FSB

Financial Stability Board Report

as of 31 December 2009

HSH NORDBANK

CONTENTS

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FINANCIAL STABILITY BOARD REPORT

Publication of detailed information on HSH Nordbank's portfolios which are affected by the Financial Markets Crisis (as recommended by the Financial Stability Board)

In view of the crisis underway on financial markets since 2007 the Financial Stability Board* (FSB) recommends that banks provide greater disclosure on portfolios which are affected by the market turmoil. The aim is to increase transparency on exposure to structured credit products among others and thereby contribute to a lasting stabilisation of the markets.

These disclosures supplement the comments on the Credit Investment Portfolio in the risk report of our Annual Report as of 31 December 2009 and also deal with HSH Nordbank's leverage finance portfolio, the exposure to US monolines and the portfolios of former Financial Institutions Group as well as Credit Trading.

* The FSB is a joint body made up of regulatory authorities from states and international organisations, appointed by the Finance Ministers and central bank Governors of the G7 countries to analyse the causes of the turbulence on financial markets and to develop recommendations for strengthening the financial system.

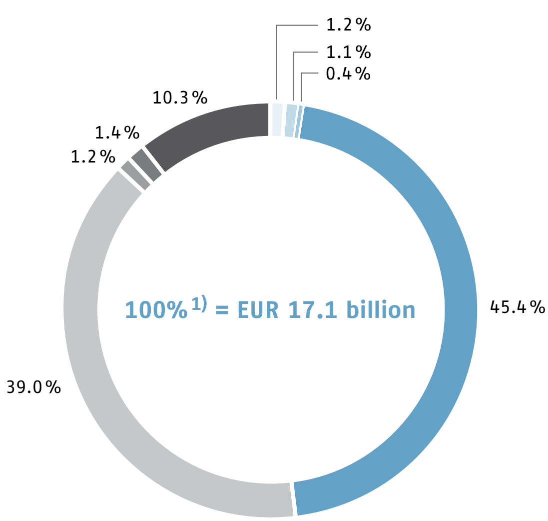
I. CREDIT INVESTMENT PORTFOLIO

1. Portfolio overview

1.1 BREAKDOWN OF CREDIT INVESTMENT PORTFOLIO (CIP)

- The CIP is a broadly diversified portfolio.
- Still 33 % of the whole portfolio is AAA rated and 83 % is investment grade.
- HSH has used the recent market recovery to reduce the Credit Investment Portfolio by about EUR 789 million since the end of Q3 2009. Further portfolio reductions are in progress.

Breakdown of credit investment portfolio by asset class (Notional as of 31 December 2009)

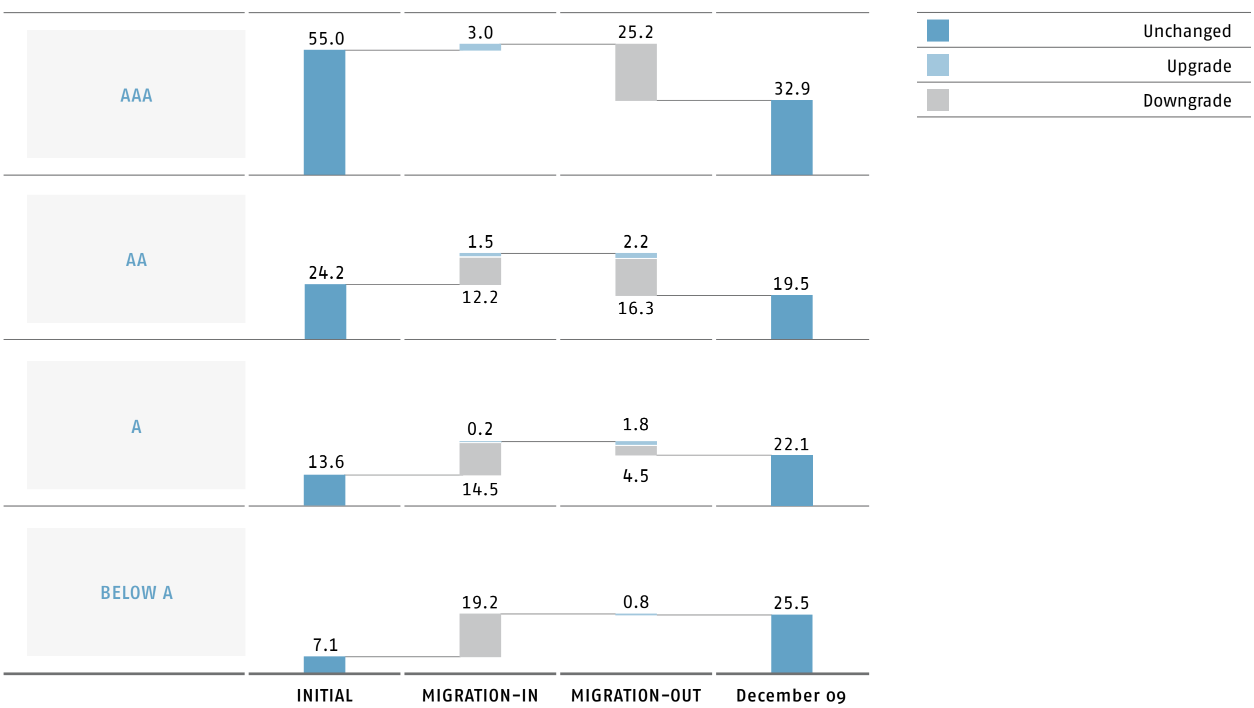


1.2 %	EUR 0.20 billion Synth. CDO
1.1 %	EUR 0.18 billion Special Fund
0.4 %	EUR 0.07 billion Structured Investment Vehicles
45.4 %	EUR 7.77 billion Other ABS
39.0 %	EUR 6.68 billion Single Names
1.2 %	EUR 0.20 billion Hedge Funds / Other Funds
1.4 %	EUR 0.24 billion High Yield Loans / Convertibles
10.3 %	Subprime EUR 1.77 billion thereof RMBS HEL: EUR 1.13 billion thereof COA / COC: EUR 0.64 billion

[1] Incl. Assets of Carrera and Poseidon

1.2 RATING MIGRATION

Rating distribution (in %)



1.3 ANNUAL RESULTS 2008 AND 2009

Results include effects from positions that have reached maturity or were liquidated in the meantime.

Please note that – compared to earlier FSB Reports – we have changed the sign convention for this table: Gains are now shown with positive, losses with negative sign.

Annual result 2008 (€ million)

					Annual result 2008			
	Asset class	**IFRS Category**	**Exposure 31 Dec. 2007 (€ billion)**	**Exposure 31 Dec. 2008 (€ billion)**	**M-T-M**	**P & L**	**Revaluation Equity Surplus**	**Change in hidden reserve / loss 2008**
2.1	Synthetic CDO[1]	DFV	1.88	0.69	−617	−418	0	0
	CDS on Indices	HFT	0.35	0.00	−19	−19	0	0
	Special Fund	AFS	0.87	0.50	−99	−99	0	0
	SIV Capital Notes	LAR, AFS	0.14	0.07	0	−0	0	0
2.2	Other ABS	Mainly LAR	9.73	8.87	−1,758	−346	−2	−1,410
2.3	Single Names	DFV, AFS, LAR, HFT	13.64	8.69	−789	−453	−259	−77
2.4	Hedge Funds / Other Funds	AFS	0.87	0.60	−118	−80	−37	0
	Others (Convertibles, NY HY Loan Portfolio)	AFS, LAR	0.46	0.47	−100	−24	−0	−76
	SUM		27.94	19.89	−3,499	−1,439	−298	−1,563
2.5	RMBS HEL [2]	LAR	1.31	1.26	−12	+30	0	−7
	CDO of ABS, CDO of CDO [2] [3]	DFV, LAR	0.71	0.69	−179	−164	0	0
	Subprime Portfolio		2.02	1.95	−191	−134	0	−7
	TOTAL SUM [1]		29.97	21.84	−3,691	−1,574	−298	−1,570

1) M-T-M movements in January/February 2008 already considered in annual result 2007
2) M-T-M movements in January 2008 already considered in annual result 2007
3) Including third-party managed portfolio
4) In 2008, HSH Nordbank has changed its methodology concerning the calculation of intrinsic values and recoverable amounts for impaired RMBS HEL positions. The P / L benefit from this so-called level 3 valuation was EUR 370 million in 2008 and EUR 12 million in 2009.

Annual result 2009 (€ million)

	Asset class	IFRS category	Exposure 31 Dec. 2008 (€ billion)	Exposure 31 Dec. 2009 (€ billion)	M-T-M	P&L	Revaluation Equity Surplus	Change in hidden reserve/loss 2009
					Annual result 2009			
2.1	Synthetic CDO 1)	DFV	0.69	0.20	+145	+145	0	0
	CDS on Indices	HFT	0.00	0.00	0	0	0	0
	Special Fund	AFS	0.50	0.18	+4	+4	0	0
	SIV Capital Notes	LAR, AFS	0.07	0.07	0	0	0	0
2.2	Other ABS	Mainly LAR	8.87	7.77	+486	−4	−2	+493
2.3	Single Names	DFV, AFS, LAR, HFT	8.69	6.68	+510	+136	+300	+73
2.4	Hedge Funds/ Other Funds	AFS	0.60	0.20	−18	−28	+10	0
	Others (Convertibles, NY HY Loan Portfolio)	AFS, LAR	0.47	0.24	+56	+1	0	+55
	SUM		19.89	15.33	+1,183	+255	+308	+620
2.5	RMBS HEL 2)	LAR	1.26	1.13	−102	−107	0	+5
	CDO of ABS, CDO of CDO 1)	DFV, LAR	0.69	0.64	−7	−7	0	0
	Subprime Portfolio		1.95	1.77	−109	−114	0	+5
	TOTAL SUM 1)		21.84	17.10	+1,074	+140	+308	+625

1) Including third-party managed portfolio
2) In 2008, HSH Nordbank has changed its methodology concerning the calculation of intrinsic values and recoverable amounts for impaired RMBS HEL positions. The P/L benefit from this so-called level 3 valuation was EUR 370 million in 2008 and EUR 12 million in 2009.

2. Portfolio details

2.1 SYNTHETIC CDOs

Synthetic CDOs (as of 31 December 2009)

Exposure	(€ billion)	0.20
P&L 09	(€ million)	+145
P&L 08	(€ million)	−418
IFRS category		DFV

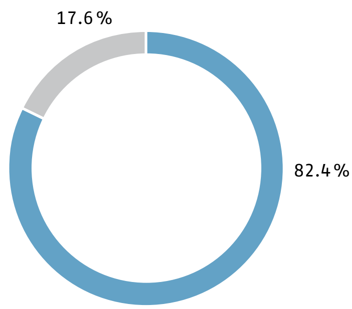
– Since Q2/2009, the Synthetic CDO portfolio has been reduced by EUR 495 million or 70 % in notional by sales of 8 synthetic CDO positions. Only one position remains.

– Rating category and industry distribution of the underlying collateral (weighted by IDL) is shown on the right side.

– Duration is 2.75 years

– Defaults in the underlying portfolio of the remaining CDO: Fannie Mae, Freddie Mac, Lehman Brothers, Washington Mutual Inc. and Thomson.

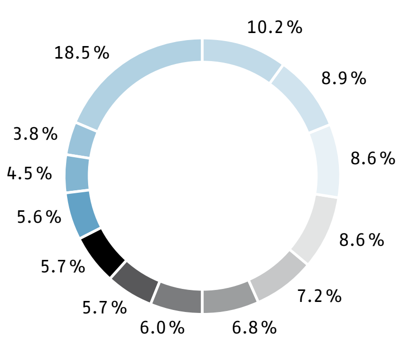
Distribution of underlyings by rating category and weighted by IDL*



82.4 %	Investment Grade
17.6 %	Below Investment Grade

* IDL: Instantaneous Default Loss

Distribution of underlyings by industry and weighted by IDL*

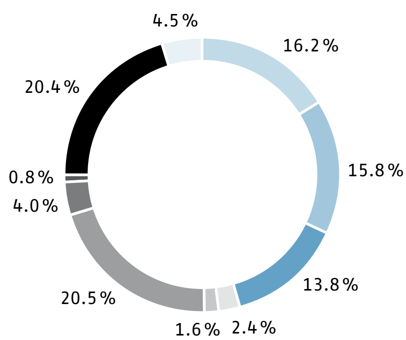


10.2 %	Publishing
8.9 %	Insurance
8.6 %	Food
8.6 %	Telecommunication
7.2 %	Automotive
6.8 %	Oil & Gas
6.0 %	Financial Intermediaries
5.7 %	Chemicals & Plastic
5.7 %	Forest Products
5.6 %	Utilities
4.5 %	Electronics
3.8 %	Building & Development
18.5 %	Others

* IDL: Instantaneous Default Loss

2.2 OTHER ABS

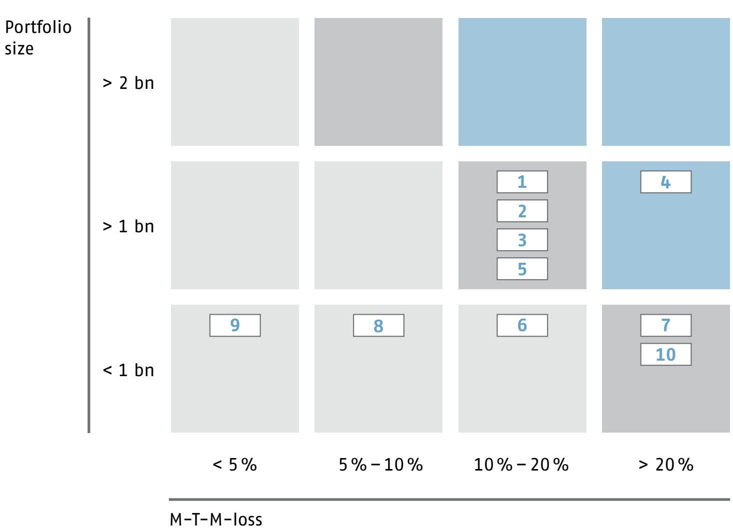
Distribution by region and asset class (as of 31 December 2009)



16.2 %	EUR 1.26 billion Student Loan ABS
15.8 %	EUR 1.23 billion US CLO / CBO & TruPS
13.8 %	EUR 1.08 billion CMBS
2.4 %	EUR 0.19 billion Commercial Real Estate CDO
1.6 %	EUR 0.12 billion Emerging Markets ABS
20.5 %	EUR 1.59 billion EU High Yield CLO / CDO
4.0 %	EUR 0.31 billion EU SME CLO
0.8 %	EUR 0.06 billion Non-US Consumer ABS
20.4 %	EUR 1.58 billion Non-US RMBS
4.5 %	EUR 0.35 billion Others

Total	(€ billion)	7.77
P&L 09	(€ million)	–4
P&L 08	(€ million)	–346

as of 31 December 2009 (life-to-date)



	Latent critical
	Critical
1	Non-US RMBS
2	EU High Yield CLO / CDO
3	Student Loan ABS
4	CMBS
5	US CLO, CBO & TruPS CDO
6	EU SME CLO & Lease ABS
7	US Commercial Real Estate CDO
8	Emerging Markets ABS
9	Non-US Consumer ABS
10	Others

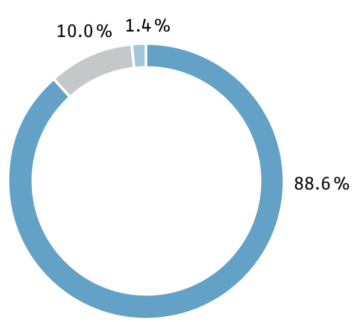
2.2a NON-US RMBS 1

Non-US RMBS (as of 31 December 2009)

Exposure	(€ billion)	1.58
IFRS category		LAR

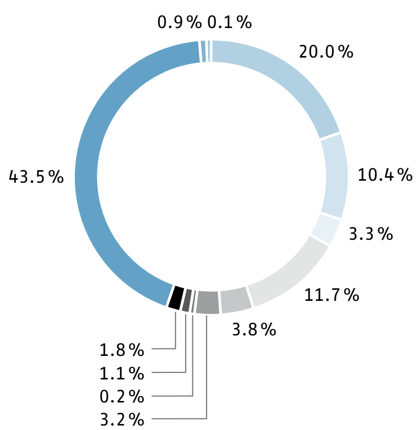
- Diversified portfolio of high quality mostly (88.6 %) AAA rated RMBS, concentrated mainly in Australia (44.4 %) and UK (33.7 %).
- Most of the portfolio (85.4 %) is prime with 3.3 % UK buy-to-let (BTL) and 10.4 % UK non-conforming (NC).
- Extension risk due to lower CPRs / limited refinancing opportunities for borrowers.
- Downgrades to date: 12 out of 117 tranches. Outlook: Further downgrades expected in 2010, mainly for the UK NC and Spanish sector.
- Still high repayments on Australian RMBS.
- Outlook: A further deteriorating economic environment, rising unemployment and potential pressure on house prices especially in the UK and Spain will exert further pressure on RMBS transactions.

Distribution by Rating



■	88.6 %	AAA
■	10.0 %	Others Investment Grade (AA+ – BBB+)
■	1.4 %	Others Below Investment Grade (CC – D)

Distribution by mortage type & country



20.0 %	UK Prime
10.4 %	UK NC
3.3 %	UK BTL
11.7 %	Spain Prime
3.8 %	Italy Prime
3.2 %	Netherlands Prime
0.2 %	Germany Prime
1.1 %	Portugal Prime
1.8 %	Ireland Prime
43.5 %	Australia Prime
0.9 %	Australia NC
0.1 %	Argentina Prime

2.2b EU HIGH YIELD CLO / CDO 2

EU High Yield CLO / CDO (as of 31 December 2009)

Exposure	(€ billion)	1.59
IFRS category		LAR, DFV

- The portfolio consists primarily of managed arbitrage cash flow CLOs, mainly backed by first lien senior secured loans and managed by tier one managers with extensive track records going back to at least 2002.
- Our strict investment standards included collateral criteria such as ramp-up status, portfolio quality and concentration limitations, structural criteria (diversion tests, haircuts), portfolio manager eligibility (internal scoring) and stress tests based on cash flow analysis (break-even default rates under conservative recovery assumptions) and a strong focus on disciplined asset selection.
- Moody's has continued to take rating actions on European CLOs, most of the rating actions on senior tranches have been in the 1 – 3 notch area. S & P is processing its downgrade actions too, albeit at a slower pace.
- European CDO markets showed a good performance during the year with increased trading levels and price improvements across the capital structure. This positive trend continued during the last few months. Largest price jumps have been witnessed on mezzanine and junior tranches.
- Secondary leveraged loan prices continued to increase in November. The average price of the ELLI Index increased to 84, up from 82 at the end of October. The average price for more liquid flow names increased from 92.3 to 93.8.
- The number of defaults and restructurings in the ELLI Index continues to rise, albeit at a slower rate. There have been 9 defaults and restructurings in Q4 2009 to date versus 18 in Q3 and around 30 in both Q1 and Q2 2009. The situation in the different collateral portfolios remains strained, the number of loans and bonds rated CCC and lower remains high.

2.2c STUDENT LOAN ABS 3

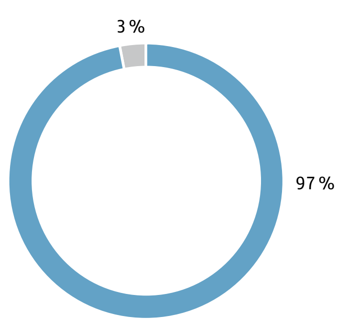
Student Loan ABS (as of 31 December 2009)

Exposure	(€ billion)	1.26
IFRS category		LAR

– The US government guaranteed nature of the FFELP Student Loan ABS portfolio represents a joint probability of default consisting of the performance of the underlying portfolio as well as the servicer's ability to maintain the US Government Guaranty of at least 97 % on the student loans.

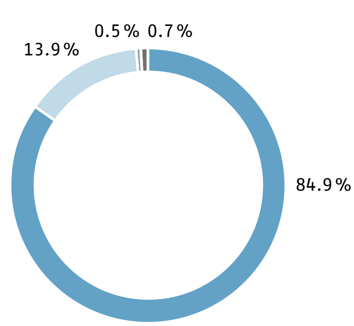
– Only transactions serviced by exceptional performers as designated by the US Dept. of Education qualify for investment under HSH Nordbank's student loan ABS criteria.

Distribution by guarantees (government / private)



97 %	FFELP Guaranteed
3 %	Private

Rating distribution



84.9 %	AAA
13.9 %	AA+
0.5 %	AA
0.7 %	A

2.2d CMBS 4

CMBS (as of 31 December 2009)

Exposure	(€ billion)	1.08
IFRS category (mainly)		LAR, AFS, DFV

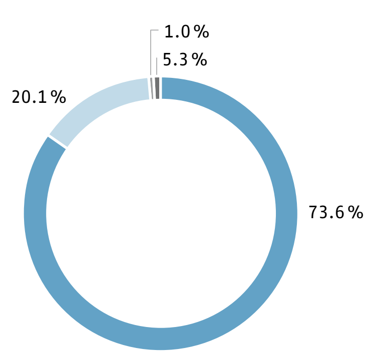
US CMBS

- The CMBS portfolio comprises mainly conduit deals backed by a diversified portfolio of different property types throughout the country.
- Fundamentals for US commercial real estate market remain negative. There has been ratings volatility in the junior triple-A and below portion of numerous recent issue CMBS deals and this trend will likely continue throughout the year as many underlying loans struggle due to declining property values and very limited refinancing options. Many maturing loans will likely be extended resulting in bond extensions.
- S&P revised its CMBS ratings methodology and assumptions which has resulted in higher credit enhancement requirements to maintain AAA rating. Four bonds in the portfolio have been downgraded from AAA to A or A+ and 1 bond has been downgraded from AAA to BBB. There may be further ratings volatility within the portfolio going forward, as S&P continues to review outstanding CMBS transactions.

European & Asian CMBS

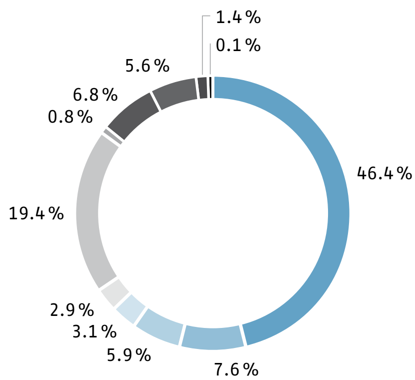
- The EMEA CMBS portfolio consists of 53 mainly senior tranches from 44 Asian and European CMBS transactions. The largest transaction accounts for 7.2 % of total EMEA CMBS portfolio.
- Defensive portfolio, purchases based on a deal-by-deal fundamental analysis (only high quality collateral with stable rental income sustaining predefined stress tests on a loan by loan basis) and structural features
- Highly diversified tenant base, with the largest tenant contributing for rd. 4 % of the overall CMBS portfolio rental income. Only 5 tenants, 4 of them investment grade rated, contribute more than 1 % of total portfolio income.
- Further deteriorating economic environment and declining property values especially in the UK are associated with ICR / DSCR and LTV trigger / covenant breaches on underlying loan level, which increases loan defaults and downgrade potential as well as refinancing risk. Against this background, also HSH investments saw and will see downgrades and neg. rating outlooks. However, most HSH EMEA CMBS investments are senior in the capital structure and benefit from increased credit enhancement percentages.

Country distribution



	73.6 %	Europe
	20.1 %	North America
	1.0 %	Pacific
	5.3 %	EM Asia

Rating distribution



46.4 %	AAA
7.6 %	AA+
5.9 %	AA
3.1 %	AA–
2.9 %	A+
19.4 %	A
0.8 %	A–
6.8 %	BBB+
5.6 %	BBB
1.4 %	BBB–
0.1 %	NR

2.2e US CLO, CBO & TRUPS CDO 5

5 Product: US CLO, CBO & TruPS CDO (as of 31 December 2009)

Exposure	(€ billion)	1.23
IFRS category		LAR

– This portfolio consists primarily of managed arbitrage cash flow CLOs with 88.6 % CLOs backed by predominantly first lien senior secured corporate loans, 2.6 % 1999 – 2001 vintage CBOs backed by high yield bonds and 8.7 % Trust Preferred CDOs backed by hybrid Trust Preferred Securities issued by small US regional banks and thrifts.

– In terms of ranking 74.8 % are the most senior tranches, 10.7 % are 2nd priority “Junior AAA” tranches, 9.9 % are originally AA tranches and 4.6 % were originally rated A / BBB.

– After Moody’s finalized it’s CLO review and downgraded most AAA CLO tranches by 2 – 3 notches to Aa2 / Aa3, S & P’s updated assumptions were published September 17th, 2009. CLO rating results were much less severe than originally announced in March, when AAA downgrades were expected to be 4 notches on average. By now most AAA downgrades were 1 notch downgrades to AA+. The review is expected to be finalized over the next 3 – 4 months.

– December marked the first month of declining default statistics during this crisis. High yield corporate default forecasts were materially lowered. Moody’s expects the global 12 months trailing issuer default rate to decline to 6.4 % by June and 3.3 % by end of 2010, from currently 12.5 %. S & P expects the US HY default rate to decline to 6.9 % by September 2010, down from currently 10.9 %. The HY corporate refinancing needs remain a major risk as more than 80 % of CLO underlying loans mature between 2012 and 2014.

2.2f EU SME CLO 6

6 **Product: EU SME CLO** (as of 31 December 2009)

Exposure	(€ billion)	0.31
IFRS category		LAR

- Diversified portfolio of European small- and mid-sized enterprise CLOs and few other European CDOs.
- Transactions securitising granular portfolios, well diversified over European countries and industries. Several seasoned deals continue to de-lever.
- Data on the different underlying collateral portfolios show further deterioration.
- Since spreads compressed in 2004, our strategy has been to concentrate on AAA (64 %) senior tranches in order to protect par value until corporate credit risk got properly re-priced.
- Our strict investment criteria included collateral criteria such as portfolio quality (concentration limitations, industry exposures), structural criteria, originator and servicer track record and market position.

2.2g REMAINING ABS 7 8 9

7 US COMMERCIAL REAL ESTATE CDO
(as of 31 Dec. 2009)

- Only 14 % of the CRE CDOs are backed by riskier collateral originated in weaker vintages (2004 to 2006). 69 % of the CRE CDOs are 2001 through 2003 vintages which are performing relatively well. The remainder of the CRE CDOs are backed by AAA CMBS tranches which are stable.
- Due to recent changes in rating methodology along with continued decline in the commercial real estate market several of the deals have recently been downgraded. The agencies have adjusted their models to assume higher default rates, loss rates, and correlations. Nonetheless, most of the portfolio is backed by less risky collateral and has significant levels of credit support.

Exposure	(€ billion)	0.19
IFRS category		LAR

8 EMERGING MARKETS ABS
(as of 31 Dec. 2009)

- Global economic downturn has left marks on the EM ABS portfolio. The weighted average rating of the portfolio is around BBB+ which is primarily due to the severe downgrades within the monoline insurer industry. This caused most of our EM DPR ABS to be downgraded to their underlying collateral rating.
- Nevertheless the EM ABS portfolio shows a relatively stable performance. With respect to the DPR ABS all debt service coverage ratios (DSCR) are in compliance as collections prove quite resilient to economic slowdown. The RMBS transactions are redeeming and exhibit a stable performance and rating (AAA / Aa1 / AAA).
- Even though positions are showing a sufficient performance, event risk (e.g. originator default) should not be underestimated in DPR transactions. We are therefore closely monitoring credit risk of the respective originators, as this is one fundamental aspect in overall DPR ABS analysis.

Exposure	(€ billion)	0.12
IFRS category		LAR

9 NON-US CONSUMER ABS
(as of 31 Dec. 2009)

- Small portfolio of European and Australian Consumer ABS (including credit card receivables, consumer loans and Australian leasings)
- 100 % AAA-rated

Exposure	(€ billion)	0.06
IFRS category		LAR

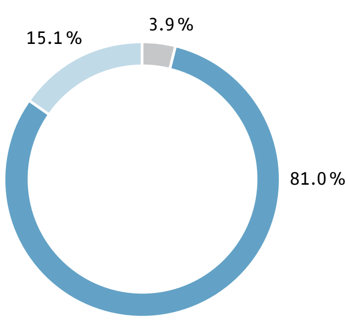
2.3 SINGLE NAMES

Single Names (as of 31 December 2009)

Exposure	(€ billion)	6.68
P&L 09	(€ million)	+136
P&L 08	(€ million)	−453
IFRS category		DFV, AFS, LAR, HFT

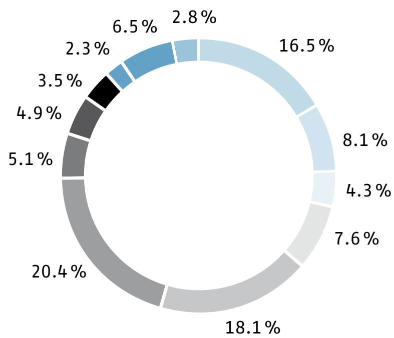
- In Q4 the exposure to Financials as well as distressed Lehman bonds in the single name portfolio could be further reduced through sales. Furthermore, the portfolio melted down further through maturities.
- Market development within Q4 and outlook:
  The credit markets stabilized further within the last 3 months in 2009. Apart from banks, especially subordinated bonds, corporate spreads tightened further but at a slower pace. The economy is recovering but is still dependent on an expansive fiscal and monetary policy. As a result the budget deficits and the relating debt burdens of Sovereigns are back on the agenda. Greece shocked the markets with a deficit/GDP ratio of 13 % and was downgraded to BBB+ by S&P accordingly. Spreads of the so-called PIGS Sovereigns widened dramatically and will probably not improve within this quarter until markets see significant measures to reduce budget deficits. The outlook for Corporates is basically positive as they will be supported by the overall economic recovery and the strong demand of investors due to the flood of liquidity.

Distribution by sector



	81.0 %	Financials
	15.1 %	Public Finance
	3.9 %	Corporates

Rating distribution



	16.5 %	AAA
	8.1 %	AA+
	4.3 %	AA
	7.6 %	AA−
	18.1 %	A+
	20.4 %	A
	5.1 %	A−
	4.9 %	BBB+
	3.5 %	BBB
	2.3 %	BBB−
	6.5 %	BB+ and below
	2.8 %	NR

2.4 HEDGE FUNDS / OTHER FUNDS

Hedge funds / other funds (as of 31 December 2009)

Exposure	(€ billion)	0.20
P&L 09	(€ million)	−28
P&L 08	(€ million)	−80
IFRS category		AFS

Hedge funds

Compared to Q3 / 2009, the HF portfolio has been retained unchanged.

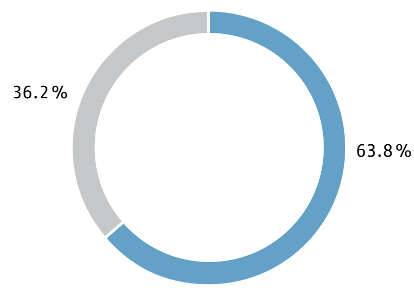
- Fund of funds approach: HSH Nordbank was mainly invested in hedge funds via CPPI-structures.
- HSH Nordbank is currently working on de-risking these structures. On the back of the de-risking process all structures except one have been liquidated in Q1 / 2009.

Other funds

- In Q3 / 2009 the Other Funds exposure was reduced to zero.

2.5 SUBPRIME-RELATED EXPOSURE

as of 31 December 2009



	63.8 %	Home Equity Loans RMBS
	36.2 %	CDO of ABS, CDO of CDO, North Street

as of 31 December 2009		COA / COC	HEL	Total
Total exposure	(€ billion)	0.64	1.13	1.77
P&L 09	(€ million)	−7	−107	−114
P&L 08	(€ million)	−164	+30	−134
IFRS category		LAR, DFV	LAR	LAR, DFV

1 RMBS OF HEL

RMBS of HEL (as of 31 December 2009)

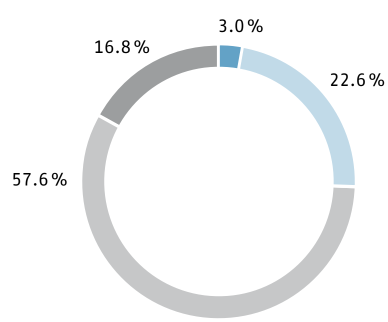
Exposure	(€ billion)	1.13
P&L 09	(€ million)	−107
P&L 08	(€ million)	+30
IFRS category		LAR

- The HEL portfolio has experienced full or partial principal loss in a number of 2006 mezzanine bonds during 2009. We expect further losses within 2006 and 2007 mezzanine class bonds as the securitizations liquidate or modify the pipeline of defaulted loans.
- The US mortgage market is still under stress due to rising delinquencies and declining house prices in key regions. While the HSH portfolio delinquency growth rates have been leveling off for most of the portfolio, losses continue to grow, particularly in the 2006 and 2007 transactions due to large pipelines of non-performing loans and declining home values.
- Prepayment rates in the mortgage market remain very low due to the shutdown in the subprime origination channel and continued house price decline in key regions.
- Security prices have rallied slightly in recent months but still remain at depressed levels.
- Ratings downgrade risk remains. Almost the entire outstanding subprime issuance for 2006 and 2007 as well as a significant portion of 2005 has been and remains under further downgrade pressure so long as the economy and housing market remain in poor shape.

– In 2008, HSH Nordbank has changed its methodology concerning the calculation of intrinsic values and recoverable amounts for impaired RMBS HEL positions.

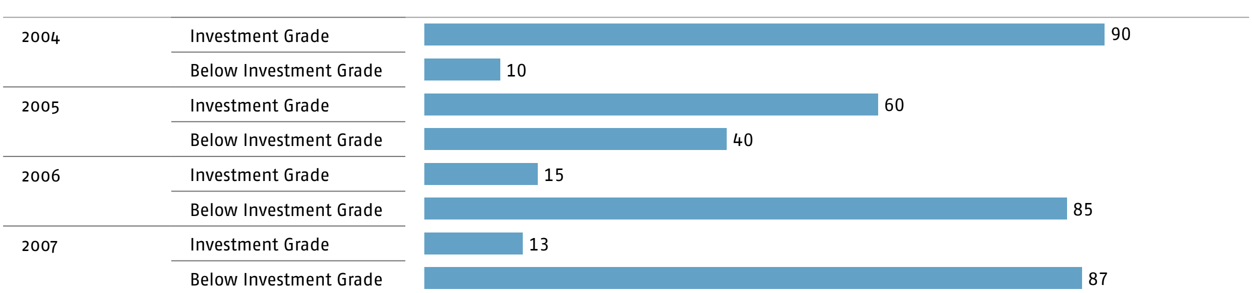
The P/L benefit from this so-called level 3 valuation was EUR 370 million in 2008 and EUR 12 million in Q1–Q4 2009.

Distribution by vintage

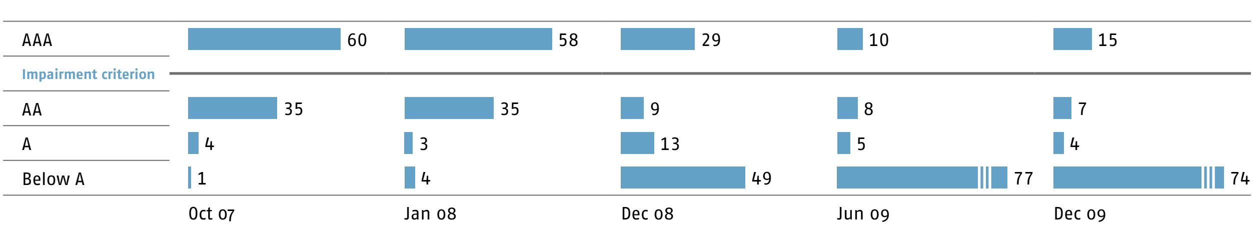


3.0%	2004 Vintage
22.6%	2005 Vintage
57.6%	2006 Vintage
16.8%	2007 Vintage

Rating distribution by vintage (in %)



1 **RMBS HEL rating migration** (in %)



RMBS HEL loss coverage migration (in %)

	Oct 07	Jan 08	Dec 08	Jun 09	Dec 09
> 2.0	96	49	17	12	3
> 1.5	4	34	32	18	5
Impairment criterion					
> 1.0	0	17	41	55	43
< 1.0	0	0	10	15	49

II. SUMMARY OF MONOLINE EXPOSURE

1. CURRENT EXPOSURE TO MONOLINES

Indirect monoline exposure (€ million)	31 Dec 2009	31 Dec 2008
CIP* wrapped ABS	457.7	645.0
CIP wrapped Single Names	65.1	71.5
Global Markets London Single Names	58.7	88.5
Total	**581.5**	**805.0**
CIP Synthetic CDO**	35.5	98.7
Grand Total	**617.0**	**903.8**

* CIP: Credit Investment Portfolio

** Exposure corresponds to proxy "Instantaneous Default Loss" (IDL) as of end of December 2009. This is an estimated mark-to-market loss in the event of an immediate default.

- No direct exposure
- The total exposure of EUR 617.0 million is to seven different monolines from AA– to CC. Life-to-date impairment amount is at EUR 52.3 million. In 2009 we had an appreciation of EUR 1.6 million.
- All transactions within this subportfolio are performing with the exception of three transactions totalling at EUR 14.1 million, impairment for these three transactions is life-to-date EUR 7.6 million (thereof was an appreciation of EUR 0.5 million in 2009).
- Monoline valuations are fully captured in the m-t-m valuation of the relevant subportfolios.

III. FORMER FINANCIAL INSTITUTIONS GROUP (FIG)

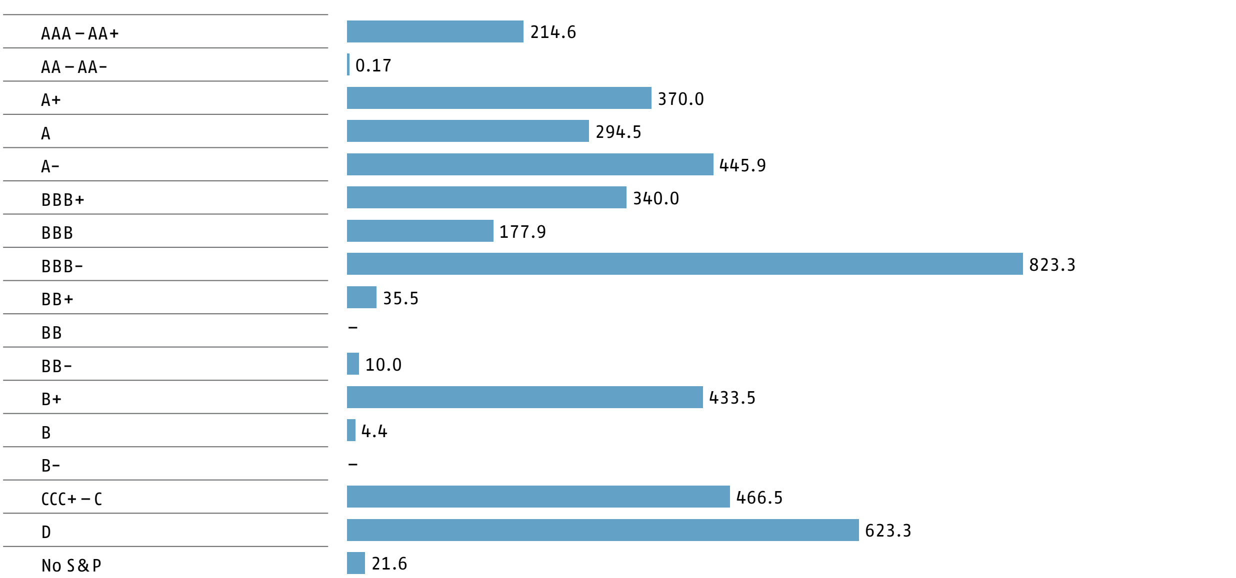
1. FORMER FIG

Former FIG (as of 31 December 2009)

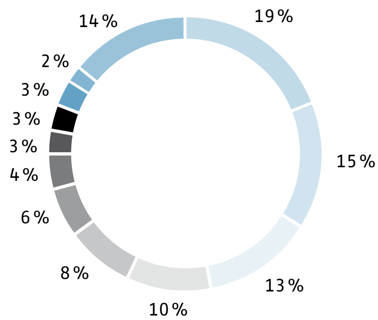
Exposure	(€ billion)	4.26
P&L 09	(€ million)	+140
IFRS category		mainly LAR

- Total Portfolio consists of a plain vanilla loan book to financial institutions (amounting to EUR 2.19 billion) as well as loans which are structured or have structured elements (Exposure EUR 2.07 billion).
- Total portfolio was down by EUR 1.36 billion to EUR 4.26 billion because of regular and early redemption payments.
- Overall impact P/L Q4 2009 for total FIG portfolio was about EUR +60 million. Including the P&L of Q1 to Q3 2009 the year to date result for P&L 2009 was EUR +140 million.

Distribution of notional by S&P rating equivalents (€ million)



Regional distribution of FIG (in %)



19 %	UK
15 %	Ireland
13 %	USA
10 %	Denmark
8 %	Luxembourg
6 %	Iceland
4 %	Switzerland
3 %	Germany
3 %	United Arab Emirates
3 %	Norway
2 %	Italy
14 %	Rest of the World

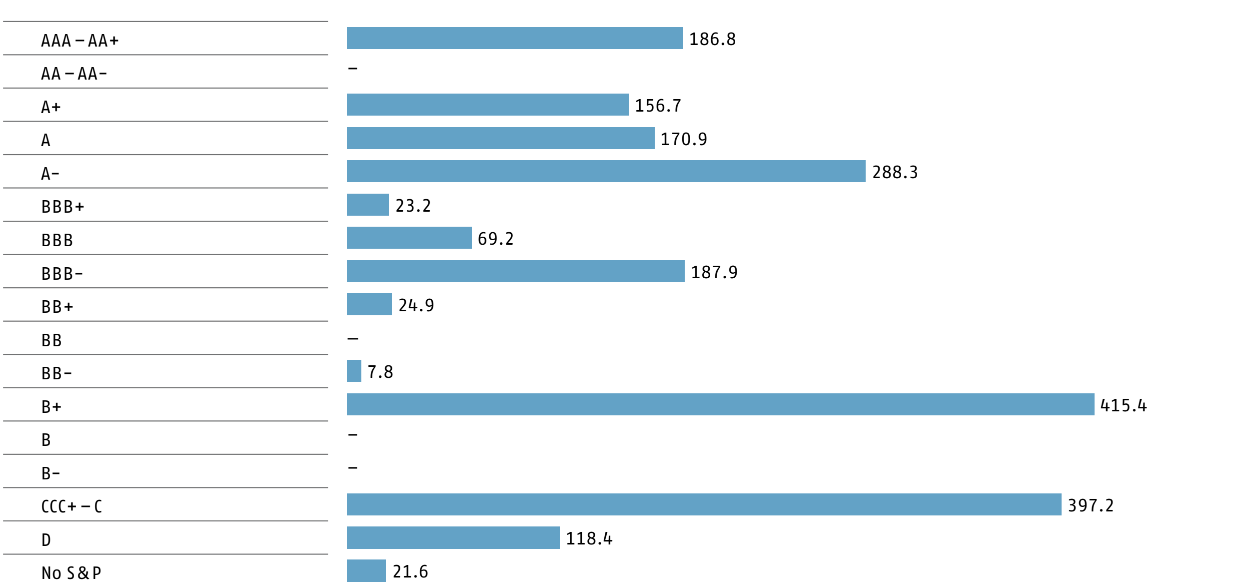
2. THEREOF: FORMER FIG STRUCTURED LOANS

FIG structured loans (as of 31 December 2009)

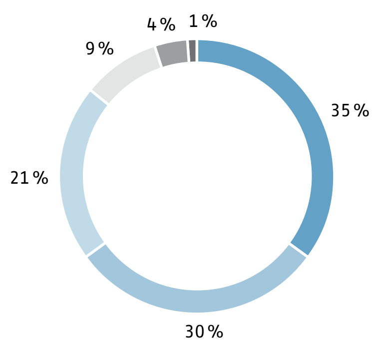
Exposure	(€ billion)	2.07
P & L 09	(€ million)	+218
IFRS category		mainly LAR

- The FI Group structured loan book (EUR 2.07 billion) includes 40 positions of loans / credit facilities which are structured or have structured elements.
- Overall impact P / L Q4 2009 for the structured FIG portfolio was about EUR +80 million. Including the P & L of Q1 to Q3 2009 the year to date result for P & L 2009 was EUR +218 million.

Distribution of notional by S & P rating equivalents for FIG structured (€ million)



Regional distribution of FIG structured (in %)



	35 %	UK
	30 %	Ireland
	21 %	USA
	9 %	Luxembourg
	4 %	Cayman Islands
	1 %	Bermuda

IV. FORMER CREDIT TRADING

1. CREDIT TRADING

Credit Trading (as of 31 December 2009)

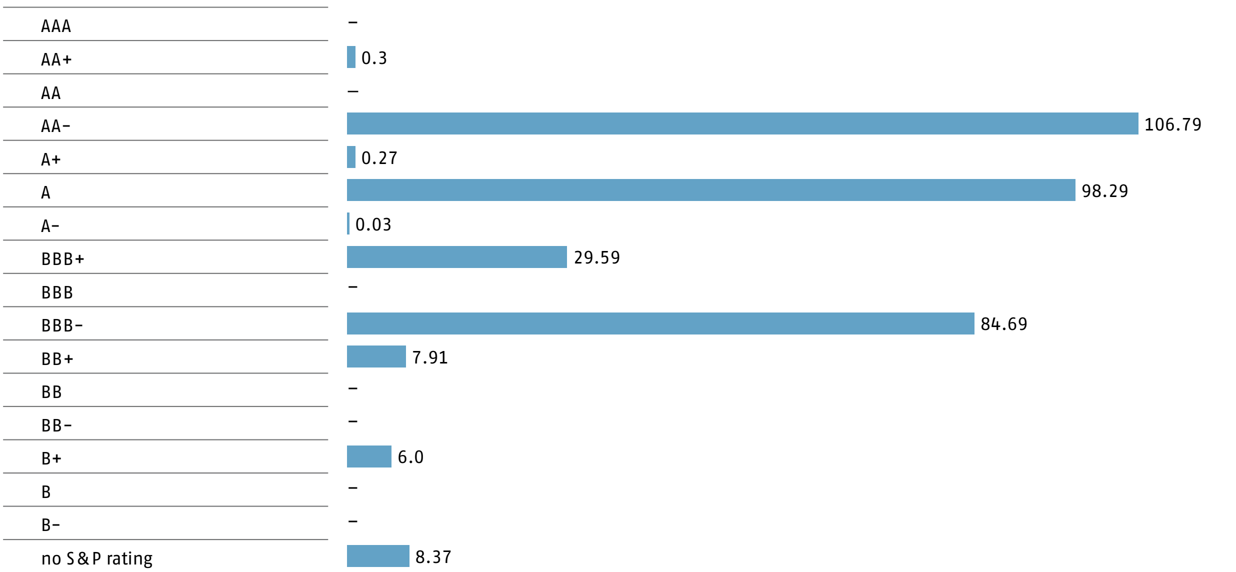
Exposure		
Bonds	(€ billion)	0.34
CDS net	(€ billion)	−0.18
P&L 09*	(€ million)	−8.6
IFRS category		LAR / HFT

* Only bonds

- An active trading approach no longer exists: The portfolio, which is consisting of bonds and CDS, is being downsized.
- Bond exposure (0.34 EUR billion long):
  - ■ Exposure is mainly to Financials (98 %), Corporates (2 %).
  - ■ The portfolio is mainly invested in the UK (44 %) and the Australia (22 %).
  - ■ 60 % of the bonds are rated A or better (Actual Rating**).
- CDS Exposure (net 0.18 EUR billion short):
  - ■ CDS Portfolio 1.96 EUR billion CDS short (HSH Nordbank as protection buyer); 1.78 EUR billion CDS long (HSH Nordbank as CDS protection seller)
    - iTraxx: 0.69 EUR billion long; 0.74 EUR billion short
    - Single Names: 1.1 EUR billion long; 1.22 EUR billion short
  - ■ Downsizing in progress; CDS market risk largely hedged

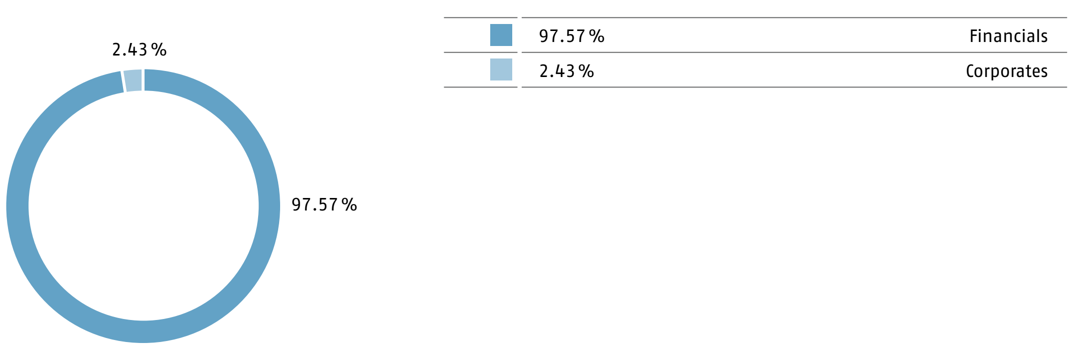
** Actual Rating means the worst of all three agencies (S&P, Moody's and Fitch)

Distribution of notional by financial ratings for bonds* (€ million)

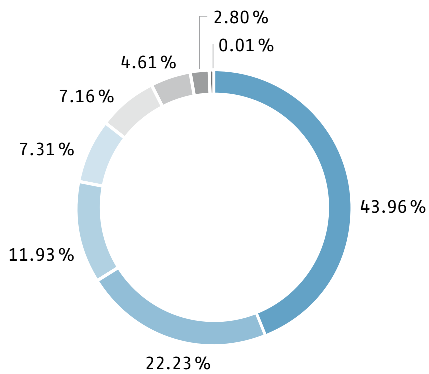


* Actual Rating means the worst of all three agencies (S&P, Moody's and Fitch)

Distribution of industry sectors for bonds (in %)



Regional distribution of bonds (in %)



43.96 %	UK
22.23 %	Australia
11.93 %	USA
7.31 %	Canada
7.16 %	Netherlands
4.61 %	Ireland
2.80 %	Germany
0.01 %	Sweden

V. LEVERAGED FINANCE (LBO)

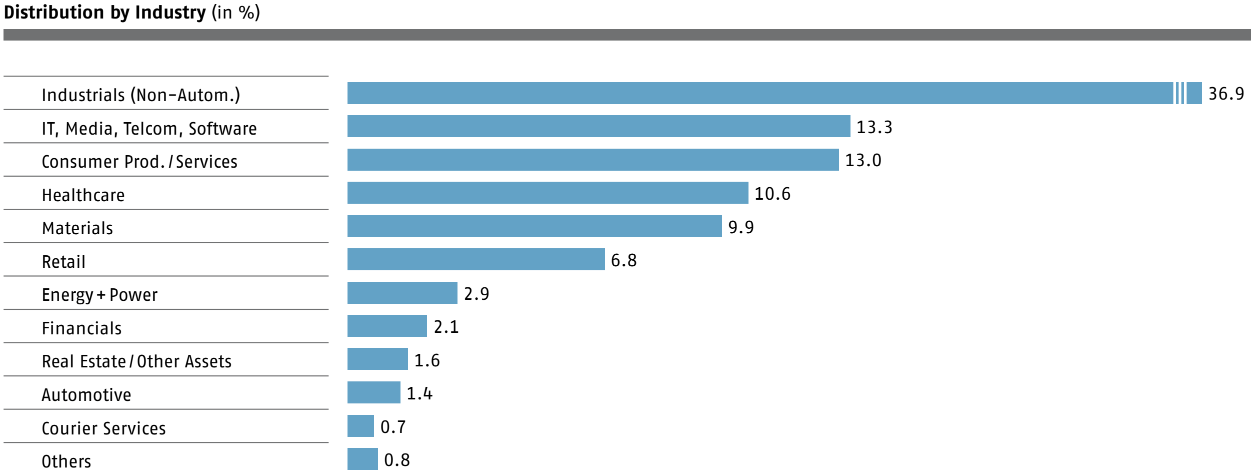
1. LEVERAGED FINANCE OF GLOBAL HEAD CORPORATES

– As of 31 December 2009 funded exposure was at EUR 4.9 billion, unfunded exposure at EUR 0.9 billion.

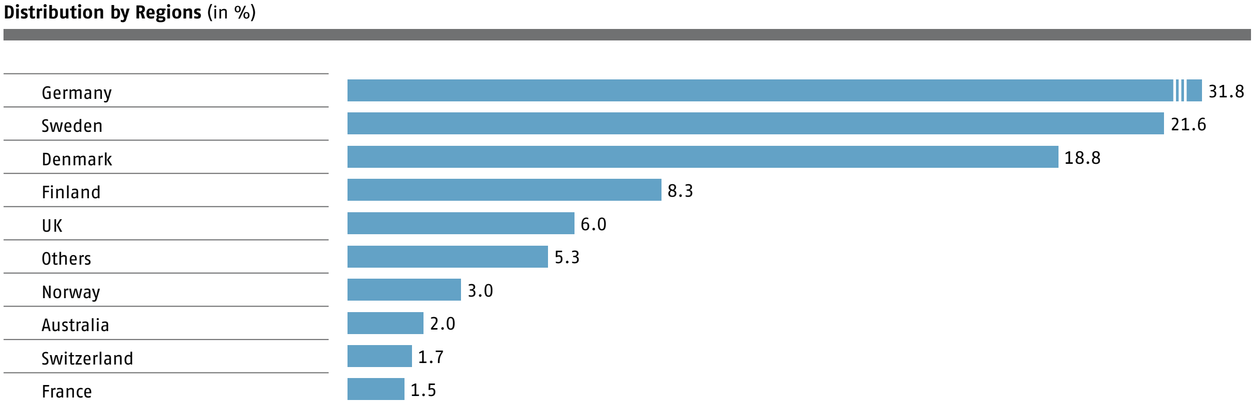
Change in exposure from 31 Dec 2008 (€ billion)

Exposure as of 31 December 2008	6.4
Net Change of Outstanding	−0.6
Writedowns	0
Exposure as of 31 December 2009	5.8
Risk provision as of 31 December 2009	0.2

Distribution by Industry (in %)



Distribution by Regions (in %)



2. LBOs (PART OF CREDIT INVESTMENT PORTFOLIO HIGHLIGHTED BEFORE)

Change in exposure from 31 Dec 2008 (USD million)

Exposure as of 31 December 2008	388
Net Change of Outstanding	–49
Writedowns	0
Exposure as of 31 December 2009	339
Risk provision as of 31 December 2009	0

- Part of Credit Investment Portfolio (contained in NY HY Loan Portfolio)
- As of Dec. 31st, 2009 funded exposure of term loans was USD 315.4 million, revolving credit facilities were totalling USD 23.6 million, thereof USD 10.0 million drawn.

Distribution by Industry (term loans in USD million)