

Confidential

The Board of EETI

VALUATION OF THE INVESTMENT PORTFOLIO AS AT 31/12/2018

February 2019

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1 SUMMARY

Introduction

- ▶ The EETI portfolio comprises first and second loss positions of RMBS (residential mortgage-backed securities) with underlying mortgage loan pools in Spain, Portugal and Italy.
- ▶ The present document details the assumptions and model outputs of the quarterly valuation undertaken at 31/12/2018. It forms part of the ongoing monitoring and revaluation of the portfolio.
- ▶ The primary market for European securitisations remains focused on issuance by non-bank actors – notably the finance arms of car manufacturers and specialised managers refinancing LBO loans – with RMBS issued by commercial banks almost non-existent outside of the Dutch and UK non-conforming segments of the market.
 - This trend reflects the prevailing regulatory capital rules for insurance companies, the traditional anchor investor of securitisations, which significantly penalize the investment in tranching securitisations.
- ▶ Pre-crisis senior and mezzanine positions of European securitisations continue to be actively traded as they offer a yield pick-up compared to other debt instruments and benefit from a growing scarcity value as the inventory of outstanding securitisations is declining.
- ▶ Deeply subordinated first and second loss positions, such as those held by EETI, remain however very illiquid, with limited trading activity and few comparable transactions.
 - As previously reported, EETI has nonetheless successfully disposed of two residual positions, Minotaure and Ludgate, in early 2018, at prices substantially above book value;
 - These transactions were included in the previous yearly accounts closed on 31/12/2017.
- ▶ In the absence of observable market prices for the positions held by EETI or comparable transactions, the fair value of the portfolio of positions held by EETI 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 31/12/2018 at EUR 20,337k excluding accruals.
 - Accrued interests at year-end 2018 amount to EUR 365k.
- ▶ Revaluations net of write-downs over the year totalled EUR 322k, corresponding principally to the following movements:
 - A EUR 257k write-down of the Pastor 4 second loss position, reflecting lower than expected foreclosure proceeds on defaulted loans;
 - A EUR 360k revaluation of the Lusitano 3 residual position due to higher than expected cash flow receipts, and a EUR 136k revaluation on the Lusitano 5 residual position, reflecting the ongoing recovery of the transaction and substantial reduction in the principal deficiency;
 - A remaining revaluation of EUR 95k on the Ludgate position, taken at the effective transfer date in Q1 2018; the bulk of the EUR 1.1m capital gain achieved in the sale of the position was booked at year-end 2017.

Portfolio book value at 31/12/2018

(EUR 000s)

Investments	Country	Book Value at 31/12/2018			Q4 2018 (Markdown)/ Revaluation	2018 (Markdown)/ Revaluation	% Book Value	% Total Cash Flow
		Net Present Values	Total Forecast Cash Flow	Discount Rate				
Pastor 2	Spain	4,788	5,002	6.0%	(2)	(12)	23.5%	18.1%
Pastor 3	Spain	0	0				0.0%	0.0%
Pastor 4	Spain	1,378	2,943	11.0%	(18)	(257)	6.8%	10.7%
Pastor 5	Spain	0	0				0.0%	0.0%
Lusitano 3	Portugal	6,401	7,627	6.0%	109	360	31.5%	27.6%
Lusitano 5	Portugal	7,770	12,039	11.0%	53	136	38.2%	43.6%
Minotaure	France	Sold		nm				nm
Ludgate	UK	Sold		nm	0	95		nm
TOTAL		20,337	27,610	8.3%	142	322	100.0%	100.0%

Note: Book values above are indicated without accrued interests.

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 31/12/2018)

Discount Rate	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Total
6.02%	4,788	-	1,925	-	6,401	9,385	22,173
11.02%	4,626	-	1,378	-	5,612	7,770	18,886
4.02%	4,857	-	2,211	-	6,770	10,165	23,768
8.02%	4,721	-	1,681	-	6,065	8,686	20,749
9.02%	4,689	-	1,572	-	5,907	8,364	20,094
13.02%	4,564	-	1,211	-	5,342	7,233	17,796
Valuation	4,788	-	1,378	-	6,401	7,770	20,337

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	Total
6.02%	1.04x	-	1.53x	-	1.19x	1.28x	1.25x
11.02%	1.08x	-	2.14x	-	1.36x	1.55x	1.46x
4.02%	1.03x	-	1.33x	-	1.13x	1.18x	1.16x
8.02%	1.06x	-	1.75x	-	1.26x	1.39x	1.33x
9.02%	1.07x	-	1.87x	-	1.29x	1.44x	1.37x
13.02%	1.10x	-	2.43x	-	1.43x	1.66x	1.55x
Valuation	1.04x	-	2.14x	-	1.19x	1.55x	1.36x

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

Historical cash flow

(EUR 000s)	Spain			Portugal		NL		Germany		France	UK	Quarterly CF	Annual CF	Cumulative CF
	Pastor 2	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Memphis	Shield	Gems	Semper	Minotaure	Ludgate			
HISTORICAL														
Q3 2009	86	-	-	59	77	92	170	25	156	213	13	891		
Q4 2009	430	-	-	34	75	87	163	19	148	210	-	1,166	2,057	2,057
Q1 2010	337	-	-	-	0	85	158	18	146	190	26	960		
Q2 2010	235	-	-	75	-	85	154	17	148	233	6	952		
Q3 2010	59	-	-	205	-	84	155	18	150	264	6	940		
Q4 2010	160	-	-	-	-	87	161	20	150	216	8	802	3,655	5,712
Q1 2011	316	-	-	85	-	89	164	22	151	132	10	968		
Q2 2011	385	-	-	529	-	88	160	23	158	214	13	1,595		
Q3 2011	222	-	-	350	-	91	169	27	163	249	11	1,307		
Q4 2011	169	-	-	273	-	95	7,810	28	162	177	11	8,746	12,616	18,328
Q1 2012	235	-	-	487	-	95		27	159	189	2	1,215		
Q2 2012	170	-	-	388	-	4,081		22	149	134	2	4,961		
Q3 2012	91	-	-	282	-			17	147	99	5	655		
Q4 2012	7	-	-	-	-			12	139	-	5	175	7,006	25,334
Q1 2013	7	-	-	5	-			11	137	-	7	178		
Q2 2013	-	-	-	-	-			12	6,093	-	14	6,131		
Q3 2013	14	-	-	203	-			11		-	14	255		
Q4 2013	-	-	-	110	-			12		-	1	134	6,698	32,032
Q1 2014	-	-	-	183	-			12		-	4	209		
Q2 2014	-	-	-	78	-			13		-	291	394		
Q3 2014	-	-	-	247	-			13		-	577	850		
Q4 2014	29	-	-	237	-			11		-	575	864	2,317	34,349
Q1 2015	4	-	-	114	-			10		-	456	595		
Q2 2015	4	-	-	110	-			9		-	479	614		
Q3 2015	3	-	-	71	-			9		-	541	637		
Q4 2015	-	-	-	102	-			8		-	331	455	2,301	36,650
Q1 2016	-	-	-	179	-			5,007		-	416	5,617		
Q2 2016	8	-	-	219	-					-	432	672		
Q3 2016	-	-	-	98	-					-	366	477		
Q4 2016	-	-	-	393	-					-	358	761	7,527	44,177
Q1 2017	-	-	-	158	-					-	273	432		
Q2 2017	-	-	-	200	-					-	368	581		
Q3 2017	-	-	-	189	-					-	480	669		
Q4 2017	3	-	-	395	-						280	677	2,359	46,536
Q1 2018	0	-	-	308	-					3,410	4,922	8,640		
Q2 2018	0	-	-	233	-							233		
Q3 2018	1	-	-	210	-							210		
Q4 2018				346								346	9,430	55,966

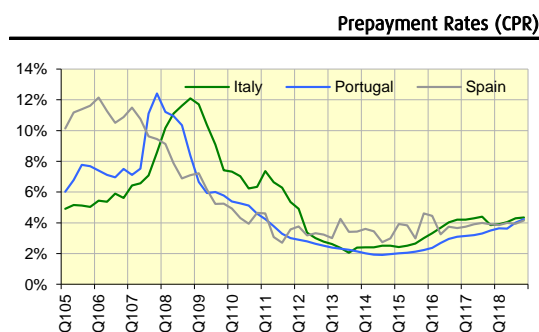
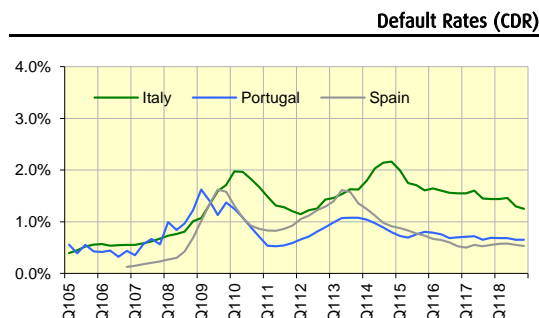
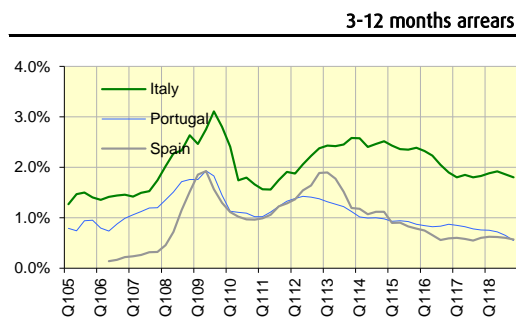
Forecast cash flow

		Spain			Portugal				
		Pastor 2	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5			
(EUR 000s)									
Cumulative CF		5,002	2,943	-	7,627	12,039	27,610		
% Total		18.1%	10.7%	0.0%	27.6%	43.6%	100.0%		
							Quarterly	Annual	Cumulative
							CF	CF	CF
Q1 2019	1	1	-		211	-	212		212
Q2 2019	2	1	-		220	-	221		433
Q3 2019	3	5,001	-		270	-	5,270		5,703
Q4 2019	4	-	-		304	-	304	6,007	6,007
Q1 2020	5	-	-		339	-	339		6,347
Q2 2020	6	-	-		385	-	385		6,732
Q3 2020	7	-	-		360	-	360		7,092
Q4 2020	8	-	-		389	-	389	1,473	7,481
Q1 2021	9	-	-		375	75	450		7,931
Q2 2021	10	-	-		375	2,130	2,506		10,436
Q3 2021	11	-	-		465	823	1,287		11,723
Q4 2021	12	-	-		457	771	1,228	5,470	12,951
Q1 2022	13	-	-		458	749	1,207		14,158
Q2 2022	14	-	-		456	746	1,202		15,360
Q3 2022	15	-	-		455	741	1,196		16,555
Q4 2022	16	-	-		373	739	1,111	4,716	17,667
Q1 2023	17	-	-		64	737	801		18,468
Q2 2023	18	-	-		62	734	796		19,264
Q3 2023	19	-	-		61	729	790		20,054
Q4 2023	20	-	-		55	803	858	3,245	20,911
Q1 2024	21	-	-		55	60	115		21,027
Q2 2024	22	-	-		53	57	111		21,137
Q3 2024	23	-	-		1,383	54	1,437		22,575
Q4 2024	24	-	-		-	51	51	1,715	22,626
Q1 2025	25	-	-		-	50	50		22,676
Q2 2025	26	-	-		-	47	47		22,723
Q3 2025	27	-	-		-	44	44		22,767
Q4 2025	28	-	-		-	42	42	183	22,809
Q1 2026	29	-	2,943		40	-	2,983		25,792
Q2 2026	30	-	-		-	38	38		25,831
Q3 2026	31	-	-		-	35	35		25,866
Q4 2026	32	-	-		-	34	34	3,091	25,900
Q1 2027	33	-	-		-	1,710	1,710		27,610
Q2 2027	34	-	-		-	-	-		27,610
Q3 2027	35	-	-		-	-	-		27,610
Q4 2027	36	-	-		-	-	-	1,710	27,610

European RMBS performance update

- ▶ The Spanish and the Portuguese economies have both continued to expand at a pace above 2.0% in 2018, leading to a further reduction in unemployment and a prolonged revival in real estate prices and transaction volume.
- ▶ Against this backdrop, the credit performance of mortgage securitisations in Spain and Portugal has remained marginally improved for most transactions.
 - Long arrears and default rates in the universe of seasoned transactions remain range-bound at 0.5-1.0% in both countries, with even weaker pre-crisis transactions performing significantly better than over the 2009-2013 period;
 - Prepayment rates, as already noted in past years, have continued to rise while remaining at historically low levels; the seasoning of the transactions as well as increased real estate activity and availability of financing should however support to an incremental rise in prepayment rates over the coming quarters.
- ▶ 2019 and 2020 forecasts for Spain and Portugal point to 2.0% GDP growth which should preserve the overall benign economic environment in both countries, in the absence of external shocks.

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:	<p>Optional clean-up once the collateral has reached 10% of its initial amount assumed to be exercised, except in the presence of a principal deficiency, in which case the clean-up call is assumed to be exercised once all principal deficiency is absorbed and the reserve is half replenished.</p>

Collateral profile

Key characteristics

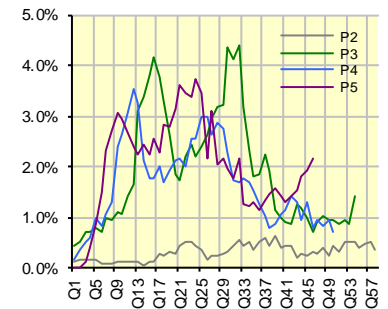
		P2	P3	P4	P5	
Key deal information						
Issuer		Banco Pastor (now part of Santander)				
Issue date		06/2004	06/2005	06/2006	06/2007	
Months since issue		176	164	152	139	
Issue size (OB)	EURm	1,000	1,000	920	711	
Current size (CB)	EURm	105	150	202	204	
	% OB	10%	15%	22%	29%	
Count		2,684	2,518	2,822	2,311	
Avg balance	EURk	39	59	71	88	
% 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	0.89%	1.23%	1.18%	1.06%	
Collateral composition						
LTV:	At issue	61%	67%	64%	65%	
	Last Q	29%	38%	40%	43%	
Vintage:	<=2002	57%				
	2003	43%	8%		0%	
	2004		92%	9%	1%	
	2005			91%	8%	
	2006				90%	
Region:	Madrid	22%	16%	16%	19%	
	Catalunya	29%	36%	24%	28%	
	Valencia	5%	8%	11%	7%	
	Andalusia	7%	7%	9%	10%	
	Galicia	15%	13%	17%	15%	
	Others	23%	20%	24%	20%	
Transaction performance						
Average CPR:	Since issue	% CB	7.4%	7.1%	5.7%	4.5%
	Last 24M	% CB	5.4%	4.6%	4.2%	4.7%
	Last 12M	% CB	5.3%	4.4%	3.9%	4.8%
Arrears:	<=1M	% CB	3.6%	6.3%	6.6%	7.0%
]1-3M]	% CB	1.4%	2.3%	2.0%	0.4%
	3-12M	% CB	0.4%	1.4%	0.7%	2.0%
	Total	% CB	5.3%	10.0%	9.4%	9.3%
Cumulative defaults	EURm	10.3	87.2	93.5	69.2	
	% OB	1.0%	8.7%	10.2%	9.7%	
Default Rate (CDR):	Since issue	% CB	0.3%	2.0%	1.9%	1.9%
	Last 24M	% CB	0.4%	0.8%	1.1%	0.8%
	Last 12M	% CB	0.5%	0.7%	0.9%	0.7%
Cumulative recoveries	EURm	5.0	18.0	11.2	19.8	
As a % of cumulative defaults		48.5%	20.7%	12.0%	28.6%	
Reserve amount	EURm	4.87	(50.3)	(39.1)	(31.4)	
Reserve %	% CB	4.7%	-33.6%	-19.4%	-15.4%	
Reserve drawn?		Yes	Yes	Yes	Yes	

Sources: Cartesia, Trustee reports.

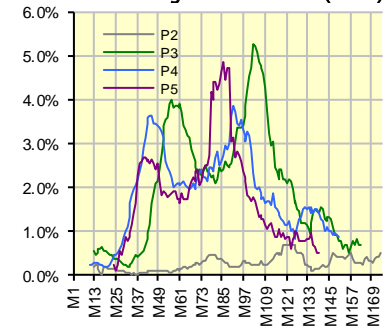
Collateral performance

Months or Quarters since issue

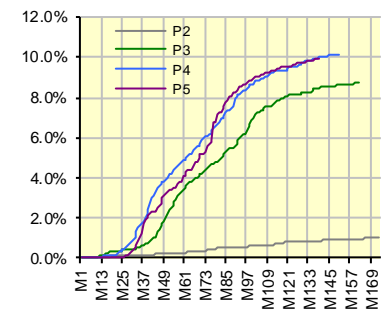
90-day + Arrears (%CB)



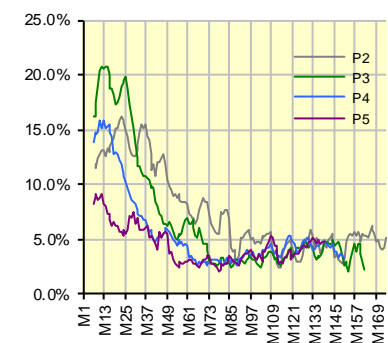
12 Months Average Default Rates (% CB)



Cumulative defaults (% OB)



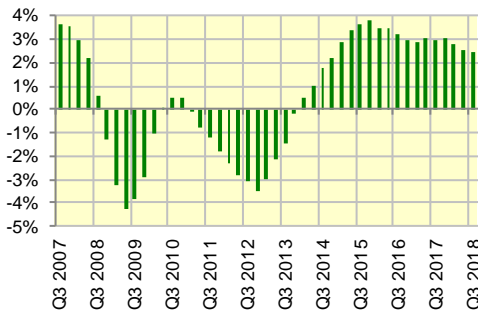
6M trailing average prepayments (CPR)



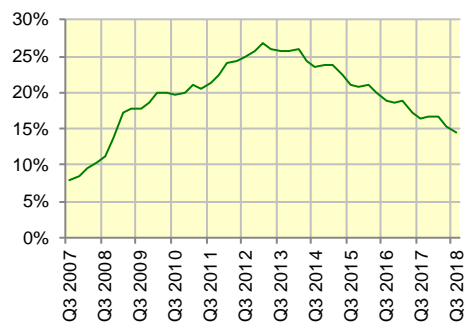
Macroeconomic update

- ▶ Spain is poised to record real GDP growth of 2.5% in 2018, in line with forecast, a slightly lower level than in previous years but still ahead of EU average.
 - GDP growth for 2019 and 2020 is forecast at 2.2% and 2.1% respectively.
- ▶ Sustained growth has enabled a continued decrease in unemployment which is expected at 15% in Q4 2018, 1.4% below end 2017 and almost 10 points below end 2014 levels.
- ▶ Government finances have also incrementally improved, with the budget deficit expected to fall to 2.8% of GDP for 2018 (vs. 3.2% in 2017 and 4.5% in 2016) and the sovereign debt to GDP ratio grinding tighter (97.5% at year-end 2018 vs. 98.1% in 2017).
- ▶ Yields on the 10-year benchmark bond closed the year modestly tighter at 1.42% but the credit spread vs. German sovereigns has remained virtually unchanged at 1.15% for the second year running.
 - All major agencies have upgraded Spain’s long-term rating by one notch in 2018, as anticipated;
 - The sovereign is now rated A-, Baa1 and A- by Standard & Poor’s, Moody’s and Fitch respectively (2017 year-end ratings were BBB+, Baa2 and BBB+ respectively).
- ▶ Against this backdrop, real estate transactions on private dwellings continued to grow at a sustained pace of 12% in 2018, modestly below the increase recorded over the previous two years. Transaction volume is currently about two-thirds of its pre-crisis level.
- ▶ Residential real estate price appreciation remains equally healthy, with the average national price increase reaching 7.2% in 2018 (equal to 2017), lifting current prices to about 80% of their pre-crisis peak.

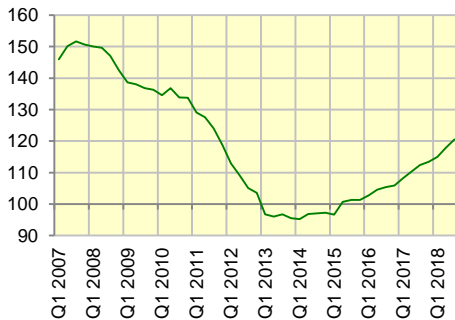
Yearly evolution in real GDP since 2007



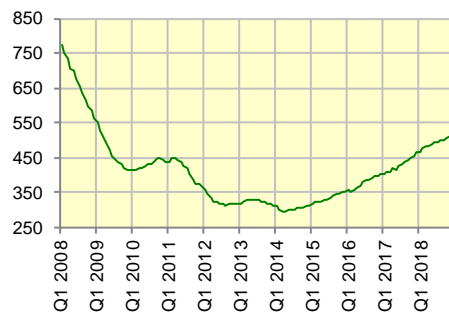
Unemployment rate since 2007



Real estate prices (Base 100 = 2015)



12M rolling transaction volume since 2008 (000s)



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

Transaction performance

PASTOR 2

- ▶ The transaction has continued to perform well and in line with forecast. The reserve is modestly drawn at year-end, causing a deferral of the quarterly interest payment; however, the shortfall is expected to be absorbed shortly.
- ▶ The position is valued on the basis of the exercise of the 10% clean-up call at the first available date, in Q3 2019.
 - While the exercise is optional for the originator – Banco Pastor, now owned by Santander – performing Spanish RMBS have usually been cleaned-up at the first available date or within a few quarters thereafter;
 - This trend reflects both reputational reasons, as Spanish banks participate actively again in capital markets, as well as economic motivations, as originators usually bear the structural cost of transactions in Spanish RMBS such as Pastor 2 while only reaping part of the available excess spread;
 - The fact that Banco Pastor, the originator of the Pastor 2 transaction, has been taken over by Banco Santander in the past years is not expected to alter the underlying rationale for exercising clean-up calls.

PASTOR 3, 4 AND 5

- ▶ The credit performance of all three transactions has somewhat improved over the year, with a decline in default rates despite a mixed evolution in arrears.
 - The 12-month default rate for Pastor 3 declined modestly to 0.7% (vs. 0.8% at year-end 2017) while that of Pastor 4 and 5 dropped more noticeably from 1.5% to 0.9% from 1.0% to 0.5% respectively;
 - 90-day+ arrears stood at 1.4% (vs. 1.0% at year-end 2017) for Pastor 3, 0.7% (vs. 0.8%) for Pastor 4 and 2.15% (vs. 1.4%) for Pastor 5.
- ▶ Recoveries upon foreclosure of defaulted mortgages have somewhat improved as well but remain low in relation to the still substantial amount of defaulted mortgage loans outstanding.
 - Recoveries in 2018 totalled EUR 470k (EUR 300k in 2017) for Pastor 3, EUR 375k (vs. EUR 120k in 2017) for Pastor 4 and EUR 1,250k (vs. EUR 1,000k) for Pastor 5.
- ▶ Amidst this modest improvement in performance, the principal deficiencies (negative reserve or PDLs) in all three transactions have improved slightly for the first time in several years while remaining elevated.
 - Principal deficiency at year-end reached EUR 50.3m in Pastor 3 (vs. EUR 51.1m a year ago), EUR 39.1m in Pastor 4 (vs. EUR 39.6m a year ago) and EUR 31.4m in Pastor 5 (vs. EUR 31.9m a year ago).
- ▶ At this stage, the full absorption of principal deficiencies in these transactions, while achievable for Pastor 4 and potentially Pastor 5, would require a continued decline in default rates below the level of available excess spread and, above all, a substantial increase in recoveries on foreclosed loans.
 - Pastor 5 currently experiences a default rate below available excess spread; the default rate of Pastor 3 and 4 remains however around twice the amount of excess spread.

Transaction performance (Cont'd)

AVAILABLE DATA ON LOSS SEVERITY

- ▶ Available data shows that less than a third of defaulted loans (measured in loan count) have reached a near-final status in their foreclosure process in the Pastor 2, 3, and 4 transactions:
 - As detailed in the table below, these include reperforming loans (17.7% of defaulted loans) and loans which have been foreclosed and for which the underlying properties have been sold (12.9% of defaulted loans).
- ▶ Close to 70% of loans in default are however either:
 - Not yet foreclosed (33.6% of defaulted loans); or
 - Foreclosed but with the properties still unsold (35.8% of defaulted loans).

Pastor 2, 3 and 4 – Breakdown of Cumulative Defaults by Status (by Loan Count)

(In Units)	(A) Cumulative Defaults	(B) Reperforming Defaults	(A) - (B) Uncured Defaults	Breakdown of Uncured Defaults		
				Foreclosed & Sold	Foreclosed Not Sold	Not Yet Foreclosed
Pastor 2	114	37	77	11	14	52
Pastor 3	741	134	607	102	267	238
Pastor 4	716	107	609	90	281	238
Totals	1,571	278	1,293	203	562	528
% of Cumulative Def.	100.0%	17.7%	82.3%	12.9%	35.8%	33.6%
% of Uncured Def.			100.0%	15.7%	43.5%	40.8%

- ▶ Actual loss severity data on foreclosed loans for which the properties have been sold (33.6% of defaulted loans) point to a high loss severity averaging around 60% of the outstanding loan amounts.
 - Close to a fifth of loss severity is accounted for by foreclosure and refurbishment expenses, significantly weighing on the total amount recovered;
 - Note that Spanish borrowers may remain liable for the shortfall amount once their mortgaged property is sold; some further recoveries on these loans could still be received, potentially reducing loss severity.

Pastor Transactions – Actual Loss Severity on Defaulted Loans with Properties Sold

(EUR m)	Foreclosed & Sold Properties					
	Count	Debt Amount	Expenses	Sale Price	Actual Loss Severity	Time from NPL to Sale
Pastor 2	11	1.1	0.4	0.9	-57.9%	5.3 yrs
Pastor 3	102	14.4	4.0	8.6	-68.1%	5.7 yrs
Pastor 4	90	14.4	3.6	8.7	-64.5%	6.0 yrs
Pastor 5	n/a	13.5	n/a	6.5	-52.3%	n/a
TOTAL	203	43.5	8.1	24.7	-61.7%	5.8 yrs

Transaction performance (Cont'd)

AVAILABLE DATA ON LOSS SEVERITY (CONT'D)

- ▶ The loss severity estimated by the servicer on foreclosed loans for which the properties have not yet been sold (35.8% of defaulted loans) is lower than that on actual disposals, averaging 36% for the three transactions.
 - The lower expected severity does not stem from lower expenses but rather from the expectation of higher disposal prices.

Pastor Transactions – Loss Severity Estimated by Servicer on Defaulted Loans with Properties Yet to be Sold

(EUR m)	Reposessed & Not Yet Sold Properties				
	Count	Debt Amount	Expenses	Appraisal Value	Estimated Loss Severity
Pastor 2	14	0.9	0.2	1.1	0.0%
Pastor 3	267	30.2	7.3	27.1	-34.6%
Pastor 4	281	35.3	8.0	29.8	-38.3%
Pastor 5	n/a	n/a	n/a	n/a	n/a
TOTAL	562	66.4	15.6	58.0	-36.1%

- ▶ Against this backdrop, the loss severity assumption for the valuation of the Pastor 4 transaction has been increased from 40% to 42%. This change factors in the rise in loss severities upon resale of mortgaged properties as well as the lower loss estimates for properties yet to be sold, and the relatively high rate of reperforming loans.
 - In addition, the ongoing appreciation in the residential real estate market as well as increased transaction volume should over time help reduce the loss severity upon resale of foreclosed properties.

Main valuation assumptions

DEFAULT RATE (CDR)

- ▶ Change to 0.39% p.a. for Pastor 2 and 1.19% p.a. for Pastor 4 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 of 3.5 years (14 quarters).

LOSS SEVERITY

- ▶ 40% for Pastor 2
- ▶ 42% for Pastor 3, 4 and 5.

PREPAYMENT RATE (CPR)

- ▶ Starting CPR equal to the 24-month average for each transaction of 5.4% and 4.1% for Pastor 2 and 4 respectively.
- ▶ Upward sloping thereafter by 0.2-0.4% p.a.

EURIBOR FORWARD CURVE

- ▶ Euribor 3-month forward curve.

MATURITY

- ▶ Pastor 2: Exercise of the 10% clean-up call.
- ▶ Pastor 4: Delayed exercise of the 10% clean-up call, as soon as the principal deficiencies are cleared and half of the reserve amount has been replenished.

Comparison of revised and previous key assumptions

		CDR	Lag	Severity	CPR
Pastor 2	New	0.39%	3.5 yrs	40%	Starting point of 5.4%. Thereafter: + 0.4% p.a.
	Previous	0.35%	3.5 yrs	40%	Starting point of 4.7%. Thereafter: + 0.4% p.a.
Pastor 4	New	1.2%	3.5 yrs	42%	Starting point of 4.1%. Thereafter: + 0.2% p.a.
	Previous	1.2%	3.5 yrs	40%	Starting point of 4.6%. Thereafter: + 0.4% 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
03/2019	1	1	
06/2019	2	1	
09/2019	3	5,001	
12/2019	4	0	

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2018
0.0%	5,002
5.0%	4,828
6.0%	4,794
10.0%	4,668
12.0%	4,607

Net present value at 6.02% under different combinations

CDR / Severity combinations

	CDR					
	0.00%	0.25%	0.40%	0.50%	0.75%	1.00%
10%	4,794	4,794	4,794	4,865	4,865	4,865
15%	4,794	4,794	4,794	4,865	4,865	4,865
20%	4,794	4,794	4,794	4,865	4,865	4,865
30%	4,794	4,794	4,794	4,865	4,865	4,852
40%	4,794	4,794	4,794	4,865	4,865	4,784
45%	4,794	4,794	4,794	4,865	4,865	4,750
Severity						

CDR / Recovery lag combinations

	CDR					
	0.00%	0.25%	0.40%	0.50%	0.75%	1.00%
4	4,794	4,794	4,794	4,865	4,865	4,784
8	4,794	4,794	4,794	4,865	4,865	4,784
12	4,794	4,794	4,794	4,865	4,865	4,784
14	4,794	4,794	4,794	4,865	4,865	4,784
18	4,794	4,794	4,794	4,865	4,865	4,784
22	4,794	4,794	4,794	4,865	4,865	4,784
Lag						

CDR / CPR combinations

	CDR					
	0.00%	0.20%	0.40%	0.60%	0.80%	1.00%
0.0%	4,794	4,794	4,794	4,794	4,794	4,745
3.0%	4,794	4,794	4,794	4,794	4,794	4,747
5.4%	4,794	4,794	4,794	4,865	4,865	4,784
7.0%	4,865	4,865	4,865	4,865	4,865	4,784
8.5%	4,865	4,865	4,865	4,865	4,865	4,784
10.0%	4,865	4,865	4,865	4,865	4,865	4,784
CPR						

Note: Net present values above include accrued interest.

Pastor 4 – Valuation and CF summary

(EUR 000s)

Period CF		
IPD	Forecast Sub Loan CF	
	Q	CF
03/2019	1	0
06/2019	2	0
09/2019	3	0
12/2019	4	0
03/2020	5	0
06/2020	6	0
09/2020	7	0
12/2020	8	0
03/2021	9	0
06/2021	10	0
09/2021	11	0
12/2021	12	0
03/2022	13	0
06/2022	14	0
09/2022	15	0
12/2022	16	0
03/2023	17	0
06/2023	18	0
09/2023	19	0
12/2023	20	0
03/2024	21	0
06/2024	22	0
09/2024	23	0
12/2024	24	0
03/2025	25	0
06/2025	26	0
09/2025	27	0
12/2025	28	0
03/2026	29	2,943
06/2026	30	0
09/2026	31	0
12/2026	32	0

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2018
0.0%	2,943
8.5%	1,632
10.0%	1,478
11.0%	1,382
20.0%	788

Net present value at 11.02% under different combinations

CDR / Severity combinations

	CDR					3.00%
	0.75%	1.00%	1.19%	1.50%	2.00%	
20%	3,420	3,409	3,451	3,451	3,481	3,513
30%	3,379	3,362	3,410	3,399	3,440	0
40%	3,269	2,636	2,230	1,484	0	0
42%	2,447	1,822	1,382	614	0	0
50%	0	0	0	0	0	0
60%	0	0	0	0	0	0
Severity						

CDR / Recovery lag combinations

	CDR					3.00%
	0.75%	1.00%	1.19%	1.50%	2.00%	
8	2,694	2,143	1,788	1,118	0	0
12	2,535	1,938	1,529	797	0	0
14	2,447	1,822	1,382	614	0	0
16	2,354	1,698	1,227	420	0	0
20	2,144	1,420	877	0	0	0
24	1,903	1,101	475	0	0	0
Lag						

CDR / CPR combinations

	CDR					3.00%
	0.75%	1.00%	1.19%	1.50%	2.00%	
2.0%	2,212	1,629	1,155	408	0	0
3.0%	2,328	1,743	1,267	504	0	0
4.1%	2,447	1,822	1,382	614	0	0
4.6%	2,509	1,880	1,410	310	0	0
5.0%	2,514	1,695	1,177	346	0	0
6.0%	463	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>: 1.14% p.a. (before notes interest and cost of credit) ▶ <u>Lusitano 5</u>: 0.91% p.a. (before notes interest and cost of credit)
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
	Years since issue	14	12
	Issue size (OB)	EURm 1,200	1,400
	Current size (CB)	EURm 272	471
	% OB	23%	34%
	Current loan count	9,090	11,566
	Avg loan balance	EURk 29,883	40,697
	Issue spread	%CB 1.04%	1.04%
	Current spread ex-compensation	%CB 0.95%	0.82%
	Current spread with compensation	%CB 1.14%	0.91%
Collateral composition			
	WA LTV at issue	73.1%	72.4%
	WA Current LTV (est.)	46.0%	49.0%
	Vintage <=2002	47%	18%
	(at issue) 2003	42%	4%
	2004	11%	10%
	2005	--	47%
	2006	--	21%
	2007	--	--
	Region Lisbon	43%	41%
	(at issue) Norte	28%	26%
	Centro	13%	16%
	Alentejo	9%	7%
	Algarve	3%	4%
	Islands & others	4%	6%
Transaction performance			
	CPR		
	Since issue	%CB 4.7%	3.6%
	Last 24M	%CB 4.1%	3.8%
	Last 12M	%CB 4.5%	4.2%
	Arrears		
]1-3M]	%CB 0.9%	1.2%
	3-12M	%CB 1.1%	1.0%
	Total	2.1%	2.2%
	CDR		
	Since issue	%CB 1.01%	1.21%
	Last 24M	%CB 0.67%	0.66%
	Last 12M	%CB 0.55%	0.52%
	Cumulative gross defaults	EURm 78.6	122.0
		% OB 6.5%	8.7%
	Cumulative recoveries	EURm 43.8	57.9
	As a % of cumulative defaults	% 55.7%	47.5%
	Reperforming defaulted loans	EURm 11.8	23.4
	As a % of cumulative defaults	% 15.0%	19.2%
	Reserve amount	EURm 5.6	-0.2
		%CB 2.06%	-0.04%
	Reserve drawn	No	Yes

Note :

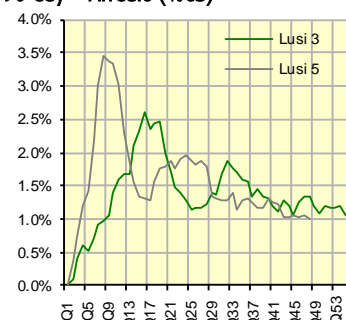
Reperforming defaulted loans are loans which have been defined as defaulted since issue (i.e. due to arrears exceeding 12 monthly instalments) but who, at the report date, no longer present any arrear or whose remaining arrears do not exceed 3 monthly instalments. Note that these loans remain included in the cumulative defaults figure.

Sources: Cartesia, Trustee reports.

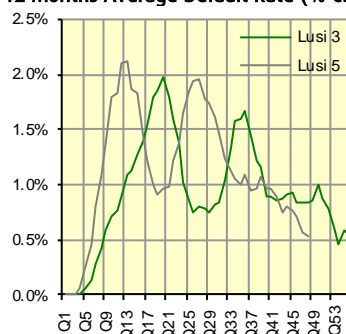
Collateral performance

Quarters since issue

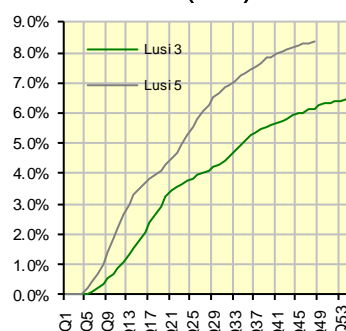
90-day + Arrears (%CB)



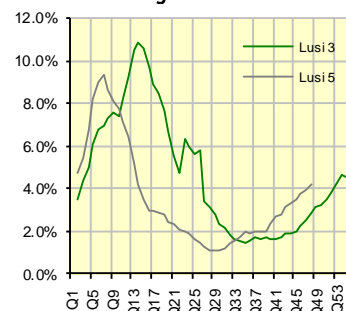
12 Months Average Default Rate (% CB)



Cumulative defaults (% OB)



12 Months Average CPR

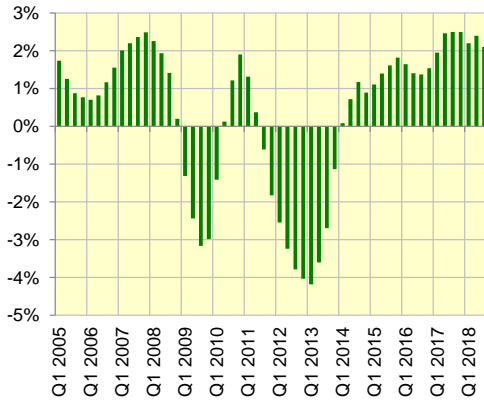


Macroeconomic update

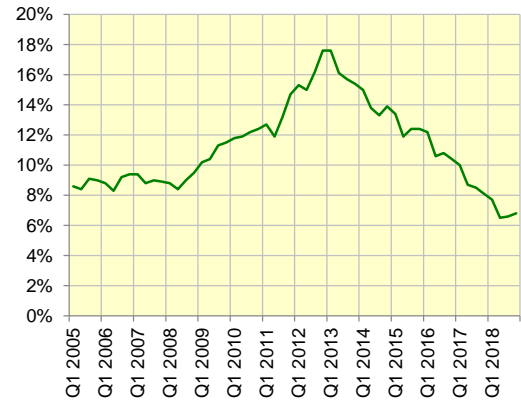
- ▶ GDP growth is expected to reach 2.1% in 2018 (vs. 2.8% in 2017), broadly in line with forecast.
 - Growth is expected to slow down to 1.8% in 2019 and 1.6% in 2020.
- ▶ Unemployment has continued to decrease at a sustained pace, reaching 7% of the workforce at year-end 2018 vs. 9% a year ago and 11% at end 2016.
- ▶ Government budget deficit is forecast to shrink to 0.7% of GDP (vs. 3.0% in 2017), leading to an anticipated reduction in the sovereign debt to GDP ratio to 120% by year-end 2018, down by almost 10 points since 2016.
- ▶ The sovereign is now rated investment grade by all major agencies after Moody's upgraded Portugal towards the end of the year (Standard & Poor's and Fitch had already upgraded Portugal last year).
 - The long term sovereign ratings at year-end are BBB-, Baa3 and BBB with Standard & Poor's, Moody's and Fitch respectively;
 - At year-end 2017, the long term ratings by the same agencies were BBB-, Ba1 and BBB respectively.
- ▶ Portuguese yields on the benchmark 10-year sovereign bonds have tightened by about 0.25% in 2018, after a significant compression of 1.9% in 2017.
 - The spread to the 10-year German sovereign has however remained unchanged at 1.5%;
 - The spread between Portugal and Spain has narrowed slightly to 0.3% at year-end 2018, down from 0.38% at year-end 2017.
- ▶ Residential real estate prices have risen by an average 9% in 2018, slightly below the growth rate of 2017; the current price level is close to 40% above the trough level of mid-2013.
 - The number of residential transactions has also continued to increase rapidly for the third year running, growing by 20% in 2018 (unchanged from 2017).

Macroeconomic update (Cont'd)

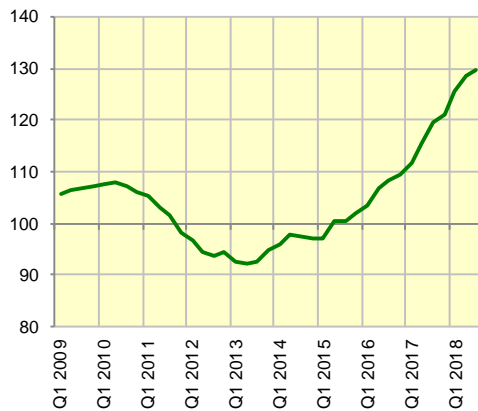
Yearly Evolution in Real GDP since 2005



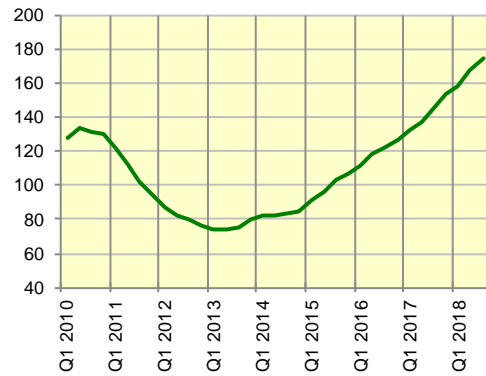
Unemployment rate since 2000



Real Estate Prices (Base 100 = 2015)



12M rolling transaction volume since 2009 (000s)



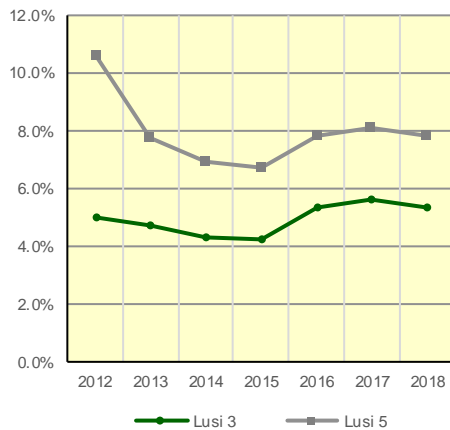
Sources : Cartesia, Eurostat, Portuguese National Institute of Statistics.

Transaction performance

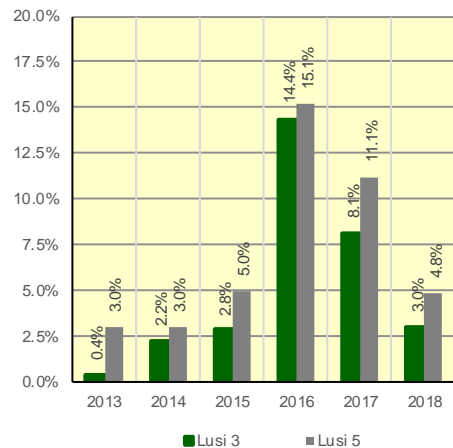
COLLATERAL PERFORMANCE

- ▶ Lusitano 3 and 5 have continued to perform well throughout the year:
 - 90-day+ arrears remained stable at 1.1% for Lusitano 3 and 1.0% for Lusitano 5;
 - Average default rates have continued their decline with the 12-month default rate of Lusitano 3 falling to 0.55% (vs. 0.78% end 2017) and that of Lusitano 5 dropping to 0.50% from 0.80% a year ago;
 - The 24-month average default rates used as valuation assumptions are now 0.10% to 0.15% above the actual default rates of the two transactions.
- ▶ Recoveries on foreclosed mortgages remained stable for Lusitano 3 over the past year at EUR 4.6m (EUR 4.5m in 2017) and increased in Lusitano 5 from EUR 5.8m to EUR 6.4m.
- ▶ Available data confirms that loss severities upon disposal of foreclosed properties have continued to decline, with 2016 representing a peak reading in the loss severity of work-outs completed in the course of the year.
 - The loss severity upon disposal of foreclosed properties completed in 2018 has fallen to 3% for Lusitano 3 and 4.8% for Lusitano 5, compared with 8.1% and 11.1% respectively in 2017 and 14.4% and 15.1% respectively in 2016;
 - The current loss levels are slightly below the weighted average loss severity experienced since issue, which amount to 5.4% and 7.8% for Lusitano 3 and Lusitano 5 respectively.

Weighted Average Loss Severity



Loss Severity of workouts by Year of Completion

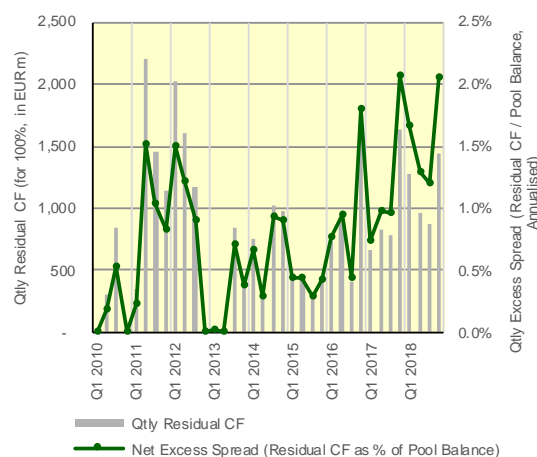


Transaction performance (Cont'd)

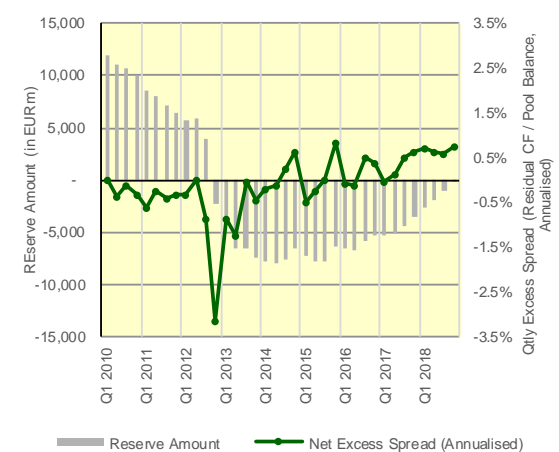
EXCESS SPREAD AND RESIDUAL HOLDINGS

- ▶ With default rates now well below gross excess spread, both transactions are structurally generating net excess cash flow. In addition, the inflow from foreclosure proceeds adds a very substantial amount to this structural net excess cash flow.
- ▶ As depicted in the graphs below, the net excess spread - the interest on the loans *plus* recoveries *less* the cost of the notes *less* provisions for new defaults - has evolved very favourably over the past years due to both lower defaults and ongoing recoveries:
 - In Lusitano 3, net excess spread has increased in 2018 to an average 1.6% of the pool balance (1.2% 2017 and 1.0 in 2016) the highest level achieved since issue;
 - In Lusitano 5, net excess spread averaged 0.7% in 2018 (0.3% in 2017 and 0.2% in 2016), also above any previous reading.

Lusitano 3 – Net Excess Spread and Residual Payments



Lusitano 5 – Net Excess Spread and Reserve Amount



- ▶ Growing net excess spread has led to an increase in the total cash flow paid out by the Lusitano 3 residual position held by EETI despite the reduction in pool balance.
 - Cash flow totalled EUR 1.0m over the past year, slightly above the amount received in 2017;
 - The transaction is expected to continue to cash flow over the coming quarters, supported by the receipt of foreclosure proceeds.
- ▶ In Lusitano 5, the improvement in net excess spread has enabled to substantially reduce the principal deficiency (negative reserve) accumulated in the aftermath of the 2008-2013 period.
 - The principal deficiency has declined by EUR 3.4m in 2018, well above the already significant reduction achieved in 2017 (EUR 1.9m) and is now almost fully absorbed (outstanding shortfall of only EUR 0.2m at year-end 2018);
 - Given the ongoing reduction in defaults and the substantial amount of unforeclosed loans, net excess spread is expected to remain substantial, allowing a replenishment of the transaction reserve over 2019 and 2020 and the resumption of residual cash flow in 2021.

Main valuation assumptions

DEFAULT RATE (CDR)

- ▶ Lusitano 3: 0.67% p.a., in line with 24-month average;
- ▶ Lusitano 5: 0.66% 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: Starting CPR of 4.1% in line with 24-month average, increasing by 0.4% p.a.
- ▶ Lusitano 5: Starting CPR of 3.8% in line with 24-month average, increasing by 0.4% p.a.

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	0.67%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Starting point: 4.1% Thereafter: + 0.40% p.a.
	Previous	0.81%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Starting point: 3.3% Thereafter: + 0.40% p.a.
Lusitano 5	New	0.66%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Starting point: 3.8% Thereafter: + 0.40% p.a.
	New	0.88%	Existing defaults: 4 yrs New defaults: 2.5 yrs	20%	Starting point: 2.8% Thereafter: + 0.40% p.a.

Lusitano 3 – Valuation and CF summary

(EUR 000s)

Period CF		
Class E CF (EETI share)		
IPD	Q	Cum CF
01/2019	1	211
04/2019	2	220
07/2019	3	270
10/2019	4	304
01/2020	5	339
04/2020	6	385
07/2020	7	360
10/2020	8	389
01/2021	9	375
04/2021	10	375
07/2021	11	465
10/2021	12	457
01/2022	13	458
04/2022	14	456
07/2022	15	455
10/2022	16	373
01/2023	17	64
04/2023	18	62
07/2023	19	61
10/2023	20	55
01/2024	21	55
04/2024	22	53
07/2024	23	1,383
10/2024	24	0

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2018
0.0%	7,627
6.0%	6,480
7.5%	6,243
10.0%	5,875
12.5%	5,544

Net present value at 6.02% under different combinations

CDR / Severity combinations

	CDR					
	0.50%	0.67%	1.00%	1.25%	1.50%	2.00%
5%	7,663	7,548	7,330	7,130	6,967	6,649
10%	7,318	7,192	6,951	6,739	6,560	6,209
15%	6,974	6,836	6,572	6,347	6,152	5,770
20%	6,630	6,480	6,193	5,956	5,744	5,330
25%	6,285	6,124	5,814	5,564	5,337	4,891
30%	5,941	5,767	5,435	5,173	4,929	4,451

Severity

CDR / Recovery lag combinations

	CDR					
	0.50%	0.67%	1.00%	1.25%	1.50%	2.00%
8	6,707	6,583	6,345	6,150	5,976	5,635
10	6,630	6,480	6,193	5,956	5,744	5,330
12	6,550	6,374	6,036	5,754	5,504	5,014
14	6,468	6,264	5,873	5,546	5,255	4,685
16	6,383	6,151	5,705	5,330	4,997	4,344
20	6,206	5,913	5,356	4,884	4,465	3,641

Lag

CDR / CPR combinations

	CDR					
	0.50%	0.67%	1.00%	1.25%	1.50%	2.00%
2.0%	6,749	6,589	6,262	6,034	5,810	5,349
3.0%	6,700	6,524	6,227	6,006	5,767	5,340
3.5%	6,666	6,513	6,200	5,982	5,768	5,322
4.1%	6,630	6,480	6,193	5,956	5,744	5,330
5.0%	6,587	6,441	6,161	5,928	5,721	5,316
6.0%	6,544	6,402	6,129	5,900	5,698	5,301

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
01/2019	1		0
04/2019	2		0
07/2019	3		0
10/2019	4		0
01/2020	5		0
04/2020	6		0
07/2020	7		0
10/2020	8		0
01/2021	9		75
04/2021	10		2,130
07/2021	11		823
10/2021	12		771
01/2022	13		749
04/2022	14		746
07/2022	15		741
10/2022	16		739
01/2023	17		737
04/2023	18		734
07/2023	19		729
10/2023	20		803
01/2024	21		60
04/2024	22		57
07/2024	23		54
10/2024	24		51
01/2025	25		50
04/2025	26		47
07/2025	27		44
10/2025	28		42
01/2026	29		40
04/2026	30		38
07/2026	31		35
10/2026	32		34
01/2027	33		1,710

(EUR 000s)

Valuation at different discount rates

discount rate	Value at 31/12/2018
0.0%	12,039
10.0%	8,229
11.0%	7,943
12.5%	7,553
15.0%	6,955

Net present value at 11.02% under different combinations

CDR / Severity combinations

	0.50%	0.66%	1.00%	1.25%	1.50%	2.00%
5%	10,052	9,973	9,805	9,684	9,566	9,299
10%	9,412	9,306	9,047	8,892	8,737	8,403
15%	8,735	8,605	8,331	8,140	7,911	7,513
20%	8,100	7,943	7,579	7,355	7,090	6,665
25%	7,429	7,248	6,831	6,576	6,311	5,816
30%	6,799	6,556	6,127	5,836	5,527	4,952
Severity						

CDR / Recovery lag combinations

	0.50%	0.66%	1.00%	1.25%	1.50%	2.00%
8	8,218	8,098	7,847	7,681	7,465	7,154
10	8,100	7,943	7,579	7,355	7,090	6,665
12	7,983	7,789	7,349	7,064	6,743	6,165
14	7,866	7,637	7,120	6,774	6,398	5,701
16	7,751	7,485	6,893	6,485	6,053	5,237
20	7,521	7,183	6,440	5,907	5,365	4,307
Lag						

CDR / CDR combinations

	0.50%	0.66%	1.00%	1.25%	1.50%	2.00%
2.0%	8,200	8,032	7,645	7,404	7,122	6,663
3.0%	8,142	7,980	7,614	7,374	7,101	6,661
3.8%	8,098	7,942	7,578	7,354	7,089	6,664
4.0%	8,087	7,931	7,578	7,347	7,083	6,661
5.0%	8,036	7,886	7,546	7,323	7,068	6,663
6.0%	7,991	7,847	7,508	7,303	7,055	6,666
CPR						

Note: Net present values above include accrued interest.

4 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 substantial unpaid principal and interest amount 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 also 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

DEFAULT RATE (CDR)

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	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
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%	0.89%	0.92%	0.85%	0.81%	0.73%	0.73%	0.73%	0.67%
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%	0.95%	0.92%	0.90%	0.88%	0.86%	0.80%	0.75%	0.66%
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%	0.30%	0.33%	0.40%	0.35%	0.38%	0.40%	0.34%	0.38%
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%	1.34%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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%	1.34%	1.34%	1.27%	1.18%	1.28%	1.30%	1.22%	1.19%
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	n/a	n/a	n/a	n/a	n/a	n/a	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%	0.35%	0.35%	0.35%	0.33%	nm	nm	nm	nm
Ludgate							1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.50%	0.50%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	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)

PREPAYMENT RATE (CPR)

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	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
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%	2.56%	2.79%	3.04%	3.33%	3.69%	3.95%	4.04%	4.14%
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%	2.34%	2.40%	2.59%	2.84%	3.13%	3.29%	3.57%	3.77%
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%	4.50%	4.50%	4.60%	4.70%	4.83%	4.88%	5.08%	5.37%
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	n/a	n/a	n/a	n/a	n/a	n/a	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%	4.44%	4.30%	4.56%	4.63%	4.38%	4.52%	4.24%	4.12%
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	n/a	n/a	n/a	n/a	n/a	n/a	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%	7.85%	8.24%	8.52%	8.54%	nm	nm	nm	nm
Ludgate							5.00%	5.20%	6.00%	7.00%	7.00%	7.00%	7.00%	8.00%	10.0%	10.0%	10.0%	10.8%	10.8%	10.8%	10.8%	nm	nm	nm	nm

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

LOSS SEVERITY

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	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Lusitano 3	20%	20%	20%	20%	20%	20%	20%	20%	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%	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%	39%	39%	39%	40%	40%	40%	40%	40%
Pastor 3	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	30%	39%	39%	39%	39%	39%	39%	40%	40%	40%	40%	42%
Pastor 4	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	30%	39%	39%	39%	39%	39%	39%	40%	40%	40%	40%	42%
Pastor 5	20%	20%	20%	20%	20%	20%	30%	30%	30%	30%	30%	30%	30%	30%	39%	39%	39%	39%	39%	39%	40%	40%	40%	40%	42%
Minotaure	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Ludgate							30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	nm	nm	nm	nm

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

RECOVERY LAG

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	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Lusitano 3	10	10	10	10	10	10	10	10	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	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	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	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	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	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	nm	nm	nm	nm	nm	nm	nm	nm
Ludgate								4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	nm	nm	nm

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

DISCOUNT RATE

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	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
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%	6.16%	6.11%	6.02%	5.92%	5.86%	5.89%	5.97%	6.02%
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%	11.16%	11.11%	11.01%	10.92%	10.86%	10.89%	10.97%	11.02%
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%	6.16%	6.11%	6.02%	5.92%	5.86%	5.89%	5.97%	6.02%
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%	11.16%	11.11%	11.02%	10.92%	10.86%	10.89%	10.97%	11.02%
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%	11.16%	11.11%	11.02%	10.92%	10.86%	10.89%	10.97%	11.02%
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%	11.16%	11.11%	11.02%	10.92%	10.86%	10.89%	10.97%	11.02%
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%	11.16%	11.11%	11.02%	10.92%	nm	nm	nm	nm
Ludgate							13.49%	13.11%	12.87%	12.64%	12.42%	12.26%	12.26%	11.44%	11.35%	11.26%	11.17%	11.16%	11.11%	11.02%	10.92%	nm	nm	nm	nm

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)

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

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

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)

Quarterly portfolio book values since Q4 2012 (cont'd)

(EUR 000s)

	31/03/2017		30/06/2017		30/09/2017		31/12/2017	
	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation
Lusitano 3	7,269	(17)	7,057	(121)	7,044	70	6,752	(2)
Lusitano 5	6,350	23	6,658	140	6,633	(202)	6,877	67
Pastor 2	4,343	(2)	4,414	5	4,477	(3)	4,532	(8)
Pastor 3	0	0	0	0	0	0	0	0
Pastor 4	1,609	(21)	1,627	(25)	1,647	(24)	1,487	(203)
Pastor 5	0	0	0	0	0	0	0	0
Minotaure	2,130	(9)	2,203	15	2,278	16	3,405	1,067
Ludgate	4,401	46	4,165	14	3,956	159	4,804	1,023
TOTAL	26,102	21	26,124	27	26,035	16	27,857	1,944

Quarterly portfolio book values since Q4 2012 (cont'd)

(EUR 000s)	31/03/2018		30/06/2018		30/09/2018		31/12/2018	
	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation	Book Value	(Markdown)/ Revaluation
Lusitano 3	6,736	193	6,635	36	6,543	22	6,401	109
Lusitano 5	7,146	87	7,333	3	7,517	(8)	7,770	53
Pastor 2	4,598	2	4,657	(7)	4,721	(4)	4,787	(2)
Pastor 3	0	0	0	0	0	0	0	0
Pastor 4	1,452	(74)	1,386	(104)	1,361	(62)	1,379	(18)
Pastor 5	0	0	0	0	0	0	0	0
Minotaure	<i>sold</i>	0	<i>sold</i>		<i>sold</i>		<i>sold</i>	
Ludgate	<i>sold</i>	95	<i>sold</i>		<i>sold</i>		<i>sold</i>	
TOTAL	19,932	303	20,012	(72)	20,141	(51)	20,337	142

Annual revaluations by position since Q4 2012

(EUR 000s)

	Total (Markdown) / Revaluation in FY					
	2013	2014	2015	2016	2017	2018
Lusitano 3	(593)	1,232	492	460	(69)	360
Lusitano 5	(388)	1,035	629	169	28	136
Pastor 2	168	99	55	113	(8)	(12)
Pastor 3	(470)	(70)	0	0	0	0
Pastor 4	(428)	(1,771)	626	30	(273)	(257)
Pastor 5	(557)	(472)	0	0	0	0
Minotaure	124	154	72	96	1,089	0
Ludgate	0	7,003	456	(137)	1,241	95
TOTAL	(1,762)	6,203	3,356	731	2,008	322

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