

Confidential

The Board of EETI

VALUATION OF THE INVESTMENT PORTFOLIO AS AT 31/12/2012

February 2013

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1 SUMMARY

Introduction

PURPOSE OF THE DOCUMENT

- ▶ This document summarizes the market trends and assumptions underlying the valuation of the EETI portfolio at 31/12/2012. It forms part of the ongoing monitoring and re-evaluation of the portfolio undertaken by Cartesia as provided in the monthly and quarterly reports.

METHODOLOGY

- ▶ The portfolio is valued applying the fair value method, as defined under IFRS. In the continued absence of a functioning and sufficiently liquid market for substantially all the portfolio as well as for comparable subordinated investments, the valuation is conducted by applying 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 value 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;**
 - This is the case for default rates and prepayment or redemption rates;
 - **For lack of longer data series, recovery lag and loss severity assumptions are based on 12-month average values;**
 - **Euribor 3-month forward curves are based on their prevailing level at the valuation date.**
- ▶ **The valuation of the positions will be reviewed quarterly, based on the then prevailing average values.**
- ▶ The forecast cash flows have been prepared by Cartesia using internally developed models. These models have been tested and improved over several years and have not shown any material deviation against those of other market participants.
- ▶ The discount rates used to derive the net present value of each investment are determined by the Board of Directors of EETI based on an objective methodology.
 - **The discount rates will also be reviewed quarterly applying the same method.**

Valuation summary

- ▶ The EETI portfolio is valued at 31/12/2012 at EUR 26,394k, leading to an estimated markdown of EUR 1,143k (-4.2%) on the year-end book value prior to assumption changes.
- ▶ Forecast cash flow to maturity amount EUR 54,336k, EUR 4,271k (+8.5%) above previous valuation.
- ▶ The main changes affect the following investments:
 - The **Pastor 3 and 4** positions are impacted by higher assumed default rates as well as lower Euribor forward curve, leading to a markdown of 51% and 16% respectively;
 - The **Minotaure** position is impacted by 59% markdown, reflecting a waterfall shutdown in the transaction that will preclude ongoing cash flow receipts until senior bonds are repaid. Consequently, the discount rate on the position has been increased to 15% from 8.5%;
 - The **Provide Gems** position is revalued by 62% as lower default rates should reduce the expected principal loss on the position; at the same time, more rapid amortization should accelerate the timing of principal receipt;
 - The **Lusitano 5** position is revalued by +29% as the current methodology leads to lower assumed defaults;
 - Other positions are only marginally affected by assumption and/or Euribor changes.

Estimated portfolio valuation at 31/12/2012 applying the discount rates determined by the Board of EETI

(EUR 000s)		Est. Value at 31/12/2012			Est. Value at 31/12/2012			Change (revised less previous)		
		Revised assumptions			with previous assumptions					
Investments	Country	Net Present Values	Total Forecast Cash Flow	Discount Rate	Net Present Values	Total Forecast Cash Flow	Discount Rate	Net Present Values	Total Forecast Cash Flow	Change in Net Present Value
Pastor 2	Spain	2,827	5,384	10.0%	3,346	5,994	10.0%	(520)	(610)	-15.5%
Pastor 3	Spain	502	1,766	15.0%	1,032	3,509	15.0%	(531)	(1,743)	-51.4%
Pastor 4	Spain	2,357	8,717	15.0%	2,817	9,499	15.0%	(460)	(782)	-16.3%
Pastor 5	Spain	856	4,733	15.0%	833	4,015	15.0%	23	717	2.7%
Lusitano 3	Portugal	6,070	9,857	10.0%	6,058	8,376	10.0%	12	1,481	0.2%
Lusitano 5	Portugal	2,762	8,956	15.0%	2,136	5,254	15.0%	626	3,702	29.3%
Semper	Germany	6,720	7,963	8.5%	6,920	8,167	8.5%	(200)	(205)	-2.9%
Gems	Germany	3,208	3,844	8.5%	1,974	2,375	8.5%	1,234	1,468	62.5%
Minotaure	France	920	2,914	15.0%	2,241	2,687	8.5%	(1,321)	227	-59.0%
Sestante 4A1	Italy	173	203	8.5%	180	188	8.5%	(7)	15	-3.9%
TOTAL EETI		26,394	54,336	10.8%	27,537	50,065	10.6%	(1,143)	4,271	-4.2%
								-4.2%	8.5%	

Note: Values above do not include accrued interest from the last interest payment date of each investment to the valuation date and may therefore marginally differ from values presented in individual deal sections.

Net present values at different discount rates

(EUR 000s)

Net present values at different discount rates (at 31/12/2012)

											NPV at different discount rates
Discount Rate	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Semper	Minotaure	Total
8.5%	3,099	847	3,994	1,744	6,468	4,348	173	3,208	6,720	1,486	32,223
10.0%	2,826	749	3,519	1,474	6,071	3,890	169	3,112	6,532	1,327	29,953
15.0%	2,100	502	2,357	856	5,009	2,763	155	2,821	5,959	920	24,048
20.0%	1,585	342	1,629	508	4,233	2,038	144	2,568	5,460	647	19,922
25.0%	1,213	237	1,159	308	3,648	1,550	134	2,347	5,023	462	16,927
30.0%	942	166	845	191	3,192	1,209	125	2,152	4,639	334	14,679
35.0%	741	118	631	120	2,828	962	118	1,981	4,298	245	12,941
Valuation	2,826	502	2,357	856	6,071	2,763	173	3,208	6,720	920	26,396

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	Semper	Minotaure	Total
8.5%	1.7x	2.1x	2.2x	2.7x	1.5x	2.1x	1.2x	1.2x	1.2x	2.0x	1.7x
10.0%	1.9x	2.4x	2.5x	3.2x	1.6x	2.3x	1.2x	1.2x	1.2x	2.2x	1.8x
15.0%	2.6x	3.5x	3.7x	5.5x	2.0x	3.2x	1.3x	1.4x	1.3x	3.2x	2.3x
20.0%	3.4x	5.2x	5.3x	9.3x	2.3x	4.4x	1.4x	1.5x	1.5x	4.5x	2.7x
25.0%	4.4x	7.5x	7.5x	15.3x	2.7x	5.8x	1.5x	1.6x	1.6x	6.3x	3.2x
30.0%	5.7x	10.6x	10.3x	24.8x	3.1x	7.4x	1.6x	1.8x	1.7x	8.7x	3.7x
35.0%	7.3x	14.9x	13.8x	39.4x	3.5x	9.3x	1.7x	1.9x	1.9x	11.9x	4.2x
Valuation	1.9x	3.5x	3.7x	5.5x	1.6x	3.2x	1.2x	1.2x	1.2x	3.2x	2.1x

Note: Values above do not include accrued interest from the last interest payment date of each investment to the valuation date and may therefore marginally differ from values presented in individual deal sections.

Quarterly historical and forecast cash flow

Quarterly cash flow of the EETI Portfolio

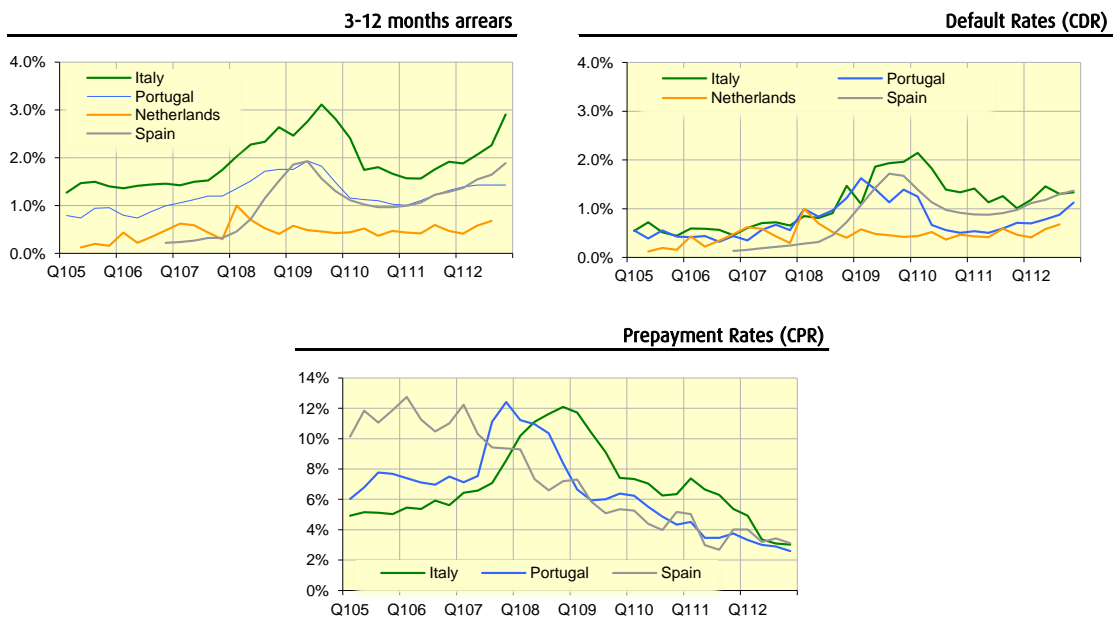
(EUR 000s)	Spain				Portugal		Italy	Germany		France	TOTAL EETI		
	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Semper	Minotaure	Qty	Annual	Cumulative
HISTORICAL													
Q4 2009	430	-	-	-	34	75	-	19	148	210	1,166		
Q1 2010	337	-	-	-	-	0	-	18	146	190	960		
Q2 2010	235	-	-	-	75	-	-	17	148	233	952		
Q3 2010	59	-	-	-	205	-	-	18	150	264	940		
Q4 2010	160	-	-	-	-	-	-	20	150	216	802	3,655	
Q1 2011	316	-	-	-	85	-	-	22	151	132	968		
Q2 2011	385	-	-	-	529	-	25	23	158	214	1,595		
Q3 2011	222	-	-	-	350	-	25	27	163	249	1,307		
Q4 2011	169	-	-	-	273	-	19	28	162	177	8,746	12,616	
Q1 2012	235	-	-	-	487	-	20	27	159	189	1,215		
Q2 2012	170	-	-	-	388	-	15	22	149	134	4,961		
Q3 2012	91	-	-	-	282	-	14	17	147	99	655		
Q4 2012	7	-	-	-	-	-	11	12	139	-	175	7,006	
FORECAST													
Sum CF	5,384	1,766	8,717	4,733	9,857	8,956	203	3,844	7,963	2,914	54,336		
% Total	9.9%	3.3%	16.0%	8.7%	18.1%	16.5%	0.4%	7.1%	14.7%	5.4%	100.0%		
Q1 2013	1	7	-	-	7	-	14	11	137	-	177		177
Q2 2013	2	9	-	-	246	-	14	13	140	-	423		600
Q3 2013	3	9	-	-	121	-	14	13	140	-	298		898
Q4 2013	4	9	-	-	93	-	14	13	140	-	269	1,167	1,167
Q1 2014	5	9	-	-	108	-	14	13	140	-	285		1,452
Q2 2014	6	9	-	-	92	-	13	14	141	-	269		1,720
Q3 2014	7	10	-	-	349	-	13	14	141	-	527		2,248
Q4 2014	8	10	-	-	299	-	13	14	141	-	477	1,557	2,725
Q1 2015	9	10	-	-	358	-	13	3,737	6,842	-	10,960		13,684
Q2 2015	10	11	-	-	360	-	12	-	-	-	383		14,067
Q3 2015	11	11	-	-	587	-	12	-	-	-	611		14,678
Q4 2015	12	12	-	-	570	-	12	-	-	-	593	12,547	15,271
Q1 2016	13	12	-	-	448	-	12	-	-	-	472		15,743
Q2 2016	14	13	-	-	446	-	12	-	-	-	470		16,213
Q3 2016	15	13	-	-	446	-	11	-	-	-	470		16,683
Q4 2016	16	14	-	-	435	480	10	-	-	-	938	2,350	17,621
Q1 2017	17	14	-	-	179	799	-	-	-	-	992		18,613
Q2 2017	18	15	-	-	177	200	-	-	-	-	391		19,004
Q3 2017	19	16	-	54	179	193	-	-	-	-	442		19,446
Q4 2017	20	16	-	318	161	194	-	-	-	-	690	2,515	20,136
Q1 2018	21	17	-	267	169	196	-	-	-	-	649		20,785
Q2 2018	22	17	-	308	154	195	-	-	-	-	674		21,459
Q3 2018	23	18	-	349	130	189	-	-	-	-	686		22,145
Q4 2018	24	19	-	305	113	190	-	-	-	-	627	2,636	22,771
Q1 2019	25	19	-	272	120	191	-	-	-	-	603		23,375
Q2 2019	26	20	-	161	118	190	-	-	-	-	490		23,864
Q3 2019	27	21	-	54	122	184	-	-	-	-	380		24,245
Q4 2019	28	5,021	-	54	105	185	-	-	-	-	5,366	6,839	29,610
Q1 2020	29	-	-	54	112	186	-	-	-	-	352		29,962
Q2 2020	30	-	-	55	110	185	-	-	-	-	349		30,312
Q3 2020	31	-	-	56	111	181	-	-	-	-	347		30,659
Q4 2020	32	-	-	57	101	168	-	-	-	-	326	1,374	30,985
Q1 2021	33	-	-	57	103	118	-	-	-	2,914	3,192		34,177
Q2 2021	34	-	-	56	102	118	-	-	-	-	276		34,453
Q3 2021	35	-	-	58	104	114	-	-	-	-	276		34,729
Q4 2021	36	-	1,766	59	90	115	-	-	-	-	2,029	5,774	36,758
Q1 2022	37	-	-	58	95	116	-	-	-	-	270		37,028
Q2 2022	38	-	-	58	93	116	-	-	-	-	268		37,296
Q3 2022	39	-	-	60	96	112	-	-	-	-	268		37,564
Q4 2022	40	-	-	60	82	113	-	-	-	-	256	1,061	37,819
Q1 2023	41	-	-	60	87	115	-	-	-	-	262		38,081
Q2 2023	42	-	-	60	85	114	-	-	-	-	259		38,341
Q3 2023	43	-	-	62	87	110	-	-	-	-	259		38,600
Q4 2023	44	-	-	62	75	111	-	-	-	-	249	1,029	38,849
Q1 2024	45	-	-	62	80	113	-	-	-	-	254		39,102
Q2 2024	46	-	-	5,582	78	112	-	-	-	-	5,784		44,886
Q3 2024	47	-	-	88	78	110	-	-	-	-	277		45,163
Q4 2024	48	-	-	84	1,397	110	-	-	-	-	1,591	7,906	46,755
Q1 2025	49	-	-	4,548	-	112	-	-	-	-	4,660		51,415
Q2 2025	50	-	-	-	-	111	-	-	-	-	111		51,526
Q3 2025	51	-	-	-	-	107	-	-	-	-	107		51,632
Q4 2025	52	-	-	-	-	107	-	-	-	-	107	4,985	51,739
Q1 2026	53	-	-	-	-	107	-	-	-	-	107		51,847
Q2 2026	54	-	-	-	-	107	-	-	-	-	107		51,953
Q3 2026	55	-	-	-	-	103	-	-	-	-	103		52,056
Q4 2026	56	-	-	-	-	103	-	-	-	-	103	420	52,159
Q1 2027	57	-	-	-	-	103	-	-	-	-	103		52,263
Q2 2027	58	-	-	-	-	103	-	-	-	-	103		52,365
Q3 2027	59	-	-	-	-	99	-	-	-	-	99		52,464
Q4 2027	60	-	-	-	-	99	-	-	-	-	99	404	52,564
Q1 2027	61	-	-	-	-	1,772	-	-	-	-	1,772		54,336

Note: Written-off investments (Sestante 2, 3 and 4 residuals and Ludgate) are not shown in the table above as their cash flow forecast is 0.

European RMBS performance

- ▶ Over the past year, collateral performance of European RMBS has deteriorated across Europe under the combined impact of deficit reduction measures and stagnant or negative growth.
- ▶ 90d+ arrears levels have overall risen by 0.5-1.0% in Southern Europe, after a remarkable improvement in performance over the 2010 and 2011 period.
- ▶ Default levels have risen by an average 0.5% p.a. on a broad sample of transactions but still remain below crisis peak.
- ▶ The outlook for credit performance is mixed. In the short term, downside risk remains, notably in Southern Europe, as unemployment continues to rise and austerity measures are deepening as short term budget deficit targets are not met.
 - In addition, reduced availability of bank financing and the increased willingness of banks to take losses on their repossessed real estate portfolio are likely to continue to weigh on house prices;
 - While of no impact on the EETI portfolio, it should be noted that real estate prices in the Netherlands, the UK and France are declining to varying degrees. Only Germany is recording noticeable house price appreciations in certain regions.
- ▶ Over the medium term, with the risk of a Eurozone implosion partly or fully removed by the promise of unlimited support to ailing sovereigns offered by the ECB since the summer, the outlook is cautiously optimistic.
 - Unit labour cost, notably in Spain and Portugal, has been substantially lowered over the past years, making these countries more attractive as an investment destinations;
 - This improvement is starting to show in the balance of payments of these countries and should over time benefit their economies and households.

European RMBS performance



2 PASTOR INVESTMENTS (SPANISH SECOND LOSS)

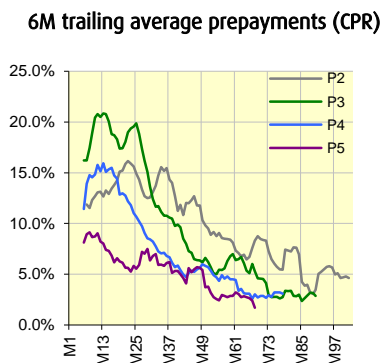
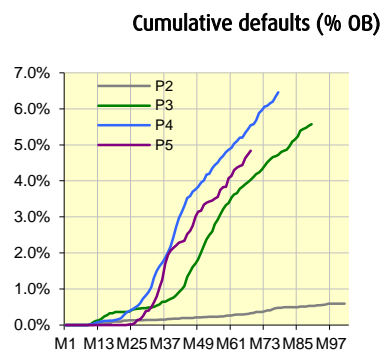
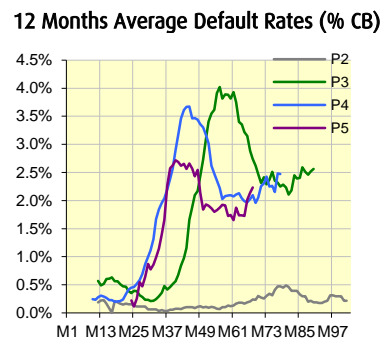
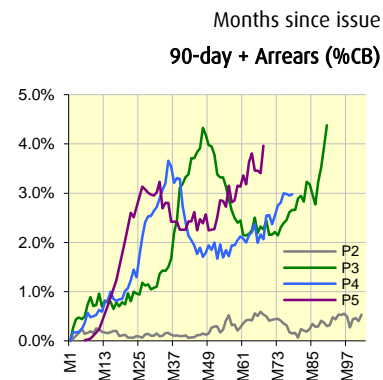
Fact sheet

EETI Investments:	<ul style="list-style-type: none"> ▶ <u>Pastor 2</u>: 100% of the EUR 5,000,000 subordinated loan at EUR 3M + 0.35% p.a. ▶ <u>Pastor 3</u>: 100% of the EUR 9,000,000 subordinated loan at EUR 3M + 2.50% p.a. ▶ <u>Pastor 4</u>: 100% of the EUR 5,500,000 subordinated loan at EUR 3M + 2.50% p.a. ▶ <u>Pastor 5</u>: 33.3% of the EUR 10,500,000 Class D Notes at EUR 3M + 4.50% p.a.
Position:	<ul style="list-style-type: none"> ▶ Second-loss position ▶ First loss (residual) held by Banco Pastor ▶ Unpaid interests accrue and remain a liability of the securitisation fund until termination
Spread:	<p>Swap with Banco Pastor guarantees a spread after notes margin and fees of:</p> <ul style="list-style-type: none"> ▶ <u>Pastor 2</u>: 0.40% p.a. ▶ <u>Pastor 3</u>: 0.40% p.a. ▶ <u>Pastor 4</u>: 0.40% p.a. ▶ <u>Pastor 5</u>: 0.60% p.a.
Clean-up call:	Optional clean-up once the collateral has reached 10% of its initial amount assumed to be exercised.
Principal CF drivers:	<ul style="list-style-type: none"> ▶ CDR ▶ Recovery lag ▶ Loss severity
Treatment of reserve and sub loan:	<p>The purchase agreements of the subordinated loans of Pastor 2, 3 & 4 provide a right to bid on the portfolio at clean-up call if the principal amount and accrued interest of the subordinated loans held by EETI cannot be paid in full.</p> <p>At this juncture, this provision is of little value as portfolios of loans currently trade at a sizeable discount to par.</p>

Profile

Key characteristics						
Issuer			Banco Pastor			
Issue date			06/2004	06/2005	06/2006	06/2007
Months since issue			103	91	79	67
Issue size (OB)	EURm		1,000	1,000	920	711
Current size (CB)	EURm		259	312	397	432
	% OB		26%	31%	43%	61%
Count			4,396	3,652	3,985	3,240
Avg balance	EURk		59	85	100	133
% Non-residential						14%
Guaranteed spread	% CB		0.40%	0.40%	0.40%	0.60%
to securitisation through swap			Plus: Notes interest & Fees			
Initial spread on loans	% CB		0.56%	1.52%	1.37%	0.72%
Current spread on loans	% CB		1.21%	1.79%	1.72%	1.95%
Collateral composition						
LTV:	At issue		61%	67%	64%	65%
	Last Q		41%	50%	51%	53%
LTV buckets:	<50%		67.3%	36.6%	35.5%	35%
	[50-70%]		32.5%	57.0%	36.3%	44%
	]70-80%]		0.2%	1.9%	47.2%	15%
	>80%					1%
Vintage:	<=2002		60%			
	2003		40%	8%		0%
	2004			92%	9%	1%
	2005				91%	8%
	2006					90%
Region:	Madrid		25%	16%	18%	19%
	Catalunya		27%	32%	24%	26%
	Valencia		5%	7%	10%	7%
	Andalusia		7%	7%	9%	12%
	Galicia		15%	16%	16%	14%
	Others		21%	22%	23%	22%
Transaction performance						
Average CPR:	Since issue	% CB	9.5%	9.5%	7.4%	5.3%
	Last 24M	% CB	5.1%	3.1%	3.2%	3.3%
	Last 12M	% CB	5.1%	2.9%	2.9%	2.4%
Arrears:	<=1M	% CB	13.8%	20.6%	19.2%	14.5%
	]1-3M]	% CB	2.4%	7.3%	6.8%	2.8%
	3-12M	% CB	0.5%	4.4%	3.0%	4.0%
	Total	% CB	16.7%	32.2%	29.0%	21.2%
Cumulative defaults	EURm		6.0	55.9	59.5	33.9
	% OB		0.6%	5.6%	6.5%	4.8%
Default Rate (CDR):	Since issue	% CB	0.2%	1.9%	2.0%	2.0%
	Last 24M	% CB	0.2%	2.4%	2.2%	2.0%
	Last 12M	% CB	0.2%	2.6%	2.5%	2.1%
Cumulative recoveries	EURm		2.6	9.5	8.2	4.4
As a % of cumulative defaults			43.1%	16.9%	13.9%	13.1%
Reserve amount	EURm		5.00	(31.93)	(23.40)	(13.90)
Reserve %	% CB		1.93%	-10.23%	-5.89%	-3.21%
Reserve drawn?			No	Yes	Yes	Yes

Collateral performance



Macroeconomic environment

- ▶ The Spanish economy had been one of the main beneficiaries of the pre-crisis boom in Europe and finds itself the primary casualty of the subsequent real estate and banking bubble burst.
 - The economy has contracted almost without interruption since 2008 and at current pace the 2012 contraction could reach -2.0%;
 - Unemployment has reached 25% of the workforce and conceals significant differences by region and age group; under-25 unemployment has reached 50% in certain regions;
 - Real estate prices are down 25% from their 2008 peak and further deterioration is expected in the short term.
- ▶ Significant austerity measures put in place to reduce central government deficits are weighing on short term growth.
 - Central government debt has continued to rise, partly as a reflection of an extension of State financing to autonomous regions struggling to finance expenditures;
 - Despite the substantial restructuring of the banking sector over the past years (mergers have reduced the number of institutions by two-thirds and weaker banks have been recapitalized), new lending remains weak and it is unclear whether further recapitalizations will be required.
- ▶ Among key positives, Spain's funding cost has sharply decreased in the past months supported by ECB's conditional commitment to purchase sovereign debt in unlimited amount.
- ▶ In addition, the internal devaluation of the past 3 years has markedly improved the relative attractiveness of Spain as an investment destination, while curbing current account deficits.
- ▶ Over time, this should translate into renewed growth and a gradual absorption of unemployment, which should substantially support the credit performance of Spanish households.

Yearly Real GDP Growth



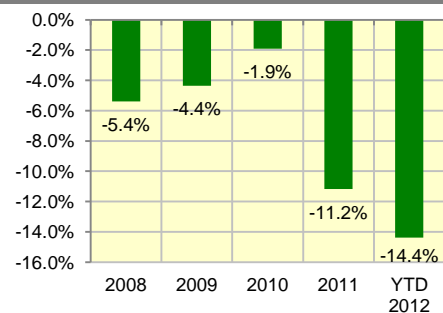
Unemployment Rate



Real Estate Prices (Base 100 = Q1 2007)



Yearly Evolution of Real Estate Prices since 2008



Transaction performance

PASTOR 2

- ▶ The transaction has continued to perform well with arrears and defaults within assumptions, with 90-day+ arrears at 0.5% and 12-month and 24-month average CDRs at 0.2% p.a.
- ▶ The subordinated loan held by EETI has been partially repaid; the remaining EUR 5m in principal will now only amortise at maturity. Until then, only interest will be received.

PASTOR 3, 4 and 5

- ▶ These transactions have gradually deteriorated, with year-end performance slightly worse than prevailing credit assumptions:
 - Average 12-month CDR amounts to 2.6%, 2.5% and 1.9% for the Pastor 3, 4 and 5 respectively;
 - Average 24-month CDR amounts to 2.4%, 2.2%, 2.0% for the Pastor 3, 4 and 5 respectively;
 - **90-day+ arrears stand 4.4%, 3.0% and 4.0% respectively for the 3 transactions**, pointing to a potential rise in default rates next year.
- ▶ In addition, recoveries have remained below expectations leading to **a worsening of the unpaid PDLs (negative reserve) in Pastor 3, 4 and 5 to EUR 31.9m, EUR 23.4m and EUR 13.9m respectively.**
- ▶ Indications on actual loss severities on defaulted mortgages have been provided by the transaction trustee on Pastor 2, 3 and 4.
 - In the **very few cases** where properties have been foreclosed and sold to date, loss severities, as recapped in the table below, have ranged from 24% to 40%, averaging 31%;
 - **On the significantly larger inventory of repossessed homes not yet sold, expected loss severities based on latest appraisals average around 20%.**
 - In the cases where properties have been sold, **the time from default to disposal of foreclosed properties averaged 2.5 years.**

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 Default to Sale	Count	Debt Amount	Expenses	Appraisal Value	Estimated Loss Severity
Pastor 2	2	0.33	0.10	0.30	-39.4%	2.6 yrs	11	1.00	0.13	1.42	0.0%
Pastor 3	12	1.70	0.55	1.65	-35.3%	2.8 yrs	202	25.9	4.06	26.46	-13.5%
Pastor 4	8	1.29	0.32	1.30	-24.0%	2.2 yrs	195	26.3	5.02	24.74	-25.0%
TOTAL	22	3.32	0.97	3.25	-31.3%	2.5 yrs	408	53.20	9.21	52.62	-18.4%

(EUR m)	Estimated Total Losses on Foreclosed Defaults			
	Debt Amount	Expenses	Appraisal or Sale Value	Estimated Loss Severity
Pastor 2	1.3	0.2	1.7	0.0%
Pastor 3	27.6	4.6	28.1	-14.9%
Pastor 4	27.6	5.3	26.0	-25.0%
TOTAL	56.5	10.2	55.9	-19.2%

Main valuation assumptions

DEFAULT RATE (CDR)

- ▶ Change from 2.0% p.a. in the previous valuation to 2.4%, 2.2% and 2.0% respectively for Pastor 3, 4 and 5, in line with 24-month average default rates.
- ▶ Lowering of CDR from 0.40% to 0.20% p.a. for Pastor 2, in line with 24-month average default rates.

RECOVERY LAG

- ▶ Existing defaults: Recovery of a 4-year period.
- ▶ New defaults: Lowering of the recovery lag from 3 years to 2.5 years (10 quarters), in line with the actual recovery lag experienced on foreclosed properties.
 - Note that defaults being defined as arrears of 12 months, a 2.5-year lag translates into a 3.5-year delay from first arrear to the sale of foreclosed properties.

LOSS SEVERITY

- ▶ 20% based on current servicer estimate of losses on repossessions.

PREPAYMENT RATE (CPR)

- ▶ Starting CPR equal to the 24-month average for each transaction of 5.1%, 3.1%, 3.2% and 3.3% respectively for Pastor 2, 3, 4 and 5.
- ▶ After a 12-month period, incremental growth to a 5% p.a. level except for Pastor 2.

EURIBOR FORWARD CURVE

- ▶ Current Euribor 3-month forward curve.

MATURITY

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

As previously indicated all assumptions will be revised quarterly based on available data.

Main valuation assumptions (Cont'd)

COMPARISON OF REVISED AND PREVIOUS KEY ASSUMPTIONS

		CDR	Lag	Severity	CPR
Pastor 2	New	0.20%	2.5 yrs	20%	5.1 p.a.
	Previous	0.40%	3 yrs	15%	Until end 2013: 3.5% Thereafter: + 0.60% p.a.
Pastor 3	New	2.40%	2.5 yrs	20%	Until end 2013: 3.1% Thereafter: + 0.40% p.a. capped at 5.0% p.a.
	Previous	2.00%	3 yrs	20%	Until end 2014: 3.5% Thereafter: + 0.60% p.a.
Pastor 4	New	2.20%	2.5 yrs	20%	Until end 2013: 3.2% Thereafter: + 0.40% p.a. capped at 5.0% p.a.
	Previous	2.00%	3 yrs	20%	Until end 2013: 3.5% Thereafter: + 0.60% p.a.
Pastor 5	New	2.00%	2.5 yrs	20%	Until end 2013: 3.3% Thereafter: + 0.40% p.a. capped at 5.0% p.a.
	Previous	2.00%	3 yrs	20%	Until end 2013: 3.5% Thereafter: + 0.60% p.a.

Note: Recovery lag stated in the table is for new defaults. Existing un-foreclosed defaults are assumed to be recovered over a 4-year period.

Pastor 2 – Valuation and CF summary

(EUR 000s)

Forecast Sub Loan CF		
IPD	Q	CF
03/2013	1	7
06/2013	2	9
09/2013	3	9
12/2013	4	9
03/2014	5	9
06/2014	6	9
09/2014	7	10
12/2014	8	10
03/2015	9	10
06/2015	10	11
09/2015	11	11
12/2015	12	12
03/2016	13	12
06/2016	14	13
09/2016	15	13
12/2016	16	14
03/2017	17	14
06/2017	18	15
09/2017	19	16
12/2017	20	16
03/2018	21	17
06/2018	22	17
09/2018	23	18
12/2018	24	19
03/2019	25	19
06/2019	26	20
09/2019	27	21
12/2019	28	5,021

(EUR 000s)

discount rate	Value at 31/12/2012
0.0%	5,384
8.5%	3,106
10.0%	2,833
15.0%	2,107
20.0%	1,592

Net present value at 10.0% under different combinations

	CDR / Severity combinations					
	0.00%	0.20%	0.40%	0.80%	1.20%	1.60%
5%	2,833	2,833	2,833	2,879	2,863	2,900
10%	2,833	2,833	2,833	2,877	2,860	2,891
15%	2,833	2,833	2,833	2,874	2,855	2,742
20%	2,833	2,833	2,833	2,874	2,847	2,275
25%	2,833	2,833	2,833	2,874	2,834	1,808
30%	2,833	2,833	2,833	2,872	2,565	1,342

	CDR / Recovery lag combinations					
	0.00%	0.20%	0.40%	0.80%	1.20%	1.60%
4	2,833	2,833	2,833	2,882	2,879	2,927
8	2,833	2,833	2,833	2,877	2,863	2,801
10	2,833	2,833	2,833	2,874	2,847	2,275
12	2,833	2,833	2,833	2,868	2,830	1,710
16	2,833	2,833	2,830	2,847	2,004	425
20	2,833	2,833	2,823	2,754	950	0

	CDR / CPR combinations					
	0.00%	0.20%	0.40%	0.60%	0.80%	1.00%
0.0%	2,514	2,514	2,556	2,556	2,589	2,573
2.0%	2,688	2,688	2,688	2,735	2,725	2,712
3.5%	2,784	2,784	2,784	2,833	2,823	2,812
5.0%	2,833	2,833	2,833	2,884	2,874	2,864
6.5%	2,833	2,833	2,884	2,884	2,874	2,865
8.0%	2,833	2,884	2,884	2,884	2,874	2,918

Pastor 2 – Differences vs. previous forecast

(EUR 000s)

	Comparative Period CF		
	New	Old	Delta
Sum CF	5,384	5,994	(610)
03/2013	7	20	(13)
06/2013	9	21	(12)
09/2013	9	23	(14)
12/2013	9	25	(16)
03/2014	9	26	(17)
06/2014	9	28	(18)
09/2014	10	30	(21)
12/2014	10	33	(22)
03/2015	10	34	(24)
06/2015	11	35	(25)
09/2015	11	35	(24)
12/2015	12	37	(25)
03/2016	12	38	(26)
06/2016	13	40	(27)
09/2016	13	41	(28)
12/2016	14	42	(28)
03/2017	14	43	(29)
06/2017	15	43	(28)
09/2017	16	45	(29)
12/2017	16	45	(28)
03/2018	17	44	(27)
06/2018	17	44	(26)
09/2018	18	45	(26)
12/2018	19	45	(26)
03/2019	19	44	(25)
06/2019	20	44	(24)
09/2019	21	5,045	(5,024)
12/2019	5,021		5,021

Pastor 3 – Valuation and CF summary

(EUR 000s)
Period CF

Forecast Sub Loan CF		
IPD	Q	CF
03/2013	1	0
06/2013	2	0
09/2013	3	0
12/2013	4	0
03/2014	5	0
06/2014	6	0
09/2014	7	0
12/2014	8	0
03/2015	9	0
06/2015	10	0
09/2015	11	0
12/2015	12	0
03/2016	13	0
06/2016	14	0
09/2016	15	0
12/2016	16	0
03/2017	17	0
06/2017	18	0
09/2017	19	0
12/2017	20	0
03/2018	21	0
06/2018	22	0
09/2018	23	0
12/2018	24	0
03/2019	25	0
06/2019	26	0
09/2019	27	0
12/2019	28	0
03/2020	29	0
06/2020	30	0
09/2020	31	0
12/2020	32	0
03/2021	33	0
06/2021	34	0
09/2021	35	0
12/2021	36	1,766

(EUR 000s)
Valuation at different discount rates

discount rate	Value at 31/12/2012
0.0%	1,766
8.5%	849
10.0%	750
15.0%	503
20.0%	343

Net present value at 15.0% under different combinations

	CDR / Severity combinations					
	1.00%	2.00%	2.40%	3.00%	4.00%	5.00%
5%	4,596	3,915	3,925	4,028	4,263	0
10%	3,951	3,549	3,386	3,082	2,631	0
15%	3,070	2,259	1,946	1,431	614	0
20%	2,117	967	503	0	0	0
25%	1,173	0	0	0	0	0
30%	225	0	0	0	0	0
Severity						

	CDR / Recovery lag combinations					
	1.00%	2.00%	2.40%	3.00%	4.00%	5.00%
8	2,164	1,072	632	0	0	0
10	2,117	967	503	0	0	0
12	2,068	857	368	0	0	0
16	1,964	623	80	0	0	0
20	1,851	372	0	0	0	0
24	1,729	108	0	0	0	0
Lag						

	CDR / CPR combinations					
	1.00%	2.00%	2.40%	3.00%	4.00%	5.00%
0.0%	1,850	695	224	0	0	0
2.0%	2,042	876	409	0	0	0
3.0%	2,120	966	500	0	0	0
4.0%	2,153	1,017	552	0	0	0
5.0%	2,198	1,057	603	0	0	0
6.0%	2,190	1,061	612	0	0	0
CPR						

Note: The CPR value is the starting value; CPR is upward sloping to 5.0% after 1 year.

Pastor 3 – Differences vs. previous forecast

(EUR 000s)

Comparative Period CF			
	New	Old	Delta
Sum CF	1,766	3,509	(1,743)
03/2013	0	0	0
06/2013	0	0	0
09/2013	0	0	0
12/2013	0	0	0
03/2014	0	0	0
06/2014	0	0	0
09/2014	0	0	0
12/2014	0	0	0
03/2015	0	0	0
06/2015	0	0	0
09/2015	0	0	0
12/2015	0	0	0
03/2016	0	0	0
06/2016	0	0	0
09/2016	0	0	0
12/2016	0	0	0
03/2017	0	0	0
06/2017	0	0	0
09/2017	0	0	0
12/2017	0	0	0
03/2018	0	0	0
06/2018	0	0	0
09/2018	0	0	0
12/2018	0	0	0
03/2019	0	0	0
06/2019	0	0	0
09/2019	0	0	0
12/2019	0	0	0
03/2020	0	0	0
06/2020	0	0	0
09/2020	0	0	0
12/2020	0	0	0
03/2021	0	0	0
06/2021	0	0	0
09/2021	0	3,509	(3,509)
12/2021	1,766		1,766

Pastor 4 – Valuation and CF summary

(EUR 000s)

Period CF		
Forecast Sub Loan CF		
IPD	Q	CF
03/2013	1	0
06/2013	2	0
09/2013	3	0
12/2013	4	0
03/2014	5	0
06/2014	6	0
09/2014	7	0
12/2014	8	0
03/2015	9	0
06/2015	10	0
09/2015	11	0
12/2015	12	0
03/2016	13	0
06/2016	14	0
09/2016	15	0
12/2016	16	0
03/2017	17	0
06/2017	18	0
09/2017	19	54
12/2017	20	318
03/2018	21	267
06/2018	22	308
09/2018	23	349
12/2018	24	305
03/2019	25	272
06/2019	26	161
09/2019	27	54
12/2019	28	54
03/2020	29	54
06/2020	30	55
09/2020	31	56
12/2020	32	57
03/2021	33	57
06/2021	34	56
09/2021	35	58
12/2021	36	59
03/2022	37	58
06/2022	38	58
09/2022	39	60
12/2022	40	60
03/2023	41	60
06/2023	42	60
09/2023	43	62
12/2023	44	62
03/2024	45	62
06/2024	46	5,582

(EUR 000s)

Valuation at different discount rates	
discount rate	Value at 31/12/2012
0.0%	8,717
8.5%	4,002
10.0%	3,526
15.0%	2,365
20.0%	1,636

Net present value at 15% under different combinations

CDR / Severity combinations						
	CDR					
	1.00%	2.00%	2.20%	3.00%	4.00%	5.00%
0%	2,533	2,560	2,586	2,611	2,702	2,651
10%	2,518	2,529	2,555	2,571	2,399	2,291
20%	2,487	2,492	2,365	1,886	1,848	937
25%	2,457	1,950	1,795	1,097	0	0
30%	2,457	1,115	819	0	0	0
35%	2,139	0	0	0	0	0
Severity						

CDR / Recovery lag combinations						
	CDR					
	1.00%	2.00%	2.20%	3.00%	4.00%	5.00%
8	2,487	2,529	2,555	2,109	2,014	1,213
10	2,487	2,492	2,365	1,886	1,848	937
12	2,461	2,247	2,127	1,852	1,623	645
16	2,457	1,905	1,808	1,852	1,139	22
20	2,440	1,712	1,751	1,828	617	0
24	2,386	1,703	1,751	1,440	61	0
Lag						

CDR / CPR combinations						
	CDR					
	1.00%	2.00%	2.20%	3.00%	4.00%	5.00%
0.0%	2,343	2,179	1,979	1,523	927	0
2.0%	2,443	2,402	2,243	1,765	1,536	592
3.2%	2,487	2,492	2,365	1,886	1,848	937
4.0%	2,511	2,536	2,430	1,950	1,935	1,119
5.0%	2,535	2,574	2,457	1,969	2,069	1,208
6.0%	2,535	2,579	2,499	2,018	2,069	1,255
CPR						

Pastor 4 – Differences vs. previous forecast

(EUR 000s)

	Period CF		
	New	Old	Delta
Sum CF	8,717	9,499	(781)
03/2013	0	0	0
06/2013	0	0	0
09/2013	0	0	0
12/2013	0	0	0
03/2014	0	0	0
06/2014	0	0	0
09/2014	0	0	0
12/2014	0	0	0
03/2015	0	0	0
06/2015	0	0	0
09/2015	0	0	0
12/2015	0	0	0
03/2016	0	0	0
06/2016	0	0	0
09/2016	0	0	0
12/2016	0	0	0
03/2017	0	0	0
06/2017	0	0	0
09/2017	54	0	54
12/2017	318	0	318
03/2018	267	183	84
06/2018	308	417	(109)
09/2018	349	409	(60)
12/2018	305	410	(105)
03/2019	272	404	(132)
06/2019	161	397	(236)
09/2019	54	399	(345)
12/2019	54	262	(208)
03/2020	54	78	(24)
06/2020	55	78	(23)
09/2020	56	79	(23)
12/2020	57	79	(22)
03/2021	57	78	(22)
06/2021	56	77	(21)
09/2021	58	79	(21)
12/2021	59	79	(20)
03/2022	58	78	(20)
06/2022	58	77	(19)
09/2022	60	79	(19)
12/2022	60	79	(19)
03/2023	60	78	(18)
06/2023	60	5,597	(5,538)
09/2023	62	0	62
12/2023	62	0	62
03/2024	62	0	62
06/2024	5,582	0	5,582

Pastor 5 – Valuation and CF summary

(EUR 000s)

Period CF

	Forecast Sub Loan CF	
	IPD	Q	CF
03/2013	1	0
06/2013	2	0
09/2013	3	0
12/2013	4	0
03/2014	5	0
06/2014	6	0
09/2014	7	0
12/2014	8	0
03/2015	9	0
06/2015	10	0
09/2015	11	0
12/2015	12	0
03/2016	13	0
06/2016	14	0
09/2016	15	0
12/2016	16	0
03/2017	17	0
06/2017	18	0
09/2017	19	0
12/2017	20	0
03/2018	21	0
06/2018	22	0
09/2018	23	0
12/2018	24	0
03/2019	25	0
06/2019	26	0
09/2019	27	0
12/2019	28	0
03/2020	29	0
06/2020	30	0
09/2020	31	0
12/2020	32	0
03/2021	33	0
06/2021	34	0
09/2021	35	0
12/2021	36	0
03/2022	37	0
06/2022	38	0
09/2022	39	0
12/2022	40	0
03/2023	41	0
06/2023	42	0
09/2023	43	0
12/2023	44	0
03/2024	45	0
06/2024	46	12
09/2024	47	88
12/2024	48	84
03/2025	49	4,548

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2012
0.0%	4,733
8.5%	1,747
10.0%	1,477
15.0%	858
20.0%	510

Net present value at 15% under different combinations

CDR / Severity combinations

	CDR					
	1.00%	2.00%	2.50%	3.00%	4.00%	5.00%
0%	2,039	1,851	1,743	1,662	1,554	1,498
10%	1,974	1,510	1,367	1,304	1,110	946
20%	1,608	858	677	493	115	0
25%	1,227	571	340	103	0	0
30%	890	286	1	0	0	0
35%	648	0	0	0	0	0
Severity						

CDR / Recovery lag combinations

	CDR					
	1.00%	2.00%	2.50%	3.00%	4.00%	5.00%
8	1,727	897	709	535	175	0
10	1,608	858	677	493	115	0
12	1,510	830	641	449	53	0
16	1,361	771	564	352	0	0
20	1,244	706	478	246	0	0
24	1,153	635	386	135	0	0
Lag						

CDR / CPR combinations

	CDR					
	1.00%	2.00%	2.50%	3.00%	4.00%	5.00%
0.0%	1,541	734	545	355	0	0
2.0%	1,580	807	623	439	59	0
3.3%	1,608	858	677	493	115	0
4.0%	1,610	863	685	506	137	0
5.0%	1,628	895	716	535	164	0
6.0%	1,635	906	727	548	180	0
CPR						

Pastor 5 – Differences vs. previous forecast

(EUR 000s)

	Period CF		
	New	Old	Delta
Sum CF	4,733	4,015	717
03/2013	0	0	0
06/2013	0	0	0
09/2013	0	0	0
12/2013	0	0	0
03/2014	0	0	0
06/2014	0	0	0
09/2014	0	0	0
12/2014	0	0	0
03/2015	0	0	0
06/2015	0	0	0
09/2015	0	0	0
12/2015	0	0	0
03/2016	0	0	0
06/2016	0	0	0
09/2016	0	0	0
12/2016	0	0	0
03/2017	0	0	0
06/2017	0	0	0
09/2017	0	0	0
12/2017	0	0	0
03/2018	0	0	0
06/2018	0	0	0
09/2018	0	0	0
12/2018	0	0	0
03/2019	0	0	0
06/2019	0	0	0
09/2019	0	0	0
12/2019	0	0	0
03/2020	0	0	0
06/2020	0	0	0
09/2020	0	0	0
12/2020	0	0	0
03/2021	0	0	0
06/2021	0	0	0
09/2021	0	0	0
12/2021	0	0	0
03/2022	0	0	0
06/2022	0	0	0
09/2022	0	0	0
12/2022	0	0	0
03/2023	0	0	0
06/2023	0	0	0
09/2023	0	0	0
12/2023	0	0	0
03/2024	0	4,015	(4,015)
06/2024	12	0	12
09/2024	88	0	88
12/2024	84	0	84
03/2025	4,548	0	4,548

3 LUSITANO INVESTMENTS (PORTUGUESE FIRST LOSS)

Summary fact sheet

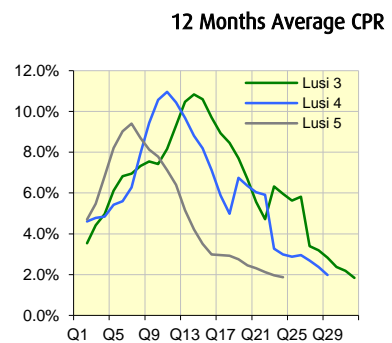
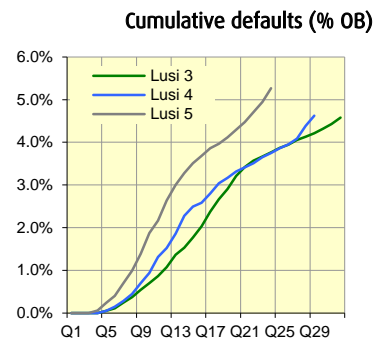
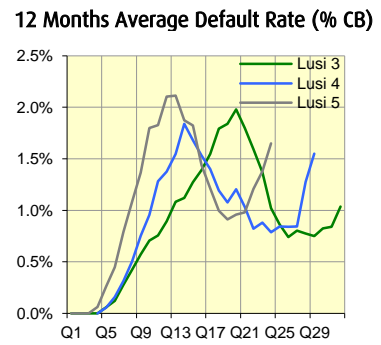
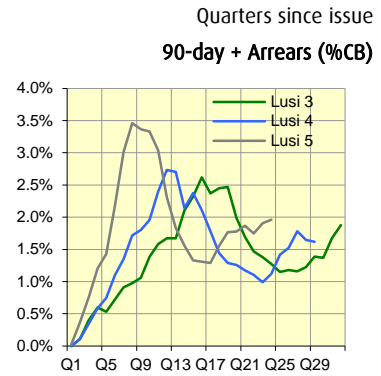
EETI Investments:	<ul style="list-style-type: none"> ▶ <u>Lusitano 3</u>: 24.1% of the Class E Notes (par value of EUR 2,416k) ▶ <u>Lusitano 4</u>: Written off investment. Levered investment through the Citrine repackaging which owns 87.1% of the Class E Notes of Lusitano 4 (par value of EUR 8,800k) ▶ <u>Lusitano 5</u>: 27.7% of the Class E Notes (par value of EUR 3,300k)
Position:	▶ First loss position entitled to all profit on the interest waterfall as well as the reserve amount at maturity.
Pool spread:	<ul style="list-style-type: none"> ▶ <u>Lusitano 3</u>: 1.13% p.a. (before notes interest and cost) ▶ <u>Lusitano 4</u>: 0.95% p.a. (before notes interest and cost) ▶ <u>Lusitano 5</u>: 0.92% p.a. (before notes interest and cost)
Principal CF drivers:	<ul style="list-style-type: none"> ▶ CDR / defaults ▶ Recovery lag ▶ Loss severity ▶ CPR (more marginally)
Optional time call:	<p>All transactions were sold on the basis of the exercise of a 9-year time call. First time call dates are:</p> <ul style="list-style-type: none"> ▶ Lusitano 3 Q4 2013 ▶ Lusitano 4 Q4 2014 ▶ Lusitano 5 Q4 2015 <p>In line with prevailing market views, the present valuation now assumes that time calls will not be exercised.</p>
Clean-up call / Maturity:	<ul style="list-style-type: none"> ▶ Assuming a time call is not exercised at the first call date, it may be exercised at any subsequent payment date. ▶ Alternatively, the transaction could be called once the pool reaches 10% of amount at issue (clean-up call) or run until the maturity of the underlying loan pool. ▶ Current valuations assume the 10% clean-up call will be exercised at the first optional date.

Collateral characteristics

Key characteristics

		L3	L5	
Key deal information				
Issuer		Banco Espirito Santo		
Issue date		09/2004	09/2006	
M since issue		101	77	
Issue size (OB)	EURm	1,200	1,400	
Current size (CB)	EURm	502	985	
% OB		42%	70%	
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	0.95%	0.82%	
Current spread with compensation	%CB	1.13%	0.92%	
Collateral composition				
WA LTV at issue		73.1%	72.4%	
WA Current LTV		58.1%	62.0%	
Current LTV buckets				
	<=60%	45%	42%	
	]60-70%]	25%	14%
	]70-80%]	22%	18%
	]80-90%]	8%	27%
	>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%	
Transaction performance				
CPR				
	Since issue	%CB	6.1%	4.9%
	Last 24M	%CB	2.5%	2.2%
	Last 12M	%CB	1.8%	1.9%
Arrears				
]1-3M]	%CB	1.8%	2.1%
	3-12M	%CB	1.9%	2.0%
	Total		3.7%	4.1%
Cumulative defaults				
		EURm	55.4	70.9
		% OB	4.6%	5.1%
CDR				
	Since issue	%CB	1.07%	1.39%
	Last 24M	%CB	0.90%	1.30%
	Last 12M	%CB	1.04%	1.65%
Cumulative recoveries		EURm	23.7	21.5
As a % of cumulative defaults		%	42.7%	30.4%
Reserve amount		EURm	8.781	-2.3
		%CB	1.75%	-0.24%
Reserve drawn			Yes	Yes

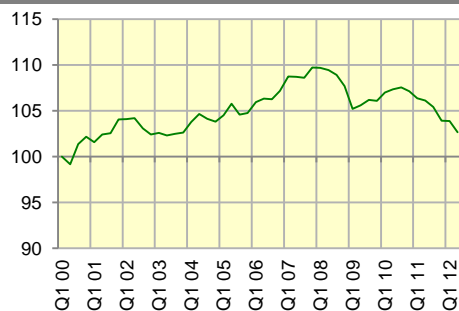
Collateral performance



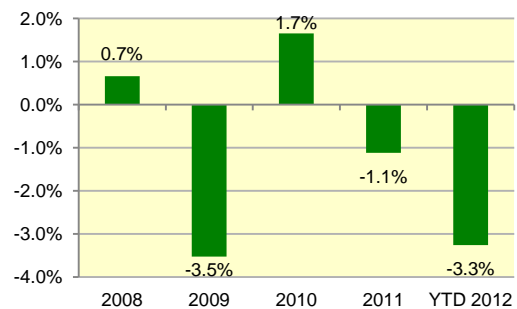
Macroeconomic environment

- ▶ The Portuguese economy, currently under an IMF / EU / ECB bailout program, is undergoing a prolonged recession, which has brought output back to 2002 levels.
 - 2012 GDP is expected to contract by 3.5% after a 1.1% contraction in 2011;
 - Unemployment has risen to 15% of the workforce, up from 12.1% a year ago;
- ▶ As the recession is longer than anticipated, deficit and debt reductions have been slow, forcing a prolongation of austerity measures. The bailout program is likely to be extended until 2015, as a full return to capital markets in 2013 as initially planned seems optimistic.
- ▶ Against this backdrop, real estate activity has declined, under the combined effect of reduced bank lending and a drop in disposable income. While the country had not experienced a real estate bubble like Spain in the 2000s, average prices per sqm have fallen by approx. 10% since 2008 to approx. EUR 1,025/sqm, according to government statistics.
 - Year-to-date drop in average prices amounts to -4.3% following -5.1% and -3.2% yearly declines in 2011 and 2010 respectively. This trend is likely to spill over 2013.
- ▶ The reform program has nonetheless yielded tangible positives, notably a rise in exports as well as a meaningful reduction in wages, key to restoring competitiveness.
 - Alongside Ireland and Greece, Portugal is the only EU member whose nominal compensation of employees has declined over the past 3 years;
 - Portugal is also close to restoring a primary budget balance and has been broadly meeting the targets of the IMF program.
- ▶ As in Spain, the borrowing cost of the Portuguese sovereign as well as of local corporates and banks has substantially declined in 2012; capital markets have also been receptive to new issues by domestic issuers at attractive yields.
- ▶ These positive factors are likely to translate over the medium term into a gradual economic recovery which will benefit the credit performance of domestic households.

Real GDP Evolution (Base 100 = 2000)



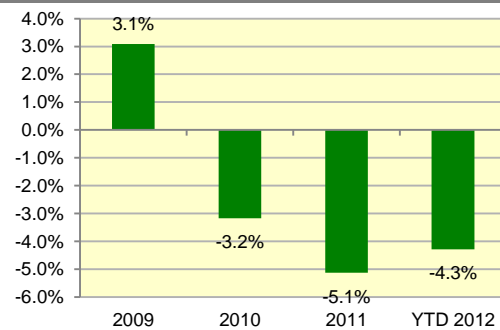
Yearly Evolution in Real GDP since 2008



Real Estate Prices (Base 100 = Sep. 2008)



Yearly Evolution of Real Estate Prices since 2008



Transaction performance

COLLATERAL PERFORMANCE

- ▶ Collateral performance deteriorated in 2012 after a remarkable improvement from end 2009 to end 2011.
 - **90-day+ arrears have reached 1.9-2.0%** for the Lusitano (BES) and Magellan (BCP) series, up +0.5-1.0% over the past 12 months;
 - Similarly, **default rates (CDR)** have risen over the period:
 - 12-month average CDR amount to 1.04% and 1.65% for Lusitano 3 and 5 respectively;
 - 24-month average CDR amount to 0.90% and 1.30% respectively for both transactions.
- ▶ **Recoveries on foreclosed mortgages have declined this year**, with some variations depending on the considered transaction.
 - Recoveries as a percentage of running defaults (measured on a 12 months rolling basis), have fallen by a third in the Lusitano series over the past year;
 - There is however no indication in the quarterly transaction reports on the recovery lag of defaulted mortgages.
- ▶ Loss severity on foreclosed mortgages, which had been 0% until end 2011, has started to rise, reflecting the decline in prices and more importantly liquidity in the housing market.
 - **Available data, recapped in the table below, indicates an average loss severity in 2012 of 19-23% for the Lusitano 3, 4 and 5 transactions.**

Loss severity in Lusitano 3, 4 and 5

	Lusitano 3			
	Cumulative Defaults	Cumulative Recoveries	Cumulative Losses	Loss Severity To Date
Oct. 2012 Data	55.4	23.7	1.2	5%
Oct. 2011 Data	49.9	18.5	0.0	0%
2012 Delta		5.2	1.2	19%

	Lusitano 4			
	Cumulative Defaults	Cumulative Recoveries	Cumulative Losses	Loss Severity To Date
Dec. 2012 Data	60.8	22.8	1.4	6%
Dec. 2011 Data	46.3	17.5	-	0%
2012 Delta		5.3	1.4	21%

	Lusitano 5			
	Cumulative Defaults	Cumulative Recoveries	Cumulative Losses	Loss Severity To Date
Oct. 2012 Data	70.9	21.5	2.5	11%
Oct. 2011 Data	60.1	13.1	0.0	0%
2012 Delta		8.4	2.5	23%

Aggregate 2012 Delta		19.0	5.2	21%
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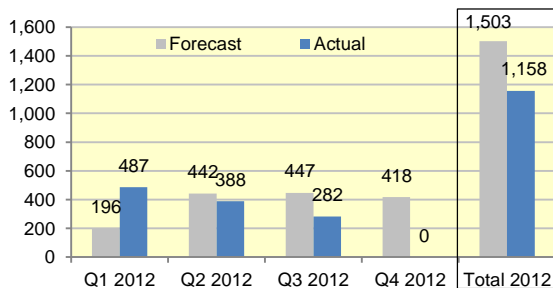
- ▶ Prepayment rates (CPR) have continued their steady decline with **12-month average of 2.0% for both Lusitano 3 and 5.**

Transaction performance (Cont'd)

SPECIFICS OF LUSITANO 3

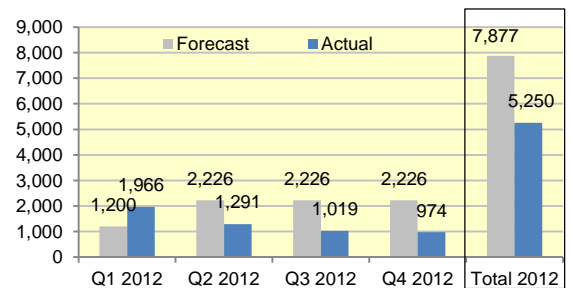
- ▶ The Lusitano 3 investment has performed below forecast over the past 12 months with no cash flow received in the last quarter of the year.
 - **Total cash flow received amounted to EUR 1,158k vs. EUR 1,503k forecast**, with the shortfall generated in the second half of the year.
- ▶ **Lower recoveries, which were EUR 2.6m below expectations, is the primary reason for the shortfall.**
 - In addition, in the last quarter of the year, a retroactive adjustment was taken reducing the effective cash inflow of recoveries into the transaction for that quarter;
 - Portuguese securitization vehicles are not allowed to directly hold real estate; repossessed properties have been transferred to BES at the face value of the loans if they could not be sold on (assuming an implicit 0% loss severity);
 - Given the downturn in the real estate market, the price of properties transferred in 2012 has been adjusted in Q4 by a negative EUR 0.8m. This negative amount offset most of the benefit of the EUR 1m effectively received in recoveries in the quarter.

Lusitano 3 – 2012 residual cash flow (EETI share)



Note: Residual cash flow indicated for EETI's share of Class E notes only.

Lusitano 3 – 2012 recoveries

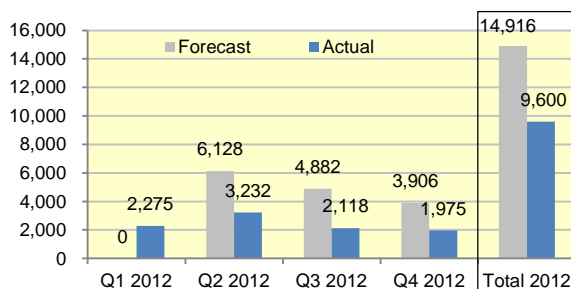


Note: Q4 recoveries shown above do not include EUR 0.8m negative adjustment, which effectively reducing cash inflow to EUR 0.2m.

SPECIFICS OF LUSITANO 5

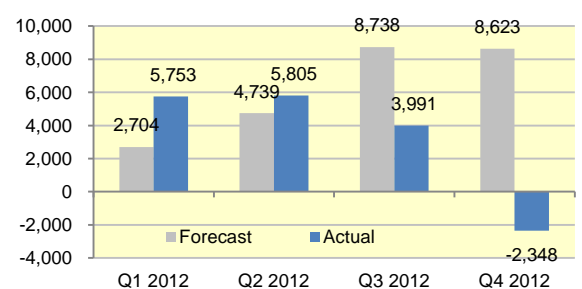
- ▶ As for Lusitano 3, the transaction has performed within assumptions for all credit variables except recoveries, which were EUR 5.3m (-36%) short of expectations. In addition, a EUR 1.5m negative adjustment was also taken in Q4, offsetting the impact of recoveries of that quarter.
- ▶ As a consequence, the reserve amount is now negative by EUR 2.3m vs. a forecast reserve of EUR 8.6m. No cash flows were however expected this year for this transaction.

Lusitano 5 – 2012 recoveries



Note: Q4 recoveries shown above do not include EUR 1.5m negative adjustment, which effectively reducing cash inflow to EUR 0.5m.

Lusitano 5 – Reserve amount



Main valuation assumptions

- ▶ As previously indicated, the revised approach to selecting assumption is to choose the 24-month average for observable credit variables, with a quarterly update of assumptions.

DEFAULT RATE (CDR)

- ▶ Lusitano 3: 0.90% p.a., in line with 24-month average against 1.5% p.a. previously;
- ▶ Lusitano 5: 1.30% p.a. in line with 24-month average against 2.0% p.a. previously.

RECOVERY LAG

- ▶ Existing un-foreclosed defaults: Increase in recovery lag from 10 to 16 quarters, lowering forecast recoveries to current levels;
- ▶ New defaults: Unchanged recovery lag at 10 quarters. As defaults are defined as loans with arrears in excess of 12 months, the retained recovery lag equates to a 3.5-year time to foreclosure from the first arrear.
 - For lack of available data, this variable is the only relying on an estimate and not on observable data.

LOSS SEVERITY

- ▶ Unchanged at 20%, in line with available data.

PREPAYMENT RATE (CPR)

- ▶ Lusitano 3: Lowering of CPR to 2.5% from 3.0%, in line with 12-month average, until end 2013. Thereafter, gradual increase to 5.0%.
- ▶ Lusitano 5: Lowering of CPR to 2.2% from 3.0%, in line with 12-month average, until end 2013. Thereafter, gradual increase to 5.0%.

EURIBOR CURVE

- ▶ Set at the prevailing 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%	Until end 2013: 2.5% Thereafter: + 0.40% p.a. capped at 5.0% p.a.
	Previous	1.50%	2.5 yrs	20%	Until end 2013: 3.0% Thereafter: + 0.60% p.a.
Lusitano 5	New	1.30%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Until end 2013: 2.2% Thereafter: + 0.40% p.a. capped at 5.0% p.a.
	Previous	2.00%	2.5 yrs	20%	Until end 2013: 3.0% Thereafter: + 0.60% p.a.

Lusitano 3 – Valuation and CF summary

(EUR 000s)

Period CF		
Class E CF (EETI share)		
IPD	Q	Cum CF
01/2013	1	7
04/2013	2	246
07/2013	3	121
10/2013	4	93
01/2014	5	108
04/2014	6	92
07/2014	7	349
10/2014	8	299
01/2015	9	358
04/2015	10	360
07/2015	11	587
10/2015	12	570
01/2016	13	448
04/2016	14	446
07/2016	15	446
10/2016	16	435
01/2017	17	179
04/2017	18	177
07/2017	19	179
10/2017	20	161
01/2018	21	169
04/2018	22	154
07/2018	23	130
10/2018	24	113
01/2019	25	120
04/2019	26	118
07/2019	27	122
10/2019	28	105
01/2020	29	112
04/2020	30	110
07/2020	31	111
10/2020	32	101
01/2021	33	103
04/2021	34	102
07/2021	35	104
10/2021	36	90
01/2022	37	95
04/2022	38	93
07/2022	39	96
10/2022	40	82
01/2023	41	87
04/2023	42	85
07/2023	43	87
10/2023	44	75
01/2024	45	80
04/2024	46	78
07/2024	47	78
10/2024	48	1,397

(EUR 000s)

Valuation at different discount rates	
discount rate	Value at 31/12/2012
0.0%	9,857
10.0%	6,192
15.0%	5,155
20.0%	4,396
25.0%	3,820

Net present value at 10% under different combinations

CDR / Severity combinations

	CDR					
	0.75%	0.90%	1.50%	2.00%	3.00%	4.00%
5%	7,607	7,415	6,645	5,959	4,913	3,994
10%	7,231	7,007	6,116	5,336	4,123	3,055
15%	6,856	6,600	5,577	4,725	3,337	2,106
20%	6,480	6,192	5,048	4,115	2,557	1,198
25%	6,104	5,784	4,513	3,493	1,745	492
30%	5,729	5,377	3,985	2,886	878	0
Severity						

CDR / Recovery lag combinations

	CDR					
	0.75%	0.90%	1.50%	2.00%	3.00%	4.00%
8	6,650	6,394	5,379	4,564	3,153	1,896
10	6,480	6,192	5,048	4,115	2,557	1,198
12	6,315	5,995	4,726	3,673	1,979	783
14	6,154	5,804	4,413	3,230	1,521	429
16	5,997	5,617	4,106	2,792	1,144	47
20	5,684	5,247	3,524	2,026	493	0
Lag						

CDR / CPR combinations

	CDR					
	0.75%	0.90%	1.50%	2.00%	3.00%	4.00%
1.0%	6,620	6,313	5,098	4,136	2,492	1,075
1.5%	6,572	6,272	5,078	4,131	2,516	1,125
2.5%	6,480	6,192	5,048	4,115	2,557	1,198
3.0%	6,446	6,151	5,026	4,119	2,570	1,229
4.0%	6,378	6,090	4,996	4,109	2,614	1,293
5.0%	6,332	6,063	4,973	4,095	2,634	1,332
CPR						

Lusitano 3 – Differences vs. previous forecast

(EUR 000s)

Comparative period CF			
	New	Old	Delta
Sum CF	9,857	8,376	1,481
01/2013	7	435	(428)
04/2013	246	292	(46)
07/2013	121	305	(184)
10/2013	93	263	(171)
01/2014	108	251	(143)
04/2014	92	273	(181)
07/2014	349	286	63
10/2014	299	244	55
01/2015	358	264	93
04/2015	360	203	156
07/2015	587	220	368
10/2015	570	177	392
01/2016	448	196	251
04/2016	446	194	251
07/2016	446	199	246
10/2016	435	174	260
01/2017	179	181	(2)
04/2017	177	178	(2)
07/2017	179	186	(7)
10/2017	161	124	38
01/2018	169	128	41
04/2018	154	126	28
07/2018	130	134	(3)
10/2018	113	109	4
01/2019	120	120	0
04/2019	118	118	0
07/2019	122	125	(3)
10/2019	105	102	3
01/2020	112	112	(0)
04/2020	110	110	(0)
07/2020	111	112	(1)
10/2020	101	100	1
01/2021	103	103	0
04/2021	102	101	0
07/2021	104	105	(1)
10/2021	90	88	2
01/2022	95	94	1
04/2022	93	92	1
07/2022	96	95	0
10/2022	82	81	2
01/2023	87	86	2
04/2023	85	84	2
07/2023	87	1,404	(1,316)
10/2023	75		75
01/2024	80		80
04/2024	78		78
07/2024	78		78
10/2024	1,397		1,397

Lusitano 5 – Forecast CF and valuation

(EUR 000s)

Period CF	Class E CF	
	IPD	Cum CF
01/2013	1	0
04/2013	2	0
07/2013	3	0
10/2013	4	0
01/2014	5	0
04/2014	6	0
07/2014	7	0
10/2014	8	0
01/2015	9	0
04/2015	10	0
07/2015	11	0
10/2015	12	0
01/2016	13	0
04/2016	14	0
07/2016	15	0
10/2016	16	480
01/2017	17	799
04/2017	18	200
07/2017	19	193
10/2017	20	194
01/2018	21	196
04/2018	22	195
07/2018	23	189
10/2018	24	190
01/2019	25	191
04/2019	26	190
07/2019	27	184
10/2019	28	185
01/2020	29	186
04/2020	30	185
07/2020	31	181
10/2020	32	168
01/2021	33	118
04/2021	34	118
07/2021	35	114
10/2021	36	115
01/2022	37	116
04/2022	38	116
07/2022	39	112
10/2022	40	113
01/2023	41	115
04/2023	42	114
07/2023	43	110
10/2023	44	111
01/2024	45	113
04/2024	46	112
07/2024	47	110
10/2024	48	110
01/2025	49	112
04/2025	50	111
07/2025	51	107
10/2025	52	107
01/2026	53	107
04/2026	54	107
07/2026	55	103
10/2026	56	103
01/2027	57	103
04/2027	58	103
07/2027	59	99
10/2027	60	99
01/2028	61	1,772

(EUR 000s)

Valuation at different discount rates	
discount rate	Value at 31/12/2012
0.0%	8,956
10.0%	3,968
15.0%	2,845
20.0%	2,118
25.0%	1,624

Net present value at 15% under different combinations

CDR / Severity combinations						
	1.00%	1.30%	2.00%	2.50%	3.50%	CDR
5%	5,348	5,066	4,466	4,044	3,298	2,605
10%	4,690	4,329	3,503	2,942	1,876	822
15%	4,051	3,583	2,552	1,792	463	25
20%	3,407	2,845	1,496	547	0	0
25%	2,771	2,088	480	124	0	0
30%	2,104	1,250	148	0	0	0
Severity						

CDR / Recovery lag combinations						
	1.00%	1.30%	2.00%	2.50%	3.50%	CDR
8	3,747	3,283	2,241	1,514	506	0
10	3,407	2,845	1,496	547	0	0
12	3,073	2,387	977	402	0	0
14	2,701	1,996	717	281	0	0
16	2,389	1,667	542	149	0	0
20	1,857	1,204	302	0	0	0
Lag						

CDR / CDR combinations						
	1.00%	1.30%	2.00%	2.50%	3.50%	CDR
1.0%	3,520	2,929	1,551	550	0	0
1.5%	3,471	2,893	1,536	549	0	0
2.2%	3,407	2,845	1,496	547	0	0
3.0%	3,339	2,793	1,449	545	0	0
4.0%	3,265	2,735	1,395	535	0	0
5.0%	3,219	2,693	1,374	532	0	0
CPR						

Lusitano 5 – Differences vs. previous forecast

(EUR 000s)

	Comparative period CF		
	New	Old	Delta
Sum CF	8,956	5,254	3,702
01/2013	0	0	0
04/2013	0	0	0
07/2013	0	0	0
10/2013	0	0	0
01/2014	0	0	0
04/2014	0	71	(71)
07/2014	0	171	(171)
10/2014	0	210	(210)
01/2015	0	185	(185)
04/2015	0	183	(183)
07/2015	0	174	(174)
10/2015	0	176	(176)
01/2016	0	111	(111)
04/2016	0	110	(110)
07/2016	0	107	(107)
10/2016	480	106	374
01/2017	799	107	691
04/2017	200	107	93
07/2017	193	102	91
10/2017	194	103	92
01/2018	196	104	92
04/2018	195	103	92
07/2018	189	98	90
10/2018	190	99	91
01/2019	191	100	92
04/2019	190	99	91
07/2019	184	94	90
10/2019	185	94	91
01/2020	186	72	113
04/2020	185	29	155
07/2020	181	28	153
10/2020	168	28	140
01/2021	118	30	89
04/2021	118	30	88
07/2021	114	28	85
10/2021	115	29	85
01/2022	116	31	86
04/2022	116	31	85
07/2022	112	30	82
10/2022	113	30	83
01/2023	115	32	83
04/2023	114	32	82
07/2023	110	31	80
10/2023	111	31	80
01/2024	113	33	80
04/2024	112	33	80
07/2024	110	32	78
10/2024	110	32	78
01/2025	112	33	79
04/2025	111	34	77
07/2025	107	32	75
10/2025	107	1,688	(1,581)
01/2026	107	0	107
04/2026	107	0	107
07/2026	103	0	103
10/2026	103	0	103
01/2027	103	0	103
04/2027	103	0	103
07/2027	99	0	99
10/2027	99	0	99
01/2028	1,772	0	1,772

4 GERMAN BONDS (GEMS & SEMPER 2006 SECOND LOSS)

A. Gems

Fact sheet

EETI Investment:	<ul style="list-style-type: none"> ▶ 13.1% of the Class C Notes @ EUR 3M + 0.70% (par value of EUR 5,000k)
Securitisation structure:	<ul style="list-style-type: none"> ▶ 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. ▶ Losses are deducted from principal of the junior notes once the first loss piece is written-off.
Position:	<ul style="list-style-type: none"> ▶ Mezzanine position, protected by a first loss piece as well as two tranches of rated notes. ▶ Class C notes, originally rated A, are now rated CC.
Principal CF drivers:	<ul style="list-style-type: none"> ▶ New defaults or credit events (90-day+ arrears) ▶ Loss severity (historically 90-95%)
First loss reserve:	<ul style="list-style-type: none"> ▶ Remaining loss protection consisting of the Class D and E notes of EUR 29m, corresponding to 17.1% of the current pool balance. ▶ First loss reserve of EUR 20m already entirely consumed by losses.
Call:	<ul style="list-style-type: none"> ▶ Commerzbank has not called the deal at the first optional call date in 3/2009. ▶ The issuer can now either: <ul style="list-style-type: none"> – Call the deal at any quarter; – Wait until clean-up call or maturity which appears the most likely option. The deal is thus valued to clean-up call.

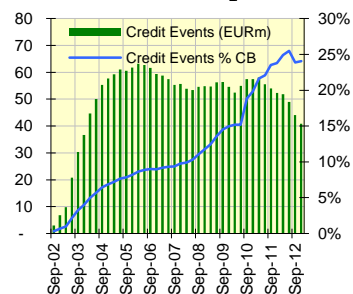
Profile and performance

Key transaction characteristics

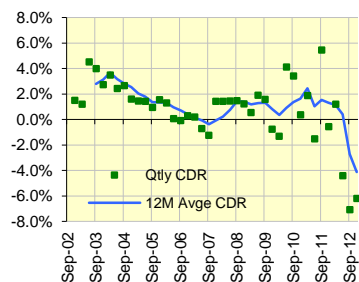
	Units	Gems
Issuer		Eurohypo
Rating		
Issue date		04/2002
M since issue		130
Final maturity date		12/2048
Issue amount (OB)	EURm	1,052
Current amount (CB)	EURm	170
	% OB	16%
Current collateral	EURm	170
Loan count		6,183
Avg balance	EURk	27.4
East Germany	% CB	34%
Investment properties		30%
12M CDR	% CB	-4.1%
24M CDR	% CB	-1.4%
12M Redemption Rate	% CB	23%
24M Redemption Rate	% CB	23%
Credit Events outstanding	EURm	40.8
Avg loss severity		95.0%
Estimated losses		38.8
Protection outstanding	EURm	29.0
Potential loss on Class C notes		(9.7)
% Class C notes		-25.6%
WA LTV		94.0%
LTV <70%		1.9%
Buckets [70-80%[		11.1%
(at issue) [80-100%[		55.3%
[100-120%[		31.7%
[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 Credit Events



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



Transaction performance and assumptions

PERFORMANCE

- ▶ **The transaction has overall performed better than anticipated with a meaningful reduction in outstanding credit events from EUR 53m to EUR 40.8m over the past year.**
 - This evolution reflects the workout of EUR 2.6m in defaulted loans as well as the removal of approx. EUR 8.8m in defaulted loans deemed ineligible under the transaction and whose losses cannot be deducted within the transaction;
 - **The high share of removals caused the 12-month and 24-month average default rates to be fall to a negative -4.1% -1.4%.**
- ▶ **In addition, the redemption rate has continued at a rapid pace with a 23% average amortization rate over the past 12 and 24 months.**
 - Current balance of the pool is of EUR 170m vs. EUR 220m at year-end 2011.
- ▶ **Loss severity on defaulted loans remains extremely high, driven by the large share of second mortgages in the pool.**
 - Available data points to average loss severities of 93-95%.

On that basis, the following assumptions have been factored into the model:

DEFAULT RATE (CDR)

- ▶ 0% CDR, assuming new defaults are balanced by the removal of ineligible loans. This is in line with the 24-month average, to the extent that negative CDRs cannot be reasonably expected on the long run.

LOSS SEVERITY

- ▶ 95% based on reported data.

TOTAL REDEMPTION RATE (TRR)

- ▶ 23% based on average 24-month redemptions.

EURIBOR CURVE

- ▶ Set at the prevailing 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	TRR
Gems	New	0.0%	n/a	95%	23%
	Previous	1.50%	n/a	90%	20%

Valuation and period CF

- ▶ The revised assumptions lead to a lower than expected principal loss on the EUR 5m nominal of the position.
 - Current assumptions lead to a principal loss of EUR 1.3m (or 26%) vs. EUR 2.9m (58%) with previous assumptions.

(EUR 000s)

Forecast period CF and NPV

discount rate	Value	% Par
sum cf	3,844	76.9%
8.5%	3,230	64.6%
10.0%	3,137	62.7%
15.0%	2,854	57.1%
20.0%	2,607	52.1%

Note: valuation date 31/12/12

	Principal	Spread		CF
		EUR3M		
		0.70%		
01/03/2013	5,000	0.20%		11.2
01/06/2013	5,000	0.38%		13.5
01/09/2013	5,000	0.38%		13.4
01/12/2013	5,000	0.37%		13.4
01/03/2014	5,000	0.38%		13.5
01/06/2014	5,000	0.39%		13.6
01/09/2014	5,000	0.41%		13.9
01/12/2014	5,000	0.43%		14.2
01/03/2015	3,722	0.46%		3,736.9

CF comparison with initial forecast

	New	Old	Delta
Sum CF	3,844	2,375	1,468
03/2013	11	23	(12)
06/2013	13	24	(11)
09/2013	13	25	(12)
12/2013	13	27	(13)
03/2014	13	28	(15)
06/2014	14	30	(16)
09/2014	14	32	(18)
12/2014	14	34	(20)
03/2015	3,737	36	3,701
06/2015	-	2,116	(2,116)

B. Semper 06

Semper 06 – Fact sheet

EETI Investment:	<ul style="list-style-type: none"> ▶ 33.5% of the Class G Notes @ EUR 3M + 8.00% (par value of EUR 6,700k) ▶ The Class G notes are structured outside of Semper 06-1 as a credit-linked note with Commerzbank, replicating all terms and conditions of the transaction. These notes are a re-tranching of the original first loss piece of EUR 25m
Securitisation structure:	<ul style="list-style-type: none"> ▶ Synthetic RMBS – The only factor affecting principal and interest is the loss rate upon foreclosure of defaulted loans in the pool. ▶ Losses are deducted from principal once the first loss piece is consumed.
Position:	<ul style="list-style-type: none"> ▶ Second loss position with a first loss of EUR 5m
Principal CF drivers:	<ul style="list-style-type: none"> ▶ New defaults or credit events (90-day+ arrears) ▶ Loss severity
Call:	<ul style="list-style-type: none"> ▶ The first optional call date is in Q1 2015. The notes would then be redeemed at their par value less principal losses. ▶ The current valuation assumes that the transaction will be called at the first optional call date.
Collateral:	<ul style="list-style-type: none"> ▶ Unlike the other transactions in the EETI portfolio, Semper is comprised of loans to multi-family housing associations, private and municipal, in East Germany. ▶ As such, the transaction includes higher concentrations than an RMBS, with the top 10 borrowers representing 35% of the balance at issue. ▶ Historical losses of multi-family loans have been very low. The main risk however is that a significant borrower defaults, triggering potentially substantial losses.

Semper 06 – Forecast CF and valuation

- ▶ The transaction has continued to perform well with no arrears and no defaults to date. On that basis, valuation assumptions are as follows:
 - No defaults to maturity;
 - Exercise of the time call at the first available date in March 2015;
 - Prevailing EUR3M curve.

(EUR 000s)

Forecast period CF and NPV

discount rate	Value	% Par
sum cf	7,963	118.8%
8.5%	6,721	100.3%
10.0%	6,533	97.5%
20.0%	5,463	81.5%
30.0%	4,642	69.3%

Note: valuation date 31/12/2012

	Principal	Spread		CF
		EUR3M		
		8.00%		
30/03/2013	6,700	0.20%		137
30/06/2013	6,700	0.38%		140
30/09/2013	6,700	0.38%		140
30/12/2013	6,700	0.37%		140
30/03/2014	6,700	0.38%		140
30/06/2014	6,700	0.39%		141
30/09/2014	6,700	0.41%		141
30/12/2014	6,700	0.43%		141
30/03/2015	6,700	0.46%		6,842

CF comparison with initial forecast

	New	Old	Delta
Sum CF	7,963	8,167	(205)
03/2013	137	155	(17)
06/2013	140	156	(16)
09/2013	140	158	(18)
12/2013	140	160	(20)
03/2014	140	163	(22)
06/2014	141	165	(24)
09/2014	141	168	(27)
12/2014	141	170	(29)
03/2015	6,842	6,873	(31)

5 MINOTAURE (FRENCH FIRST LOSS)

Minotaure 2004-1 – Fact sheet

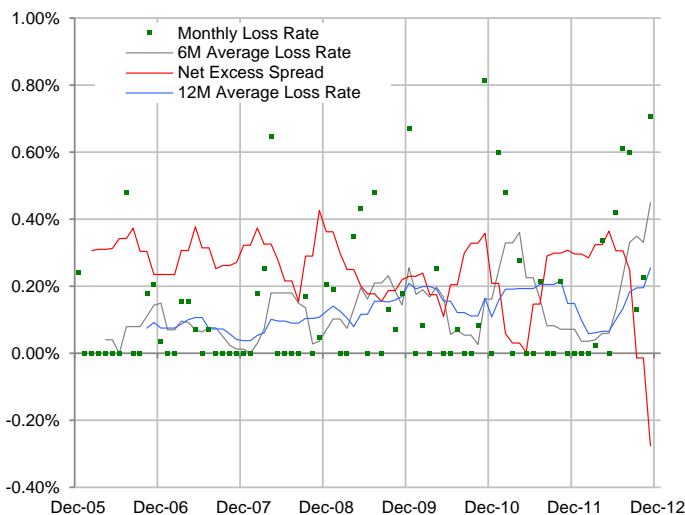
EETI Investment:	<ul style="list-style-type: none"> ▶ 50% of the Class R residual notes ▶ 1 unit (out of 2) of FCC Minotaure 2004-1, the securitization vehicle, opening right to all remaining cash flow at the vehicle's liquidation
Securitisation structure:	<ul style="list-style-type: none"> ▶ Cash securitization of mortgage loans extended to their employees by EDF / GDF and their affiliates, the French State-run utilities. ▶ 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).
Position:	▶ First loss position entitled to all profit on the interest and principal waterfall as well as the reserve amount.
Pool spread and reserve	<ul style="list-style-type: none"> ▶ Pool spread is of approx. 0.21% p.a. ▶ EUR 2.3m reserve at its required level
Principal CF drivers:	<ul style="list-style-type: none"> ▶ Death of employees (in which case EDF / GDF forego the loan) ▶ Permanent incapacitation due to work-related accidents (in which case EDF / GDF forego the loan) ▶ Prepayments (as the portfolio has been purchased below par, principal repayments generate a profit in the securitization structure)
Clean-up call / Maturity:	<ul style="list-style-type: none"> ▶ 10% clean-up call expected in 2021 ▶ Legal final in 2026

Performance and outlook

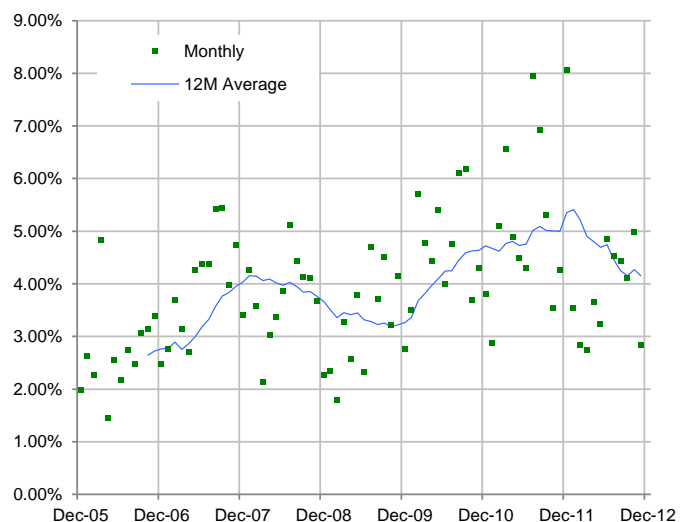
RECENT EVENT AFFECTING THE TRANSACTION

- ▶ The Minotaure transaction has been impacted by an adverse event which irreversibly modifies forecast cash flow.
- ▶ As shown below, the monthly loss rate (mortality & invalidity) has been modestly above average over the past 6 months. At the same time, prepayments declined, reducing available excess spread.
- ▶ As a consequence of the loss and prepayment evolution, excess spread has been negative in the past quarter by a modest EUR 120k out of a reserve of EUR 3.0m.
- ▶ The transaction documentation foresees, in that situation, a permanent, irreversible modification in the payment waterfall (known as an “acceleration event”).
 - Under the modified waterfall, all transaction cash flows are diverted to the repayment of senior bonds;
 - Residual cash flows are therefore halted until the full repayment of all senior debt. Assuming the 10% clean-up call is exercised around 2021, the residual would receive at that point (i) the outstanding reserve amount, plus (ii) the value of remaining mortgage loans.

Loss rates and excess spread since issue



Prepayments since issue



Note: All rates expressed on an annualized basis.

Performance and outlook (cont'd)

ASSUMPTIONS

- ▶ This event stems in our view from a very low probability sequence of bad monthly loss rates, rather than a fundamental deterioration of underlying credit.
- ▶ In order to bring the valuation assumptions in line with the 24-month average, the following assumptions changes have been introduced:
 - Lowering of the CPR to 4.2% p.a. in line with the 12-month average vs. 5.0% p.a. in previous forecast;
 - Increase in yearly loss rate to 0.23% p.a. vs. 0.20% p.a. in previous forecast, in line with 12-month average.
- ▶ The other main valuation assumption is the valuation of the transaction to the 10% clean-up call.

Comparison of revised and previous key assumptions

		Yearly Loss Rate	CPR
Minotaure	New	0.23%	4.2%
	Previous	0.20%	5.0%

Valuation and period CF

(EUR 000s)

Forecast period CF and NPV

discount rate	Value
Sum CF	2,914
8.5%	1,489
10.0%	1,330
15.0%	923
20.0%	650

	CF
22/03/2013	-
22/06/2013	-
22/09/2013	-
22/12/2013	-
22/03/2014	-
22/06/2014	-
22/09/2014	-
22/12/2014	-
22/03/2015	-
22/06/2015	-
22/09/2015	-
22/12/2015	-
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	-
22/06/2019	-
22/09/2019	-
22/12/2019	-
22/03/2020	-
22/06/2020	-
22/09/2020	-
22/12/2020	-
22/03/2021	2,913.9

CF comparison with initial forecast

	New	Old	Delta
Sum CF	2,914	2,687	369
22/03/2013	-	141.8	(142)
22/06/2013	-	134.1	(134)
22/09/2013	-	128.5	(129)
22/12/2013	-	123.1	(123)
22/03/2014	-	117.6	(118)
22/06/2014	-	110.5	(111)
22/09/2014	-	105.3	(105)
22/12/2014	-	100.3	(100)
22/03/2015	-	95.6	(96)
22/06/2015	-	89.8	(90)
22/09/2015	-	85.5	(85)
22/12/2015	-	81.3	(81)
22/03/2016	-	77.3	(77)
22/06/2016	-	72.5	(73)
22/09/2016	-	69.0	(69)
22/12/2016	-	65.6	(66)
22/03/2017	-	62.4	(62)
22/06/2017	-	58.3	(58)
22/09/2017	-	55.3	(55)
22/12/2017	-	52.5	(53)
22/03/2018	-	49.9	(50)
22/06/2018	-	40.5	(41)
22/09/2018	-	32.4	(32)
22/12/2018	-	31.3	(31)
22/03/2019	-	23.8	(24)
22/06/2019	-	22.8	(23)
22/09/2019	-	21.7	(22)
22/12/2019	-	20.5	(20)
22/03/2020	-	19.6	(20)
22/06/2020	-	18.9	(19)
22/09/2020	-	18.1	(18)
22/12/2020	-	560.8	(561)
22/03/2021	2,913.9		2,914

6 OTHER INVESTMENTS

Sestante 4 Class A1

Context

- ▶ EETI holds EUR 193k in nominal of Sestante 4 Class A1, 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.
- ▶ The investment presents limited credit risk as it is the most senior tranche of the deal.
- ▶ The purpose of this holding is to ensure EETI can be represented in the senior noteholders' meeting of the Sestante 4 transaction and has the benefit of other ancillary rights. These are being used to defend the interests of EETI in its holding of the residual Class D notes.

Valuation

(EUR 000s)

Forecast period CF and NPV

Sestante 4 Class A1	
Discount Rate	8.50%
Net Present Value	176
% Par	87.62%
Total Cash Flow	203

	IPD	EUR3M	BoP		CF
			Principal	Interest	
				Spread 0.16%	
Q1 2013		0.2%	201	0.179	14.38
Q2 2013		0.4%	187	0.251	14.23
Q3 2013		0.4%	173	0.231	14.00
Q4 2013		0.4%	159	0.211	13.77
Q1 2014		0.4%	146	0.196	13.55
Q2 2014		0.4%	132	0.182	13.33
Q3 2014		0.4%	119	0.170	13.11
Q4 2014		0.4%	106	0.158	12.90
Q1 2015		0.5%	94	0.146	12.69
Q2 2015		0.5%	81	0.132	12.49
Q3 2015		0.5%	69	0.117	12.28
Q4 2015		0.6%	56	0.100	12.08
Q1 2016		0.6%	44	0.084	11.88
Q2 2016		0.6%	33	0.065	11.68
Q3 2016		0.7%	21	0.044	11.48
Q4 2016		0.7%	10	0.021	9.64
Q1 2017		0.8%	-	-	-

Written-off investments

- ▶ Written off investments include:
 - The Class E notes of the Sestante 2, 3 and 4 transactions, which constitute the first loss positions of these Italian RMBS transactions issued by Meliorbanca. The positions in Sestante 2 and 3 are held through a leveraged repackaging vehicle, Citrine;
 - The residual of the Ludgage 2006-1 transaction. EUR 41k were received under this investment over the past year; this sum was not expected and no or minimal further tail cash flows are anticipated;
 - Lusitano 4 Class E, also held in leveraged form through the Class B of the Citrine vehicle.