

Confidential

EETI Quarterly Review

QUARTER ENDED 31/12/2009

February 28, 2010

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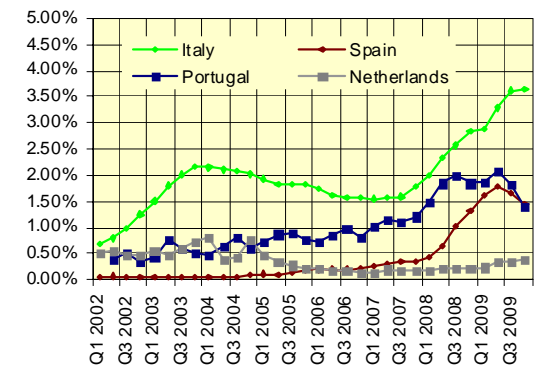
1 EUROPEAN ABS / RMBS ACTIVITY AND PERFORMANCE

Prime European RMBS performance overview

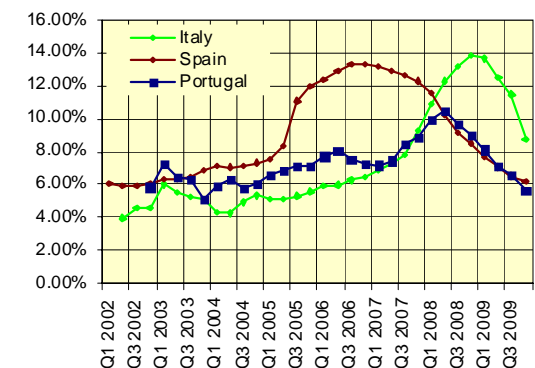
- ▶ The principal trend in prime European RMBS since the valuation at 30/9/2009 is the confirmation of the stabilisation / decline in arrears in Spanish and Portuguese transactions.
 - This decline essentially reflects the drop in Euribor rather than an improvement in economic conditions and unemployment;
 - Arrears vary widely between transactions: solid prime deals record stable 90-day+ arrears of 0.25-0.60%, whereas the 2006-07 transactions of more aggressive lenders record still deteriorating arrears of 5.0-8.0%.
- ▶ Italian transactions surveyed do not show the same decline in arrears yet, although the dispersion of data is significant depending on the originator and borrower location.
- ▶ CPRs are continuing to decline across Continental Europe:
 - Available Q4 figures in Spain and Portugal average 5-6%;
 - In Italy also, CPRs are showing clear signs of abating. The few transactions that have reported Q4 data recorded CPRs of approx. 7% vs. 11% in the previous quarter.
- ▶ The performance outlook for 2010 remains uncertain however.
 - Unemployment is expected to rise across Northern and Southern Europe;
 - Recession is expected to continue in Spain and possibly Portugal;
 - Premature rises in interest rates could trigger a renewed spike in delinquency as affordability is stretched.

Notes: Italian index includes 23 transactions: Sestante 1, 2, 3 & 4; Argo 1 & 2; Berica & Berica 1, 2, 3, 4 & 6; BPM 1 & 2; Claris 2002, 2003, 2005 & 2007, 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: Lusiano 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.

3-12 months arrears of prime European RMBS



12-month average CPR of prime European RMBS



European ABS / RMBS market activity

- ▶ Some new ABS issues have been successfully launched this quarter, including one Dutch RMBS, two UK RMBS and a German auto loan deal. Secondary activity, focused on the UK and Netherlands for RMBS, is getting stronger.
- ▶ Spreads have considerably tightened in the quarter with the best Dutch AAA RMBS trading at 100-130 bps.
- ▶ The key theme in AAA RMBS is the uncertainty surrounding the maturity of the transactions, as time calls by issuing banks are discretionary and their exercise ultimately depends on their own capital position.
- ▶ Market participants believe that 2010 will see a revival of new issues, as banks are seeking permanent refinancing tools and investors are warming to senior ABS.
 - The attractiveness of securitisation will also partly depend on the terms and continued availability of central bank funding as well as the evolution of BIS regulations on bank liquidity and capital requirements.

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

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

Source: Markit for 3-5 year WAL bonds. December data as of week ended 18/12/2009.

2 PORTFOLIO PERFORMANCE

Quarterly CF and performance indicators

Total cash flow received this quarter is of EUR 1,166k vs. EUR 721k forecast, with the principal excess cash flow coming from Pastor 2 in addition to Lusitano 3 & 5 and Minotaure. As noted above, arrears and CPR performance is generally better than anticipated, while defaults are still high as expected.

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	20/10/2009	33,729	-	33,729	2.0%	2.4%	2.2%	2.3%	5.1%	6.0%	1,460	-	na	na
Lusitano 4	11/12/2009	-	-	-	1.8%	2.2%	1.4%	1.8%	4.2%	6.0%	1,000	-	na	na
Lusitano 5	15/10/2009	74,518	-	74,518	2.4%	3.1%	2.6%	2.2%	5.3%	6.0%	1,351	-	na	na
Pastor 2	22/12/2009	430,174	131,884	298,290	0.5%	0.5%	0.1%	0.4%	6.9%	7.0%	25	165	na	na
Pastor 3	22/12/2009	-	-	-	3.3%	3.8%	3.5%	4.0%	4.3%	6.0%	39	-	na	na
Pastor 4	22/12/2009	-	-	-	2.1%	3.3%	5.3%	2.9%	4.5%	6.0%	268	-	na	na
Pastor 5	20/10/2009	-	-	-	1.7%	3.2%	1.2%	0.8%	5.5%	6.0%	-	-	na	na
Sestante 2	13/10/2009	-	-	-	5.4%	6.7%	3.6%	3.5%	17.6%	14.8%	138	-	na	na
Sestante 3	20/10/2009	-	-	-	5.3%	6.1%	3.3%	3.9%	14.3%	17.0%	388	-	na	na
Sestante 4	16/10/2009	-	-	-	7.3%	8.6%	4.3%	4.3%	10.6%	14.0%	133	-	na	na
Shield 1	20/10/2009	162,922	158,800	4,122	0.56%	na	0.37%	0.61%	7.4%	na	na	na	0.08%	0.09%
Memphis	26/10/2009	87,336	86,510	826	0.47%	na	0.00%	0.40%	na	na	na	na	0.12%	0.12%
Gems	02/12/2009	19,224	21,250	-2,026	na	na	0.76%	1.22%	7.3%	5.0%	-	na	2.52%	2.55%
Semper	26/10/2009	148,020	145,893	2,128	na	na	0.0%	0.0%	na	na	na	na	-	-
Minotaure	22/12/2009	210,397	176,359	34,038	na	na	na	na	na	na	na	na	na	na
Total quarterly CF		1,166,318	720,696	445,623										

61.8%

Note: Pastor 5 CDR provisional.

Pastor 2 cash flow difference in 22/12/2009 IPD

- ▶ The principal difference in quarterly cash relates to Pastor 2. Actual receipt amounts to **EUR 430k vs. EUR 132k** expected in the valuation at 30/9/2009.
- ▶ As detailed in the table below, the difference is due to (i) earlier reserve release than anticipated in the model (ii) lower period defaults, as well as (iii) lower recoveries and (iv) other payments, notably to the junior residual.

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

Original Forecast	132
<u>Variations vs. forecast</u>	
Q4 reserve release in Q4	214
Lower default	254
Recoveries delta	(140)
Other differences	(30)
Actual Receipt	430
Excess vs. forecast	298

Pastor 2 adjusted forecast cash flow

- ▶ The cash flow forecast of the Pastor 2 have been adjusted to include the earlier than anticipated reserve release received in December.
- ▶ As a result, cumulative cash flow from Q1 2010 onwards is forecast at **EUR 8.1m now vs. EUR 8.5m originally**.
- ▶ This decline will almost entirely be felt in **2010**, with EUR 484k less cash flow than anticipated.
 - The bulk of that difference will be in Q2 2010, where the original forecast timed a large reserve release of EUR 1m.
- ▶ All other things equal, this change in cash flow represents a decline in the NPV of Pastor 2 of approx. EUR 130k or 2.6%. As discussed in 4. below, we recommend not to alter the book value at this stage.

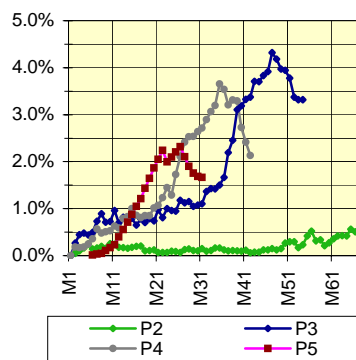
(EUR 000s)

	Total CF:	30/9/2009 Forecast	Revised Forecast	Delta
From Q4 2009		8,683	8,535	(148) -1.7%
From Q4 2010		8,551	8,105	(446) -5.2%
Earlier reserve release		298		
From Q4 2010 restated		8,253	8,105	(148) -1.8%
Q4 2009	0	132	430	298
Q1 2010	1	36	160	124
Q2 2010	2	995	335	(660)
Q3 2010	3	244	295	51
Q4 2010	4	244	244	0 (484)
Q1 2011	5	240	240	0
Q2 2011	6	184	237	53
Q3 2011	7	230	184	(46)
Q4 2011	8	228	186	(43) (36)
Q1 2012	9	225	184	(41)
Q2 2012	10	176	140	(36)
Q3 2012	11	25	189	164
Q4 2012	12	26	26	(0) 87
Q1 2013	13	28	27	(0)
Q2 2013	14	29	28	(1)
Q3 2013	15	30	30	(1)
Q4 2013	16	31	30	(1) (2)
Q1 2014	17	31	31	(1)
Q2 2014	18	31	31	(1)
Q3 2014	19	32	32	(1)
Q4 2014	20	33	32	(1) (2)
Q1 2015	21	33	32	(1)
Q2 2015	22	33	32	(1)
Q3 2015	23	34	34	(1)
Q4 2015	24	34	34	(1) (2)
Q1 2016	25	34	34	(1)
Q2 2016	26	35	34	(1)
Q3 2016	27	35	35	(1)
Q4 2016	28	36	35	(1) (2)
Q1 2017	29	35	35	(1)
Q2 2017	30	35	35	(1)
Q3 2017	31	36	35	(1)
Q4 2017	32	36	36	(1) (3)
Q1 2018	33	5,036	5,035	(1)

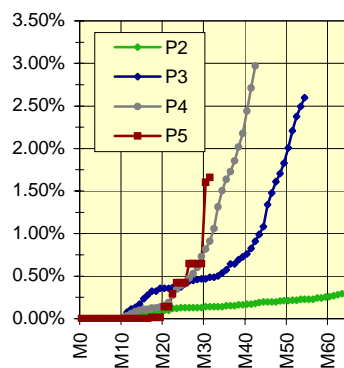
Pastor investments

- ▶ 90-day+ arrears in the transactions has stabilised this quarter after a 0.6% to 1% decline since the summer. This performance is better than anticipated in our forecast.
- ▶ Defaults are continuing at high levels as the backlog of older delinquent loans remains high. The current improvement in arrears will not translate into lower defaults before the second half of 2010.
 - As anticipated, defaults have spiked in Pastor 5 causing a sharp reserve draw; this is due to the longer than usual definition of defaults in this transaction (18 months vs. 12 months)
- ▶ CPRs remain low, around the 4.5-5% mark and modestly higher for Pastor 5.
- ▶ Given that the positive effect of the reduction in Euribor is likely to be fully reflected in the performance of the loans and that the Spanish outlook for 2010 is similar to 2009, we propose to maintain our current performance forecast and IRR assumptions.

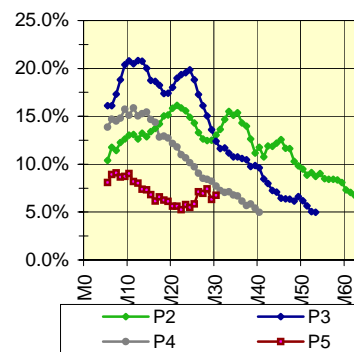
90d+ arrears (excl. defaults, as % CB)



Cumulative defaults (as % OB)



6M average CPR

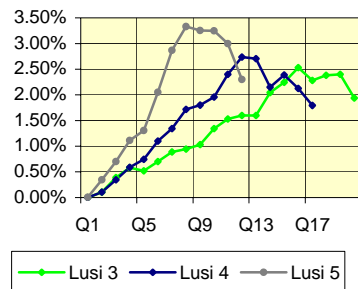


Note: Data expressed in months since issue.

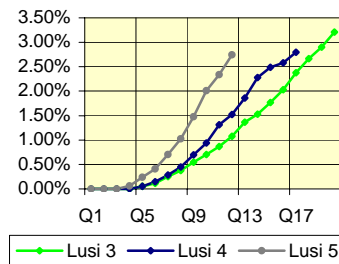
Lusitano investments

- ▶ The overall situation is very similar to that of the Spanish investments.
 - 90-day+ arrears in the investments have fallen by 0.5% to 1% since Q4 2008 and are approx. 0.5% below forecast;
 - Defaults remain high as anticipated, with CDRs of 1.5-2.5% p.a.;
 - CPRs are around 5% p.a. in line with comparable transactions, approx. 1% below forecast.
- ▶ Quarterly cash flow of **EUR 34k** and **EUR 75k** were received under Lusitano 3 & 5 respectively, in excess of forecast. These cash flow principally reflect higher recoveries than anticipated.
- ▶ Given the uncertain outlook for Portugal in 2010, we propose to leave our IRR and performance forecast unchanged for the time being despite the positive arrears development.

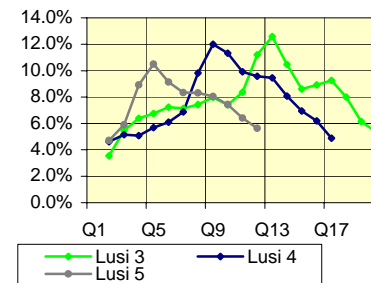
90d+ arrears (excl. defaults, as % CB)



Cumulative defaults (as % OB)



6M average CPR

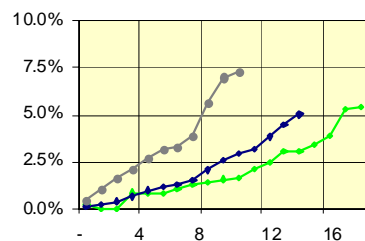


Note: Data expressed in quarters since issue.

Sestante investments

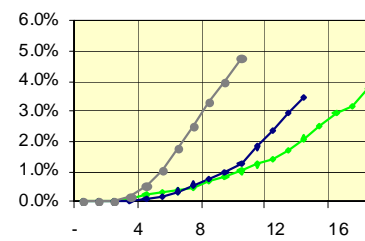
- ▶ Delinquency in Sestante 2, 3 and 4 has risen more slowly than forecast (approx. 1% below forecast) but defaults (CDR) remain high as expected.
- ▶ Quarterly CPRs of Sestante 3 and 4 have declined substantially, while Sestante 2 prepayments have recorded an unexpected rise.
- ▶ No change in cash flow forecast or outlook at this stage. The main factors that could lead to an unexpected improvement in cash flow is the combination of the following:
 - CPRs falling below 8.1%, which would stop cash flow diversion to the Class C2 notes; and
 - Improved servicing further to the expected change, without added cost.

3-12 months arrears (% CB)



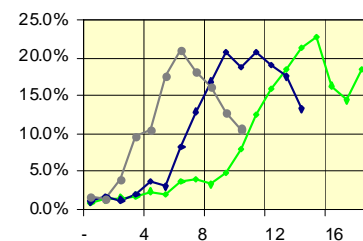
— Ses 2 — Ses 3 — Ses 4

Cumulative defaults (% OB)



— Ses 2 — Ses 3 — Ses 4

Quarterly CPRs



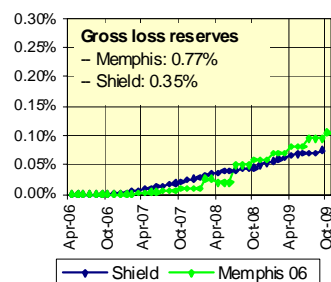
— Ses 2 — Ses 3 — Ses 4

Dutch bond investments (Shield 1 and Memphis 2006-1)

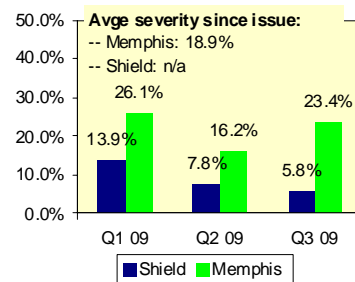
Performance

- ▶ Both B-rated bonds continue to perform within forecast, in line with the continued strong performance of Dutch RMBS.
 - New defaults (credit events) remain below expectations as re-performing defaulted loans offset new defaults. In the case of Memphis, the re-performing loans were equal to new defaults this quarter.
- ▶ Cumulative losses are within forecast to date and the credit protection continues to appear sufficient to protect the principal of EETI's notes until maturity (between 2012 and 2015).
 - A key point to monitor is loss severity, especially for the high LTV Memphis deal (WA LTFV of 116%). As outlined in the graphs below, loss severity averages approx. 19% since issue but has peaked at around 25% in recent months.
- ▶ No change in credit assumptions. Some modest variability vs. cash flow forecast is likely given that the bonds are indexed on Euribor 3 months.

Cum. losses & total protection



Quarterly loss severity in 2009



Other investments

Minotaure

- ▶ Higher cash flow than anticipated (EUR 44k) reflects modestly higher CPRs and lower losses than anticipated.
- ▶ Overall cash flow forecast remains unchanged.

Semper 2006-1

- ▶ The transaction continues to perform well to date with no single credit event recorded since issue.
- ▶ A recent visit to Eurohypo further points to an improvement in the collateral, notably with the repayment of a large loan to a weak borrower over the past months.
- ▶ No change in assumptions or cash flow warranted to date.

Provide Gems 2002-1

- ▶ Evolution in credit events and cumulated losses remain as forecast with no improvement expected.
- ▶ Our visit to the originator confirmed that Commerzbank was likely to let the transactions run off, as assumed in our valuation. This would mean that the principal of the Class C owned by EETI would be slowly reduced by losses, with only a residual principal amount repaid at clean-up call.
 - The transfer of the management of the transaction to Eurohypo, as a consequence of its planned disposal in 2010, is not expected to trigger a change in strategy from the originator.

3 CONSOLIDATED CF AND ACCOUNTING ITEMS

Revised forecast cash flow including Pastor 2 earlier principal repayment

- ▶ The revised forecast cash flow from Q1 2010 onwards amount to EUR 81.0m vs. EUR 81.4m originally forecast. The only change implemented in the forecast is the adjustments to the Pastor 2 forecast previously discussed.
- ▶ The reduction will mainly be felt in 2010, when the Pastor reserve releases were expected. **Revised 2010 cash flow are now of EUR 3.4m vs. EUR 3.9m originally forecast.**

Revised forecast cash flow

(EUR 000s)

	Revised Forecast		30/9/2009 Forecast		Delta p.a.
Sum CF	80,976		81,423		(446)
Q1 2010	758		633		
Q2 2010	921		1,581		
Q3 2010	882		831		
Q4 2010	848	3,409	848	3,894	(484)
Q1 2011	855		855		
Q2 2011	895		842		
Q3 2011	853		899		
Q4 2011	863	3,465	906	3,501	(36)
Q1 2012	871		912		
Q2 2012	823		859		
Q3 2012	1,472		1,308		
Q4 2012	4,179	7,345	4,180	7,259	87
2013		9,031		9,033	(2)
2014		5,005		5,007	(2)
2015		14,207		14,210	(2)
2016		2,661		2,664	(2)
2017		3,401		3,404	(3)
2018		7,928		7,929	(1)
2019		12,253		12,253	0
=>2020		12,270		12,270	0

Income for the quarter ended 31/12/2009

Accounting income for the quarter is of only EUR 752k, over 50% below quarterly income at 30/6/2009. This is due to a lower run rate income of EUR 600k / quarter and one-off changes in accruals

- ▶ Run rate income is now of approx. EUR 1,050k, EUR 600k lower than at 30/6/2009.
 - This reflects the lower average IRR of 10% vs. 16.5% adopted in the review at 30/9/2009, combined with a broadly unchanged total portfolio valuation.
- ▶ In addition, a one-off adjustment to accruals of approx. EUR 0.26m reduces accounting income this quarter. This differential results from the reduction in IRR and individual revaluations.
 - Accruals are now of approx. EUR 350k per quarter vs. EUR 600k before (after deduction of written off accruals at 30/9/2009).

Summary of quarterly accounting income at 31/12/2009 vs. previous quarter

EUR 000s	Current Q ended 31/12/2009	Previous Q ended 30/9/2009
Actual income	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 31/12/2009

- ▶ The aggregate book value of the investments is almost unchanged at EUR 42,400. The reduction by EUR 148k is the result of:
 - The capitalisation of interest of EUR 340k (mainly Pastor 3, 4 and 5) which increases book value; less
 - Principal repayment of EUR 488k (Pastor 2 & Minotaure).

Summary of book values at 31/12/2009 and 30/9/2009

EUR 000s	Current Q ended 31/12/2009	Previous Q ended 30/9/2009	Difference
Portfolio Book Value excl. accruals	42,396	42,544	(148)
Portfolio Book Value incl. accruals	42,731	43,145	(414)

NPV differences at 31/12/2009

- ▶ As a result of the higher than forecast cash flow this quarter under Lusitano 3 & 5, Minotaure and Pastor 2, the net present values of these investments differ marginally from their book values.
- ▶ The total difference is of **EUR 7k** while the impact on the 4 investments ranges from -2.6% to +4.1% of book value, as detailed below.
- ▶ We have not included these differences in the book value at 31/12/2009. As long as they remain small, our recommendation is to await the full revaluation, likely to be conducted in Q2 or Q3 2010. This would enable to also reflect the positive changes in performance and reassess the arrears and default outlook.

Summary of differences between book values and NPV at 31/12/2009

Investments	Difference in NPV less Book Value at 31/12/2009	% Book Value at 31/12/2009
Lusitano 3	34	+1.6%
Lusitano 5	74	+4.1%
Pastor 2	(136)	-2.6%
Minotaure	34	1.1%
Total	7	0.0%

Detailed accounting items for the quarter ended 31/12/2009

All figures in Euros thousands

Investments	Payment date	CF receipts and breakdown			Accounting items			Valuation excl. accruals		Valuation incl. accruals		% Total
		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	16/07/2009	34	34	0	50	16	41	0	2,078	0	2,120	4.9%
Lusitano 4	20/12/2009	-	0	0	0	0	0	0	0	0	0	0.0%
Lusitano 5	15/07/2009	75	44	30	44	0	36	0	1,788	0	1,824	4.2% 9.1%
Pastor 2	22/09/2009	430	115	315	115	0	11	0	5,277	0	5,288	12.4%
Pastor 3	22/09/2009	-	0	0	136	136	14	0	3,978	0	3,992	9.4%
Pastor 4	22/09/2009	-	0	0	91	91	9	0	2,670	0	2,679	6.3%
Pastor 5	22/09/2009	-	0	0	59	59	6	0	1,721	0	1,727	4.1% 32.2%
Shield	20/07/2009	163	163	0	170	7	132	0	8,195	0	8,327	19.3%
Memphis	25/07/2009	87	87	0	92	4	66	0	4,421	0	4,488	10.4%
Semper 2006	30/09/2009	148	148	0	152	4	2	0	7,391	0	7,393	17.4%
Gems	02/09/2009	19	19	0	40	21	13	0	1,703	0	1,716	4.0%
Minotaure	22/09/2009	210	68	142	68	0	6	0	3,173	0	3,180	7.5% 58.7%
Sestante 2	13/07/2009	-	0	0	0	0	0	0	0	0	0	0.0%
Sestante 3	20/07/2009	-	0	0	0	0	0	0	0	0	0	0.0%
Sestante 4	16/07/2009	-	0	0	0	0	0	0	0	0	0	0.0%
Ludgate	07/09/2009	-	0	0	0	0	0	0	0	0	0	0.0% 0.0%
Total		1,166	678	488	1,018	340	335	0	42,396	0	42,731	100.0% 100.0%

ACCOUNTING INCOME

Actual cash flow received in Q	1,166
Plus: Capitalised interest	340
Less: Amortisation of principal	(488)
Income excl. accruals	1,018
<i>check</i>	<i>0.00</i>
Less: Previous Q accruals	(601)
Plus: Current Q accruals	335
Income incl. accruals	752

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	42,396
Valuation incl. accruals	42,731
<i>check</i>	<i>(0.00)</i>
Last Q valuation excl. accruals	42,544
Plus: Capitalised interest	340
Less: Amortisation of principal	(488)
Sum write-downs / reval. excl. accruals	0
Current Q excl. accruals	42,396
<i>check</i>	<i>0.00</i>