous	1.01%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Until end 2017: 1.8% Thereafter: + 0.20% p.a. capped at 5.0% p.a.
Lusitano 5	New	1.16%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Starting point: 1.7% Thereafter: + 0.20% p.a. capped at 5.0% p.a.
	Previous	1.24%	2.5 yrs	20%	Until end 2017: 1.6% Thereafter: + 0.20% p.a. capped at 5.0% p.a.

# Lusitano 3 – Valuation and CF summary

(EUR 000s)

Period CF		
Class E CF (EETI share)		
IPD	Q	Cum CF
01/2016	1	149
04/2016	2	165
07/2016	3	157
10/2016	4	187
01/2017	5	165
04/2017	6	177
07/2017	7	167
10/2017	8	317
01/2018	9	320
04/2018	10	321
07/2018	11	491
10/2018	12	614
01/2019	13	596
04/2019	14	595
07/2019	15	594
10/2019	16	585
01/2020	17	588
04/2020	18	765
07/2020	19	93
10/2020	20	88
01/2021	21	88
04/2021	22	86
07/2021	23	86
10/2021	24	78
01/2022	25	80
04/2022	26	78
07/2022	27	77
10/2022	28	70
01/2023	29	72
04/2023	30	70
07/2023	31	69
10/2023	32	62
01/2024	33	64
04/2024	34	62
07/2024	35	61
10/2024	36	56
01/2025	37	56
04/2025	38	54
07/2025	39	1,391

(EUR 000s)

## Valuation at different discount rates

discount rate	Value at 31/12/2015
0.0%	9,793
7.1%	7,386
10.0%	6,677
13.1%	6,035
20.0%	4,937

## Net present value under different combinations (IRR of 7.1%)

### CDR / Severity combinations

	CDR					
	0.75%	0.90%	1.25%	1.50%	2.00%	3.00%
5%	9,012	8,849	8,520	8,264	7,783	6,855
10%	8,547	8,362	7,975	7,683	7,123	6,058
15%	8,082	7,874	7,431	7,103	6,472	5,291
20%	7,618	7,386	6,886	6,522	5,820	4,515
25%	7,153	6,899	6,341	5,941	5,165	3,752
30%	6,688	6,411	5,796	5,360	4,501	2,982
Severity						

### CDR / Recovery lag combinations

	CDR					
	0.75%	0.90%	1.25%	1.50%	2.00%	3.00%
8	7,752	7,550	7,109	6,791	6,177	5,041
10	7,618	7,386	6,886	6,522	5,820	4,515
12	7,483	7,223	6,662	6,252	5,462	4,003
14	7,347	7,058	6,438	5,981	5,102	3,474
16	7,212	6,894	6,213	5,709	4,739	2,936
20	6,937	6,562	5,761	5,162	4,014	1,850
Lag						

### CDR / CPR combinations

	CDR					
	0.75%	0.90%	1.25%	1.50%	2.00%	3.00%
1.0%	7,682	7,455	6,923	6,563	5,842	4,502
1.5%	7,636	7,414	6,895	6,542	5,832	4,515
1.8%	7,617	7,386	6,886	6,522	5,821	4,516
2.0%	7,592	7,376	6,865	6,519	5,823	4,527
3.0%	7,506	7,298	6,808	6,476	5,805	4,555
4.0%	7,440	7,227	6,769	6,434	5,784	4,589
CPR						

Note: Net present values above include accrued interest.

# Lusitano 5 – Forecast CF and valuation

(EUR 000s)

Period CF		Class E CF
IPD	Q	Cum CF
01/2016	1	0
04/2016	2	0
07/2016	3	0
10/2016	4	0
01/2017	5	0
04/2017	6	0
07/2017	7	0
10/2017	8	0
01/2018	9	0
04/2018	10	0
07/2018	11	0
10/2018	12	0
01/2019	13	0
04/2019	14	0
07/2019	15	95
10/2019	16	1,924
01/2020	17	805
04/2020	18	803
07/2020	19	799
10/2020	20	2,712
01/2021	21	130
04/2021	22	128
07/2021	23	122
10/2021	24	121
01/2022	25	94
04/2022	26	64
07/2022	27	59
10/2022	28	58
01/2023	29	58
04/2023	30	56
07/2023	31	52
10/2023	32	51
01/2024	33	50
04/2024	34	49
07/2024	35	46
10/2024	36	44
01/2025	37	43
04/2025	38	42
07/2025	39	38
10/2025	40	38
01/2026	41	37
04/2026	42	35
07/2026	43	33
10/2026	44	32
01/2027	45	31
04/2027	46	30
07/2027	47	27
10/2027	48	26
01/2028	49	1,709

(EUR 000s)

## Valuation at different discount rates

discount rate	Value at 31/12/2015
0.0%	10,439
10.0%	6,062
<b>12.1%</b>	<b>5,479</b>
15.0%	4,799
20.0%	3,870

## Net present value under different combinations (IRR of 12.1%)

## CDR / Severity combinations

	0.90%	1.16%	1.50%	2.00%	3.00%	4.00%
<b>5%</b>	8,315	8,135	7,882	7,561	6,937	6,367
<b>10%</b>	7,481	7,236	6,920	6,452	5,607	4,843
<b>15%</b>	6,678	6,340	5,940	5,353	4,294	3,357
<b>20%</b>	5,857	<b>5,479</b>	4,969	4,267	3,041	1,994
<b>25%</b>	5,042	4,602	4,011	3,203	1,865	966
<b>30%</b>	4,239	3,738	3,051	2,197	979	0
Severity						

## CDR / Recovery lag combinations

	0.90%	1.16%	1.50%	2.00%	3.00%	4.00%
<b>8</b>	6,105	5,788	5,348	4,775	3,852	3,333
<b>10</b>	5,857	<b>5,479</b>	4,969	4,267	3,041	1,994
<b>12</b>	5,602	5,166	4,590	3,800	2,367	774
<b>14</b>	5,342	4,850	4,210	3,314	1,585	470
<b>16</b>	5,105	4,531	3,806	2,869	938	137
<b>20</b>	4,562	3,882	3,067	1,743	412	0
Lag						

## CDR / CDR combinations

	0.90%	1.16%	1.50%	2.00%	3.00%	4.00%
<b>0.8%</b>	5,931	5,536	5,005	4,274	2,994	1,904
<b>1.0%</b>	5,913	5,517	4,999	4,277	3,014	1,935
<b>1.7%</b>	5,858	<b>5,480</b>	4,970	4,268	3,041	1,993
<b>2.0%</b>	5,834	5,457	4,961	4,269	3,067	2,029
<b>3.0%</b>	5,760	5,400	4,925	4,262	3,110	2,086
<b>4.0%</b>	5,690	5,346	4,891	4,257	3,158	2,156
CPR						

Note: Net present values above include accrued interest.

## 4 GEMS (GERMAN SECOND LOSS)

## Fact sheet

<b>EETI Investment:</b>	▶ 13.1% of the Class C Notes @ EUR 3M + 0.70% (par value of EUR 5,000k)
<b>Securitisation structure:</b>	<ul style="list-style-type: none"> <li>▶ Synthetic RMBS – the transaction acts like an insurance against losses on an amortising mortgage pool; the only factor affecting principal and interest is the loss rate on foreclosed mortgages.</li> <li>▶ Losses are deducted from principal of the junior notes once the first loss piece is written-off.</li> </ul>
<b>Position:</b>	<ul style="list-style-type: none"> <li>▶ Mezzanine position, protected by a first loss piece as well as two tranches of rated notes.</li> <li>▶ Class C notes, originally rated A, are now rated CCC.</li> </ul>
<b>First loss reserve:</b>	▶ Remaining loss protection consisting of the Class D and E notes of EUR 22.4m, corresponding to 32% of the current pool balance.
<b>Call:</b>	▶ Frankfurter Hypothekenbank (formerly Eurohypo), still part of Commerzbank, has indicated the transaction would be redeemed at the next interest payment date of March 2016.



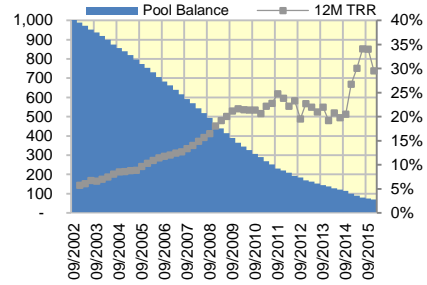
# Profile and performance

## Key transaction characteristics

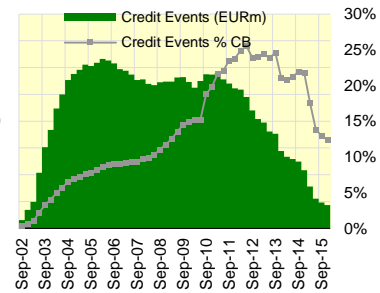
	Units	Gems
Issuer		Eurohypo
Rating		
Issue date		04/2002
M since issue		130
Final maturity date		12/2048
Issue amount (OB)	EURm	1,052
Current amount (CB)	EURm	70
	% OB	7%
Current collateral	EURm	70
Loan count		3,338
Avg balance	EURk	20.9
East Germany	% CB	40%
Investment properties		43%
12M CDR	% CB	-13.2%
24M CDR	% CB	-6.7%
12M Redemption Rate	% CB	30%
24M Redemption Rate	% CB	25%
Credit Events outstanding	EURm	8.4
<b>WA LTV</b>		<b>81.3%</b>
LTV	<70%	15.9%
Buckets	[70-80%[	35.2%
(at issue)	[80-100%[	43.4%
	[100-120%[	7.0%
	[120-130%[	0.0%
Vintages	<1990	1.2%
(at issue)	[1990-1995[	6.2%
	[1995-2000[	61.1%
	[2000-02]	31.5%

## Collateral performance

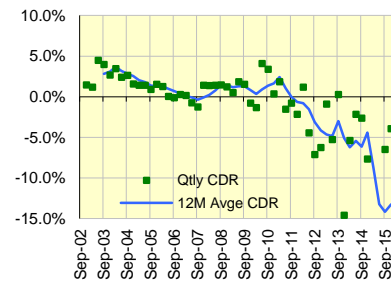
Outstanding Balance and 12M average Redemption rate (TRR)



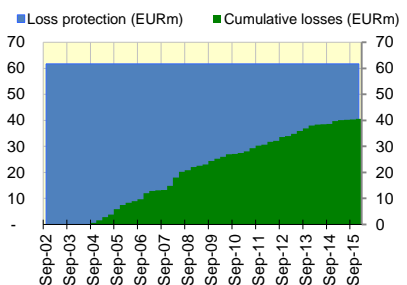
Outstanding Credit Events



Quarterly and 12M average default rates (CDR, %CB)



Loss Protection and Cumulative Losses



Sources: Cartesia, Trustee reports.

## Valuation and period CF

### TRANSACTION TO BE REDEEMED AT THE NEXT INTEREST PAYMENT DATE

- ▶ The originating bank, Frankfurter Hypothekenbank (formerly Eurohypo), has called the transaction, which will therefore be redeemed at the next interest payment date in March 2016.
- ▶ Under the transaction documentation, junior notes in an amount equal to the loans in arrears or in default would remain outstanding beyond the call date until these loans are cured and/or foreclosed.
  - At the December 2015 payment date, the total amount of loans in arrears or in default amounts to EUR 11.3m;
  - This compares to an outstanding amount of junior Class D notes (junior to the position held by EETI) of EUR 22.4m;
  - On that basis, the Class C held by EETI would be fully repaid and around half (EUR 11.3m out of EUR 22.4m) of the junior Class D would remain outstanding.
- ▶ In all likelihood, the Class C held by EETI should therefore be fully repaid at par at the March 2016 payment date. This would translate into a cash inflow of EUR 5m.
  - It would take a complete reversal of the credit trend of the past 3 years combined with an exceptionally adverse event - a doubling of arrears between November 2015 and February 2016 - for the Class C not to be fully repaid at that date.

### VALUATION

- ▶ On that basis, the position is valued at EUR 4,962k excluding accruals, translating into a revaluation of EUR 399k.

#### Forecast period CF and NPV

discount rate	Value	% Par
sum cf	5,007	100.1%
<b>5.6%</b>	<b>4,962</b>	<b>99.2%</b>
8.5%	4,939	98.8%
10.0%	4,928	98.6%
12.5%	4,910	98.2%

Note: valuation date 31/12/15

	Spread	
	Principal	CF
	EUR3M	
01/03/2016	-0.11%	5,007.2

# 5 LUDGATE

## Fact sheet

<b>EETI Investment:</b>	<ul style="list-style-type: none"> <li>▶ 100% of the Residual Certificates of Ludgate 2006-FF1</li> <li>▶ 100% of the Mortgage Early Repayment Certificates of Ludgate 2006-FF1</li> <li>▶ GBP denominated with an unhedged GBP/EUR exposure</li> </ul>
<b>Collateral:</b>	<ul style="list-style-type: none"> <li>▶ UK non-conforming residential mortgage loans</li> <li>▶ Dec. 2015 pool balance of GBP 124m</li> <li>▶ Underlying loans are essentially floating rate interest-only loans</li> </ul>
<b>Securitisation structure:</b>	<ul style="list-style-type: none"> <li>▶ First loss position entitled to all profit on the interest waterfall as well as the reserve amount at maturity</li> <li>▶ Position also entitled to early repayment charges on mortgages</li> </ul>
<b>Principal CF drivers:</b>	<ul style="list-style-type: none"> <li>▶ Pool excess spread, which is also impacted by the unhedged differential between the Bank of England Base Rate (the reference rate of the loans) and the GBP 3-month Libor (the reference rate of the notes)</li> <li>▶ Total redemption rate of loans (pool principally comprising interest-only mortgages)</li> <li>▶ New defaults (CDR)</li> <li>▶ Loss severity (historically 30%)</li> <li>▶ Recovery lag</li> </ul>
<b>Reserve Fund:</b>	<ul style="list-style-type: none"> <li>▶ GBP 1.15m fully funded reserve fund</li> <li>▶ The reserve fund will be paid out to the residual notes at maturity</li> </ul>
<b>Call:</b>	<ul style="list-style-type: none"> <li>▶ 10% clean-up call is assumed given the sound credit performance of the pool</li> </ul>

## Transaction overview

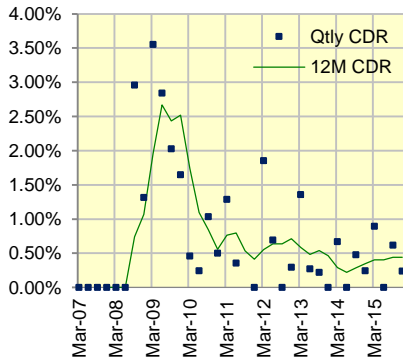
### RECENT PERFORMANCE

- ▶ EETI holds 100% of the residual of the Ludgate 2006-FF1 transaction, a 2006 securitization of UK non-conforming mortgage loans. The instrument is entitled to the net excess spread of the mortgage book after interest on the notes and credit losses.
  - The position is denominated in GBP and all receipts are converted at the prevailing GBP/EUR exchange rate at quarter-end;
  - The exchange rate exposure is not hedged.
- ▶ The position has generated a total cash flow of EUR 1.8m in 2015, broadly in line with expectations.
- ▶ The credit performance of the transaction has remained solid throughout the year:
  - Default rates averaged 0.4% in 2015, below model assumption;
  - Total redemption rates, while increasing slightly, remained in line with expectations at 7.3%;
  - Loss severity on the disposal of foreclosed loans remains stable at approx. 30%, in a rising real estate market overall, concealing significant regional differences however;
  - The relationship between the Bank of England Base Rate (BBR) and 3-month GBP Libor, which is unhedged in the transaction and a significant potential factor of disruption, has remained stable.
- ▶ The transaction is expected to continue to generate substantial cash flow over the coming quarters.
  - Receipts for the last quarter of 2015 were approx. EUR 130k below forecast due to the deduction of losses on the disposal of foreclosed properties; that development does not affect the longer term view on the position.

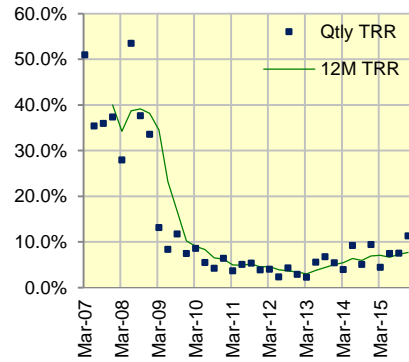
# Transaction overview (cont'd)

## RECENT PERFORMANCE (cont'd)

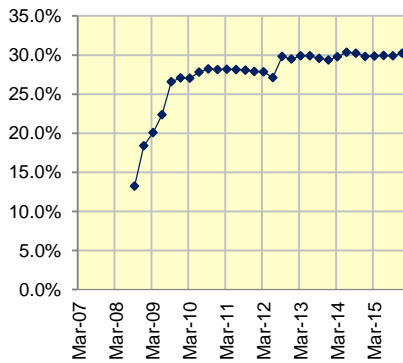
Quarterly and 12-m average default rates (CDR)



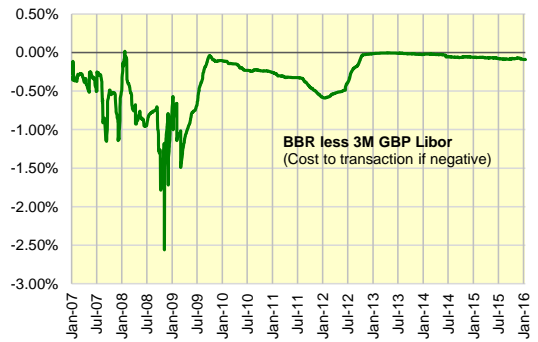
Quarterly and 12-m average total redemption rates (TRR)



Average loss severity on foreclosed mortgages



Bank of England Base Rate (BBR) vs. 3-month Libor



Source: Cartesia, Trustee reports, Bloomberg.

## Valuation assumptions

### **POOL EXCESS SPREAD BEFORE LOSSES**

- ▶ 1.48% p.a. composed of the following:
  - Weighted average margin on the mortgage loans assumed to be 1.68%;
  - BBR/LIBOR mismatch costing 0.20% p.a. to the transaction.
- ▶ Note this assumption both understates the current margin on the underlying loans (closer to 1.8%) and the cost of the BBR/Libor mismatch.

### **DEFAULT RATE (CDR)**

- ▶ 0.5% CDR p.a. in line with 24-month average.

### **LOSS SEVERITY**

- ▶ 30% based on reported data.

### **TOTAL REDEMPTION RATE (TRR)**

- ▶ Starting point at 7% p.a. based on average 24-month redemptions.
- ▶ Upward-sloping curve to 16% in 2018 and 33.5% in 2020.

### **MATURITY**

- ▶ 10% clean-up call (when balance reached GBP 37.5m).

# Valuation and period CF

## Forecast period CF and NPV

	Ludgate 06	
	GBP	EUR
Cumulative CF:	5,517	7,488
Net Present Value:	4,274	5,801
Discount Rate:	12.26%	12.26%
Spot Exchange Rate:	0.7369	1.3571

(000s)

IPD	GBP CASH FLOW		EUR CASH FLOW	
	Quarterly	Cumulative	Quarterly	Cumulative
17/03/2016	325	325	441	441
17/06/2016	316	640	428	869
17/09/2016	306	946	415	1,284
17/12/2016	313	1,259	425	1,709
17/03/2017	303	1,563	411	2,121
17/06/2017	294	1,856	399	2,519
17/09/2017	285	2,141	386	2,906
17/12/2017	276	2,417	375	3,281
17/03/2018	263	2,681	358	3,638
17/06/2018	251	2,932	341	3,979
17/09/2018	240	3,172	325	4,304
17/12/2018	229	3,400	310	4,615
17/03/2019	213	3,613	289	4,903
17/06/2019	198	3,811	269	5,172
17/09/2019	184	3,995	250	5,422
17/12/2019	171	4,166	232	5,654
17/03/2020	153	4,320	208	5,862
17/06/2020	137	4,457	186	6,048
17/09/2020	1,060	5,517	1,439	7,488

## EUR value at different total redemption rates and gross excess spread assumptions (12.1% discount rate)

(EUR 000s)

	Starting Total Redemption Rate (TRR; upward sloping thereafter)						
	5.00%	7.00%	10.00%	13.00%	16.00%	19.00%	22.00%
1.25%	5,014	4,757	4,430	4,084	3,818	3,578	3,302
1.35%	5,508	5,221	4,855	4,467	4,169	3,899	3,587
1.48%	6,126	5,801	5,388	4,944	4,607	4,301	3,943
1.65%	6,991	6,612	6,133	5,613	5,220	4,864	4,442
1.75%	7,486	7,076	6,558	5,996	5,571	5,186	4,727
1.85%	7,980	7,540	6,984	6,378	5,922	5,508	5,012
<b>Gross Excess Spread</b>							

Note: GBP/EUR conversion calculated at the prevailing exchange rate.



## 6 MINOTAURE (FRENCH FIRST LOSS)

## Minotaure 2004-1 – Fact sheet

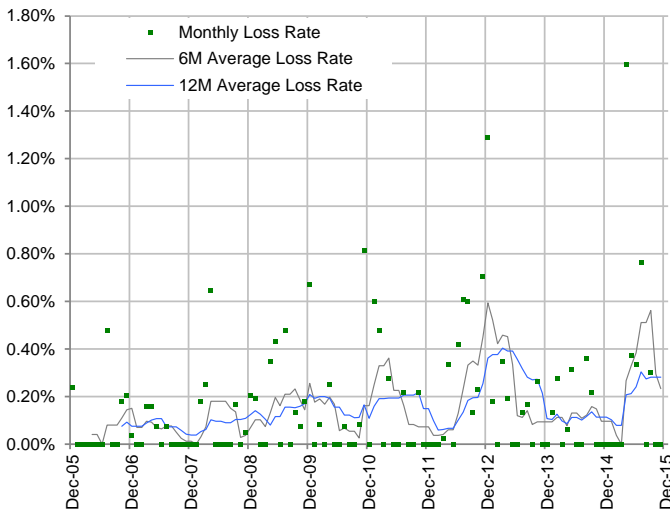
<b>EETI Investment:</b>	<ul style="list-style-type: none"> <li>▶ 50% of the Class R residual notes</li> <li>▶ 1 unit (out of 2) of FCC Minotaure 2004-1, the securitization vehicle, opening right to all remaining cash flow at the vehicle's liquidation</li> </ul>
<b>Securitization structure:</b>	<ul style="list-style-type: none"> <li>▶ Cash securitization of mortgage loans extended to their employees by EDF / GDF and their affiliates, the French State-run utilities.</li> <li>▶ The mortgage loans have been extended at below market rate by EDF / GDF. To enable a refinancing of the portfolio, the loans have been sold below par (approx. 12% discount).</li> </ul>
<b>Position:</b>	▶ <b>First loss position</b> entitled to all profit on the interest and principal waterfall as well as the reserve amount.
<b>Reserve</b>	▶ EUR 2.955m reserve at its required level; the residual is entitled to the full reserve amount at maturity.
<b>Principal CF drivers:</b>	<ul style="list-style-type: none"> <li>▶ Death of employees (in which case EDF / GDF forego the mortgage loan)</li> <li>▶ Permanent incapacitation due to work-related accidents (in which case EDF / GDF forego the loan)</li> <li>▶ Prepayments (as the portfolio has been purchased below par, principal repayments generate a profit in the securitization structure)</li> </ul>
<b>Clean-up call / Maturity:</b>	<ul style="list-style-type: none"> <li>▶ Natural amortization of the pool between 2025 and 2026</li> <li>▶ Legal final maturity in 2026</li> </ul>

# Performance and outlook

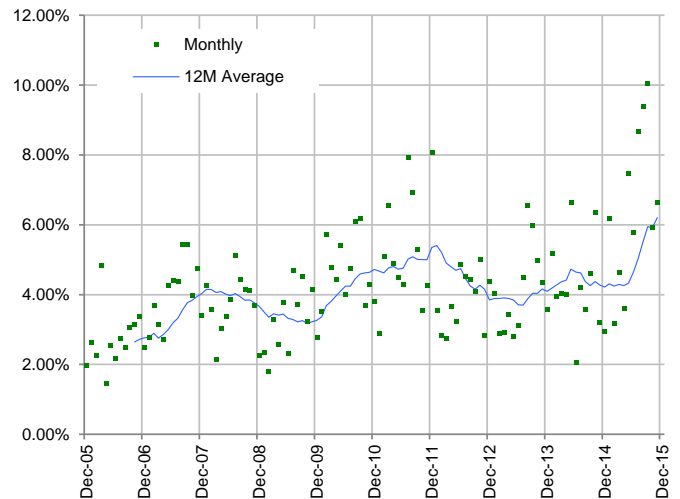
## CREDIT PERFORMANCE

- ▶ The Minotaure transaction continues to perform according to forecast, with loss and prepayment rates broadly in line with assumptions.
  - Loss rate averaged 0.20% over the past 2 years and 0.26% over the past 12 months;
  - Redemptions, which are favourable to the position held by EETI, have increased to 5.2% over the past 2 years and 6.2% in 2015.

Loss rates since issue (all figures annualised)



Prepayment rates since issue (all figures annualised)



Note: All rates expressed on an annualized basis.

## EXERCISE OF THE CLEAN-UP CALL NO LONGER ASSUMED

- ▶ The exercise of the clean-up call is no longer assumed in the transaction, which increases total expected cash flows but delays their receipt to a 2023-26 window (vs. a one-off payment in 2021).
- ▶ The underlying reason for this change in assumption is that, under the now prevailing regulatory capital requirements, we view it as highly unlikely that Merrill Lynch, the structuring bank and sponsor of the deal, will have any interest in calling the transaction. The French utility EDF, the originator of these loans, has, on its part, no economic interest in repurchasing those loans either.

## CREDIT ASSUMPTIONS

### Comparison of revised and previous key assumptions

		Yearly Loss Rate	CPR
Minotaure	New	0.24%	5.2%
	Previous	0.23%	4.2%

# Valuation and period CF

(EUR 000s)

## Forecast period CF and NPV

discount rate	Value
Sum CF	4,998
7.5%	2,608
10.0%	2,122
<b>12.1%</b>	<b>1,790</b>
15.0%	1,426

IPD	CF
22/03/2016	-
22/06/2016	-
22/09/2016	-
22/12/2016	-
22/03/2017	-
22/06/2017	-
22/09/2017	-
22/12/2017	-
22/03/2018	-
22/06/2018	-
22/09/2018	-
22/12/2018	-
22/03/2019	-
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22/06/2022	-
22/09/2022	-
22/12/2022	-
22/03/2023	-
22/06/2023	-
22/09/2023	-
22/12/2023	533.3
22/03/2024	767.8
22/06/2024	658.3
22/09/2024	509.8
22/12/2024	383.8
22/03/2025	303.3
22/06/2025	226.5
22/09/2025	109.1
22/12/2025	28.3
22/03/2026	1,477.5

## 7 OTHER POSITIONS

## Sestante 4 Class A1

- ▶ Sestante 4 Class A1 is the most senior class of Sestante 4, an Italian securitisation of residential mortgage loans.
  - Class A1 is entitled to all the principal repayment under the mortgage pool and is therefore receiving substantial quarterly amortizations;
  - Coupon is of EUR3M + 0.16% p.a., payable quarterly.
- ▶ Despite the poor performance of the overall Sestante 4 transaction, the “positive” trigger enabling the principal repayment of the pool to be solely allocated to the Class A1 – as opposed to shared prorata with the substantially larger Class A2 – has continued to be met.
  - As a consequence, the Class A1 has amortised significantly more quickly than anticipated throughout 2015;
  - Current performance should allow this “positive” trigger to be met in the coming quarters, leading to the full amortisation of the position within 12 to 15 months.

### Valuation (EUR 000s)

#### Forecast period CF and NPV

<b>Sestante 4A1</b>			
		Discount rate:	5.61%
		Net Present Value:	49.9
		Total Cash Flow :	51.0
IPD	Q	EUR3M	CF
23/01/2016	1	-0.14%	12.5
23/04/2016	2	-0.04%	12.3
23/07/2016	3	-0.12%	12.1
23/10/2016	4	-0.09%	11.9
23/01/2017	5	-0.09%	2.3

## Written-off positions

- ▶ EETI holds a 40% interest in the most junior notes issued by the leveraged Citrine Finance Ltd vehicle, holding the residuals of the Lusitano 4, Sestante 2 and Sestante 3 RMBS.
  - As these underlying positions have not cash flowed since 2008-09, the Citrine Finance vehicle has been unable to meet its basic financial obligations (auditors, fund administrator etc) and was placed in receivership (under Irish law);
  - Given the very substantial unpaid amount of principal and accrued interest on the more senior notes of the Citrine Finance vehicle and the expected low market value of the underlying securities, no amounts should be recouped by EETI;
  - These positions are consequently written off.
  
- ▶ EETI holds a 40% interest in the residual of the Sestante 4 RMBS, a securitisation of non-conforming Italian mortgage loans.
  - The residual position has not cash flowed since 2007 owing to the weak performance of the underlying collateral and substantial principal deficiency in the deal;
  - However, as the transaction holds a substantial amount of unsold, foreclosed properties and is expected to run for another 10-15 years, the residual position held by EETI might eventually recoup some cash flow;
  - In the interim, the position is fully written-off.

# Appendix



## Summary of quarterly portfolio assumptions since Q4 2012

Positions	CDR													CPR														
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015		
Lusitano 3	0.90%	1.04%	1.20%	1.22%	1.35%	1.39%	1.39%	1.38%	1.28%	1.16%	1.03%	1.01%	0.90%	2.50%	2.25%	1.90%	1.80%	1.70%	1.68%	1.58%	1.56%	1.59%	1.68%	1.70%	1.78%	1.79%		
Lusitano 5	1.30%	1.41%	1.57%	1.67%	1.71%	1.79%	1.77%	1.72%	1.50%	1.43%	1.33%	1.24%	1.16%	2.20%	2.00%	1.80%	1.60%	1.50%	1.36%	1.27%	1.24%	1.23%	1.32%	1.44%	1.59%	1.67%		
Pastor 2	0.20%	0.22%	0.29%	0.30%	0.35%	0.39%	0.47%	0.53%	0.53%	0.51%	0.45%	0.41%	0.38%	5.10%	4.90%	4.60%	4.60%	4.60%	4.40%	4.31%	3.97%	4.05%	3.94%	3.94%	4.31%	4.40%		
Pastor 3	2.40%	2.73%	2.91%	3.37%	3.93%	4.11%	4.02%	3.75%	3.61%	3.64%	3.40%	2.69%	2.07%	3.10%	2.90%	3.10%	3.00%	3.00%	3.00%	3.21%	3.09%	3.15%	3.26%	3.24%	3.53%	3.69%		
Pastor 4	2.20%	2.33%	2.46%	2.58%	3.06%	3.10%	2.97%	3.10%	2.98%	2.75%	2.54%	2.46%	2.32%	3.20%	3.00%	3.00%	2.90%	3.00%	3.10%	3.25%	3.17%	3.39%	3.54%	3.67%	3.67%	3.79%		
Pastor 5	2.00%	2.14%	1.90%	2.12%	3.07%	3.31%	3.50%	3.63%	3.41%	3.50%	3.54%	3.27%	2.42%	3.30%	2.90%	2.90%	2.80%	2.80%	2.80%	2.86%	2.83%	3.06%	2.97%	3.18%	3.11%	3.34%		
Semper	0.00%	0.00%	nm											nm	nm	nm												
Gems	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm		
Minotaure	0.20%	0.22%	0.18%	0.22%	0.22%	0.23%	0.26%	0.20%	0.23%	0.24%	0.24%	0.27%	0.28%	4.58%	4.56%	4.27%	4.07%	4.16%	4.20%	4.30%	4.15%	4.22%	4.29%	4.64%	5.50%	6.20%		
Sestante 4 A1																												
Ludgate							1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%									5.00%	5.20%	6.00%	7.00%	7.00%	7.00%	7.00%

Note: For the Minotaure transaction, CDR data corresponds to the annualised loss rate. For the Ludgate transaction, CPR data corresponds to the total redemption rate.

## Summary of quarterly portfolio assumptions since Q4 2012 (cont'd)

Positions	Loss Severity													Recovery Lag													
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	
Lusitano 3	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Lusitano 5	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pastor 2	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pastor 3	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pastor 4	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pastor 5	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Semper	nm	nm	nm											nm	nm	nm		0%	0%	0%							
Gems	95%	95%	95%	92%	95%	95%	95%	95%	95%	95%	95%	95%	95%	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Minotaure	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Sestante 4 A1																											
Ludgate							30%	30%	30%	30%	30%	30%	30%							4	4	4	4	4	4	4	4

## Summary of quarterly portfolio assumptions since Q4 2012 (cont'd)

Positions	Discount Rates												
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Lusitano 3	10.00%	9.90%	9.78%	9.48%	9.00%	8.77%	8.49%	8.11%	7.87%	7.64%	7.42%	7.26%	7.11%
Lusitano 5	15.00%	14.90%	14.78%	14.48%	14.00%	13.77%	13.49%	13.11%	12.87%	12.64%	12.42%	12.26%	12.11%
Pastor 2	10.00%	9.90%	9.78%	9.48%	9.00%	8.77%	8.49%	8.11%	7.87%	7.64%	7.42%	7.26%	7.11%
Pastor 3	15.00%	14.90%	14.78%	14.48%	14.00%	13.77%	13.49%	13.11%	12.87%	12.64%	12.42%	12.26%	12.11%
Pastor 4	15.00%	14.90%	14.78%	14.48%	14.00%	13.77%	13.49%	13.11%	12.87%	12.64%	12.42%	12.26%	12.11%
Pastor 5	15.00%	14.90%	14.78%	14.48%	14.00%	13.77%	13.49%	13.11%	12.87%	12.64%	12.42%	12.26%	12.11%
Semper	8.50%	8.40%	8.28%										
Gems	8.50%	8.40%	8.28%	7.98%	7.50%	7.27%	6.99%	6.61%	6.37%	6.14%	6.14%	5.76%	5.61%
Minotaure	15.00%	14.90%	14.78%	14.48%	14.00%	13.77%	13.49%	13.11%	12.87%	12.64%	12.42%	12.26%	12.11%
Sestante 4 A1	8.50%	8.40%	8.28%	7.98%	7.50%	7.27%	6.99%	6.61%	6.37%	6.14%	6.14%	5.76%	5.61%
Ludgate							13.49%	13.11%	12.87%	12.64%	12.42%	12.26%	12.11%

## Summary of quarterly portfolio book values since Q4 2012

(EUR 000s)	31/12/2012		31/03/2013		30/06/2013		30/09/2013		31/12/2013		31/03/2014		30/06/2014	
	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation
<b>Lusitano 3</b>	6,070	13	5,947	(266)	5,862	(225)	5,581	(330)	5,803	228	5,769	132	6,129	317
<b>Lusitano 5</b>	2,762	627	2,430	(431)	2,631	116	3,009	206	2,841	(279)	2,926	81	3,244	224
<b>Pastor 2</b>	2,826	(520)	2,863	(24)	2,946	14	3,123	115	3,257	63	3,278	(42)	3,393	45
<b>Pastor 3</b>	502	(531)	184	(336)	287	97	68	(230)	68	(1)	0	(70)	0	0
<b>Pastor 4</b>	2,357	(459)	2,267	(172)	2,376	28	2,528	60	2,272	(344)	2,324	(13)	333	(2,067)
<b>Pastor 5</b>	855	23	903	18	1,165	229	1,199	(11)	448	(793)	427	(31)	0	(441)
<b>Gems</b>	3,208	1,234	3,397	136	4,119	663	4,269	52	4,504	163	4,654	110	3,577	(1,148)
<b>Minotaure</b>	920	(1,321)	1,010	58	1,070	23	1,131	22	1,190	20	1,245	18	1,308	22
<b>Sestante 4 A1</b>	173	(7)	163	(3)	153	0	150	3	137	(5)	127	0	123	6
<b>Ludgate</b>													6,590	6,590
<b>TOTAL</b>	<b>26,394</b>	<b>(1,142)</b>	<b>25,884</b>	<b>(1,020)</b>	<b>20,608</b>	<b>319</b>	<b>21,059</b>	<b>(113)</b>	<b>20,521</b>	<b>(947)</b>	<b>20,751</b>	<b>186</b>	<b>24,697</b>	<b>3,548</b>

## Summary of quarterly portfolio book values since Q4 2012 (cont'd)

(EUR 000s)	30/09/2014		31/12/2014		31/03/2015		30/06/2015		30/09/2015		31/12/2015		Total (Markdown) / Revaluation in FY		
	Book Value	(Markdown) / Revaluation	Book Value	(Markdown) / Revaluation	Book Value	(Markdown) / Revaluation	Book Value	(Markdown) / Revaluation	Book Value	(Markdown) / Revaluation	Book Value	(Markdown) / Revaluation	2013	2014	2015
<b>Lusitano 3</b>	6,338	331	6,678	452	6,701	9	7,139	425	7,233	36	7,281	22	(593)	1,232	492
<b>Lusitano 5</b>	3,796	448	4,198	282	4,164	(164)	4,402	114	4,609	77	5,348	603	(388)	1,035	629
<b>Pastor 2</b>	3,526	62	3,600	34	3,698	35	3,719	(45)	3,853	70	3,916	(5)	168	99	55
<b>Pastor 3</b>	0	0	0	0	0	0	0	0	0	0	0	0	(470)	(70)	0
<b>Pastor 4</b>	389	45	665	264	494	(192)	680	171	1,293	592	1,386	55	(428)	(1,771)	626
<b>Pastor 5</b>	0	0	0	0	0	0	0	0	0	0	0	0	(557)	(472)	0
<b>Gems</b>	3,648	22	3,716	21	3,844	80	4,214	321	4,486	217	4,940	399	1,014	(995)	1,017
<b>Minotaure</b>	1,338	(13)	1,506	127	1,570	19	1,637	18	1,700	14	1,770	21	124	154	72
<b>Sestante 4 A1</b>	105	(7)	85	(10)	76	1	66	0	64	10	49	(2)	(5)	(11)	9
<b>Ludgate</b>	6,507	281	6,266	132	6,345	345	6,139	80	5,883	102	5,654	(71)		7,003	456
<b>TOTAL</b>	<b>25,647</b>	<b>1,169</b>	<b>26,715</b>	<b>1,300</b>	<b>26,892</b>	<b>132</b>	<b>27,994</b>	<b>1,084</b>	<b>29,119</b>	<b>1,117</b>	<b>30,344</b>	<b>1,023</b>	<b>(1,762)</b>	<b>6,203</b>	<b>3,356</b>

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