

ScandiNotes Five p.l.c.

Static Cash CLO / Europe

Closing Date

3 December 2007

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DEFINITIVE RATINGS

Class	Amount (million)	% of Notes	Coupon	Rating ^(b)	Maturity
A	DKK 218.10	14.0%	3m CIBOR + 0.3%	Aaa	2015
B	DKK 672.00	43.0%	3m CIBOR + 0.1% ^(a)	Aaa ^(c)	2015
C	DKK 417.90	26.7%	4%	Aaa ^(c)	2015
D	DKK 255.00	16.3%	4%	Ba3	2015

(a) The Class B Notes' coupon spread is lower than the Class A due to a guarantee granted by European Investment Fund.

(b) The ratings address the expected loss posed to investors by the legal final maturity. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed and may have a significant effect on yield to investors.

(c) The Aaa ratings on the Class B and the Class C Notes reflect a financial guarantee granted by European Investment Fund.

OPINION

Strengths of the Transaction

- The underlying assets are of a relatively high credit quality.
- The portfolio diversity provided by the regional distribution of the Danish banks.
- The Class B and C Notes are guaranteed by European Investment Fund.
- This is the fifth Danish bank CLO transaction arranged by HSH Nordbank, Copenhagen Branch.

Weaknesses and Mitigants

- The underlying assets have the status of subordinated capital; however, these features were accounted for in the portfolio default simulations and the conservative recovery rates assumed in the Moody's rating analysis.
- Investors face a significant exposure to HSH Nordbank (**Aa2/P-1**) through its agent roles; this is mitigated by the low credit risk posed by the institution and various provisions within the documents to protect investors in the event of deterioration in the bank's credit rating.
- There are interest rate mismatches between semi-annual payments on the underlying assets and quarterly payments on the Class A and the Class B Notes or fixed annual payments on the Class C and the Class D Notes, although the Issuer has entered into swap agreements for each Notes to mitigate this risk.
- The Class D Notes and to a lesser degree the Class C Notes will be exposed to some interest rate risk should the swap be reset during a higher interest rate environment. This is mitigated by the fact that the swaps will only be reset should defaults on the underlying assets occur and the fact that the interest rate was stochastically simulated in our analysis.



STRUCTURE SUMMARY

Issuer:	ScandiNotes Five p.l.c.
Jurisdiction of Issuer:	Ireland
Structure Type:	Static Cash Flow CLO
Specified Currency:	Danish Kroner
Interest Payments:	Up to and including the Interest Payment date in December 2012 : Class A: 3 months Cibor + 0.30% paid quarterly Class B: 3 months Cibor + 0.10% paid quarterly Class C: 4% paid annually Class D: 4% paid annually The Class B is ranked junior to the Class A, however it receives a lower spread due to the guarantee granted by European Investment Fund. After December 2012, the interest of each Notes will step-up depending on the number of underlying assets outstanding and cashflows the Issuer receives from such assets.
Principal Payments:	The Issuer will make principal payments to partially redeem the Notes on each Interest Payment Date falling on or after December 2012 to the extent that it has received principal repayments from the Borrowers under the underlying assets or a final payment under the swap agreements. Such amounts of principal will be applied first to repay the Class A Notes, then to the Class B Notes and to the Class C Notes and finally to the Class D Notes.
Term:	Each underlying asset is redeemable at the option of the borrower in December 2012 (5 years) and on each interest payment date thereafter until the final maturity date in December 2015. Should the borrower decide not to exercise this option, the loan will become subject to a higher interest margin and amended conditions.
Seniority:	The Class A Notes will be senior to the Class B Floating Rate Guaranteed Limited Recourse Secured Senior Notes due 2015 and to the Class C 4% Guaranteed Limited Recourse Secured Mezzanine Notes due 2015 and to the Class D 4% Limited Recourse Secured Junior Notes due 2015.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Arranger, Paying Agent Issue Agent, Swap Counterparty, VP Agent, Custodian:	HSH Nordbank AG, Copenhagen Branch (Aa2/P-1)
Guarantor (for the Class B and C) :	European Investment Fund (Aaa)

COLLATERAL SUMMARY

Number of Borrowers:	15
Type of Equipment:	Subordinated Term Loans
Interest payments:	Semi-annual
Maturity:	December 2015 (with call option after December 2012)
Geographic Diversity:	Danish banks (100%)

PORTFOLIO

Borrower	Nominal amount (DKK million)	Domicile
Aarhus Lokalbanc (former Hadseten Bank)	75.00	Denmark
Alm. Brand Bank	200.00	Denmark
Amagerbanken	150.00	Denmark
DiBa Bank	150.00	Denmark
Lån & Spar Bank	75.00	Denmark
Max Bank	50.00	Denmark
Middelfart Sparekasse	100.00	Denmark
Østjydsk Bank	75.00	Denmark
Roskilde Bank	200.00	Denmark
Skælskør Bank	100.00	Denmark
Skjern Bank	50.00	Denmark
Spar Nord Bank	100.00	Denmark
Sparekassen Himmerland	100.00	Denmark
Tønder Bank	50.00	Denmark
Totalbanken	25.00	Denmark
Total	1,500.00	

Static Cash Flow CLO of term loans to a portfolio of Danish commercial and savings banks

The Issuer has entered into a swap agreement for each class of Notes

EIF guarantees the Class B and the Class C Notes

Moody's analysed a cash flow model of the deal structure to measure the expected loss on the Notes.

OVERVIEW

The issuer of the Notes, ScandiNotes Five p.l.c. ("ScandiNotes" or the "Issuer") is a public company with limited liability incorporated under the laws of Ireland.

The ratings are based primarily on the following:

- The characteristics of the underlying assets;
- The subordination provided by the mezzanine and junior tranches;
- The guarantee granted by European Investment Fund ("EIF");
- The performance of the Notes in relation to various default, interest rate scenarios and related stress-test analyses; and
- The governing legal structure.

The payment of principal and interest on the Notes is linked to and wholly dependent upon the Issuer receiving payments in respect of loans made to 15 Danish commercial and savings banks, which were acquired by the Issuer from HSH Nordbank through the Sale and Purchase Agreement, and upon payments being received by the Issuer from the Swap Counterparty in respect of the swap agreements.

STRUCTURAL AND LEGAL ASPECTS

Swap Agreements

The Class A and B employ liquidity swaps under which the Issuer swaps cashflows received on the underlying assets in exchange for amounts due under the Notes. The liquidity swaps hedge the differential in interest basis between 6 month CIBOR on the underlying assets and 3 month CIBOR on the Class A and B Notes until December 2012. They also hedge against the liquidity exposure of the Issuer to the different interest periods under the underlying assets and the Class A and B Notes.

Under the Class C and D swaps, the Issuer swaps cashflows received on the underlying assets (6 month CIBOR basis) in exchange for amounts due under the Notes (4% on the outstanding notional of the Notes per annum).

Should any of the underlying assets suffer an "RA Event" the swaps will be reset to account for the change in funds generated on the underlying assets and the Notes will be written down accordingly. Resetting of the swaps will take into consideration current market interest rates. RA Events will lead to writedowns on the Class D Notes before the Class C Notes before the Class B Notes before the Class A Notes. An "RA Event" means the circumstances in which there is a default or deferral (in either case, whether or not caused by force majeure) by any of the borrowers of any interest or instalments due under the underlying assets (after the expiry of the applicable grace period) or any borrower has stated that it intends to defer or repudiate its obligations, for whatever reason, under or in respect of the underlying assets.

EIF Guarantee

EIF unconditionally and irrevocably guarantees to pay the interest and principal shortfall on the Class B and the Class C Notes. EIF will not guarantee any shortfall due to withholding tax imposed on the payments by the Swap Counterparty, however Moody's has received the Tax Opinions confirming there is currently no withholding tax applicable to the Swap Counterparty or to the payments made by EIF.

MOODY'S ANALYSIS

The CDOROM model was run with the portfolio to obtain the default date and the recovery rate of each defaulted asset in a given simulation run. Such default and recovery data was then fed into a cash flow model comprising the transaction waterfall. Interest rates (3 month and 6 month CIBOR) were also simulated by a mean reverting process. For each simulation run, the available funds from the underlying assets and related swap agreements were calculated by taking into account the defaulted assets. Such proceeds were distributed to the noteholders as per the waterfall. The present value of the cash flows to be received by each class of Notes was calculated and compared to the initial Notes notional amount in order to obtain the loss incurred to each class of Notes in a given simulation run. Typically 1 million simulations were carried out and average losses were taken to determine the expected loss of each class of Notes.

RATING SENSITIVITIES AND MONITORING

Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

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