

Confidential

The Board of EETI

VALUATION OF THE INVESTMENT PORTFOLIO AS AT 31/12/2016

January 2017

DRAFT

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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 in Spain, Portugal, the UK and France.
- ▶ This document details the assumptions and model outputs of the quarterly valuation undertaken at 31/12/2016. 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 remains almost exclusively focused on the issuance of first-pay / AAA-rated bonds, principally due to prevailing regulatory capital rules for insurance companies, the traditional anchor investor of securitisations.
- ▶ While pre-crisis senior and mezzanine positions of European securitisations are more actively traded, due to the yield pick-up that they still offer, 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 securitisations;
 - 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 31/12/2016 at EUR 25,955k before accruals, corresponding to the net present value of a total forecast cash flow stream of EUR 39,065k, discounted at the rates set by the Board for each investment.
 - Including accrued interest, the portfolio is valued at EUR 26,331 at year-end 2016.
- ▶ Over the whole year, the total revaluation has amounted to EUR 730k corresponding principally to the following movements:
 - A EUR 629k revaluation of the Lusitano residual positions reflecting both improved credit performance and the reduction in discount rates;
 - A EUR 137k write-down in the Ludgate residual position further to an anticipated acceleration of the redemption rate of the underlying loans;
 - The revaluation of the Pastor positions by an aggregate amount of EUR 143k, reflecting their underlying credit performance.
- ▶ Two positions – Gems Class C and Sestante 4 Class A1 – were fully repaid in the course of 2016 generating a cash inflow of over EUR 5m.
 - Total cash generation of the EETI portfolio in 2016 amounted to EUR 7.5m.

Portfolio book value at 31/12/2016

(EUR 000s)

Investments	Country	Book Value at 31/12/2016			Q4 2016 (Markdown)/ Revaluation	2016 (Markdown)/ Revaluation	% Book Value	% Total Cash Flow
		Net Present Values	Total Forecast Cash Flow	Discount Rate				
Pastor 2	Spain	4,281	5,044	6.2%	8	113	16.5%	12.9%
Pastor 3	Spain	0	0	11.2%	0	0	0.0%	0.0%
Pastor 4	Spain	1,588	3,514	11.2%	(335)	30	6.1%	9.0%
Pastor 5	Spain	0	0	11.2%	0	0	0.0%	0.0%
Lusitano 3	Portugal	7,333	9,104	6.2%	67	460	28.3%	23.3%
Lusitano 5	Portugal	6,161	10,661	11.2%	(105)	169	23.7%	27.3%
Semper	Germany						0.0%	0.0%
Gems	Germany		0				0.0%	0.0%
Minotaure	France	2,083	4,868	11.2%	(144)	96	8.0%	12.5%
Sestante 4A1	Italy						0.0%	0.0%
Ludgate	UK	4,509	5,874	11.2%	243	(137)	17.4%	15.0%
TOTAL		25,955	39,065	8.9%	(265)	730	100.0%	100.0%

Note: Book values above are indicated without accrued interest; accrued interest at year amount to an aggregate EUR 377k. 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 31/12/2016)

Discount Rate	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Minotaure	Ludgate	Total
4.67%	4,504	-	2,495	-	7,706	8,336	0	3,374	5,226	31,589
6.17%	4,282	-	2,243	-	7,334	7,746	0	3,010	5,043	29,658
11.17%	3,775	-	1,588	-	6,296	6,162	0	2,083	4,510	24,415
5.00%	4,414	-	2,437	-	7,621	8,201	0	3,290	5,185	31,147
7.50%	4,139	-	2,043	-	7,030	7,272	0	2,725	4,891	28,098
10.00%	3,886	-	1,719	-	6,515	6,488	0	2,267	4,625	25,500
15.00%	3,441	-	1,232	-	5,666	5,246	0	1,590	4,166	21,342
Valuation	4,282	-	1,588	-	7,334	6,162	0	2,083	4,510	25,959

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	Minotaure	Ludgate	Total
4.67%	1.1x	-	1.4x	-	1.2x	1.3x	1.0x	1.4x	1.1x	1.2x
6.17%	1.2x	-	1.6x	-	1.2x	1.4x	1.0x	1.6x	1.2x	1.3x
11.17%	1.3x	-	2.2x	-	1.4x	1.7x	1.0x	2.3x	1.3x	1.6x
5.00%	1.1x	-	1.4x	-	1.2x	1.3x	1.0x	1.5x	1.1x	1.3x
7.50%	1.2x	-	1.7x	-	1.3x	1.5x	1.0x	1.8x	1.2x	1.4x
10.00%	1.3x	-	2.0x	-	1.4x	1.6x	1.0x	2.1x	1.3x	1.5x
15.00%	1.5x	-	2.9x	-	1.6x	2.0x	1.0x	3.1x	1.4x	1.8x
Valuation	1.2x	-	2.2x	-	1.2x	1.7x	1.0x	2.3x	1.3x	1.5x

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	France	UK	Quarterly CF	Annual CF	Cumulative CF
	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Minotaure	Ludgate			
HISTORICAL												
Q3 2009	86	-	-	-	59	77	-	213	13	891		
Q4 2009	430	-	-	-	34	75	-	210	-	1,166	2,057	2,057
Q1 2010	337	-	-	-	-	0	-	190	26	960		
Q2 2010	235	-	-	-	75	-	-	233	6	952		
Q3 2010	59	-	-	-	205	-	-	264	6	940		
Q4 2010	160	-	-	-	-	-	-	216	8	802	3,655	5,712
Q1 2011	316	-	-	-	85	-	-	132	10	968		
Q2 2011	385	-	-	-	529	-	25	214	13	1,595		
Q3 2011	222	-	-	-	350	-	25	249	11	1,307		
Q4 2011	169	-	-	-	273	-	19	177	11	8,746	12,616	18,328
Q1 2012	235	-	-	-	487	-	20	189	2	1,215		
Q2 2012	170	-	-	-	388	-	15	134	2	4,961		
Q3 2012	91	-	-	-	282	-	14	99	5	655		
Q4 2012	7	-	-	-	-	-	11	-	5	175	7,006	25,334
Q1 2013	7	-	-	-	5	-	11	-	7	178		
Q2 2013	-	-	-	-	-	-	13	-	14	6,131		
Q3 2013	14	-	-	-	203	-	12	-	14	255		
Q4 2013	-	-	-	-	110	-	11	-	1	134	6,698	32,032
Q1 2014	-	-	-	-	183	-	10	-	4	209		
Q2 2014	-	-	-	-	78	-	12	-	291	394		
Q3 2014	-	-	-	-	247	-	13	-	577	850		
Q4 2014	29	-	-	-	237	-	12	-	575	864	2,317	34,349
Q1 2015	4	-	-	-	114	-	11	-	456	595		
Q2 2015	4	-	-	-	110	-	11	-	479	614		
Q3 2015	3	-	-	-	71	-	13	-	541	637		
Q4 2015	-	-	-	-	102	-	13	-	331	455	2,301	36,650
Q1 2016	-	-	-	-	179	-	15	-	416	5,617		
Q2 2016	8	-	-	-	219	-	13	-	432	672		
Q3 2016	-	-	-	-	98	-	14	-	366	477		
Q4 2016	-	-	-	-	393	-	9	-	358	761	7,527	44,177

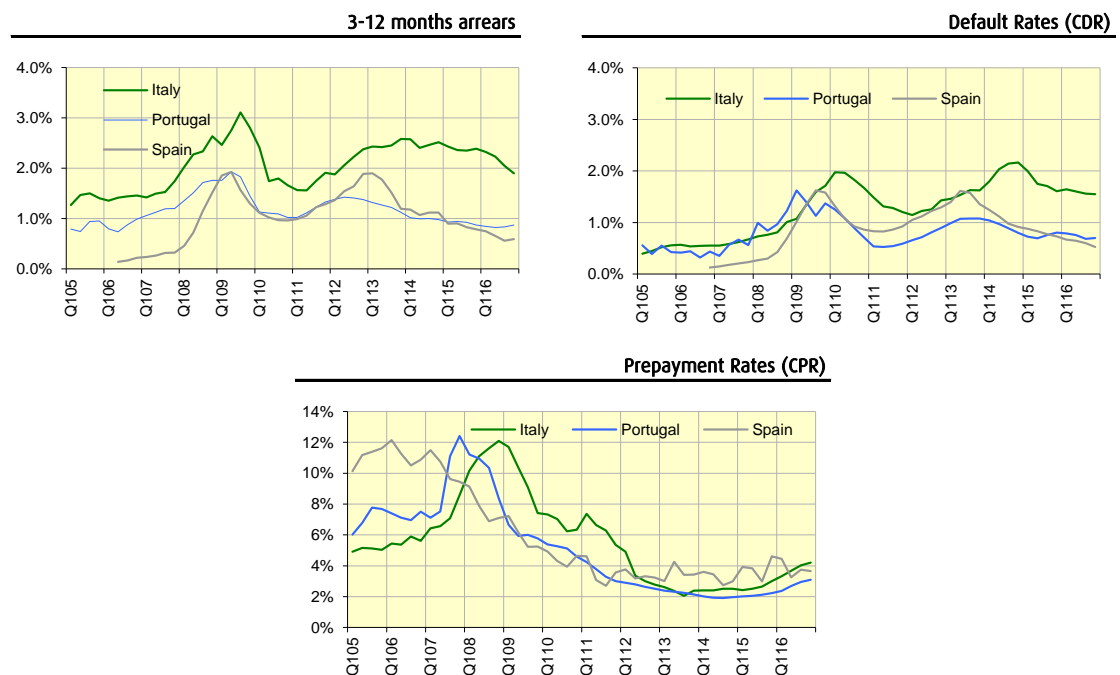
Quarterly forecast cash flow

(EUR 000s)	Spain				Portugal		Italy	France	UK			
	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Minotaure	Ludgate			
Sum CF	5,044	-	3,514	-	9,104	10,661	0	4,868	5,874	39,065		
% Total	12.9%	0.0%	9.0%	0.0%	23.3%	27.3%	0.0%	12.5%	15.0%	100.0%		
FORECAST												
										Quarterly CF	Annual CF	Cumulative CF
Q1 2017	1	5	-		174	-	0	-	343	521		521
Q2 2017	2	3	-		232	-		-	331	566		1,088
Q3 2017	3	3	-		178	-		-	319	500		1,587
Q4 2017	4	3	-		314	-		-	306	624	2,211	2,211
Q1 2018	5	4	-		352	-		-	314	670		2,881
Q2 2018	6	4	-		442	-		-	302	747		3,628
Q3 2018	7	4	-		388	-		-	290	682		4,310
Q4 2018	8	4	-		429	-		-	279	712	2,811	5,022
Q1 2019	9	4	-		433	-		-	268	706		5,728
Q2 2019	10	5	-		434	-		-	254	692		6,420
Q3 2019	11	5,005	-		630	-		-	240	5,875		12,295
Q4 2019	12	-	-		622	-		-	227	849	8,122	13,144
Q1 2020	13		-		624	192		-	215	1,030		14,174
Q2 2020	14		-		622	2,372		-	198	3,192		17,367
Q3 2020	15		-		590	1,193		-	182	1,965		19,332
Q4 2020	16		-		85	1,357		-	168	1,610	7,798	20,942
Q1 2021	17		-		86	2,155		-	155	2,395		23,338
Q2 2021	18		-		84	134		-	1,484	1,702		25,039
Q3 2021	19		-		83	128		-	-	211		25,250
Q4 2021	20		-		75	127		-	-	202	4,510	25,453
Q1 2022	21		-		77	121		-	-	198		25,651
Q2 2022	22		-		75	72		-	-	147		25,798
Q3 2022	23		-		74	67		-	-	142		25,939
Q4 2022	24		-		67	66		-	-	134	620	26,073
Q1 2023	25		-		69	65		-	-	134		26,207
Q2 2023	26		-		67	63		-	-	130		26,337
Q3 2023	27		-		66	59		-	-	125		26,463
Q4 2023	28		-		60	58		655	-	773	1,162	27,235
Q1 2024	29		-		61	57		685	-	803		28,038
Q2 2024	30		3,514		59	55		587	-	4,215		32,253
Q3 2024	31		-		58	52		472	-	582		32,835
Q4 2024	32		-		54	50		350	-	455	6,055	33,290
Q1 2025	33		-		53	49		270	-	373		33,663
Q2 2025	34		-		1,387	48		208	-	1,643		35,306
Q3 2025	35		-			44		123	-	167		35,473
Q4 2025	36		-			43		1,518	-	1,561	3,744	37,034
Q1 2026	37		-			42		-	-	42		37,076
Q2 2026	38		-			41		-	-	41		37,117
Q3 2026	39		-			38		-	-	38		37,154
Q4 2026	40		-			37		-	-	37	157	37,191
Q1 2027	41		-			36		-	-	36		37,227
Q2 2027	42		-			34		-	-	34		37,261
Q3 2027	43		-			31		-	-	31		37,292
Q4 2027	44		-			30		-	-	30	132	37,322
Q1 2028	45		-			30		-	-	30		37,352
Q2 2028	46		-			1,713		-	-	1,713		39,065
Q3 2028	47		-			-		-	-	-		39,065
Q4 2028	48		-			-		-	-	-	1,743	39,065

European RMBS performance update

- ▶ The Spanish and the Portuguese economies have grown in 2016 at a similar pace than in 2015, leading to a further meaningful reduction in unemployment rates and a renewed increase in real estate prices and transaction volume.
 - The outlook for the Portuguese economy remains however weaker than for Spain, which partly explains the growing divergence in interest rates between both economies;
 - Spanish 10-year sovereign yields have tightened by 0.35%, with their spread vs. Germany virtually unchanged at 1.2%; on the contrary, Portuguese yields have widened by 1% and their credit spread has increased from 2.3% to 3.6%;
 - While this trend has no immediate impact on the credit performance of Portuguese mortgage loans and transactions, it does however open the risk of a potential macroeconomic weakening over the coming quarters.
- ▶ Against this backdrop, the credit performance of mortgage securitisations in Spain and Portugal has remained stable or has marginally improved in 2016, following two years of sustained reductions in arrears and defaults.
 - 90-day+ arrears and defaults rates now average 0.8-0.9% in both countries, with even the weaker 2006-07 transactions improving meaningfully;
 - Prepayment rates are displaying a sustained increase, reflecting the slow revival of the real estate markets, but remain at historically low levels.
- ▶ Some transactions have displayed a slight deterioration in credit metrics over the last two quarters of the year, suggesting that the general improvement in credit performance of peripheral economies has run its course.

European RMBS performance



Sources : Cartesia, Trustee reports.

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.
Principal CF drivers:	<ul style="list-style-type: none"> ▶ CDR (annualised default rate) ▶ Recovery lag ▶ Loss severity
Clean-up call:	Optional clean-up once the collateral has reached 10% of its initial amount assumed to be exercised.

Collateral profile

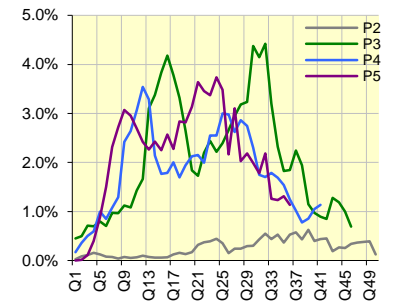
		P2	P3	P4	P5	
Key characteristics						
Key deal information						
Issuer		Banco Pastor (now part of Banco Popular)				
Issue date		06/2004	06/2005	06/2006	06/2007	
Months since issue		152	139	127	115	
Issue size (OB)	EURm	1,000	1,000	920	711	
Current size (CB)	EURm	150	194	256	270	
	% OB	15%	19%	28%	38%	
Count		3,287	2,832	3,154	2,717	
Avg balance	EURk	46	69	81	99	
% 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	0.94%	1.34%	1.30%	1.25%	
Collateral composition						
LTV:	At issue	61%	67%	64%	65%	
	Last Q	33%	42%	44%	47%	
LTV buckets:	<50%	86.4%	62.8%	58.0%	75%	
	[50-70%]	13.6%	37.2%	41.8%	22%	
	[70-80%]	0.0%	0.0%	0.2%	3%	
	>80%				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%	
Transaction performance						
Average CPR:	Since issue	% CB	7.8%	7.5%	6.1%	4.6%
	Last 24M	% CB	4.4%	4.1%	4.4%	3.8%
	Last 12M	% CB	4.1%	4.0%	4.9%	4.4%
Arrears:	<=1M	% CB	3.0%	6.7%	5.6%	6.7%
]1-3M]	% CB	4.9%	4.4%	3.3%	2.7%
	3-12M	% CB	0.3%	0.7%	1.4%	1.2%
	Total	% CB	8.3%	11.8%	10.3%	10.6%
Cumulative defaults	EURm	9.4	84.6	87.9	64.1	
	% OB	0.9%	8.5%	9.6%	9.0%	
Default Rate (CDR):	Since issue	% CB	0.3%	2.2%	2.0%	2.3%
	Last 24M	% CB	0.3%	1.6%	1.2%	2.1%
	Last 12M	% CB	0.4%	1.5%	0.9%	1.6%
Cumulative recoveries	EURm	4.5	16.4	12.7	16.8	
As a % of cumulative defaults		47.7%	19.4%	14.4%	26.3%	
Reserve amount	EURm	4.75	(51.38)	(38.13)	(29.55)	
Reserve %	% CB	3.17%	-26.42%	-14.88%	-10.94%	
Reserve drawn?		Yes	Yes	Yes	Yes	

Sources: Cartesia, Trustee reports.

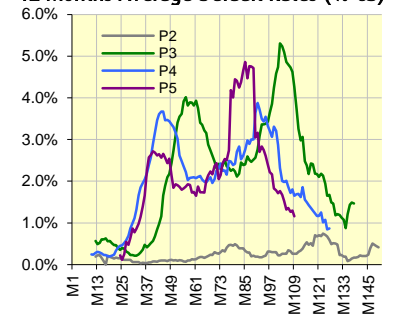
Collateral performance

Months or Quarters since issue

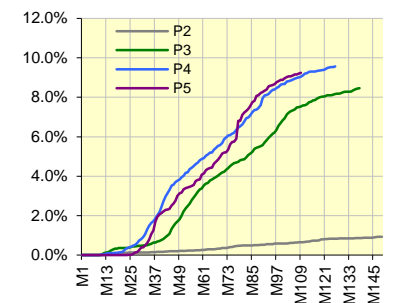
90-day + Arrears (%CB)



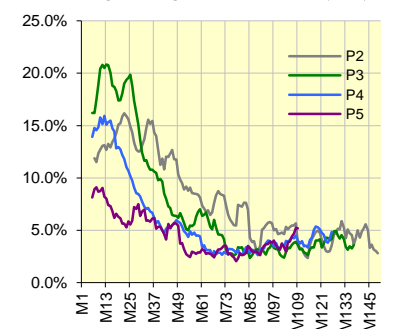
12 Months Average Default Rates (% CB)



Cumulative defaults (% OB)



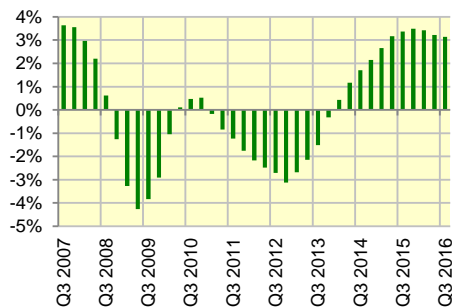
6M trailing average prepayments (CPR)



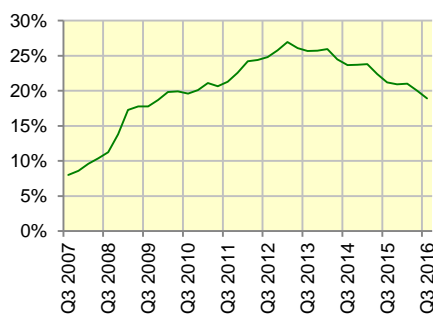
Macroeconomic update

- ▶ Spain should record real GDP growth slightly above 3.0% in 2016, similar to the 2015 level. Current output is now very close to the peak level of mid-2008.
- ▶ Continued growth has enabled a decrease in unemployment to 18.9% of the workforce in Q3 2016, compared with an unemployment rate of close to 21% in end 2015 and a peak of over 26% in 2013.
- ▶ Government finances remain broadly unchanged, with the budget deficit remaining above 5.0% and sovereign debt now exceeding 100% of GDP.
- ▶ Sovereign yields have ended the year tighter by 0.35%, with the credit spreads vs. Germany unchanged at 1.2%.
 - Renewed growth prospects, increased visibility (at least until the expected Catalan independence referendum) since the successful formation of a government under Prime Minister Rajoy and the improvement in the financial sector have all contributed to the stabilisation of sovereign yields;
 - This evolution has also enabled Spanish banks to reduce their funding cost and stabilise their capital ratios.
- ▶ Real estate transactions on private dwellings have increased by 14% in 2016 vs. 2015, the highest level since 2011 but still stands at only half the level observed pre-crisis.
- ▶ Real estate prices have also continued their slow appreciation, with an average national price increase of 4% in 2016 (4.3% in 2015), raising average prices to approx. 72% of their pre-crisis level.

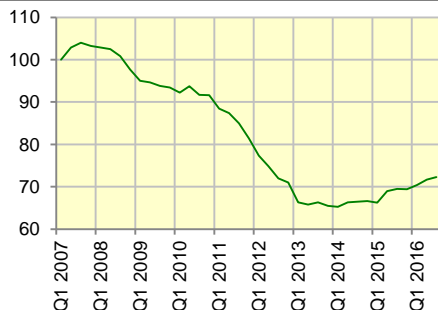
Yearly evolution in real GDP since 2007



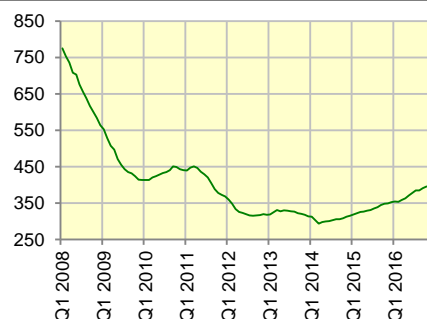
Unemployment rate since 2007



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 remained at around 0.3% alongside 12-month and 24-month average CDRs (default rates).
- ▶ CDR in the third quarter of the year peaked to 1.2%, exceeding available excess spread. As a consequence, the coupon on the subordinated loan held by EETI was not paid in Q3 and Q4 2016; 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 remained broadly stable in 2016 after a marked improvement in 2015. 90-day+ arrears at year-end 2016 stood at 0.7%, 1.4% and 1.2% for Pastor 3, 4 and 5 respectively.
 - 90-day+ arrears at the end of 2015 stood at to 0.85%, 0.78% and 1.35% respectively for these transactions.
- ▶ Default rates have further improved in 2016 to an average level of 1.3-1.5% for the three transactions vs. a range of 1.7-1.8% a year ago. Current CDRs are still slightly below the default assumptions used in the valuations.
 - However, these default rates still vastly exceed available excess spread in the transactions, translating into a structural principal deficiency that can only be cured by recoveries on defaulted loans.
- ▶ Recoveries upon foreclosure have remained very low, despite the substantial amount of defaulted mortgage loans outstanding;
 - Total recoveries in the course of the year amounted to only EUR 91k, 394k and 1,200k for the Pastor 3, 4 and 5 transactions respectively vs. outstanding defaults ranging between EUR 50m and 70m for each of these transactions.
- ▶ As a consequence, the principal deficiency (negative reserve or PDLs) in the Pastor 3, 4 and 5 transactions have either remained unchanged or continued to worsen.
 - Principal deficiency amount to EUR 51.4m, EUR 38.1m and EUR 29.6m respectively for Pastor 3, 4 and 5 at year-end 2016 vs. EUR 49.8m, 38.1m and EUR 29.5m a year ago.
- ▶ Trustee data on the loss severity incurred upon resale of foreclosed properties also continues to suggest loss severities in excess of 50% of the loan amount;
 - Approx. 45% of the losses are accounted for by refurbishment and foreclosure costs and the remaining 55% by the market value decline;
 - This dataset however only covers approx. 25% 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. 30%;
 - On that basis and taking into account improving real estate market conditions, the loss severity on the Pastor 4 transaction has been increased in the course of the year to 38.5%.

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	6	0.59	0.23	0.53	-49.2%	3.8 yrs	18	1.35	0.28	1.75	0.0%
Pastor 3	56	7.74	2.12	5.07	-61.9%	4.6 yrs	280	32.58	6.98	30.44	-28.0%
Pastor 4	55	7.05	1.76	4.98	-54.3%	4.9 yrs	289	38.53	7.48	33.12	-33.5%
Pastor 5	n/a	11.14	n/a	5.25	-52.8%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL		26.52	4.11	15.83	-55.8%	4.7 yrs	587	72.46	14.74	65.31	-30.2%

(EUR m)	Estimated Total Losses on Foreclosed Defaults			
	Debt Amount	Expenses	Appraisal or Sale Value	Estimated Loss Severity
Pastor 2	1.9	0.5	2.3	0.0%
Pastor 3	40.3	9.1	35.5	-34.5%
Pastor 4	45.6	9.2	38.1	-36.7%
Pastor 5	11.1		5.3	-52.8%
TOTAL	99.0	18.9	81.1	-37.1%

Main valuation assumptions

DEFAULT RATE (CDR)

- ▶ Change to 0.3%, 1.7%, 1.3% and 1.6% p.a. for Pastor 2, 3, 4 and 5 respectively in line with 24-month average default rates.

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).

LOSS SEVERITY

- ▶ 38.5% based on the average between actual and expected loss severity on defaulted mortgages for the Pastor 3, 4 and 5 transactions.

PREPAYMENT RATE (CPR)

- ▶ Starting CPR equal to the 24-month average for each transaction of 4.4%, 4.0%, 4.4% and 4.0% respectively for Pastor 2, 3, 4 and 5.

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	0.3%	3.5 yrs	38.5%	4.4%. Thereafter: + 0.4% p.a. capped at 5.0% p.a.
	Previous	0.4%	3.5 yrs	30%	4.4%
Pastor 4	New	1.3%	3.5 yrs	38.5%	Until end 2017: 4.4% Thereafter: + 0.2% p.a. capped at 5.0% p.a.
	Previous	2.3%	3.5 yrs	30%	Until end 2017: 3.8% Thereafter: + 0.2% p.a. capped at 5.0% 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 are written-off.

Pastor 2 – Valuation and CF summary

(EUR 000s)

Period CF	Forecast Sub Loan CF		
	IPD	Q	CF
03/2017	1		5
06/2017	2		3
09/2017	3		3
12/2017	4		3
03/2018	5		4
06/2018	6		4
09/2018	7		4
12/2018	8		4
03/2019	9		4
06/2019	10		5
09/2019	11	5,005	
12/2019	12		0

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2016
0.0%	5,044
5.0%	4,419
6.2%	4,288
10.0%	3,894
12.0%	3,709

Net present value at 6.17% under different combinations

CDR / Severity combinations

	CDR					
	0.00%	0.25%	0.29%	0.50%	0.75%	1.00%
10%	4,288	4,288	4,288	4,288	4,288	4,287
15%	4,288	4,288	4,288	4,288	4,288	4,287
20%	4,288	4,288	4,288	4,288	4,287	4,287
30%	4,288	4,288	4,288	4,288	4,287	4,285
38.5%	4,288	4,288	4,288	4,288	4,287	4,023
45%	4,288	4,288	4,288	4,287	4,287	3,810
Severity						

CDR / Recovery lag combinations

	CDR					
	0.00%	0.25%	0.29%	0.50%	0.75%	1.00%
4	4,288	4,288	4,288	4,288	4,287	4,287
8	4,288	4,288	4,288	4,288	4,287	4,286
12	4,288	4,288	4,288	4,288	4,287	4,285
14	4,288	4,288	4,288	4,288	4,287	4,285
18	4,288	4,288	4,288	4,288	4,287	4,285
22	4,288	4,288	4,288	4,288	4,287	4,285
Lag						

CDR / CPR combinations

	CDR					
	0.00%	0.20%	0.40%	0.60%	0.80%	1.00%
0.0%	4,061	4,061	4,116	4,116	4,115	4,112
2.0%	4,172	4,172	4,172	4,172	4,172	4,226
4.4%	4,288	4,288	4,288	4,288	4,287	4,285
6.4%	4,288	4,288	4,288	4,288	4,287	4,285
8.4%	4,288	4,288	4,288	4,288	4,287	4,285
10.4%	4,288	4,288	4,288	4,288	4,287	4,330
CPR						

Note: Net present values above include accrued interest.

Pastor 4 – Valuation and CF summary

(EUR 000s)

Period CF		
IPD	Q	CF
03/2017	1	0
06/2017	2	0
09/2017	3	0
12/2017	4	0
03/2018	5	0
06/2018	6	0
09/2018	7	0
12/2018	8	0
03/2019	9	0
06/2019	10	0
09/2019	11	0
12/2019	12	0
03/2020	13	0
06/2020	14	0
09/2020	15	0
12/2020	16	0
03/2021	17	0
06/2021	18	0
09/2021	19	0
12/2021	20	0
03/2022	21	0
06/2022	22	0
09/2022	23	0
12/2022	24	0
03/2023	25	0
06/2023	26	0
09/2023	27	0
12/2023	28	0
03/2024	29	0
06/2024	30	3,514
09/2024	31	0
12/2024	32	0

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2016
0.0%	3,514
8.5%	1,909
10.0%	1,723
11.2%	1,592
20.0%	899

Net present value at 11.17% under different combinations

CDR / Severity combinations

	CDR					
	1.00%	1.50%	1.31%	2.50%	3.00%	4.00%
20%	3,711	3,732	3,690	2,186	0	0
30%	3,651	3,455	3,651	0	0	0
38.5%	2,412	0	1,592	0	0	0
40%	1,806	0	958	0	0	0
50%	0	0	0	0	0	0
60%	0	0	0	0	0	0

Severity

CDR / Recovery lag combinations

	CDR					
	1.00%	1.50%	1.31%	2.50%	3.00%	4.00%
8	2,649	935	1,898	0	0	0
12	2,497	334	1,702	0	0	0
14	2,412	0	1,592	0	0	0
16	2,322	0	1,475	0	0	0
20	2,123	0	1,216	0	0	0
24	1,898	0	923	0	0	0

Lag

CDR / CPR combinations

	CDR					
	1.00%	1.50%	1.31%	2.50%	3.00%	4.00%
0.0%	1,780	497	997	0	0	0
2.0%	2,075	788	1,291	0	0	0
3.0%	2,206	930	1,431	0	0	0
4.4%	2,412	0	1,592	0	0	0
5.0%	1,730	0	693	0	0	0
6.0%	0	0	0	0	0	0

CPR

Note: Net present values above include accrued interest.

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 1,682k) ▶ <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 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
Clean-up call / Maturity:	Current valuations assume exercise of the 10% clean-up call.

Collateral profile

Key characteristics

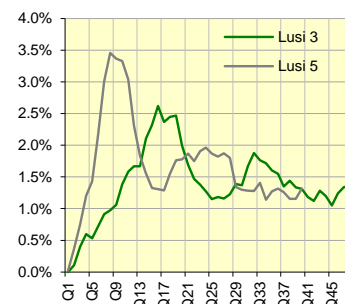
		L3	L5	
Key deal information				
Issuer	Banco Espirito Santo (now Novo Banco)			
Issue date	09/2004	09/2006		
M since issue	149	125		
Issue size (OB)	EURm	1,200	1,400	
Current size (CB)	EURm	353	579	
% OB		29%	41%	
Count at issue		21,509	22,888	
Avg balance	EURk	55,791	61,167	
Issue spread	%CB	1.24%	1.04%	
Current spread ex-compensation	%CB	0.95%	0.81%	
Current spread with compensation	%CB	1.02%	0.87%	
Collateral composition				
WA LTV at issue		73.1%	72.4%	
WA Current LTV (est.)		52.0%	57.0%	
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	4.8%	3.6%
	Last 24M	%CB	2.4%	2.1%
	Last 12M	%CB	2.9%	2.3%
Arrears]1-3M]	%CB	1.2%	1.1%
	3-12M	%CB	1.3%	1.3%
	Total		2.5%	2.4%
Cumulative defaults		EURm	74.0	114.8
		% OB	6.2%	8.2%
Cumulative recoveries		EURm	35.8	47.3
As a % of cumulative defaults		%	48.4%	41.2%
Reserve amount		EURm	6.3	-5.3
		%CB	1.78%	-0.92%
Reserve drawn			No	Yes

Sources: Cartesia, Trustee reports.

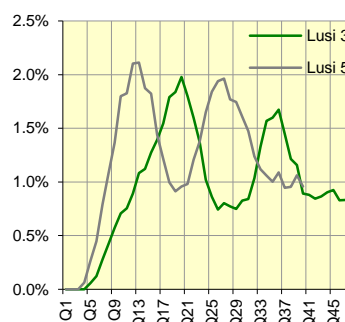
Collateral performance

Quarters since issue

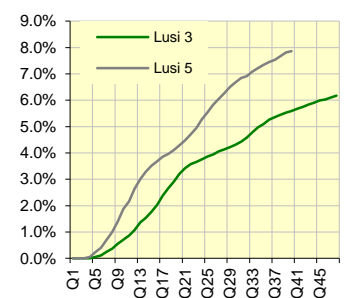
90-day + Arrears (%CB)



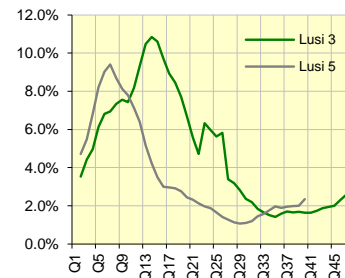
12 Months Average Default Rate (% CB)



Cumulative defaults (% OB)



12 Months Average CPR

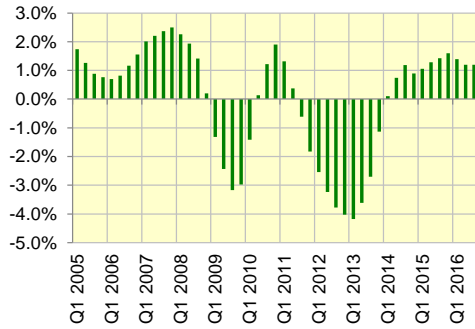


Macroeconomic update

- ▶ The Portuguese economy has grown by an estimated 1.3% in 2016, the same rate as in 2015 and the growth outlook for 2017-18 is perceived as weak.
 - Current output level is still 5% below pre-crisis peak.
- ▶ Against this backdrop, unemployment has continued to decrease at a sustained pace to 10.9% of the workforce at year-end 2016 vs. 12.3% at end 2015.
- ▶ The country appears on track to materially reduce its deficit to approx. 3.0% (vs. 4.4% in 2015 and 7.2% in 2014), thus enabling a stabilisation of its sovereign debt to GDP ratio at 129-130%.
- ▶ Portugal is however still rated BB+, one notch below investment grade and benchmark 10-year sovereign bond yields have widened by almost 1.0% in the course of 2016.
 - 10-year sovereign bonds traded at 3.88% at year-end vs. 2.87% at the beginning of the year ; yields have temporarily topped 4.0% in the first weeks of 2017;
 - The spread to the 10-year German sovereign has widened from 2.3% in early 2016 to 3.6% at year-end 2016;
 - The widening appears to reflect both technical considerations – the risk that the ECB could reduce its purchases of Portuguese bonds as its holdings approach the self-imposed limit of 33% of outstanding bonds – as well as the limited growth prospects and continuing concerns over the financial system (Novo Banco privatisation, Caixa Geral potential recapitalisation).
- ▶ Among the more positive developments, real estate prices have increased by approx. 7.0% in 2016 after a 5.0% rise in 2015 and stand at their highest level since 2009.
 - Transaction volume has also increase by over 20% in 2016, further to a 27% increase in 2015.

Macroeconomic update (Cont'd)

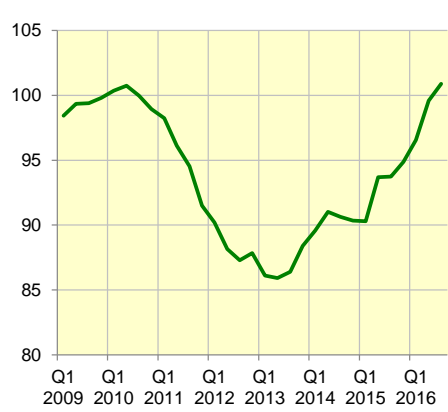
Yearly Evolution in Real GDP since 2005



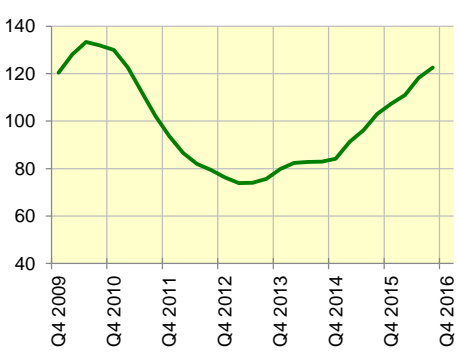
Unemployment rate since 2000



Real Estate Prices (Base 100 = 2010)



12M rolling transaction volume since 2009 (000s)



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

Transaction performance

COLLATERAL PERFORMANCE

- ▶ 90-day+ arrears level have remained broadly stable at 1.3% in 2016 for both Lusitano 3 and 5 transactions, with a slight deterioration towards the end of the year.
- ▶ Similarly, default rates have remained unchanged averaging 0.8% and 1.0% for Lusitano 3 and 5 respectively.
 - The 24-month average CDR used in the valuations is marginally higher than the actual default levels for both deals.
- ▶ Recoveries on foreclosed mortgages have increased again in 2016, after a decline in 2015, to EUR 3.6m on Lusitano 3 and approx. EUR 5.7m on Lusitano 5, supporting residual cash flows in Lusitano 3 and the reduction in principal deficiency in Lusitano 5.
- ▶ Available data shows that while the aggregate loss severity upon disposal of foreclosed properties remains stable in a 5-10% range, the loss severity incurred on disposals in 2016 increased to 14-15%.
 - That level is still well within the 20% loss severity assumed in the valuation but the evolution of quarterly loss severity on newly foreclosed mortgages will be closely monitored.

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%
Oct. 2016 Data	74.3	35.8	2.0	5%	114.8	47.3	4.0	8%
2016 Delta		3.6	0.6	14%	2016 Delta	5.8	1.03	15%

SPECIFICS OF LUSITANO 3

- ▶ The Lusitano 3 first loss position has cash flowed in each of the 4 quarters of 2016, generating a total of EUR 889k in 2016 vs. EUR 398k in 2015 and EUR 746k in 2014.
 - The increase in residual cash flow vs. 2015 is almost entirely attributable to the increase in foreclosure proceeds on defaulted loans.
- ▶ The transaction is expected to continue to cash flow over the coming quarters with the quantum of receipts almost entirely dependent on foreclosure proceeds.

SPECIFICS OF LUSITANO 5

- ▶ The principal deficiency (negative reserve) of the Lusitano 5 transaction has declined by EUR 1m to EUR 5.3m at year-end 2016, reflecting the increase in foreclosure proceeds as well as the fact that default levels remain below the amount of available excess spread.
- ▶ Given the substantial amount of un-foreclosed loans (EUR 57m), we remain confident that the negative reserve will be absorbed over the coming years, causing the residual position held by EETI to resume cash flowing.
 - Under prevailing assumptions, the residual position is expected to cash flow again in late 2019 or early 2020.

Main valuation assumptions

DEFAULT RATE (CDR)

- ▶ Lusitano 3: 0.87% p.a., in line with 24-month average;
- ▶ Lusitano 5: 1.02% p.a. in line with 24-month average.

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	0.87%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Starting point: 2.4% Thereafter: + 0.20% p.a. capped at 5.0% p.a.
	Previous	0.90%	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	1.02%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Starting point: 2.1% Thereafter: + 0.20% p.a. capped at 5.0% p.a.
	Previous	1.16%	2.5 yrs	20%	Until end 2017: 1.7% 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
01/2017	1	174
04/2017	2	232
07/2017	3	178
10/2017	4	314
01/2018	5	352
04/2018	6	442
07/2018	7	388
10/2018	8	429
01/2019	9	433
04/2019	10	434
07/2019	11	630
10/2019	12	622
01/2020	13	624
04/2020	14	622
07/2020	15	590
10/2020	16	85
01/2021	17	86
04/2021	18	84
07/2021	19	83
10/2021	20	75
01/2022	21	77
04/2022	22	75
07/2022	23	74
10/2022	24	67
01/2023	25	69
04/2023	26	67
07/2023	27	66
10/2023	28	60
01/2024	29	61
04/2024	30	59
07/2024	31	58
10/2024	32	54
01/2025	33	53
04/2025	34	1,387
07/2025	35	0
10/2025	36	0

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2016
0.0%	9,104
6.2%	7,425
10.0%	6,824
13.1%	6,295
20.0%	5,369

Net present value under different combinations (IRR of 6.2%)

CDR / Severity combinations

	CDR					
	0.75%	0.87%	1.25%	1.50%	2.00%	3.00%
5%	8,941	8,839	8,493	8,288	7,854	7,053
10%	8,486	8,368	7,974	7,737	7,244	6,332
15%	8,031	7,896	7,454	7,185	6,635	5,607
20%	7,576	7,425	6,935	6,633	6,025	4,883
25%	7,121	6,953	6,416	6,081	5,416	4,154
30%	6,666	6,482	5,897	5,530	4,806	3,430

Severity

CDR / Recovery lag combinations

	CDR					
	0.75%	0.87%	1.25%	1.50%	2.00%	3.00%
8	7,704	7,572	7,147	6,885	6,361	5,377
10	7,576	7,425	6,935	6,633	6,025	4,883
12	7,447	7,276	6,720	6,377	5,683	4,378
14	7,316	7,124	6,501	6,117	5,335	3,862
16	7,182	6,970	6,278	5,851	4,980	3,337
20	6,906	6,655	5,834	5,334	4,301	2,353

Lag

CDR / CPR combinations

	CDR					
	0.75%	0.87%	1.25%	1.50%	2.00%	3.00%
1.0%	7,700	7,540	7,023	6,703	6,065	4,845
1.5%	7,657	7,499	6,994	6,681	6,052	4,853
2.4%	7,576	7,425	6,935	6,633	6,025	4,883
2.0%	7,615	7,461	6,964	6,656	6,039	4,860
3.0%	7,531	7,383	6,905	6,609	6,014	4,891
4.0%	7,471	7,329	6,868	6,583	6,006	4,894

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
01/2017	1	0
04/2017	2	0
07/2017	3	0
10/2017	4	0
01/2018	5	0
04/2018	6	0
07/2018	7	0
10/2018	8	0
01/2019	9	0
04/2019	10	0
07/2019	11	0
10/2019	12	0
01/2020	13	192
04/2020	14	2,372
07/2020	15	1,193
10/2020	16	1,357
01/2021	17	2,155
04/2021	18	134
07/2021	19	128
10/2021	20	127
01/2022	21	121
04/2022	22	72
07/2022	23	67
10/2022	24	66
01/2023	25	65
04/2023	26	63
07/2023	27	59
10/2023	28	58
01/2024	29	57
04/2024	30	55
07/2024	31	52
10/2024	32	50
01/2025	33	49
04/2025	34	48
07/2025	35	44
10/2025	36	43
01/2026	37	42
04/2026	38	41
07/2026	39	38
10/2026	40	37
01/2027	41	36
04/2027	42	34
07/2027	43	31
10/2027	44	30
01/2028	45	30
04/2028	46	1,713
07/2028	47	0
10/2028	48	0

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2016
0.0%	10,661
10.0%	6,618
11.2%	6,300
15.0%	5,402
20.0%	4,485

Net present value under different combinations (IRR of 11.2%)

CDR / Severity combinations

	0.90%	1.02%	1.50%	2.00%	3.00%	4.00%
5%	8,945	8,838	8,529	8,220	7,620	7,065
10%	8,106	7,997	7,545	7,122	6,312	5,602
15%	7,270	7,132	6,598	6,038	5,043	4,129
20%	6,468	6,300	5,626	4,986	3,793	2,799
25%	5,642	5,446	4,689	3,911	2,635	1,785
30%	4,850	4,623	3,703	2,918	1,744	0
Severity						

CDR / Recovery lag combinations

	0.90%	1.02%	1.50%	2.00%	3.00%	4.00%
8	6,691	6,551	6,016	5,481	4,632	4,275
10	6,468	6,300	5,626	4,986	3,793	2,799
12	6,207	6,012	5,226	4,482	3,035	1,788
14	5,966	5,740	4,847	3,969	2,371	833
16	5,726	5,470	4,431	3,446	1,411	444
20	5,246	4,905	3,670	2,463	682	0
Lag						

CDR / CDR combinations

	0.90%	1.02%	1.50%	2.00%	3.00%	4.00%
0.5%	6,590	6,409	5,685	4,995	3,712	2,651
1.5%	6,509	6,341	5,649	4,980	3,765	2,745
2.1%	6,468	6,300	5,626	4,986	3,793	2,799
3.0%	6,402	6,241	5,591	4,975	3,845	2,884
4.0%	6,337	6,183	5,561	4,974	3,894	2,945
5.0%	6,275	6,128	5,533	4,975	3,918	3,018
CPR						

Note: Net present values above include accrued interest.

4. LUDGATE (UK FIRST LOSS POSITION)

Fact sheet

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

Transaction overview

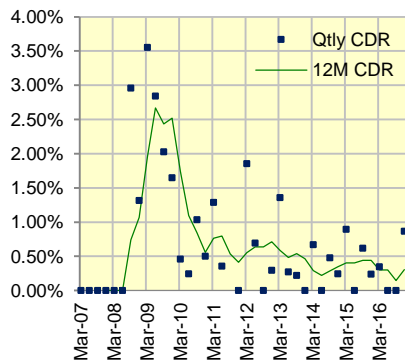
RECENT PERFORMANCE

- ▶ 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 1.6m in 2016, very close to expectations.
- ▶ The credit performance of the transaction has remained solid throughout the year:
 - Default rates averaged 0.3% in 2016 (vs. 0.4% in 2015), below model assumption;
 - Loss severity on the disposal of foreclosed loans remains stable at approx. 30%;
 - 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.
- ▶ Total redemption rates, which rose well above 10% between Q4 2015 and Q2 2016 have declined in the last two quarters to approx. 8%. Increasing total redemption rates are a negative factor for the residual held by EETI
 - The evolution of that variable is essentially dependent on a combination of interest rate expectations, housing market conditions and banking competition;
 - It is hoped that the consequences of Brexit – reduced visibility, a potential macroeconomic slowdown and, presumably, an accommodative monetary policy – will create the conditions of continued low redemption rates;
 - In any event, the redemption rate assumptions used in the model have been significantly adjusted in the course of the year and currently factor in a steep rise in total redemptions.
- ▶ The transaction is expected to continue to generate substantial cash flow over the coming quarters.

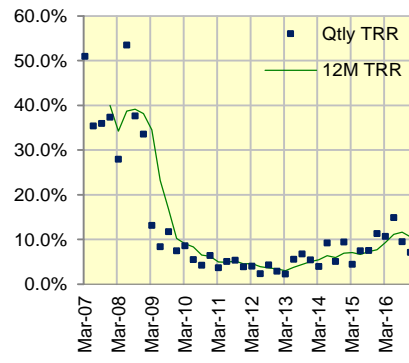
Transaction overview (cont'd)

RECENT PERFORMANCE (cont'd)

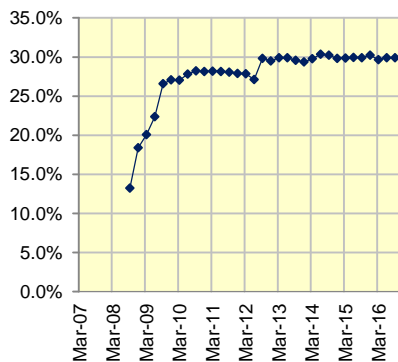
Quarterly and 12-m average default rates (CDR)



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



Average loss severity on foreclosed mortgages



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)

- ▶ 0.4% CDR p.a. in line with 24-month average.

LOSS SEVERITY

- ▶ 30% based on reported data.

TOTAL REDEMPTION RATE (TRR)

- ▶ Starting point at 10% p.a. 1% above average 24-month redemptions.
- ▶ Upward-sloping curve to 14% in 2018, 19% in 2019 and 26.5% in 2020.

MATURITY

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

Valuation and period CF

Forecast period CF and NPV

	Ludgate 06	
	GBP	EUR
Cumulative CF:	5,014	5,874
Net Present Value:	3,944	4,621
Discount Rate:	11.26%	11.26%
Spot Exchange Rate:	0.8535	1.1716

IPD	GBP CASH FLOW		EUR CASH FLOW	
	Quarterly	Cumulative	Quarterly	Cumulative
17/03/2017	293	293	343	343
17/06/2017	283	575	331	674
17/09/2017	272	847	319	993
17/12/2017	261	1,109	306	1,299
17/03/2018	268	1,377	314	1,613
17/06/2018	258	1,634	302	1,915
17/09/2018	248	1,882	290	2,205
17/12/2018	238	2,120	279	2,484
17/03/2019	229	2,349	268	2,752
17/06/2019	217	2,565	254	3,006
17/09/2019	205	2,770	240	3,246
17/12/2019	194	2,964	227	3,472
17/03/2020	183	3,147	215	3,687
17/06/2020	169	3,316	198	3,885
17/09/2020	156	3,471	182	4,067
17/12/2020	143	3,615	168	4,235
17/03/2021	132	3,747	155	4,390
17/06/2021	1,267	5,014	1,484	5,874
17/09/2021	-	5,014	-	5,874
17/12/2021	-	5,014	-	5,874

EUR value at different total redemption rates and gross excess spread assumptions (11.2% discount rate)

(EUR 000s)

	Starting Total Redemption Rate (TRR; upward sloping thereafter)						
	7.50%	10.00%	12.50%	15.00%	17.50%	20.00%	22.50%
1.25%	4,030	3,824	3,635	3,461	3,301	3,109	2,971
1.35%	4,410	4,178	3,966	3,768	3,588	3,368	3,211
1.48%	4,884	4,621	4,378	4,153	3,947	3,692	3,512
1.65%	5,548	5,240	4,956	4,692	4,449	4,145	3,932
1.75%	5,928	5,594	5,286	5,000	4,737	4,405	4,173
1.85%	6,307	5,948	5,616	5,307	5,024	4,664	4,413
Gross Excess Spread							

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

5. MINOTAURE (FRENCH FIRST LOSS)

Minotaure 2004-1 – Fact sheet

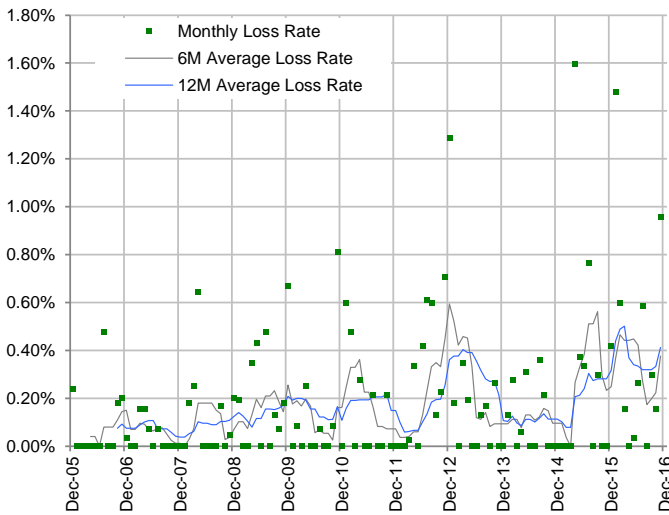
EETI Investment:	<ul style="list-style-type: none"> ▶ 50% of the Class R residual notes ▶ 1 unit (out of 2) of FCC Minotaure 2004-1, the securitization vehicle, opening right to all remaining cash flow at the vehicle's liquidation
Securitization structure:	<ul style="list-style-type: none"> ▶ Cash securitization 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.
Reserve	▶ EUR 2.955m reserve at its required level; the residual is entitled to the full reserve amount at maturity.
Principal CF drivers:	<ul style="list-style-type: none"> ▶ Death of employees (in which case EDF / GDF forego the mortgage 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"> ▶ Natural amortization of the pool between 2025 and 2026 ▶ Legal final maturity in 2026

Performance and outlook

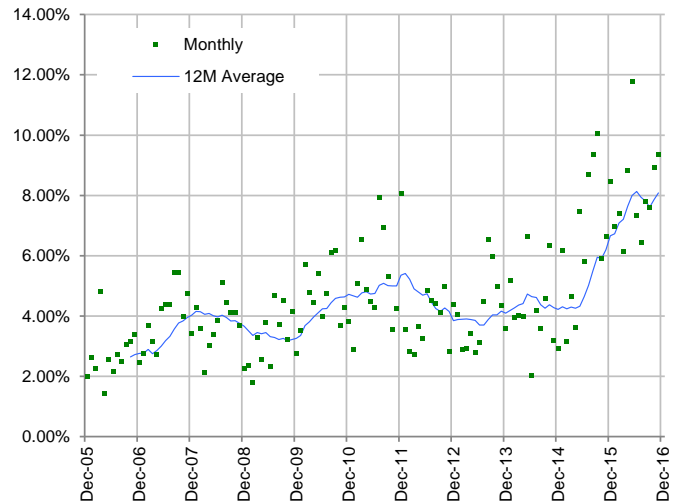
CREDIT PERFORMANCE

- ▶ The Minotaure transaction continues to perform according to forecast, with loss and prepayment rates broadly in line with assumptions.
 - Loss rate increased to an average 0.30% over the past 2 years, partly driven by two exceptionally high readings in the course of 2016;
 - Redemptions, which are favourable to the position held by EETI, have increased to 7.2% over the past 2 years and to over 8% in 2016.

Loss rates since issue (all figures annualised)



Prepayment rates since issue (all figures annualised)



Note: All rates expressed on an annualized basis.

CREDIT ASSUMPTIONS

Comparison of revised and previous key assumptions

		Yearly Loss Rate	CPR
Minotaure	New	0.30%	7.2%
	Previous	0.24%	5.2%

OUTLOOK

- ▶ The position held by EETI is expected to resume cash flowing in 2023, once the more senior bonds of the securitisation have been fully repaid.
 - Cash flow receipt could be accelerated by 12-18 months if prepayments continue to rise.

Valuation and period CF

(EUR 000s)

Forecast period CF and NPV

discount rate	Value
Sum CF	4,868
7.5%	2,732
10.0%	2,275
11.3%	2,067
15.0%	1,599

IPD	CF
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	-
22/06/2021	-
22/09/2021	-
22/12/2021	-
22/03/2022	-
22/06/2022	-
22/09/2022	-
22/12/2022	-
22/03/2023	-
22/06/2023	-
22/09/2023	-
22/12/2023	654.7
22/03/2024	684.7
22/06/2024	586.6
22/09/2024	472.3
22/12/2024	350.5
22/03/2025	270.4
22/06/2025	207.7
22/09/2025	122.8
22/12/2025	1,517.9

6 OTHER POSITIONS

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, which has continued to increase over the past quarters;
 - 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																
	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	Q1 2016	Q2 2016	Q3 2016	Q4 2016
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%	0.90%	0.84%	0.85%	0.87%
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%	1.03%	1.01%	1.03%	1.02%
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%	0.36%	0.22%	0.29%	0.29%
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%	1.80%	1.65%	1.67%	1.67%
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%	1.95%	1.43%	1.43%	1.31%
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%	2.05%	1.69%	n/a	n/a
Minotaure	0.20%	0.22%	0.18%	0.22%	0.22%	0.23%	0.26%	0.20%	0.23%	0.24%	0.24%	0.25%	0.24%	0.28%	0.28%	0.26%	0.30%
Sestante 4 A1																	
Ludgate							1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.50%	0.50%	0.40%	0.40%	0.40%

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	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	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Lusitano 3	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%	1.82%	2.02%	2.22%	2.42%
Lusitano 5	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%	1.76%	1.88%	1.98%	2.12%
Pastor 2	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%	4.40%	4.47%	4.43%	4.40%
Pastor 3	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%	3.80%	3.75%	n/a	n/a
Pastor 4	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%	4.09%	4.06%	4.12%	4.43%
Pastor 5	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%	3.50%	3.74%	n/a	n/a
Minotaure	4.58%	4.56%	4.27%	4.07%	4.16%	4.20%	4.30%	4.15%	4.22%	4.29%	4.64%	5.50%	5.24%	5.66%	6.16%	6.66%	7.20%
Sestante 4 A1																	
Ludgate							5.00%	5.20%	6.00%	7.00%	7.00%	7.00%	7.00%	8.00%	10.0%	10.0%	10.0%

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

Positions	Loss Severity																
	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	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Lusitano 3	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Lusitano 5	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Pastor 2	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	30%	39%	39%	39%
Pastor 3	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	30%	39%	39%	39%
Pastor 4	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	30%	39%	39%	39%
Pastor 5	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	30%	39%	39%	39%
Minotaure	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%	30%	30%	30%	30%

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

Positions	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	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Lusitano 3	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Lusitano 5	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pastor 2	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pastor 3	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pastor 4	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pastor 5	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Minotaure	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Sestante 4 A1																	
Ludgate								4	4	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	Q1 2016	Q2 2016	Q3 2016	Q4 2016
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%	7.26%	6.44%	6.35%	6.26%	6.17%
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%	12.26%	11.44%	11.35%	11.26%	11.17%
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%	7.26%	6.44%	6.35%	6.26%	6.17%
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%	12.26%	11.44%	11.35%	11.26%	11.17%
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%	12.26%	11.44%	11.35%	11.26%	11.17%
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%	12.26%	11.44%	11.35%	11.26%	11.17%
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%	12.26%	11.44%	11.35%	11.26%	11.17%
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%	5.76%	4.94%	4.85%	4.76%	--
Ludgate							13.49%	13.11%	12.87%	12.64%	12.42%	12.26%	12.26%	11.44%	11.35%	11.26%	11.17%

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	
	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation
Lusitano 3	6,070	13	5,947	(266)	5,862	(225)	5,581	(330)	5,803	228
Lusitano 5	2,762	627	2,430	(431)	2,631	116	3,009	206	2,841	(279)
Pastor 2	2,826	(520)	2,863	(24)	2,946	14	3,123	115	3,257	63
Pastor 3	502	(531)	184	(336)	287	97	68	(230)	68	(1)
Pastor 4	2,357	(459)	2,267	(172)	2,376	28	2,528	60	2,272	(344)
Pastor 5	855	23	903	18	1,165	229	1,199	(11)	448	(793)
Minotaure	920	(1,321)	1,010	58	1,070	23	1,131	22	1,190	20
Sestante 4 A1	173	(7)	163	(3)	153	0	150	3	137	(5)
Ludgate										
TOTAL	26,394	(1,142)	25,884	(1,020)	20,608	319	21,059	(113)	20,521	(947)

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

(EUR 000s)	31/03/2014		30/06/2014		30/09/2014		31/12/2014	
	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation
Lusitano 3	5,769	132	6,129	317	6,338	331	6,678	452
Lusitano 5	2,926	81	3,244	224	3,796	448	4,198	282
Pastor 2	3,278	(42)	3,393	45	3,526	62	3,600	34
Pastor 3	0	(70)	0	0	0	0	0	0
Pastor 4	2,324	(13)	333	(2,067)	389	45	665	264
Pastor 5	427	(31)	0	(441)	0	0	0	0
Minotaure	1,245	18	1,308	22	1,338	(13)	1,506	127
Sestante 4 A1	127	0	123	6	105	(7)	85	(10)
Ludgate			6,590	6,590	6,507	281	6,266	132
TOTAL	20,751	186	24,697	3,548	25,647	1,169	26,715	1,300

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

(EUR 000s)	31/03/2015		30/06/2015		30/09/2015		31/12/2015	
	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation
Lusitano 3	6,701	9	7,139	425	7,233	36	7,281	22
Lusitano 5	4,164	(164)	4,402	114	4,609	77	5,348	603
Pastor 2	3,698	35	3,719	(45)	3,853	70	3,916	(5)
Pastor 3	0	0	0	0	0	0	0	0
Pastor 4	494	(192)	680	171	1,293	592	1,386	55
Pastor 5	0	0	0	0	0	0	0	0
Minotaure	1,570	19	1,637	18	1,700	14	1,770	21
Sestante 4 A1	76	1	66	0	64	10	49	(2)
Ludgate	6,345	345	6,139	80	5,883	102	5,654	(71)
TOTAL	26,892	132	27,994	1,084	29,119	1,117	30,344	1,023

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

(EUR 000s)	31/03/2016		30/06/2016		30/09/2016		31/12/2016	
	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation
Lusitano 3	7,552	323	7,716	265	7,543	(195)	7,334	67
Lusitano 5	5,638	134	6,131	338	6,099	(199)	6,162	(105)
Pastor 2	4,070	87	4,137	10	4,209	8	4,282	8
Pastor 3	0	0	0	0	0	0	0	0
Pastor 4	1,489	63	1,454	(76)	1,872	378	1,588	(335)
Pastor 5	0	0	0	0	0	0	0	0
Minotaure	1,890	69	2,027	84	2,168	86	2,083	(144)
Sestante 4 A1	35	0	23	0	9	0		
Ludgate	5,356	(45)	4,759	(313)	4,503	(22)	4,510	243
TOTAL	26,031	631	26,247	309	26,403	56	25,959	(265)

Summary of annual revaluations by position since Q4 2012

(EUR 000s)	Total (Markdown) / Revaluation in FY			
	2013	2014	2015	2016
Lusitano 3	(593)	1,232	492	460
Lusitano 5	(388)	1,035	629	169
Pastor 2	168	99	55	113
Pastor 3	(470)	(70)	0	0
Pastor 4	(428)	(1,771)	626	30
Pastor 5	(557)	(472)	0	0
Minotaure	124	154	72	96
Sestante 4 A1	(5)	(11)	9	0
Ludgate		7,003	456	(137)
TOTAL	(1,762)	6,203	3,356	731

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