

Mare Baltic PCC Ltd. – 2005-1 Cell

ScandiNotes® III

Investor Report
September 30, 2010

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1) General Information on Notes

Series	ScandiNotes® III Senior	ScandiNotes® III Mezzanine	ScandiNotes® III Junior
Issuer	Mare Baltic PCC Ltd. – 2005-1 Cell	Mare Baltic PCC Ltd. – 2005-1 Cell	Mare Baltic PCC Ltd. – 2005-1 Cell
Moody's Rating	Caa3	C	Not rated
ISIN codes	DK0030015128	DK0030015201	DK0030015391
Issue date	1 November 2005	1 November 2005	1 November 2005
Expected maturity	1 November 2010	1 November 2010	1 November 2010
Legal maturity	1 November 2015	1 November 2015	1 November 2015
Call feature	Mare Baltic has the right, but not the obligation, to call the notes at par on 1 November 2010 and hereafter semi-annually	Mare Baltic has the right, but not the obligation, to call the notes at par on 1 November 2010 and hereafter semi-annually	Mare Baltic has the right, but not the obligation, to call the notes at par on 1 November 2010 and hereafter semi-annually
Coupon	6M Euribor + 0.38 % p.a., each 1 May and 1 November, i.e. semi-annually, (act/360)	2 % p.a. on 1 November, i.e. annually, (act/act)	2 % p.a. on 1 November, i.e. annually, (act/act)
Step-up margin	If the notes are not redeemed at the expected maturity date (1 November 2010), an additional Step Up Margin will be added to the Coupon. This step-up margin will be minimum 0 % p.a.	If the notes are not redeemed at the expected maturity date (1 November 2010), an additional Step Up Margin will be added to the Coupon. This step-up margin will be minimum 0 % p.a.	If the notes are not redeemed at the expected maturity date (1 November 2010), an additional Step Up Margin will be added to the Coupon. This step-up margin will be minimum 0 % p.a.
Latest (Rough) Indicative Price levels (bid) Prices have been determined by FinE Analytics	Price: 64,99	Price: 0	Price: 0
Original Nominal Amount	EUR 201,600,000.00	DKK 413,370,000.00	DKK 279,050,000.00

2) Portfolio events since last report

Merger of Morsø Sparekasse and Morsø Bank A/S:

Morsø Sparekasse and Morsø Bank A/S announced on August 30th, 2010, to prepare for a merger. An extraordinary general meeting called on for November 1, 2010. The planned merger is subject to approval from the Danish FSA. New name: Fjordbank Mors A/S.

Amagerbanken:

Amagerbanken has submitted an application to the Danish Financial Stability Company for a facility of DKK 13.5 billion for individual state guarantees for its funding after 1 October 2010. The Danish Financial Stability Company has required that (i) Amagerbanken's capital is increased by DKK 750 million and (ii) that two candidates are appointed by the Financial Stability Company to the board of directors of Amagerbanken, before such a facility can be granted.

According to Amagerbanken's announcement 36-2010 dated 15 September 2010, it has fulfilled both requirements (i) by appointing the two proposed candidates for the board of directors at the bank's Extraordinary General Meeting on 13 September 2010 and (ii) by issuing new shares which generated gross proceeds to the bank in the approximate amount of DKK 898million and proceeds net of costs of around DKK 878million.

According to Amagerbanken, as at 30 June 2010 it maintained a core capital ratio of 13.9% and a solvency ratio of 19.1%. Consequently the bank's board of directors has decided to effect the capital increase and, at the same time, effect the capital reduction adopted at the Extraordinary General Meeting held on 17 August 2010.

After registration of the capital reduction and the capital increase with the Danish Commerce and Companies Agency the bank has fulfilled the condition in the agreement with the Danish Financial Stability Company. Amagerbanken has stated that the bank will successively dispose of the bonds issued by the bank and which are covered by the individual government guarantees of a total of up to DKK 13.5bn issued by the Financial Stability Company.

2) Portfolio events since last report

Merger of Skælskør Bank and Max Bank:

By end of September 2010, Skælskør Bank and Max Bank merged to Max Bank.

3) Net results of portfolio events since issue date

Senior Tranche

The net result is that the amounts payable to the Issuer on each payment date under the Class A Swap have been reduced from 6-Month Euribor + 38bps per annum on a notional amount of EUR 201,600,000 to 6-Month Euribor + 38bps per annum on a notional amount of EUR 196,868,600; and the amount payable to the Issuer on the termination date of the Class A Swap has been reduced from EUR 201,600,000 to EUR 196,868,600; a reduction of 2.347% .

The loss for the Senior Note holders is thus, subject to any potential recoveries from the above mentioned banks, 2.347% of the investment.

Mezzanine Tranche

The net result is that the amounts payable to the Issuer on each payment date under the Class B Swap have been reduced from 2 per cent per annum on a notional amount of DKK 413,370,000 to 2 per cent per annum on a notional amount of DKK 0; and the amount payable to the Issuer on the termination date of the Class B Swap has been reduced from DKK 413,370,000 to DKK 0; a reduction of 100.0% .

The loss for the Mezzanine Note holders is thus, subject to any potential recoveries from the above mentioned banks, 100% of the investment.

Junior Tranche

The net result for the junior tranche is that the amounts payable to the Issuer on each payment date under the Class C Swap have been reduced from 2 per cent per annum on a notional amount of DKK 279,050,000 to 2 per cent per annum on a notional amount of DKK 0; and the amount payable to the Issuer on the termination date of the Class C Swap has been reduced from DKK 279,050,000 to DKK 0; a reduction of 100% .

The loss for the junior Note holders is thus, subject to any potential recoveries from the above mentioned banks, 100% of the investment.

4) Underlying obligors in ScandiNotes® III and nominal amounts

ScandiNotes® III	EUR	%
Amagerbanken	27.000.000	9,6%
Engsbank Han Herred*	7.500.000	2,7%
Fionia Bank*	30.000.000	10,7%
Nykredit (former Forstædernes Bank)	10.000.000	3,6%
Icebank*	15.000.000	5,4%
Middelfart Sparekasse	10.000.000	3,6%
Morsø Bank	7.500.000	2,7%
Reykjavik Savings Bank (Spron)*	10.000.000	3,6%
Roskilde Bank*	30.000.000	10,7%
Max Bank (former Skælskør Bank)	10.000.000	3,6%
Sparekassen Farsø	5.000.000	1,8%
Sparekassen Lolland	15.000.000	5,4%
Spar Nord Bank	33.500.000	12,0%
Sydbank (former SparTrelleborg)	7.500.000	2,7%
Sparekassen Østjylland	3.500.000	1,3%
Sparbanken Gripen	5.000.000	1,8%
Sparebanken Vestfold	10.000.000	3,6%
Sparebanken Øst	7.500.000	2,7%
Tønder Bank	5.000.000	1,8%
Totalbanken	3.500.000	1,3%
Vestjysk Bank	15.000.000	5,4%
Østjydsk Bank	12.500.000	4,5%
Total:	280.000.000	100,0%

*Red marked banks have caused an RA-Event

4) Underlying obligors in ScandiNotes® III and nominal amounts



ScandiNotes® III – Partial redemption

The below listed financial institutions participating in ScandiNotes® III, have decided to exercise their option to redeem the underlying loans, according to the underlying loan documentation.

- Nykredit – former Forstædernes Bank
- Middelfart Sparekasse
- Spar Nord Bank
- Sydbank – former Sparekassen sparTrelleborg
- Sparekassen Østjylland
- Sparebank1 Buskerud-Vestfold – former Sparebank1 Vestfold
- Sparebanken Øst
- Vestjydsk Bank

Given the receipt of the nominal amounts, the Senior Notes will be redeemed accordingly on November 1, 2010 in an amount of EUR 106,368,600.00, equalling 52.7622% of the Senior Notes (ISIN DK0030015128). #

The amount derives from the underlying swap and the expected redemption of the underlying loans.

The senior tranche will after November 1, 2010 have a nominal amount of EUR 95,231,400.00. This nominal amount will be serviced by underlying loans amounting to EUR 90,500,000.00. Please note, that the numbers mentioned above, are expectations and are subject to the factual prepayment of the loans.

5) Key Figures of the Underlying Obligators I

Country	Obligors	Total Assets			Total Equity			Subordinated Debt			Tier 2 ratio %		Loans and advances		
		2008	2009	Δ Pct.	2008	2009	Δ Pct.	2008	2009	Δ Pct.	2008	2009	2008	2009	Δ Pct.
Denmark <i>Amounts in DKK m</i>	Amagerbanken	35.587	33.638	-5%	1.640	1.888	15%	1.174	2.529	115%	10,1	17,2	24.411	22.164	-9%
	ebh bank ¹⁾	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	
	Fionia Bank ²⁾	32.767	n.a.		991	n.a.		843	n.a.		8,5	n.a.	21.398	n.a.	
	Forstædernes Bank ³⁾	32.298	33.038	2%	3.055	2.147	-30%	1.745	1.169	-33%	15,5	15,7	22.260	15.493	-30%
	Middelfart Sparekasse	5.151	5.763	12%	597	578	-3%	308	418	36%	17,3	19,6	3.407	3.668	8%
	Morsø Bank ¹²⁾	4.916	4.901	0%	310	223	-28%	256	404	58%	13,4	14,4	3.498	3.437	-2%
	Roskilde Bank ⁴⁾	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	
	Skælskør Bank ^{5) + 6)}	2.523	3.313	31%	203	127	-37%	200	375	88%	9,1	15,1	1.790	1.926	8%
	Spar Nord Bank	69.268	64.529	-7%	4.025	4.143	3%	1.652	2.681	62%	11,3	14,2	45.376	38.315	-16%
	Sparekassen Farsø	4.073	4.156	2%	358	354	-1%	238	370	55%	11,8	15,8	3.042	2.932	-4%
	Sparekassen Lolland	10.284	10.167	-1%	1.208	1.105	-9%	277	471	70%	13,9	15,6	7.473	7.160	-4%
	Sparekassen Østjylland sparTrelleborg ⁷⁾	8.011	7.172	-10%	703	607	-14%	278	558	101%	13,2	16,8	4.745	4.423	-7%
		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	
	Totalbanken	3.075	3.146	2%	321	328	2%	121	213	76%	12,4	18,3	1.941	2.058	6%
Tønder Bank	2.317	2.724	18%	247	265	7%	162	200	23%	15,2	17,8	1.662	1.974	19%	
Vestjysk Bank ⁸⁾	32.216	32.813	2%	2.200	2.130	-3%	1.172	2.597	122%	9,8	14,7	24.069	23.874	-1%	
Østjysk Bank	5.903	6.134	4%	620	632	2%	403	560	39%	15,8	17,7	4.344	4.672	8%	
Sydbank	155.975	157.821	1%	7.088	9.118	29%	4.219	3.124	-26%	14,7	15,2	95.758	87.474	-9%	
Iceland <i>Amounts in ISK m</i>	Icebank Ltd. ⁹⁾	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	
	SPRON ⁹⁾	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	
Norway <i>Amounts in NOK m</i>	Sparebanken Vestfold ¹⁰⁾	21.395	21.221	-1%	1.297	1.452	12%	584	768	32%	13,3	15,1	18.250	17.363	-5%
	Sparebanken Øst	25.181	21.967	-13%	1.114	1.585	42%	669	661	-1%	11,5	17,1	17.487	16.619	-5%
Sweden <i>Amounts in SEK m</i>	Sparbanken Gripen ¹¹⁾	8.686	8.501	-2%	466	492	6%	413	210	-49%	n.a.	n.a.	7.165	7.308	2%

5) Key Figures of the Underlying Obligors II

Country	Obligors	Operating Income **)			Provisions/ Total Loan and Guarantees		Loan Loss Reserves/ Total Loans and guarantees		Cost/Income ratio	
		2008	2009	Δ Pct.	2008	2009	2008	2009	2008	2009
Denmark <i>Amounts in DKK m</i>	Amagerbanken	1.026	1.139	11%	4,1%	4,2%	5,2%	9,6%	163,9%	142,9%
	ebh bank ¹⁾	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Fionia Bank ²⁾	902	n.a.		4,8%	n.a.	3,9%	n.a.	204,1%	n.a.
	Forstædernes Bank *) ³⁾	646	837	30%	5,3%	21,5%	5,7%	25,1%	333,3%	62,5%
	Middelfart Sparekasse *)	225	342	52%	0,9%	2,5%	2,0%	3,9%	125,0%	111,1%
	Morsø Bank ¹²⁾	123	156	27%	0,4%	3,8%	1,5%	5,3%	98,0%	178,6%
	Roskilde Bank ⁴⁾	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Skælskør Bank ^{5) + 6)}	123	138	12%	4,6%	6,9%	5,3%	10,9%	185,0%	217,0%
	Spar Nord Bank *)	1.736	2.431	40%	0,5%	1,3%	1,2%	2,5%	70,4%	61,7%
	Sparekassen Farsø	116	172	48%	0,9%	2,2%	2,1%	3,7%	128,2%	117,6%
	Sparekassen Lolland *)	316	434	37%	1,5%	3,3%	1,4%	4,0%	123,4%	138,9%
	Sparekassen Østjylland sparTrelleborg ⁷⁾	68	344	406%	1,9%	3,4%	3,5%	6,7%	476,0%	133,3%
	Totalbanken	126	152	21%	2,1%	1,9%	3,1%	3,8%	119,0%	91,7%
	Tønder Bank	70	146	109%	0,5%	2,4%	2,2%	3,6%	126,6%	87,7%
	Vestjysk Bank ⁸⁾	891	1.119	26%	0,6%	1,7%	3,9%	5,1%	71,9%	106,4%
Østjysk Bank	234	272	16%	0,8%	1,7%	2,2%	3,5%	80,0%	92,6%	
Sydbank	4.052	4.819	19%	0,6%	1,4%	1,0%	1,8%	80,6%	80,6%	
Iceland <i>Amounts in ISK m</i>	Icebank Ltd. ⁹⁾	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	SPRON ⁹⁾	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Norway <i>Amounts in NOK m</i>	Sparebanken Vestfold *) ¹⁰⁾	308	528	71%	0,30%	0,40%	0,8%	1,1%	64,7%	55,0%
	Sparebanken Øst*)	-28	683		1,40%	0,10%	0,9%	0,9%	595,3%	44,0%
Sweden <i>Amounts in SEK m</i>	Sparbanken Gripen ¹¹⁾	303	289	-5%	0,3%	0,2%	0,7%	0,7%	119,0%	112,4%

Source: Annual reports 2009

For footnotes and comments, please see page 9

5) Key Figures of the Underlying Obligors III

Country	Obligors	Net Profit after tax			Net Commission & interest income			Income/Cost ratio		Annual impairments of loans and advances			Excess liquidity cover %	
		2008	2009	Δ Pct.	2008	2009	Δ Pct.	2008	2009	2008	2009	Δ Pct.	2008	2009
Denmark <i>Amounts in DKK m</i>	Amagerbanken	-583	-469	-20%	1.217	1.162	-5%	0,6	0,7	1182	1180	0%	101	209
	ebh bank ¹⁾	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
	Fionia Bank ²⁾	-957	n.a.		895	n.a.		0,5	n.a.	1218	n.a.		112	
	Forstædernes Bank ³⁾	-1.227	-3.861	215%	1.065	1.023	-4%	0,3	0,2	1534	5345	248%	78	224
	Middelfart Sparekasse	-39	-28	-28%	245	292	19%	0,8	0,9	44	127	189%	175	236
	Morsø Bank ¹²⁾	1	-105	-10600%	142	161	13%	1,0	0,6	19	166	774%	125	153
	Roskilde Bank ⁴⁾	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
	Skælskør Bank ^{5) + 6)}	-81	-133	64%	131	153	17%	0,5	0,5	137	193	41%	39	212
	Spar Nord Bank	95	118	24%	1.917	2.203	15%	1,4	1,6	275	692	152%	87	157
	Sparekassen Farsø	-27	-24	-11%	147	170	16%	0,8	0,9	42	100	138%	82	161
	Sparekassen Lolland	-57	-130	128%	386	387	0%	0,8	0,7	138	345	150%	174	150
	Sparekassen Østjylland sparTrelleborg ⁷⁾	-169	-135	-20%	232	282	22%	0,2	0,8	138	243	76%	202	160
			n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.		n.a.	n.a.
	Totalbanken	-19	8	-142%	143	145	1%	0,8	1,1	69	60	-13%	105	121
Tønder Bank	-14	16	-214%	113	143	27%	0,8	1,1	9	59	556%	214	191	
Vestjysk Bank ⁸⁾	258	-65	-125%	720	1.021	42%	1,4	0,9	175	537	207%	72	126	
Østjysk Bank	39	18	-54%	271	285	5%	1,3	1,1	49	111	127%	159	174	
Sydbank	606	781	29%	3.880	4.399	13%	1,2	1,2	622	1368	120%	89	94	
Iceland <i>Amounts in ISK m</i>	Icebank Ltd. ⁹⁾	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.		n.a.	n.a.	
	SPRON ⁹⁾	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	n.a.		n.a.	n.a.	
Norway <i>Amounts in NOK m</i>	Sparebanken Vestfold ¹⁰⁾	54	143	165%	91	189	108%	1,5	1,8	50	70	40%	n.a.	n.a.
	Sparebanken Øst	-386	294	-176%	499	547	10%	0,2	2,3	245	25	-90%	n.a.	n.a.
Sweden <i>Amounts in SEK m</i>	Sparbanken Gripen ¹¹⁾	45	26	-42%	281	296	5%	0,8	0,9	23	17	-26%	n.a.	n.a.

Source: Annual reports 2009

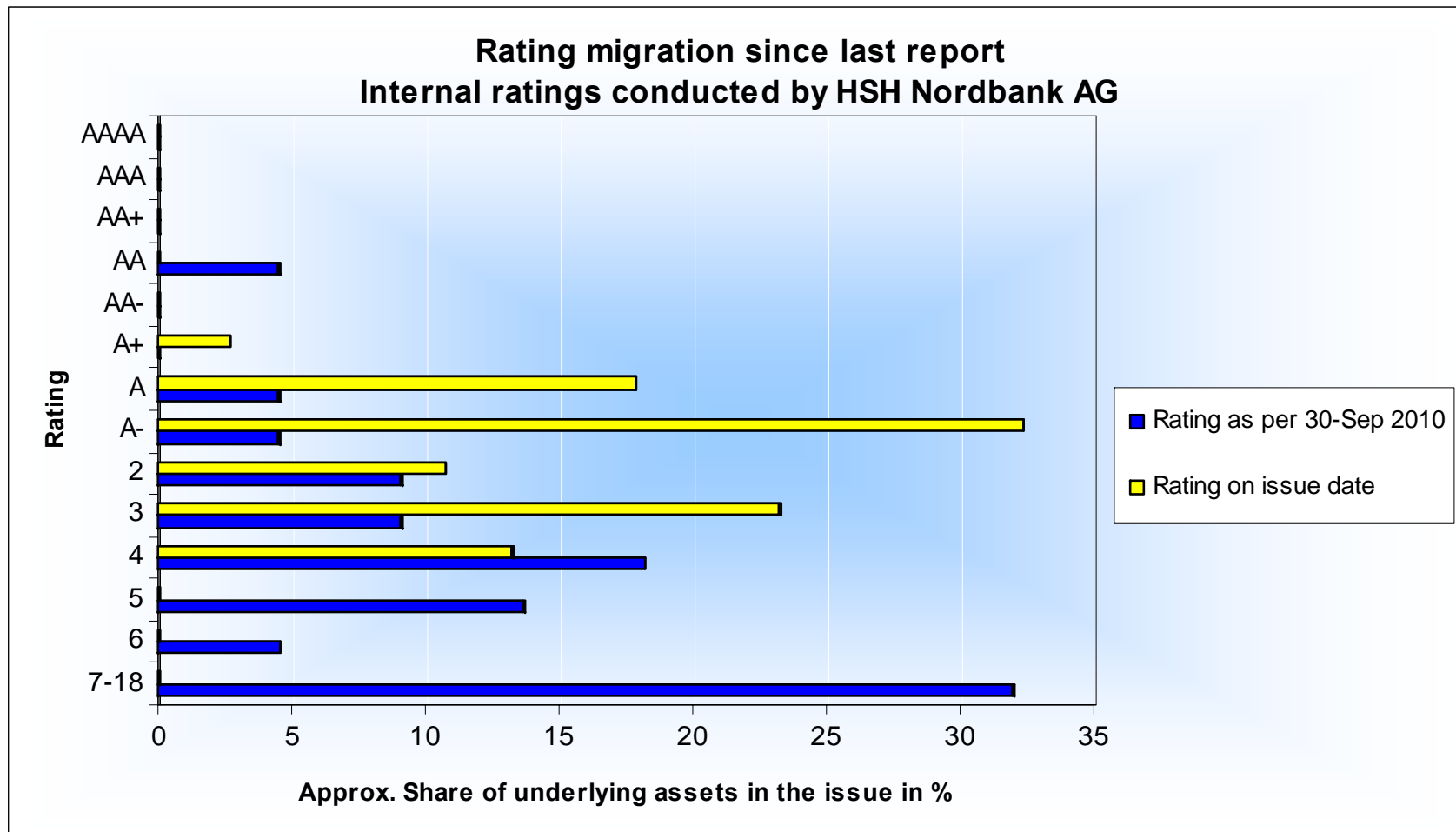
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5) Key Figures of the Underlying Obligors II

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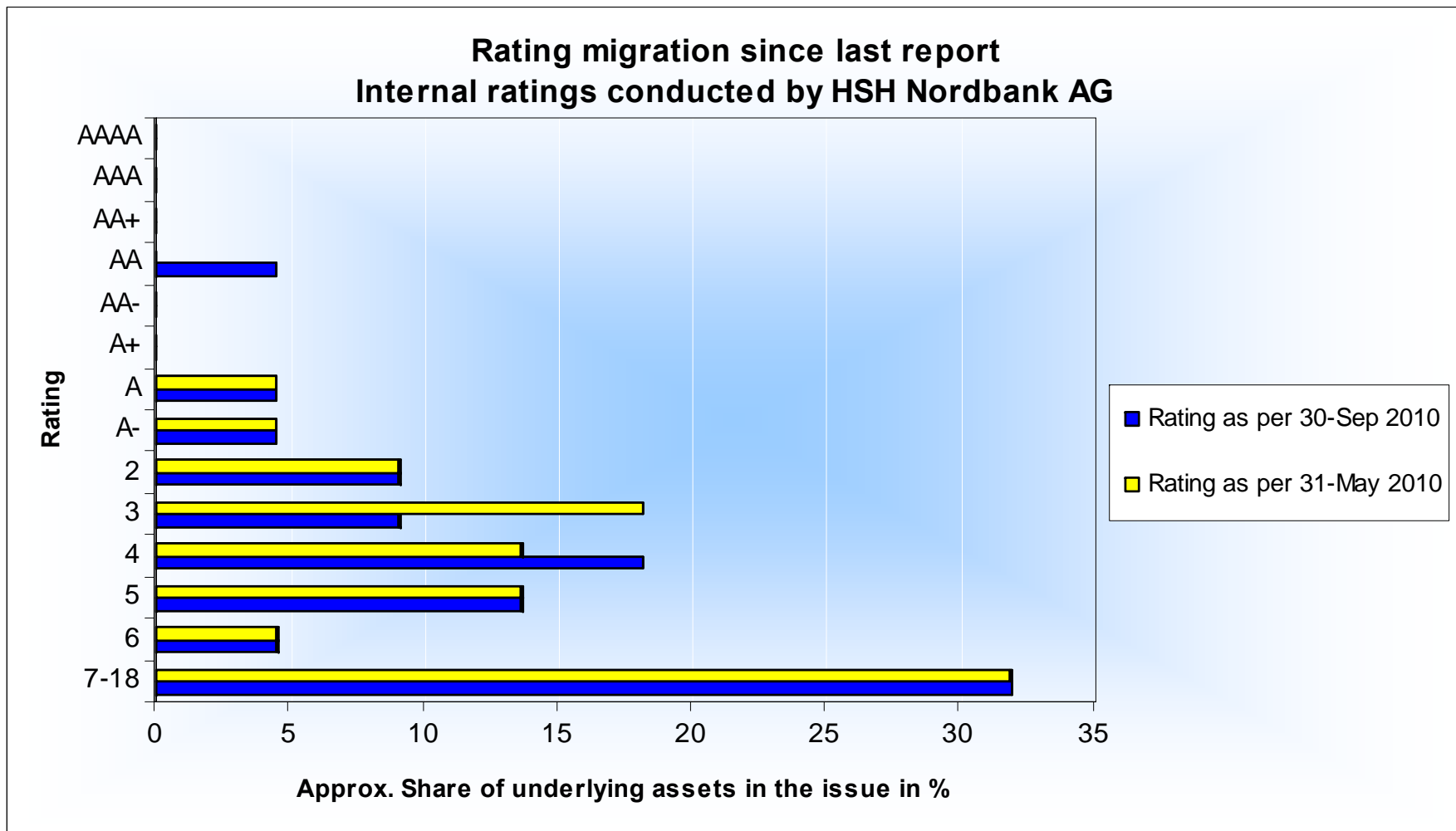
- 1) ebh bank: all assets and liabilities except for subordinated capital and equity of the former ebh bank have been transferred to "Bank A/S af 21. November 2008.
 - 2) Fionia Bank has signed an agreement with the state company Financial Stability. As a consequence all assets and liabilities except subordinated capital and equity will be transferred to a new recapitalised business unit.
 - 3) Forstædernes Bank merged with Nykredit Bank A/S – effective date: 1st April, 2010. Financial figures refer to Forstædernes Bank as at 31.12.2009.
 - 4) Roskilde Bank has defaulted as per 24 August 2008. The Bank made a sales agreement with a new bank established by the Danish Central Bank and the Private Contingency Association.
 - 5) Skælskør Bank was forced by the Danish FSA to correct its FYE 2008 figures.
 - 6) The Danish Financial Supervisory Authority granted its permission for Max Bank A/S and Skælskør Bank A/S to merge on September 15th, 2010. The Financial Stability Company approved the merger on September 2nd, 2010.
 - 7) sparTrelleborg has been taken over by Sydbank as per 27 March 2008
 - 8) Vestjysk Bank took over Bonusbanken as of September 2008 and merged with Ringkjøbing bank as of December 2, 2009. The surviving entity is vestjysBANK.
 - 9) Audited financial figures have not been published. Both entities are classified as default.
 - 10) As from 1st November 2008, Sandsvaer Sparebank and Sparebank1 Vestfold merged. New Name: Sparebank1 Buskerud-Vestfold.
 - 11) Sparbanken Gripen, Sparbanken Finn and Sparbanken Syd announced their intention to merge. The new bank is planned to be active on January 1, 2011.
 - 12) Morsoe Sparekasse and Morsoe Bank A/S announced on August 30th, 2010, to prepare for a merger. An extraordinary general meeting called on for November 1st, 2010. The planned merger is subject to approval from the Danish FSA. New name: Fjordbank Mors A/S.
- *) Loan Loss Reserves/Total Loans and guarantees has been estimated by HSH Nordbank and calculated the following way: Provisions for Impairments/
(Guarantees + Loans to customers + Provisions for Impairments)
- **) Operating income has been calculated by HSH Nordbank in the following way: Net interest & Net Fees + Trading Gains + Other Income

6) Ratings of underlying obligors



Note: HSH Nordbank AG's internal rating scale runs over 25 steps from 1(AAAA) as the best rating to 18 as the poorest rating.

6) Ratings of underlying obligors

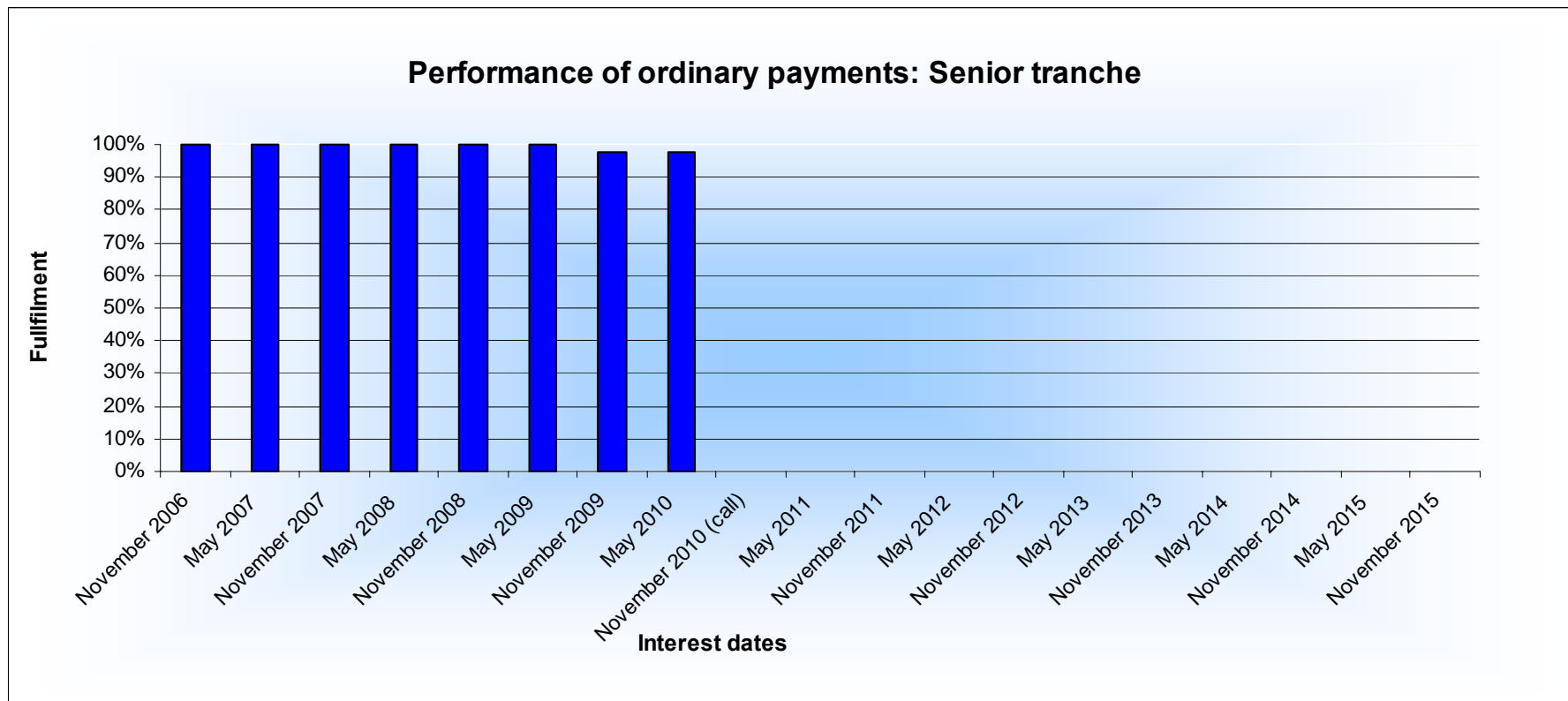


Note: HSH Nordbank AG's internal rating scale runs over 25 steps from 1(AAAA) as the best rating to 18 as the poorest rating.

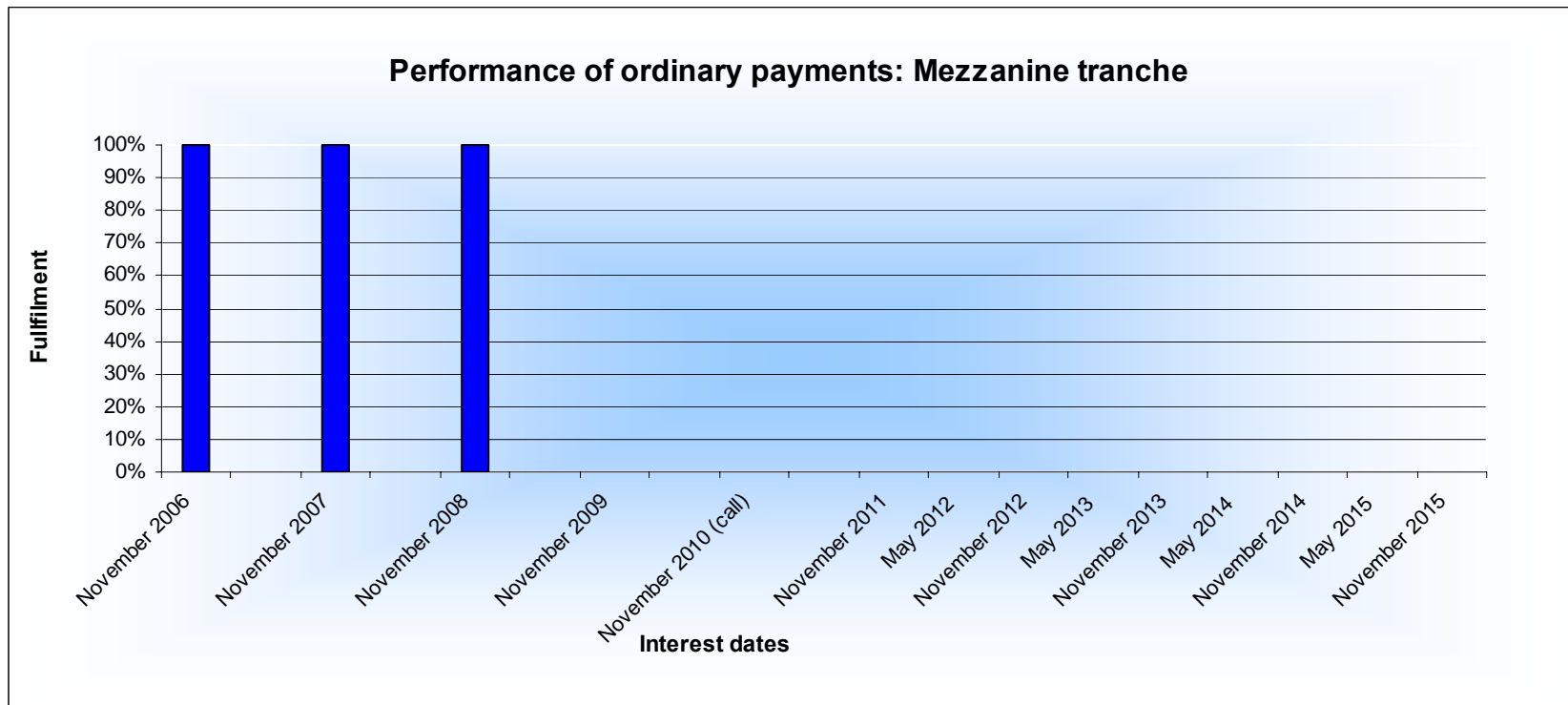
7) Rating of issued Notes

<i>Tranche</i>	<i>Current Moody's Rating</i>	<i>Moody's Rating as of last Reporting Date</i>	<i>Initial Moody's Rating</i>
A – Senior	Caa3	Caa2 (on review for possible downgrade)	Aa2
B – Mezzanine	C	Ca	Baa2
C – Junior	n.r.	n.r.	n.r..

8) Performance of expected & ordinary payments I

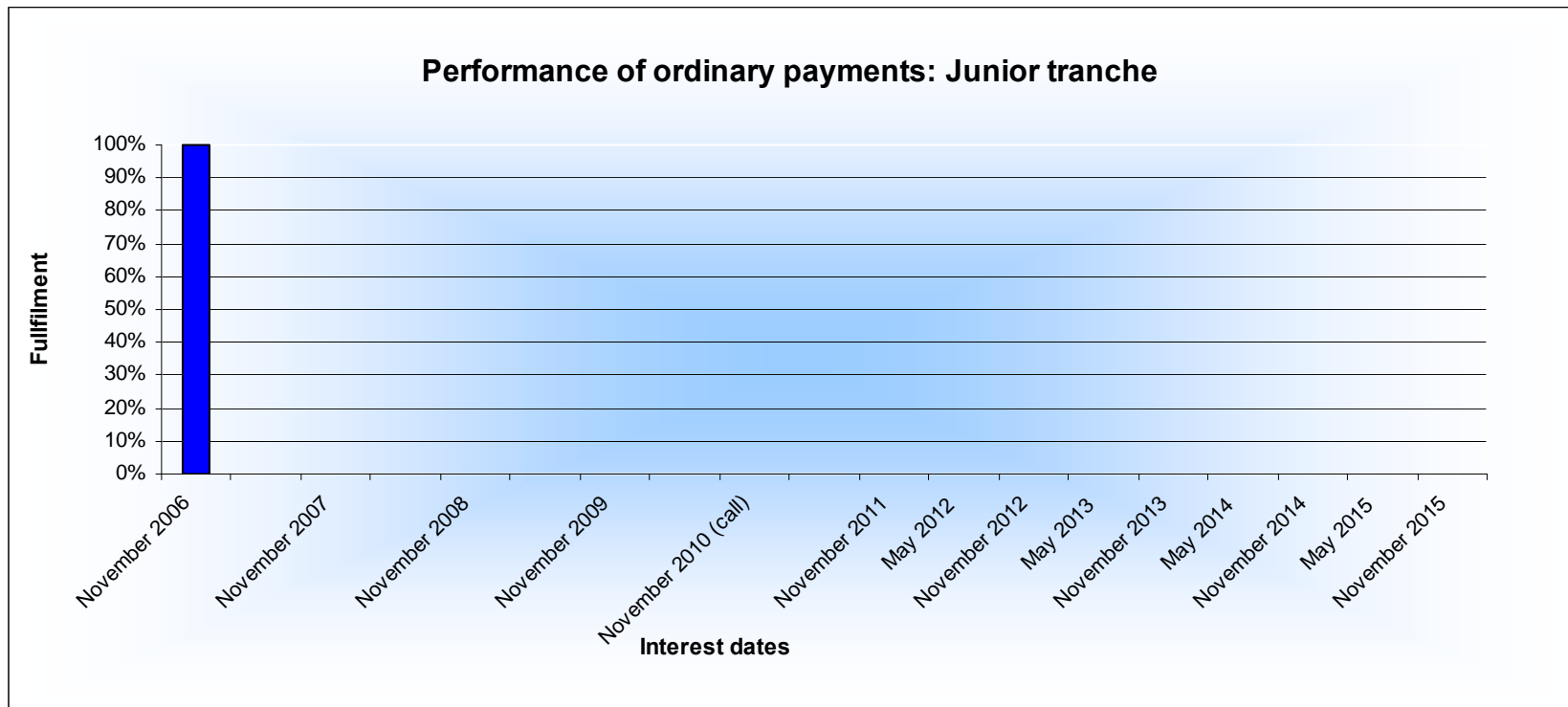


8) Performance of expected & ordinary payments II



Due to losses mentioned earlier, no payments on the mezzanine tranche will be made going forward, (subject to any potential recoveries from the previously mentioned banks.)

8) Performance of expected & ordinary payments III



Due to losses mentioned earlier, no payments on the junior tranche will be made going forward, (subject to any potential recoveries from the previously mentioned banks.)

Contacts:



HSH Nordbank AG

Capital Markets Credit - Products / Structuring

Christian Kasten

Ph: +49 40 3333 14820

Fax: +49 40 3333 614820

Email: jobst-christian.kasten@hsh-nordbank.com

Capital Markets Credit – Reporting & Administration

Niels Petersen

Ph: +49 431 900 14681

Fax: +49 431 900 614681

Email: Scandinotes@hsh-nordbank.com