

Confidential

EETI Quarterly Review

QUARTER ENDED 31/03/2010

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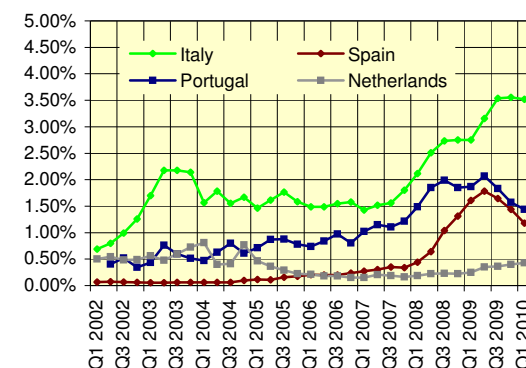
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1 EUROPEAN ABS / RMBS ACTIVITY AND PERFORMANCE

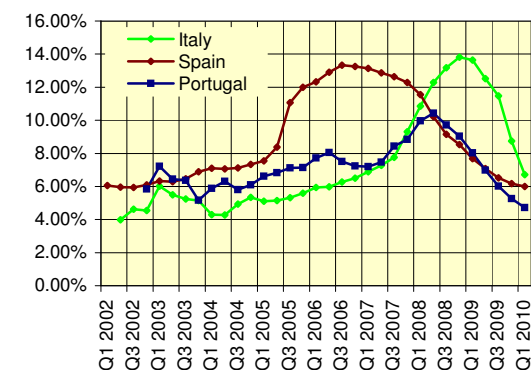
Prime European RMBS performance overview

- ▶ Data for the current quarter confirms the sustained decline in arrears in Spain and Portugal, in contrast with Italy, where our sample indicates at best a stabilisation at a high level.
 - As previously noted, arrears vary widely between older prime deals and those issued over the 2006-07 period.
- ▶ Similarly, CPRs are converging towards a level of 4-6% across Continental Europe:
 - Q1 data in Portugal and Spain indicate average CPRs of 4%, close to 1% below Q4 2009;
 - Similarly in Italy, average Q1 CPRs are of 6.1%, vs. above 7% in Q4 2009;
 - Note that many transactions in these countries experienced a rate equal to twice the average in the month of December 2009.
- ▶ The performance trend for now appears encouraging across the countries surveyed; however, we still believe that the absolute level of the Euribor as well as loose fiscal policy explain much of the performance improvement of the past 6-9 months.

3-12 months arrears of prime European RMBS



12-month average CPR of prime European RMBS



Notes: Italian index includes 25 transactions: Sestante 1, 2, 3 & 4; Argo 1 & 2; Berica & Berica 1, 2, 3, 4 & 6; BPM 1 & 2; Claris 2002, 2003, 2005 & 2007, Vela Home 2 & 3, Credico, Voba, Lombardia and Bipitalia.
 Spanish index includes 33 transactions: Pastor 2, 3, 4 & 5; Bankinter 1 to 16; Cajamar 1, 3, 4, 5 & 6; Bancaja 3 to 10.
 Portuguese index includes 14 transactions: Lusitano 1 to 6, Douro 1 to 3 and Magellan 1 to 5.
 Dutch index includes 30 transactions: Delphinus and Beluga series, Memphis series and Shield.

European ABS / RMBS market activity

- ▶ As in the last quarter of 2009, some new deals have been launched in Dutch & UK RMBS as well as German & UK ABS. Compared to the historical size of the market, primary activity remains a trickle.
- ▶ Trading activity has reverted to the AAA sector, and to a lesser extent to AA / A, with consistent spread tightening notably in Dutch and UK issues.
- ▶ The market is clearly directed upwards (in price); how long that trend will survive will depend on the impact of the upcoming withdrawal of quantitative easing and of the financing of the sovereign deficits.

Summary of spread evolution of European prime AAA, AA and BBB RMBS spreads

(in bps)	Mar 2010	Dec 2009	Sep 2009	June 2009	Mar 2009	Dec 2008
AAA Spreads						
UK Prime	+350	+400	+500	+600	+800	+600
Netherlands	+135	+160	+200	+300	+350	+375
Spain	+350	+375	+400	+600	+675	+600
AA Spreads						
UK Prime	+500	+1,000	+1,600	+2,000	+2,400	+1,350
Netherlands	+250	+400	+450	+800	+800	+700
Spain	+600	+800	+1,200	+1,800	+1,200	+1,000
BBB Spreads						
UK Prime	+1,400	+2,000	+4,000	+5,000	+3,000	+2,000
Netherlands	+750	+1,000	+1,250	+2,000	+2,000	+1,750
Spain	+1,750	+2,750	+3,000	+4,000	+3,500	+2,500

Source: Markit for 3-5 year WAL bonds. December data as of week ended 26/03/2010 .

2 PORTFOLIO PERFORMANCE

Quarterly CF and performance indicators

Total cash flow received this quarter is of EUR 960k vs. EUR 758k forecast (+26.7%). Principal excess cash flow is coming from Pastor 2, Ludgate and Minotaure; continuing lower Euribor than forecast is weighing on the cash flow from the German and Dutch bonds.

Cash flow receipts					Collateral performance									
Transactions	IPD	Actual	Forecast	Delta	90d+ arr.		CDR		CPR		Recoveries		Cum. Loss rate	
					Act.	Fcast	Act.	Fcast	Act.	Fcast	Act.	Fcast	Act.	Fcast
Lusitano 3	20/01/2010	-	-	-	1.7%	2.4%	1.45%	2.2%	4.9%	6.0%	593	-	na	na
Lusitano 4	20/03/2010	-	-	-	1.4%	2.2%	1.6%	2.0%	3.4%	6.0%	1,141	-	na	na
Lusitano 5	15/01/2010	243	-	243	1.9%	3.1%	2.1%	2.2%	3.0%	6.0%	1,645	-	na	na
Pastor 2	22/03/2010	337,266	160,025	177,241	0.5%	0.5%	0.3%	0.6%	10.5%	7.0%	-	164	na	na
Pastor 3	22/03/2010	-	-	-	2.7%	3.8%	4.3%	3.7%	6.9%	6.0%	610	339	na	na
Pastor 4	22/03/2010	-	-	-	1.8%	3.3%	3.9%	2.9%	5.9%	6.0%	4	-	na	na
Pastor 5	19/03/2010	-	-	-	1.7%	3.3%	1.3%	1.2%	6.3%	6.0%	413	-	na	na
Sestante 2	13/01/2010	-	-	-	4.8%	6.7%	3.9%	3.6%	16.5%	14.1%	307	-	na	na
Sestante 3	20/01/2010	-	-	-	4.2%	6.1%	4.3%	4.2%	14.3%	16.3%	0	-	na	na
Sestante 4	16/01/2010	-	-	-	5.8%	8.6%	7.9%	4.4%	9.7%	13.3%	0	-	na	na
Shield 1	20/01/2010	158,220	161,565	-3,346	na	na	0.39%	0.7%	na	na	na	na	0.09%	0.11%
Memphis	26/01/2010	85,326	87,927	-2,602	na	na	0.11%	0.4%	na	na	na	na	0.13%	0.14%
Gems	02/03/2010	17,738	22,228	-4,491	na	na	na	na	2.4%	5.0%	na	na	2.61%	2.67%
Semper	30/03/2010	145,826	152,061	-6,235	na	na	na	na	na	na	na	na	-	-
Minotaure	23/03/2010	189,609	173,859	15,750	na	na	na	na	na	na	na	na	na	na
Ludgate	07/03/2010	25,969	-	25,969	na	na	na	na	na	na	na	na	na	na
Total quarterly CF		960,195	757,666	202,530										

26.7%

Forecast CF

- ▶ Forecast CF remain unchanged except for the addition of the two new investments detailed in the next section.
- ▶ Forecast CF from Q2 2010 onwards amount to EUR 82,267k, including EUR 2,048k from the new investments

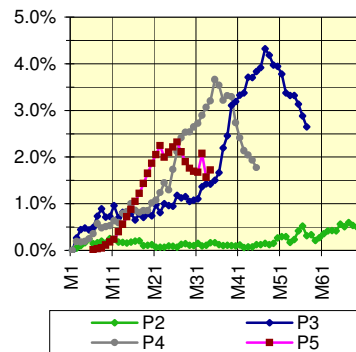
	Spain				Portugal			Italy			Netherlands		Germany		France	New (Port & Sp.)		Total	
	P2	P3	P4	P5	L3	L4	L5	S2	S3	S4	Mem	Shld	Gems	Semp	Mino	L4D	EMP1		
Total CF	7,945	14,375	9,810	6,894	3,093	-	3,300	-	-	-	6,155	10,215	3,848	10,351	4,232	989	1,059	82,267	
Years	P2	P3	P4	P5	L3	L4	L5	S2	S3	S4	Mem	Shld	Gems	Semp	Mino	L4D	EMP1	Total	Cum
2010	874	-	-	-	-	-	-	-	-	-	267	490	70	461	490	5	9	2,665	2,665
2011	847	-	-	-	-	-	-	-	-	-	398	736	145	683	658	8	13	3,486	6,151
2012	539	-	-	-	-	-	-	-	-	-	429	4,858	183	734	602	10	15	7,370	13,521
2013	115	-	-	-	3,093	-	-	-	-	-	453	3,860	213	774	522	12	18	9,060	22,581
2014	125	-	-	-	-	-	-	-	-	-	3,136	271	230	797	446	955	1,005	6,965	29,546
2015	132	-	1,599	183	-	-	3,300	-	-	-	1,473	-	242	6,902	378	-	-	14,207	43,754
2016	137	-	904	1,056	-	-	-	-	-	-	-	-	250	-	313	-	-	2,661	46,415
2017	140	1,435	387	922	-	-	-	-	-	-	-	-	256	-	261	-	-	3,401	49,816
2018	5,035	1,747	392	291	-	-	-	-	-	-	-	-	251	-	212	-	-	7,928	57,744
2019	-	11,193	398	270	-	-	-	-	-	-	-	-	231	-	162	-	-	12,253	69,997
2020	-	-	407	270	-	-	-	-	-	-	-	-	212	-	117	-	-	1,006	71,003
>2020	-	-	5,724	3,903	-	-	-	-	-	-	-	-	1,565	-	72	-	-	11,264	82,267

Note: 2010 CF only include the expected amounts for Q3 and Q4 of the calendar year 2010.

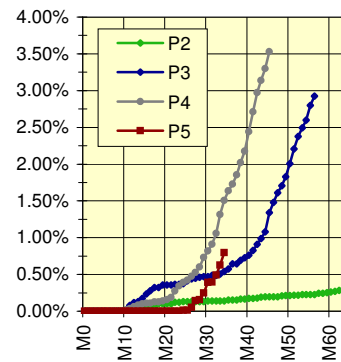
Pastor investments

- ▶ 90-day+ arrears in the transactions have continued to decline by approx. 0.4% to 0.6% vs. Q4 2009, reaching a level that is 1% to 1.5% below forecast for Pastor 3, 4 and 5. This contrasts with continued high default rates, above forecast for this quarter, as the backlog of delinquent loans takes several quarters to cure.
 - Pastor 2 continues to perform very well.
- ▶ CPRs were above forecast this quarter, notably for Pastor 2 where prepayment levels reached 10.5%.
 - This reflects exceptionally high prepayment activity around year-end; more generally, prepayment curves of the Pastors point to a stabilisation and possibly a future increase in CPRs.
- ▶ We propose to maintain our current performance forecast and IRR assumptions for the deals given the recurring high CDRs, limited recoveries and the weak Spanish macro context.

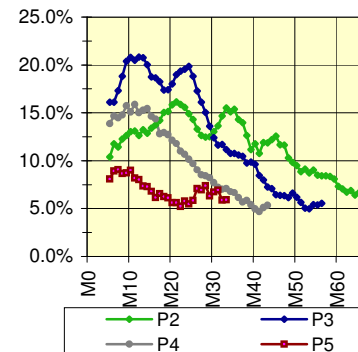
90d+ arrears (excl. defaults, as % CB)



Cumulative defaults (as % OB)



6M average CPR



Note: Data expressed in months since issue.

Summary of Pastor 2 cash flow differences

- ▶ As in the previous quarter, the principal cash flow difference relates to Pastor 2, where actual receipt amounts to **EUR 337k vs. EUR 160k** expected as per the revised forecast of last quarter, a positive difference of EUR 177k.
- ▶ As detailed in below, this difference is due to discrete variables that cannot be accurately forecast from one quarter to the next:
 - (i) lower defaults net of recoveries; and
 - (ii) higher CPRs which increases the reserve release amount.

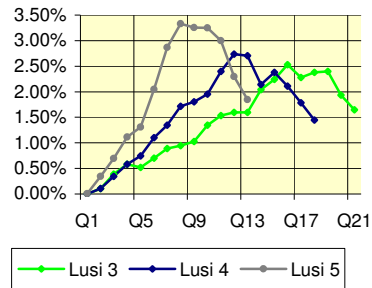
Pastor 2 -- Actual vs. forecast CF at 22/12/2009 IPD (EUR 000s)

Original Forecast	160
<u>Variations vs. forecast</u>	
Higher reserve release due to higher CPR	43
Lower defaults	285
Recoveries delta	(138)
Other differences	(13)
Actual Receipt	337
Excess vs. forecast	177

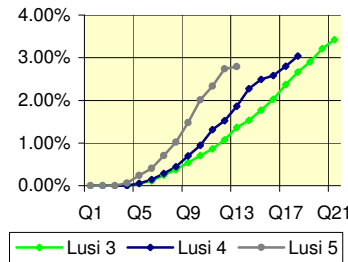
Lusitano investments

- ▶ 90-day+ arrears have continued to fall this quarter to a level of 1.7% to 1.9%.
- ▶ At the same time, CDRs remain in the 1.5% to 2.0% range, as the backlog of delinquencies takes some time to clear.
 - At this level, CDRs are approx. 0.30% to 0.60% lower than in our assumptions for Lusitano 3 and 4.
- ▶ CPRs have fallen to below 3% to 5%, vs. 6% in our forecast.
- ▶ Outlook and proposed changes in the assumptions are discussed in greater detail in section 4.

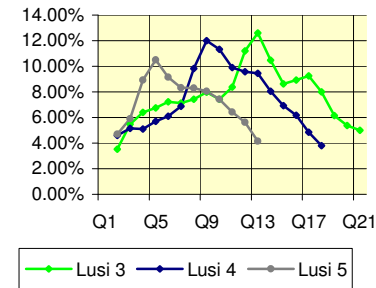
90d+ arrears (excl. defaults, as % CB)



Cumulative defaults (as % OB)



6M average CPR

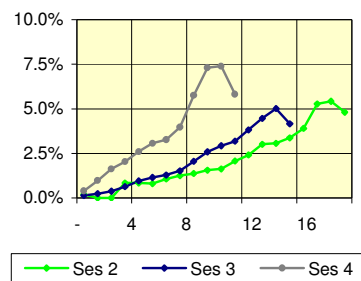


Note: Data expressed in quarters since issue.

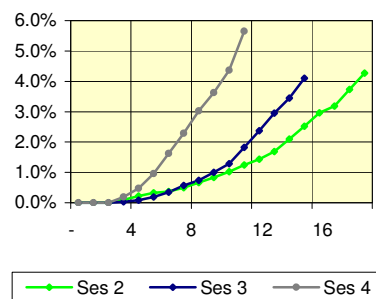
Sestante investments

- ▶ Delinquency in Sestante 2, 3 and 4 has started to decline, partly as the result of older delinquencies moving into defaults. Defaults themselves remain very high, with CDRs of approx. 4% for Sestante 2 and 3 and 8% for Sestante 4.
- ▶ Quarterly CPRs have dropped to 10% for Sestante 4 and remain in the 14% to 16% area for Sestante 2 and 3.
- ▶ No change in cash flow forecast or outlook appears warranted at this stage.

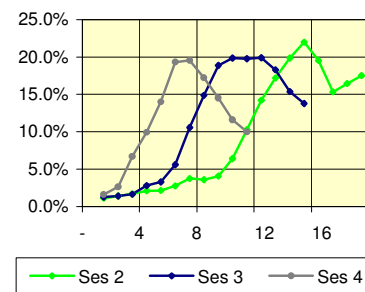
90d+ arrears (excl. defaults, as % CB)



Cumulative defaults (% OB)



6M average CPR



Note: Data expressed in quarters since issue.

Dutch and German bond investments

Euribor evolution

- ▶ The Dutch and German bonds pay 3 months Euribor rates plus a spread. The forecast and valuation conducted in September 2009 assumed by convention that Euribor would follow the then prevailing forward curve. That curve forecast an index of rate of 1.08% for Q1 2010, vs. an actual rate of approx. 0.75%.
- ▶ Solely due to that difference, cash flow on the bonds are EUR 17k below forecast for the period.

Shield 1 and Memphis 2006-1

- ▶ Both bonds continue to perform slightly above expectations in terms of new credit events and cumulative losses. As detailed below, loss severity remains within assumptions.

	Memphis 2006-1	Shield 1
Last Q severity	18.2%	11.1%
Severity since issue	18.9%	12.8%
Model assumption	20.0%	20.0%

Semper 2006-1

- ▶ The transaction continues to perform well to date with no single credit event recorded since issue.

Provide Gems 2002-1

- ▶ Evolution in credit events and cumulated losses remain within forecast with no improvement expected.

Minotaure & Ludgate investments

Minotaure

- ▶ Cash flow were 9% above forecast, a difference of EUR 16k. Performance of the transaction remains overall favourable with CPRs of approx. 4% and low losses.

Ludgate

- ▶ Two unexpected payments totalling EUR 26k have been received this quarter. One payment (EUR 14k) corresponds to the quarter ended December 2009 and has been received late; the other one (EUR 12k) was paid when due in March 2010.
- ▶ These amounts correspond to Early Repayment Charges on the mortgages. These payments should wind down to 0 in the second half of the year.
- ▶ We recommend to maintain the investment value at 0 and to treat the income received as exceptional.

3 NEW INVESTMENTS

Summary of new investments

EETI has purchased two new rated performing bonds for a total consideration of EUR 635k, an average discount to par of 67%.

- ▶ The first bond (bought on 26/03/2010) is the Lusitano 4 Class D, a split-rated Portuguese RMBS bond (BBB+ / B2 / BB+) issued by Banco Espirito Santo in 09/2005.
 - EETI already owns an interest in the Class E notes of this transaction through the leveraged Citrine vehicle. The newly purchased Class D bonds are senior to these notes.
- ▶ The second bond (bought on 05/04/2010) is the Banco Popular Empresas 1 Class D, a split-rated Spanish SME bond (BB / Caa) issued by Banco Popular. The transaction was issued in September 2006.
 - The transaction is a cash securitisation backed by a static, diversified pool of loans to 3,866 obligors with average loan amounts of EUR 132k. Total pool balance today is of EUR 563m vs. EUR 1,800m at issue;
 - Most loans (93%) are backed by commercial mortgages with a low current LTV of 40%; the remaining 7% are backed by personal guarantees (including some residential mortgages);
 - Average loan seasoning is now 6 years; principal vintages are 2004 or before (55%) and 2005 (38%).
 - The transaction has experienced strong credit performance to date, with CDR averaging of 0.63% since 9/2007 and CDR of 1.18% over the last 12 months. Cumulative defaults are of 1.95% of OB to date;
 - The transaction benefits from adequate credit enhancement with a reserve fund of EUR 35m at the last IPD or 6.2% of CB and ongoing excess spread of 0.93% p.a. (before notes interests and servicing fees);
 - CPRs are high at 19% in 2009 and 17% since issue, and scheduled amortisation runs at more than 7.5% p.a.;
 - Largest regions are Andalucia (21%), Madrid (18%), Canary & Balearics (11%), Castilla Leon (9%). Largest industries include real estate (12.3%), construction (7.4%), real estate rental (6.9%) and hotels (6.8%).
 - The pool does not include any loans to developers in the construction phase.
 - The pool has some concentration risk as approx. 1/3 is comprised of loans with a balance 6x average or more (average size of EUR 1.8m) and the top 25 obligors represent 18% of the pool (average of EUR 4m).

Summary of new investments

Summary information and CF forecast

(EUR 000s)

Banco Popular Empresas 1 Class D

EMPOP 1D / Summary	
Originator:	Banco Popular
Country:	Spain
Type:	SME
Rating:	BB / Caa
Margin:	0.55%
Notional:	1,000
Price:	44.50%
IRR:	25.31%
MM:	2.38
Est. clean-Up:	06/2014

EMPOP 1D / Cash Flow	
22/06/2010	2.9
22/09/2010	2.9
22/12/2010	2.9
22/03/2011	2.9
22/06/2011	3.4
22/09/2011	3.4
22/12/2011	3.4
22/03/2012	3.4
22/06/2012	3.4
22/09/2012	3.9
22/12/2012	3.9
22/03/2013	3.9
22/06/2013	3.9
22/09/2013	5.1
22/12/2013	5.1
22/03/2014	1,005.1

Lusitano 4 Class D

LUSI 4D / Summary	
Originator:	Banco Espirito Santo
Country:	Portugal
Type:	Residential
Rating:	BBB+ / B2 / BB+
Margin:	0.50%
Notional:	945
Price:	20.00%
IRR:	46.40%
MM:	5.20
Time call:	09/2014

LUSI 4D / Cash Flow	
15/06/2010	1.4
15/09/2010	1.5
15/12/2010	1.7
15/03/2011	1.8
15/06/2011	1.9
15/09/2011	2.0
15/12/2011	2.1
15/03/2012	2.2
15/06/2012	2.4
15/09/2012	2.5
15/12/2012	2.6
15/03/2013	2.7
15/06/2013	2.8
15/09/2013	3.0
15/12/2013	3.1
15/03/2014	3.2
15/06/2014	3.3
15/09/2014	948.7

4 CONSOLIDATED ACCOUNTING ITEMS

Income for the quarter ended 31/03/2010

Accounting income for the quarter has stabilized at its run-rate level further to the write-downs in September 2009 and subsequent adjustments to accruals in December 2009

- ▶ Income for the quarter is **EUR 1,034k** vs. EUR 752k at 31/12/2009.
 - Income for the quarter ended 31/12/2009 was reduced by the differential in accruals stemming from the reduction in discount rate in September 2009.
 - Accruals for the current quarter amount to EUR 331k almost equal to the amount in the previous quarter (EUR 335k). Except for changes in the IRR or in the forecast cash flow, accruals should remain at this level in the future.

Summary of quarterly accounting income at 31/03/2010 vs. previous quarters

EUR 000s	Current Q ended 31/03/2009	Previous Q ended 31/12/2009	Q before last ended 30/9/2009
Actual income	1,034	752	1,625
Run rate	approx. 1,050 (= ~ EUR 42.5m x 10.0% / 4)		approx. 1,650 (= ~ EUR 40m x 16.5% / 4)

Book value of investments at 31/03/2010

- ▶ The aggregate book value of the investments is approx. EUR 267k above last quarters at EUR 42,663k (excl. accruals). The increase is the result of:
 - The capitalisation of interest of EUR 433k (mainly Pastor 3, 4 & 5 and Lusitano 3 & 5); plus
 - The acquisition of the new investment in Lusitano 4 Class D for EUR 189k; less
 - Principal repayment of EUR 355k (Pastor 2 & Minotaure).

Summary of book values at 31/03/2010 and 31/12/2009

EUR 000s	Current Q ended 31/03/2010	Previous Q ended 31/12/2009	Difference
Portfolio Book Value excl. accruals	42,663	42,396	+267
Portfolio Book Value incl. accruals	42,994	42,731	+263

NPV differences at 31/03/2010

- ▶ As a result of higher than forecast cash flow under Pastor 2 and Minotaure, as well as other differentials (Lusitanos in the previous quarters and Euribor differences on the bonds), the net present values of certain investments differ marginally from their book values.
- ▶ The total difference is of **EUR 173k** this quarter, representing 0.4% of book value.
- ▶ We recommend not to include these differences in the book value as they are minor and await a broader revaluation.

Summary of differences between book values and NPV at 31/03/2010

Investments	Difference in NPV less Book Value at 31/03/2010	% Book Value
Lusitano 3	35	+1.6%
Lusitano 5	76	+4.2%
Pastor 2	39	0.8%
Minotaure	34	1.1%
Memphis, Shield, Semper & Gems	(11)	-0.1%
Total	173	0.4%

Detailed accounting items for the quarter ended 31/03/2010

All figures in Euros thousands

Investments	Payment date	CF receipts and breakdown			Accounting items			Valuation excl. accruals		Valuation incl. accruals	
		Actual CF received	of which: Interest	of which: Principal	Income (ex-accruals)	Capitalised interest	Accruals to report date	(Write-down) / Revaluation	Valuation	(Write-down) / Revaluation	Valuation
Lusitano 3	16/01/2010	-	0	0	51	51	41	0	2,129	0	2,170
Lusitano 4	20/03/2010	-	0	0	0	0	0	0	0	0	0
Lusitano 5	15/01/2010	0	0	0	43	43	36	0	1,831	0	1,867
Pastor 2	22/03/2010	337	107	230	107	0	10	0	5,047	0	5,057
Pastor 3	22/03/2010	-	0	0	139	139	14	0	4,118	0	4,132
Pastor 4	22/03/2010	-	0	0	94	94	10	0	2,763	0	2,773
Pastor 5	22/03/2010	-	0	0	60	60	6	0	1,782	0	1,788
Shield	20/01/2010	158	158	0	170	12	128	0	8,207	0	8,335
Memphis	25/01/2010	85	85	0	92	7	64	0	4,428	0	4,492
Semper 2006	30/03/2010	146	146	0	150	4	2	0	7,395	0	7,397
Gems	02/03/2010	18	18	0	41	23	13	0	1,726	0	1,739
Minotaure	22/03/2010	190	64	125	64	0	6	0	3,048	0	3,054
Sestante 2	13/01/2010	-	0	0	0	0	0	0	0	0	0
Sestante 3	13/01/2010	-	0	0	0	0	0	0	0	0	0
Sestante 4	16/01/2010	-	0	0	0	0	0	0	0	0	0
Ludgate	07/03/2010	26	0	0	26	0	0	0	0	0	0
Lusitano 4D	PURCHASED 26/03/2010						1		189	0	190
Total		960	579	355 0	1,038	433	331	0	42,663	0	42,994

ACCOUNTING INCOME	
Actual cash flow received in Q	960
Plus: Capitalised interest	433
Less: Amortisation of principal	(355)
Income excl. accruals	1,038
<i>check</i>	<i>0.00</i>
Less: Previous Q accruals	(335)
Plus: Current Q accruals	331
Income incl. accruals	1,034

WRITE-DOWNS / REVALUATIONS	
Sum of write-downs excl. accruals	0.00
Sum of revaluations excl. accruals	0.00
Total excl. accruals	0.00
<i>check</i>	<i>0.00</i>
Sum of accruals included in write-downs	0.00
Sum of accruals included in revaluations	0.00
Total incl. accruals	0.00
<i>check</i>	<i>0.00</i>

VALUATION RECAP	
Valuation excl. accruals	42,663
Valuation incl. accruals	42,994
<i>check</i>	<i>0.00</i>
Last Q valuation excl. accruals	42,396
Plus: Capitalised interest	433
Less: Amortisation of principal	(355)
Sum write-downs / reval. excl. accruals	0
Plus: Purchased in Q	189
Current Q excl. accruals	42,663
<i>check</i>	<i>0.00</i>