

European Credit (Luxembourg) S.A. Medium Term Note Programme



Monthly Reporting Period
27 Feb 2009 to 31 Mar 2009

Fitch Rating **BBB/V3**

Periodic Total Returns	1 month	3 month	12 month	36 months		Since Inception (112 Months)	
				Returns	Annualised	Returns	Annualised
ECL € Floating Rate Note Total Return	-3.52%	-11.02%	-41.25%	-45.97%	-18.34%	-21.79%	-2.55%
ECL € 5 Year Fixed Rate Note Total Return	-2.71%	-8.11%	-36.55%	-42.44%	-16.62%	-3.51%	-0.38%

2009 calendar year-to-date total return	
Floating	-11.02%
5 Year Fixed	-8.11%

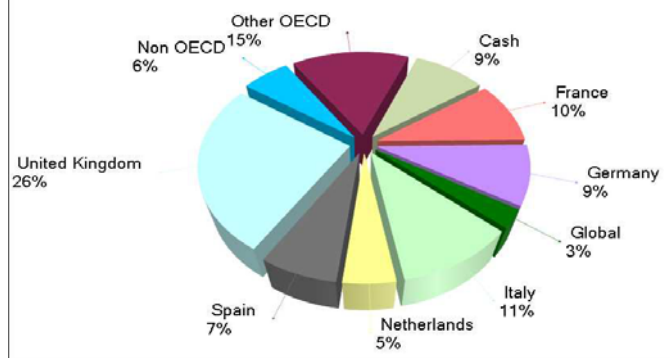
Client funds under management	
Euro	4,154 million

Investment performance	
Monthly Net Increment to Investor Selected Return*	minus 3.63%
Annualised Net Return since inception (112 Months) (ending Mar 2009) - Investor Selected Return*	minus 5.87%

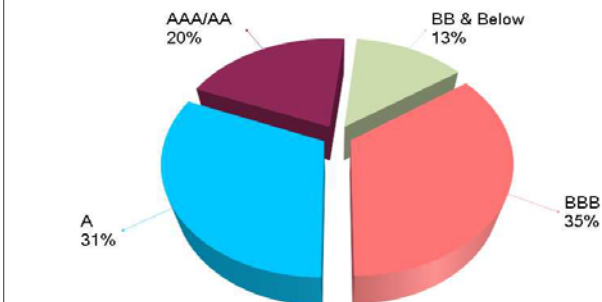
* Euribor or Fixed Rate Equivalent as Selected by the Investor

Risk Measure	
Sharpe Ratio	-0.72

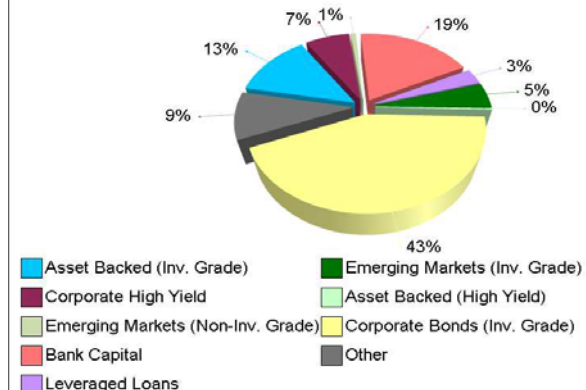
Portfolio by Country Risk



Portfolio by Credit Rating



Portfolio by Asset Class



Portfolio Data Summary

- Credit Obligors	536
- Average Maturity	3.7 years
- Investment Grade	3.7 years
- Non-Investment Grade	4.5 years
- Leverage	27%
- Average Portfolio Rating	A-

Main Holdings by Industry Sector

1 Banks	28.4%
2 Cash	9.2%
3 Telecommunications	9.1%
4 Mortgage Backed Securities	8.6%
5 Utilities	7.9%
6 Insurance	5.1%
7 Other Asset Backed Securities	4.6%
8 Building Materials	2.7%
9 Automotive & Automotive Parts	2.4%
10 Publishing	2.0%

Note: Banks include both Senior and subordination obligations

Investment Objective

The objective of the Issuer is to provide consistently superior returns from European fixed income securities. The intention is to achieve this through substantial diversification across all credit asset classes whilst hedging out all material Market Risk from the portfolio.

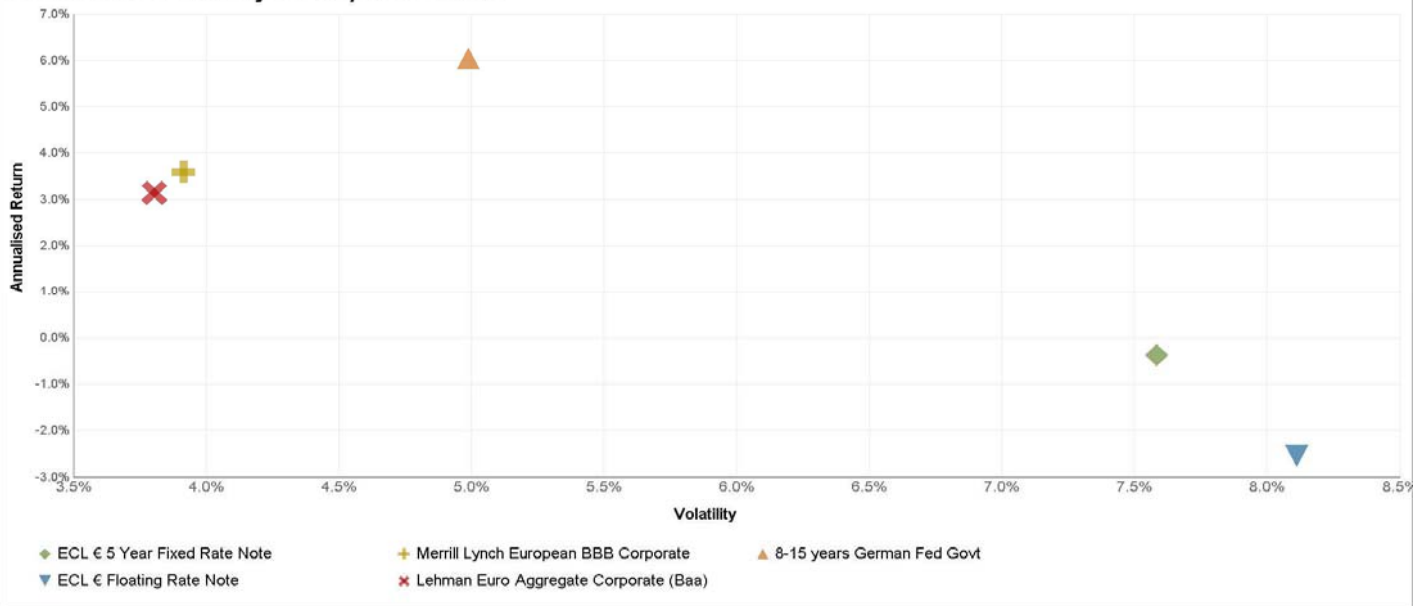
Legal Form

Each series of Medium Term Notes will be a listed (unless otherwise requested) debt instrument which can be settled via Euroclear/Clearstream, Luxembourg. Investors may select the currency, interest rate and maturity profile of a particular series of Notes in accordance with the most recent Base Prospectus, copies of which can be obtained from Marketing Department, ECM LTD 34 Grosvenor Street London W1K 4QU.

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Performance & Volatility vs. Corporate Indices



Source: ECM, Merrill Lynch, Lehman Brothers and iBoxx

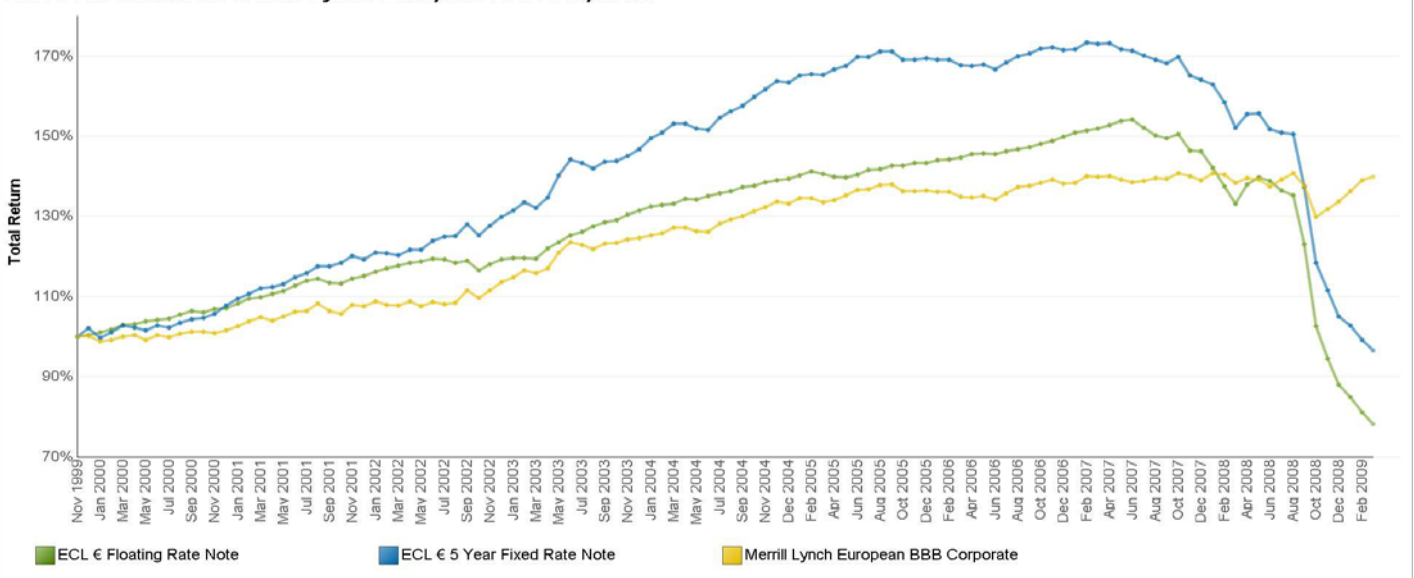
	Return	Volatility	Mod. Dur.
ECL € Floating Rate Note	-2.55%	8.11%	n/a
ECL € 5 Year Fixed Rate Note	-0.38%	7.58%	4.61
Merrill Lynch European BBB Corporate	3.59%	3.91%	3.91
Lehman Euro Aggregate Corporate (Baa)	3.14%	3.80%	3.72
8-15 years German Fed Govt	6.05%	4.99%	7.78

Return: Annualised Mean Return over the last 112 months
 Volatility: Annualised Standard Deviation of Returns over the last 112 months

Indicative Information Ratio (Fixed Note vs. EN40): - 0.67

Note: the EN40 is used as a proxy benchmark and information ratio is calculated for illustrative purposes only

ECL Total Return vs. Merrill Lynch European BBB Corporate



Source: ECM, Merrill Lynch, Lehman Brothers and iBoxx

	1 Month			3 Months			12 Months			36 Months		Since Inception (112 Months)	
	Total	IR	Credit	Total	IR	Credit	Total	IR	Credit	Cumul	Annual	Cumul	Annual
ECL € Floating Rate Note	-3.52%	0.12%	-3.63%	-11.02%	0.46%	-11.48%	-41.25%	3.89%	-45.15%	-45.97%	-18.34%	-21.79%	-2.55%
ECL € 5 Year Fixed Rate Note	-2.71%	0.92%	-3.63%	-8.11%	3.61%	-11.72%	-36.55%	11.05%	-47.60%	-42.44%	-16.62%	-3.51%	-0.38%
Merrill Lynch European BBB Corporate	0.65%	0.92%	-0.27%	4.71%	3.11%	1.60%	1.15%	10.62%	-9.47%	3.68%	1.20%	39.88%	3.59%
Out-Performance **			-3.37%			-13.32%			-38.13%		-17.82%		-3.97%

* The ECL 5 Year Fixed Rate Note is comprised of the prevailing 5 year swap rate plus the ECL credit margin. The objective of synthetically creating an ECL 5 Year Fixed Rate Note is to provide a more accurate and meaningful comparison to fixed rate bond market indices. Excess return data from the Merrill Lynch European BBB Corporate index is only available from 01/01/04.

** Out performance numbers are calculated as an arithmetic difference.

To receive a complete list and description of ECM's composites and/or presentations, please contact ECM's Client Development team by email at ClientDevelopment@EuropeanCredit.com, by phone on +44 (0) 20 7529 7466, or in writing to European Credit Management Limited, 34 Grosvenor Street, London.

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Credit and equity markets fared very differently over the last few weeks. Equity markets finished the quarter with a strong rally. The S&P 500 touched a low point at 676 on 9th March and subsequently rose more than 23% at the time of writing, bringing the year to date index return to -7.5% from a low point of -25%. Interestingly, these violent moves occurred over the quarter with the VIX (an indicator of risk perception) predominantly within the 40 to 50 band, a modest level compared to Q4 2008. Dispersion amongst sectors was high with the worst performers concentrated unsurprisingly in the auto sector, materials, energy and financials over three months.

The late quarter equity market rally was largely driven by a favourable reaction to government policy interventions. Last month's disappointment due to perceived lack of information regarding the initial presentation of the US recovery programme was replaced by enthusiasm and hope as US Treasury Secretary Timothy Geithner filled in the details of the plan. In particular, sentiment was lifted by the public-private investment programme ("PPIP") that will effectively be a leveraged version of the TARP, and the surprisingly aggressive quantitative easing programme.

Policy actions continued to show a degree of coordination across geographies. During the month, the Bank of England and European Central Bank each cut rates by 50bp, to 0.5% and 1.5%, respectively. The UK also announced details of its Asset Purchase Facility ("APF"), which involves the Bank of England purchasing high quality corporate bonds in the secondary market to free up balance sheet capacity. Even the G20 held in London on the 2nd of April made a concerted effort to show unity of purpose and direction.

In contrast to equities, the reaction in credit markets was more muted. Credit spreads widened modestly in most asset classes over the month of March, with the notable exception of euro Tier 1 (see Financials section below). Generally, credit markets still appeared sceptical about the ultimate effectiveness of measures taken by policy makers and mindful of the highly challenging global economic outlook. The IMF now expects global activity to shrink by 0.5% to 1% in 2009 on an annual average basis and has highlighted that growth cannot be expected to recover without "more concerted policy actions to stabilise financial conditions as well as sustained strong policy support to bolster demand." Indeed, the economic data published during the quarter showed sharp declines in industrial production, global trade flows and business confidence as well as persistently rising unemployment. As a result, the first quarter earnings season, starting with Alcoa on 7th April, is expected to reflect the impact of the challenging market environment.

On a more positive note, towards the end of the quarter the pace of deterioration appeared to slow. A couple of rays of light even appeared in March as the UK Nationwide House Price index posted the first positive month on month change since October 2007. These hopeful notes remain few and far between, however, as both businesses and consumers remain restricted by tight lending standards. Nonetheless, credit assets remain cheap in absolute and relative terms given they have not participated in what is widely considered to be a bear market rally in equities. Moreover, the already extensive fiscal packages have yet to filter through into the real economy. In Europe, the fiscal stimulus packages, though reported smaller than in the US, will be further supported by the more developed automatic stabilisers that will kick in as unemployment rises.

Portfolio Strategy

ECL is at the level and structure of leverage we feel is appropriate for the current market environment. Over the month, overall leverage was further modestly reduced from 29% to 27% of DENAV and substantial cash balances maintained around 9% of DENAV. This represents an 8% reduction in leverage over the quarter.

Financials

March was a roller coaster ride for financials. Volatility in bank capital and senior markets led to a negative 77bps performance contribution over the month bringing the quarterly performance contribution of financials to a negative 828bps. At the start of the period, fears over bank nationalisation and possible debt restructuring spread to LT2, while T1 was further impacted by the prospect of increased notching of ratings and uncertainty on coupon payments. However, the broad class of junior capital including equities, T1 and UT2 was the subject of a major rally in the second half of March which significantly reduced monthly negative performance. This started with Citibank, followed by a number of global peers, announcing a strong first quarter due particularly to investment banking revenues. Fears of nationalisation and total value loss for this type of capital also receded as the month wore on through a combination of developments. These have included investor willingness to see some possibility of exit from crisis without nationalisation, debt restructuring through the US

PPIP and the UK APF aimed at "detoxifying" the banks and the G20 commitments to bolster multilateral agencies. Clear statements by the US and UK governments to avoid nationalisation, combined with the introduction of non-voting or "B" share type preferred capital in the UK, France and Italy have also helped.

Beyond the improvement in sentiment towards bank capital, the onset of exchange offers and buy-backs were the major positive technical development for bank capital in late March. Banks have sought to improve the quality of their capital by monetising their marked-to-market gains (and investors MTM losses) by buying back a variety of capital instruments. UBS started the ball rolling with an exchange newly issued senior bonds for LT2 securities, followed by Sabadell making an offer for their extended LT2, Lloyds buying back UT2, RBS buying back T1 and Credit Agricole and Standard Chartered buying back UT2. This is a win/win for the banks (who create core capital through the P&L gain arising from the retiring of the instruments below balance sheet value) and for MTM investors (who are happy to find an exit possibility for these illiquid instruments, at between 10 and 20 points above marked value) though not for insurers and pension funds (who hold such securities at par or par less limited impairments).

ECM examines these tenders and exchanges on a case by case basis. The proceeds of the tenders are then considered for potential reinvestment in the higher quality names across senior and LT2 depending on overall levels of stock specific and market risk in the portfolio.

Investment Grade Non-Financial Corporates

Investment grade corporates continued to benefit from exceptional issuance during the month of March with €114.4 billion having been absorbed by the market since the beginning of the year. Again new issue spreads continued to be at an attractive concession to both CDS and secondary cash with strong covenant language where required. Signs of indigestion have faded somewhat with new issues trading mostly through re-offer. In secondary, spreads widened modestly over the month reflecting ratings pressure in the auto sector in particular with the downgrades of Peugeot, Renault and Fiat. New issuance also helped push spreads slightly wider over the period.

We are maintaining core positions in less cyclical, higher quality sectors (e.g. utilities and telecommunications). We look to make opportunistic investments in new issues and selected oversold cyclicals where external support measures or debt-holder friendly initiatives are likely. We continue to prune credits with tight spreads or weakening credit quality.

Investment grade non-financial corporates contributed a negative 49bps to ECL's performance over the month detracting from the positive 67bps over the quarter.

High Yield

After a positive start to the year, high yield continued to give back some of its performance over March as negative economic news continued to hit the tape and uncertainty around the US auto sector continued to unsettle the markets. High yield contributed a modest negative 23bps to ECL's performance bringing performance over the quarter to a negative 37bps. Dispersion continues to be high.

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We continue to favour senior parts of the capital structure likely to benefit from higher recovery rates and crossover credits in 'national champion' companies where government support will be more forthcoming if required. We aim to keep the current allocation level as cash prices are factoring in excessively high probabilities of default, but remain cautious due to increasing risk aversion and number of defaults. However, potential returns remain extremely attractive especially with careful name selection.

Leveraged Loans

March continued to see slightly better technicals, in particular on the most liquid flow names. We continue to favour senior parts of the capital structure likely to benefit from lower haircuts in restructuring situations and focus on defensive sectors such as healthcare, food products, cable and telecoms. We are not looking to increase the allocation even though cash levels are pricing excessively high default probabilities. We remain cautious due to increasing risk aversion and the number of work-out situations. S&P LCD provided data on total loans "defaults and restructurings" (where restructurings are situations which fall short of formal default). Although some of these are confidential they have published a list of situations which have been put into the public domain. These amounted to 19 credits in 2008 (many of them in the last quarter) and 27 in the first quarter of 2009. ECL was exposed to only one of these names.

Leveraged loans were flat in ECL over March leading to a modest 35bps positive performance over the quarter.

Asset Backed

Asset Backed had another difficult quarter overall, contributing a negative 395bps to ECL's performance. The market continues to be extremely illiquid and deal valuations are less and less representative of fundamental value, rather are a reflection of the dislocation of the market. As witnessed at the end of last year, quarter end saw counterparties again aggressively mark down inventory. Pricing counterparties are increasingly using the lowest bid levels seen in the market, a phenomenon exacerbated by forced selling activity.

As a result of these extremely depressed prices, an interesting development is starting to appear. As with bank capital, borrowers are now looking to buy back various classes of European ABS notes. During the past month, Terra Firma launched a tender offer for the classes A-F of Grand. It ended up purchasing €118.6 million (14.26%) of the outstanding Class C notes, €100.5 million (18.41%) of the Class D notes, and €65.9 million (56.20%) of the Class E notes for 50%, 40%, and 30% of the nominal amount, respectively. The sponsor now has the option of cancelling the purchased notes which would result in a 4.90% reduction in securitised debt. Kazkommerts Bank also bought back, via tender, \$127.0 million (13.37%) of the total outstanding amount of various Kazkommerts DPR deals backed by the bank's U.S. dollar-denominated current and future DPRs at a price of 92% of nominal value. The Kazkommerts deals are now in rapid amortisation and are expected to be fully repaid in about 6-8 months. Finally, Songbird Estates Plc, the sponsor of the Canary Wharf II securitisation, has just announced a tender offer for the Classes B3, C2, and D2.

Another positive development early in the month was Lloyds Banking Group's injection of approximately £500 million into Permanent Financing Plc, the Prime RMBS master trust from HBOS. This injection made up in the shortfall in the accumulation account in order to meet the maturity of several tranches maturing on 10th March. The shortfall resulted from lower than anticipated prepayment rates (CPR having dropped to 15% from 23% in January). The action by HBOS avoided a substantial extension in the average life of the tranche and showed the originator's commitment to the master trust as a funding vehicle.

We continue to hold core positions in prime RMBS, higher rated CMBS and granular unsecured consumer assets. We continue to prune weakening credits where appropriate and look to participate in tranche tenders where they make sense from a risk / return perspective.

Emerging Markets

Emerging market spreads recovered with the general improvement in sentiment driven primarily by the recovery in commodity and equity markets at the end of March. Another key supporting factor was the extension and reform of IMF lending arrangements to member countries. At the G20 summit, the tripling of IMF resources was approved to increase to \$750 billion, with \$250 billion to be made available immediately. Following the meeting, the IMF Board further approved a comprehensive set of reforms aimed at improving the effectiveness of Fund's lending facilities and reducing the stigma attached to IMF borrowing.

Currently five countries have had to use IMF resources in Eastern Europe, Hungary, Ukraine, Latvia, Serbia and Romania. More countries are expected to join the list, so this is seen as positive for emerging markets.

This better tone allowed for the opening of the new issue market for EMEA issuers at the beginning of April, as Qatar and Abu Dhabi successfully issued \$3 billion each. ECL modestly participated in both deals. These transactions should further improve sentiment in EMEA, which has been the most challenged Emerging Market region in this crisis to date.

Performance over the quarter was modest positive 21bps.