FSF

Financial Stability Forum Report

as of 30 June 2009

HSH NORDBANK

CONTENTS

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FINANCIAL STABILITY FORUM REPORT

Publication of detailed information on HSH Nordbank's portfolios which are affected by the Financial Markets Crisis (as recommended by the Financial Stability Forum)
In view of the crisis underway on financial markets since 2007 the Financial Stability Forum* (FSF) 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 interim report Q2 2009 and also deal with HSH Nordbank's leverage finance portfolio, the exposure to US monolines, Financial Institutions Group as well as Credit Trading.

* The FSF is a joint body made up of 26 regulatory authorities from 12 states and 11 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.

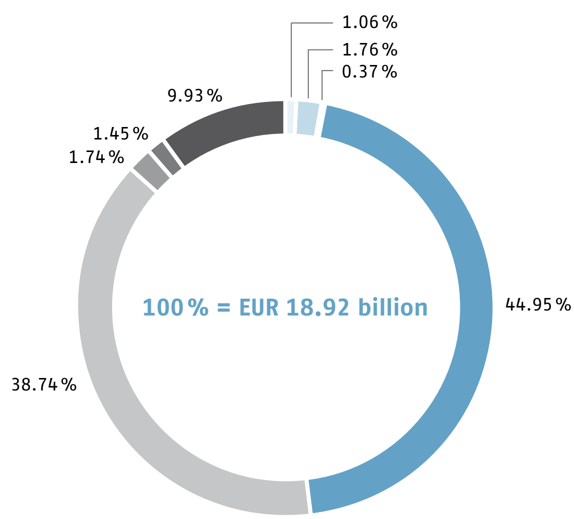
I. CREDIT INVESTMENT PORTFOLIO

1. Portfolio overview

1.1 BREAKDOWN OF CREDIT INVESTMENT PORTFOLIO

- 83.5 % of the whole portfolio is investment grade
- 42 % of the whole portfolio is still AAA rated
- Credit investment portfolio is broadly diversified
- Further portfolio reduction in progress

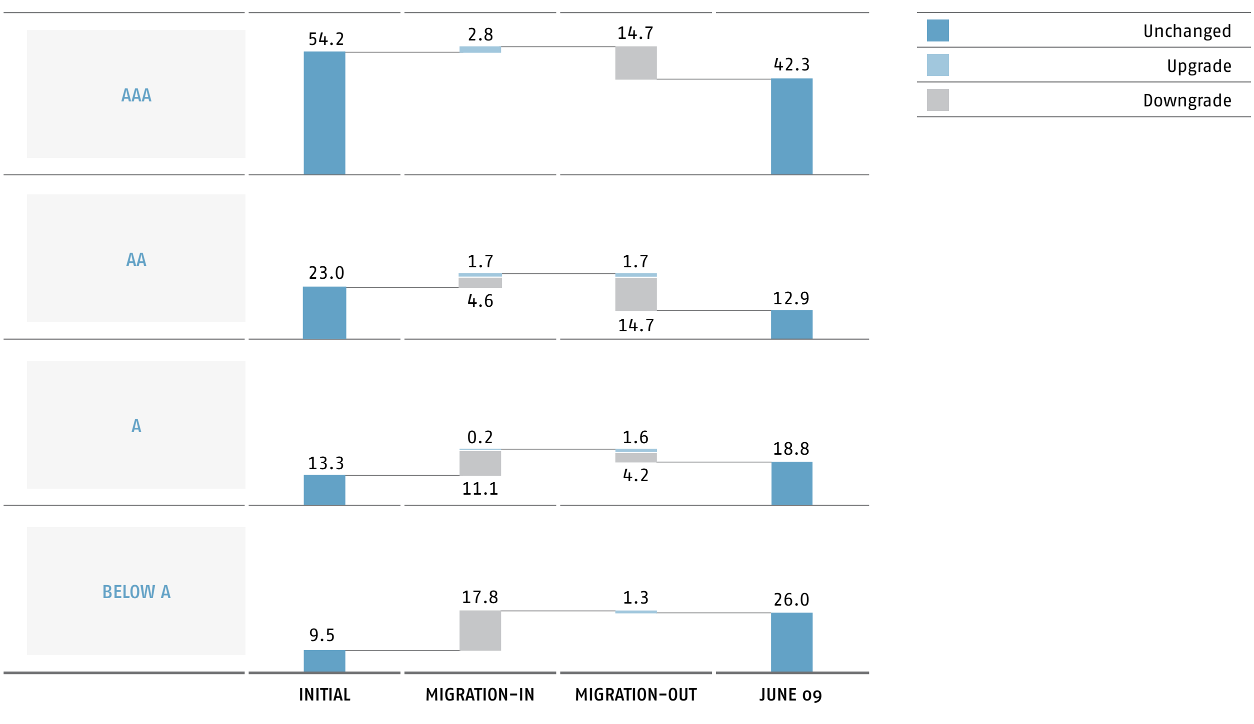
Breakdown of credit investment portfolio by asset class (Notional as of 30 June 2009)



	1.06 %	EUR 0.20 billion Synth. CDO
	1.76 %	EUR 0.33 billion Special Fund
	0.37 %	EUR 0.07 billion Structured Investment Vehicles
	44.95 %	EUR 8.50 billion Other ABS
	38.74 %	EUR 7.33 billion Single Names
	1.74 %	EUR 0.33 billion Hedge Funds / Other Funds
	1.45 %	EUR 0.28 billion High Yield Loans / Conv.
	9.93 %	Suprime EUR 1.88 billion thererof RMBS HEL: EUR 1.19 billion thererof COA / COC: EUR 0.69 billion

1.2 RATING MIGRATION

Rating distribution (in %)



1.3 ANNUAL 2008 AND H1 2009 RESULTS

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

Annual 2008 (€ million)

	Asset class	IFRS category	Exposure 31 Dec. 2007 (€ billion)	Annual result 2008 Exposure 31 Dec. 2008 (€ billion)	M-T-M-loss	P & L loss	Revaluation Equity Surplus	Hidden losses 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	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)	DFV, 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]	mainly LAR	1.31	1.26	12	−30 [4]	0	7
	CDO of ABS, CDO of CDO [2] [3]	LAR, DFV	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.

Result H1 2009 (€ million)

	Asset class	IFRS category	Exposure 31 Dec. 2008 (€ billion)	Exposure 30 June 2009 (€ billion)	M-T-M-loss	P&L loss	Revaluation Equity Surplus	Hidden losses 2009
					Additional result H1 2009			
2.1	Synthetic CDO	DFV	0.69	0.20	−64	−64	0	0
	CDS on Indices	HFT	0.00	0.00	0	0	0	0
	Special Fund	AFS	0.50	0.33	−1	−1	0	0
	SIV Capital Notes	LAR	0.07	0.07	0	0	0	0
2.2	Other ABS	mainly LAR	8.87	8.50	73	147	−3	−71
2.3	Single Names	DFV, AFS, LAR, HFT	8.69	7.33	−60	18	−72	−5
2.4	Hedge Funds / Other Funds	AFS	0.60	0.33	−2	3	−6	0
	Others (Convertibles, NY HY Loan Portfolio)	DFV, LAR	0.47	0.28	−30	3	0	−33
	SUM		**19.89**	**17.04**	**−84**	**106**	**−81**	**−109**
2.5	RMBS HEL	mainly LAR	1.26	1.19	79	87 [2]	0	−8
	CDO of ABS, CDO of CDO [1]	LAR, DFV	0.69	0.69	16	16	0	0
	Subprime Portfolio		**1.95**	**1.88**	**95**	**103**	**0**	**−8**
	TOTAL SUM		**21.84**	**18.92**	**11**	**209**	**−81**	**−117**

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 42 million in H1 2009.

2. Portfolio details

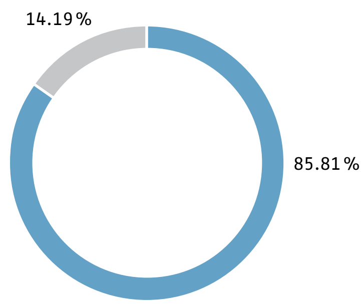
2.1 SYNTHETIC CDOs

Synthetic CDOs (as of 30 June 2009)

Exposure	(€ billion)	0.20
P&L 09	(€ million)	64
P&L 08	(€ million)	(418)
IFRS category		DFV

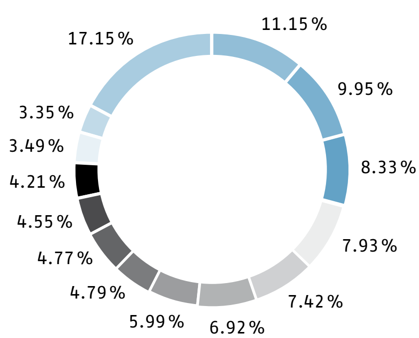
- Synthetic CDO portfolio still consists of 1 Leveraged Super Senior position.
- In Q2/2009, portfolio has been reduced by EUR 495 million or 70 % in notional by sales of 8 synthetic CDO positions.
- Rating category and industry distribution of the underlying collateral (weighted by IDL) is shown on the next page.
- Duration is 3.17 years.
- Defaults in the underlying portfolio consisting of one above mentioned Leveraged Super Senior position: Fannie Mae, Freddie Mac, Lehman Brothers and Washington Mutual Inc.
- Further defaults like IDEARC or Tribune hit tranches the bank has sold in the meantime.

Distribution of underlyings by rating category and weighted by IDL*



85.81 %	Investment Grade
14.19 %	Below Investment Grade

Distribution of underlyings by industry and weighted by IDL *

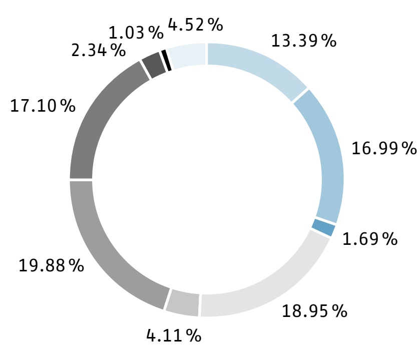


11.15 %	Broadcasting & Entertainment
9.95 %	Telecommunications
8.33 %	Beverage, Food & Tobacco
7.93 %	Insurance
7.42 %	Utilities
6.92 %	Automobile
5.99 %	Chemicals, Plastics & Rubber
4.79 %	Retail Stores
4.77 %	Printing & Publishing
4.55 %	Buildings & Real Estate
4.21 %	Oil & Gas
3.49 %	Banking
3.35 %	Aerospace & Defense
17.15 %	Others

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

2.2 OTHER ABS

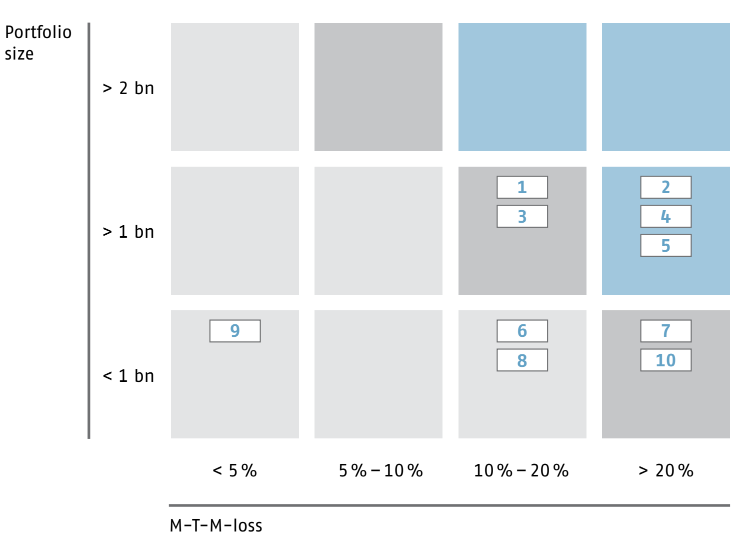
Distribution by region and asset class (as of 30 June 2009)



13.39 %	CMBS, 1.14 billion
16.99 %	Student Loans, 1.44 billion
1.69 %	Emerging Markets, 0.14 billion
18.95 %	EU High Yield CLO / CDO, 1.61 billion
4.11 %	EU SME CLO, 0.35 billion
19.88 %	Non-US RMBS, 1.69 billion
17.10 %	US CLO / CBO & TruPS CDO, 1.45 billion
2.34 %	US Comm. Real Est. CDO, 0.20 billion
1.03 %	Non-US Consumer ABS, 0.09 billion
4.52 %	Others, 0.39 billion

Total	(€ billion)	8.50
P & L 09	(€ million)	(147)
P & L 08	(€ million)	(346)

as of 30 June 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

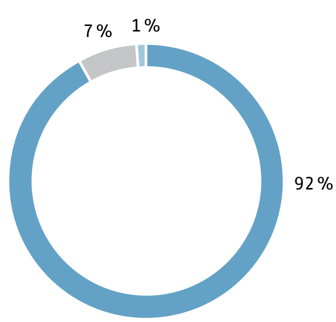
2.2a NON-US RMBS 1

Non-US RMBS (as of 30 June 2009)

Exposure	(€ billion)	1.69
IFRS category		LAR

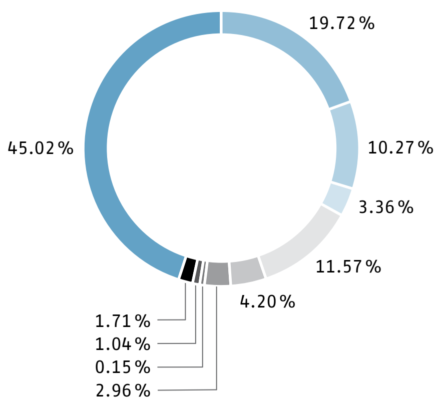
- Diversified portfolio of high quality mostly (92.0 %) AAA rated RMBS, concentrated mainly in Australia (45.0 %) and UK (33.4 %).
- Most of the portfolio (86.4 %) is prime with 3.4 % UK buy-to-let (BTL) and 10.3 % UK non-conforming (NC).
- Considerable spread volatility of RMBS assets due to the current market liquidity crisis.
- Extension risk due to lower CPRs / limited refinancing opportunities for borrowers.
- Downgrades to date: 5 out of 116 tranches / 5.1 % of the portfolio notional. Outlook: Further downgrades expected in 2009 / 2010, mainly for the UK NC and Spanish sector.
- Upgrade of 1 transaction from A- to AA. Some upgrades of junior bonds where HSH holds the senior tranche.
- 9 tranches repaid in full since January 2008.
- Outlook: A further deteriorating economic environment, rising unemployment and decreasing house prices especially in the UK and Spain will exert further pressure on RMBS transactions. HSH's investments have seen some downgrades and neg. rating outlooks which is expected to continue in the medium term.
- However, 98.3 % of HSH's Non-US RMBS investments are senior in the capital structure and benefit from increased credit enhancement percentages, 92.0 % is AAA rated (despite of the hitherto downgrades).

Distribution by Rating



92 %	AAA	
7 %	Others Investment Grade (AA+ – BBB+)	
1 %	Others Below Investment Grade (CC – D)	

Distribution by mortage type & country



19.72 %	UK Prime
10.27 %	UK NC
3.36 %	UK BTL
11.57 %	Spain Prime
4.20 %	Italy Prime
2.96 %	Netherlands Prime
0.15 %	Germany Prime
1.04 %	Portugal Prime
1.71 %	Ireland Prime
45.02 %	Australia Prime

2.2b EU HIGH YIELD CLO / CDO 2

EU High Yield CLO / CDO (as of 30 June 2009)

Exposure	(€ billion)	1.61
IFRS category		LAR

- 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.
- According to Moody's, 89 % of the portfolio is still rated AAA, predominantly senior positions. The rest is invested in more volatile mezzanine positions (mainly 2002 – 2004 vintages).
- 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.
- S&P announced a revision of their CLO rating methodology. The revised assumptions will lead to multi-notch downgrades within the CLO universe and not spare Senior tranches. Mezzanine CDO tranches will be most affected by the rating methodology changes. Similarly Moody's announced 03 / 2009 that it is also undertaking CLO rating reviews. Both revision processes are still pending. Meanwhile 2 % of the portfolio has been downgraded below investment grade and currently 12 % are marked with a rating review / negative outlook.
- Overall, following the worsening in the high yield credit environment, CLO parameters are deteriorating: Levels of overcollaterization are declining, CCC buckets are increasing (on average 10 %, with significant variations) and the weighted average rating factors are worsening, etc. This adverse environment is partially mitigated by the fact that we predominantly hold the most senior tranches.

2.2c STUDENT LOAN ABS 3

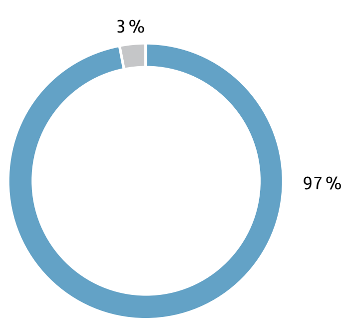
Student Loan ABS (as of 30 June 2009)

Exposure	(€ billion)	1.44
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.

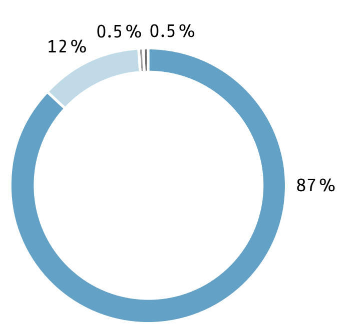
– Only transactions serviced by exceptional performers as designated by the US Dept. of Education qualify for investment under HSH Nordbank's student loan ABS criteria.

Distribution by guarantees (government / private)



	97 %	FFELP Guaranteed
	3 %	Private

Rating distribution



	87 %	AAA
	12 %	AA+
	0.5 %	AA
	0.5 %	A

2.2d CMBS 4

CMBS (as of 30 June 2009)

Exposure	(€ billion)	1.14
IFRS category (mainly)		LAR

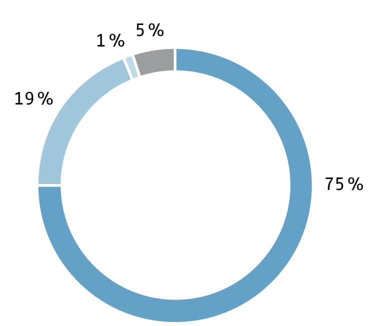
US CMBS

- 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. While loss expectations have increased, losses are not expected to impact the senior and super senior tranches in most CMBS deals.
- There have been no rating downgrades in our US-CMBS portfolio. S&P recently revised its rating methodology for 2005, 2006 and 2007 vintage CMBS. As a result many of our CMBS positions from those vintages were put on Watch for Downgrade by S&P. The CMBS in the HSH portfolio are all AAA with substantial credit enhancement.

European & Asian CMBS

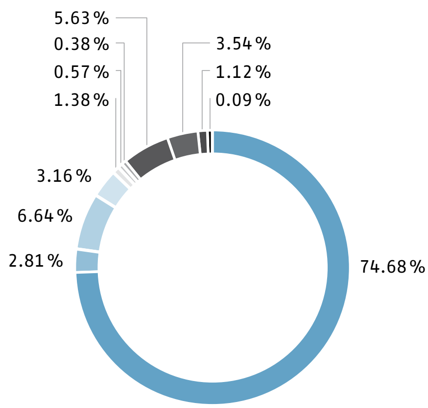
- Portfolio of mainly senior tranches from Asian and European CMBS.
- Defensive portfolio, based on a deal-by-deal fundamental analysis (only high quality collateral with stable rental income sustaining predefined stress tests on a loan by loan basis) and structural features.
- Highly diversified tenant base, with the largest tenant contributing for about 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. Also against this background HSH investments saw and will see downgrades and neg. rating outlooks in the past and coming months. However, most HSH EMEA CMBS investments are senior in the capital structure and benefit from increased credit enhancement percentages.

Country distribution



75 %	Europe
19 %	North America
1 %	Pacific
5 %	EM Asia

Rating distribution



74.68 %	AAA
2.81 %	AA+
6.64 %	AA
3.16 %	AA–
1.38 %	A+
0.57 %	A
0.38 %	A–
5.63 %	BBB+
3.54 %	BBB
1.12 %	BBB–
0.09 %	NR

2.2e US CLO, CBO & TRUPS CDO 5

5 **Product: US CLO, CBO & TruPS CDO** (as of 30 June 2009)

Exposure	(€ billion)	1.45
IFRS category (mainly)		LAR

- This sub-portfolio consists primarily of managed arbitrage cash flow CLOs, backed by predominantly first lien senior secured loans. 78.9 % of the portfolio are CLOs, 2.4 % are old 1999 – 2001 vintage CBOs and 18.7 % are Trust Preferred Securities CDOs.
- 77.4 % are the senior most tranches, 18.4 % are originally mezzanine AAA / AA tranches and 4.2 % are originally A / BBB tranches.
- CLO performance stabilized, which is driven by less corporate downgrades to CCC and a massive price rally for loans from ca. 60 % at the beginning of the year to slightly below 80 %. This severely reduces CLO Event of Defaults risk, in case CCC assets are carried at market value. 28 out of 41 CLOs fail their Junior and 2 CLOs fail their Senior OC Test. CLO tranche prices rallied as well with AAA tranches improving from ca. 65 % to ca. 80 % and AA from ca. 25 % to around 55 %.
- US speculative-grade corporate defaults are 11.0 % (12 months trailing) per end of June and are expected to peak in Q4 at 12.9 % according to Moody's. A year from now Moody's forecast model predicts a material decline to 5.0 %.
- After Moody's listed all non-senior CLO tranches on review for downgrade 11 HSH CLOs were downgraded, which were 7 Aaa's to mostly Aa3, 3 Aa1 to A1 and one Aa2 to Baa2.
- S&P's CLO review is not yet finalized. Meanwhile S&P announced a new US CMBS rating methodology, which also affect small business loan CLOs. 11 CLOs were placed on Credit Watch negative, of which 10 are AAA and one is rated A based on MBIA's financial guarantee.
- TruPS CDOs have been downgraded in March / April 2009 to an average Baa2 / Baa3, BB / BB- and A by Moody's, S&P and Fitch, respectively.

2.2f EU SME CLO 6

6 **Product: EU SME CLO** (as of 30 June 2009)

Exposure	(€ billion)	0.35
IFRS category		LAR

- Diversified Portfolio of European Small- and Mid-sized Enterprise CLO and few other European CDOs.
- In spite of recent rating methodology changes the initial large proportion of AAA rated assets is still at 69 %, only 7 % are below A. These rating methodology changes reflect the revised anticipations of the rating agencies for the performance of the European SME sector in the actual economic environment and the model changes.
- Transactions securitising granular portfolios, well diversified over European Countries and Industries. Several more seasoned deals started to de-lever in the last few quarters as the revolving periods ended.
- Since spreads compressed in 2004, our strategy has been to concentrate on AAA Senior tranches in order to protect par value until corporate credit risk got properly re-priced.
- Our strict investment criteria include 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 30 June 2009)

- Ratings are between AAA and CCC (70 %: AAA – A- / 30 %: BBB+ – CCC).
- 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 exceptionally 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)	0.20
IFRS category	LAR

8 EMERGING MARKETS ABS
(as of 30 June 2009)

- EM ABS portfolio shows a relatively stable performance. All debt service coverage ratios (DSCR) in compliance, collections are still quite resilient to economic slow down.
- The weighted average rating is around BBB which is primarily due to the severe downgrades within the monoline insurer industry. This caused the EM Diversified Payment Rights (DPR) ABS to be downgraded to their underlying collateral rating.
- Even though positions are showing a sufficient performance, event risk of digital nature i.e. (originator default) should not be underestimated in DPR transactions. We are therefore closely monitoring credit risk of the respective originators, as this is a fundamental aspect in overall DPR ABS performance.
- The RMBS transactions are redeeming and are showing a stable rating (AAA).

Exposure (€ billion)	0.14
IFRS category	LAR

9 NON-US CONSUMER ABS
(as of 30 June 2009)

- Small diversified non-US consumer ABS portfolio with a very high quality
- All deals are senior tranches with AAA rating
- The portfolio encompasses credit card deals, car loans and leasing facilities.
- All in all Non-US Consumer ABS remained rather stable with regard to the economic downturn though performance ratios are slightly depressed.

Exposure (€ billion)	0.09
IFRS category	LAR

2.3 SINGLE NAMES

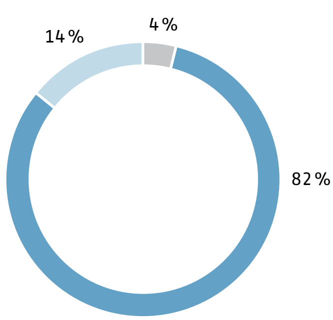
Single Names (as of 30 June 2009)

Exposure	(€ billion)	7.33
P&L 09	(€ million)	(18)
P&L 08	(€ million)	(453)
IFRS category		DFV, AFS, LAR, HFT

- In Q2 the single name portfolio shrunk further due to maturities. As market prices and liquidity recovered the SN portfolio performed relatively well versus Q1.
- The GM default could be avoided through an active close-out of the last remaining GM CDS position.
- Market development within Q2 2009 and outlook:

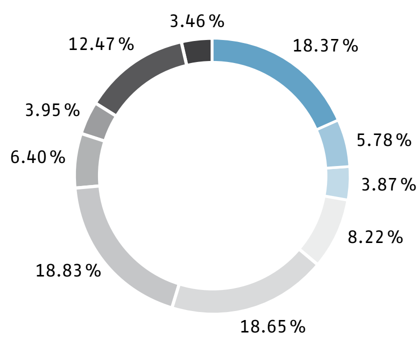
As expected we saw the biggest default ever in the auto sector. GM couldn't reach a sufficient agreement with its bondholders and had to file for chapter 11 on 1st of June. However, the markets digested the default of USD 30 billion corporate debt very well as it was obviously broadly anticipated. Furthermore credit spreads, especially on cash bonds, tightened sharply after sentiment indicators improved and banks could be stabilized. Q3 will show if the recent optimism is justified. In general one can assume ongoing high default rates due to the world wide recession so the pressure on banks will remain strong. Therefore credit spreads will probably widen again, especially if coming earnings reports surprise on the negative side.

Distribution by sector



■	82 %	Financials
■	14 %	Public Finance
■	4 %	Corporates

Rating distribution



18.37 %	AAA
5.78 %	AA+
3.87 %	AA
8.22 %	AA–
18.65 %	A+
18.83 %	A
6.40 %	A–
3.95 %	BBB+
12.47 %	BBB and below
3.46 %	NR

2.4 HEDGE FUNDS / OTHER FUNDS

Hedge funds / other funds (as of 30 June 2009)

Exposure	(€ billion)	0.33
P&L 09	(€ million)	(3)
P&L 08	(€ million)	(80)
IFRS category		AFS

Hedge funds

– Fund of funds approach: HSH Nordbank is mainly invested in Hedge Funds via CPPI-structures.

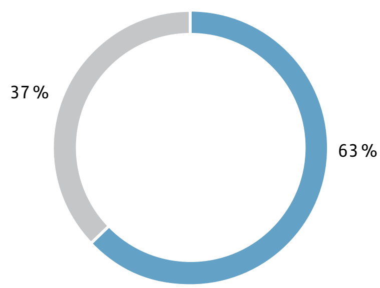
– HSH Nordbank is currently working on de-risking these structures. On the back of the de-risking process all structures except one could be liquidated within the H1 / 2009.

Other funds

– HSH Nordbank has already liquidated a large part of the “other funds” exposure during the first six months of 2009. The remaining fund has been liquidated by end of July.

2.5 SUBPRIME-RELATED EXPOSURE

as of 30 June 2009



63 %	Home Equity Loans RMBS
37 %	CDO of ABS, CDO of CDO

as of 30 June 2009		COA / COC	HEL	Total
Total exposure	(€ billion)	0.69	1.19	1.88
P&L 09	(€ million)	(16)	(87)	(103)
P&L 08	(€ million)	(164)	30	(134)
IFRS category		LAR, DFV	LAR	n / a

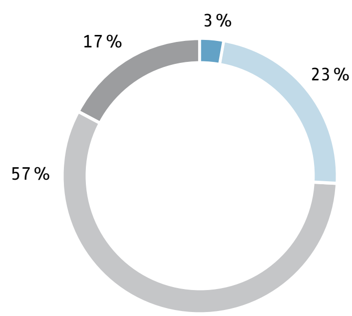
1 RMBS OF HEL

RMBS of HEL (as of 30 June 2009)

Exposure	(€ billion)	1.19
P&L 09	(€ million)	(87)
P&L 08	(€ million)	30
IFRS category		LAR

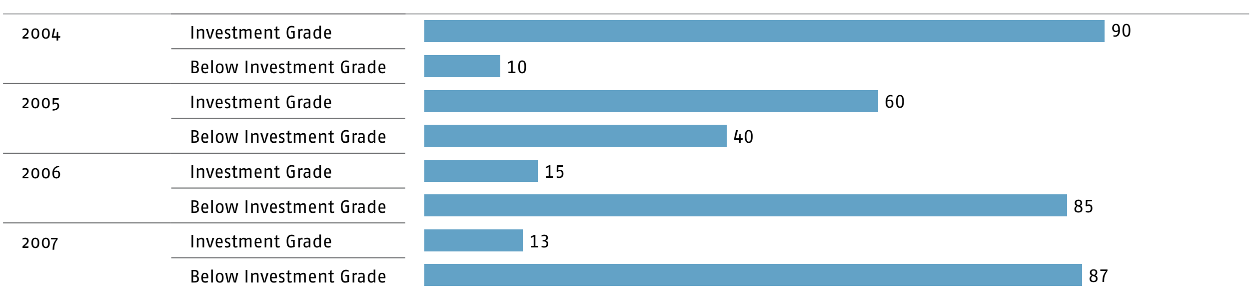
– The HEL portfolio had performed well relative to the industry average with respect to delinquencies and cumulative losses, however the unprecedented deterioration in the housing market has significantly impacted the portfolio's performance.
– The US mortgage market is still under stress due to rising delinquencies and declining house prices in key regions. Nevertheless, the HSH portfolio delinquencies and losses outperform the ABX. To date, the HSH portfolio delinquency growth rates for 2004 – 2006 vintages are levelling off while 2007 vintage continues to accelerate.
– Prepayments in the mortgage market remain slow due to the shutdown in the subprime origination channel and continued house price decline in key regions
– Security prices remain depressed. However, the HSH weighted average portfolio mark still outperforms the ABX.
– 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.

Distribution by vintage

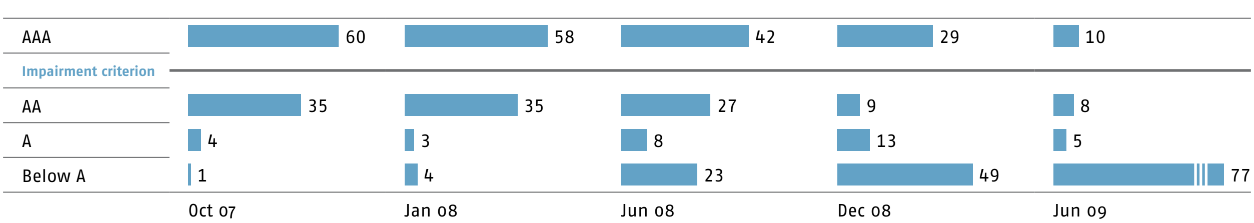


	3 %	2004 Vintage
	23 %	2005 Vintage
	57 %	2006 Vintage
	17 %	2007 Vintage

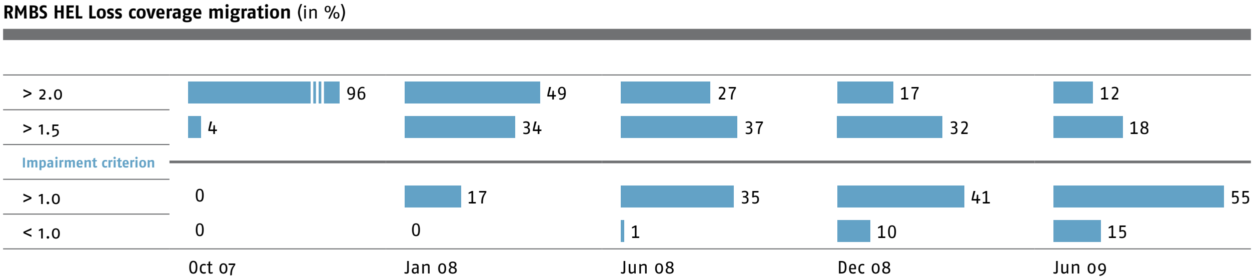
Rating distribution by vintage (in %)



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



RMBS HEL Loss coverage migration (in %)



II. SUMMARY OF MONOLINE EXPOSURE

1. CURRENT EXPOSURE TO MONOLINES

Indirect Monoline exposure (€ million)	30 Jun 2009	31 Dec 2008
CIP* wrapped ABS	530.7	645.0
CIP wrapped Single Names	69.8	71.5
Global Markets London Single Names	54.4	88.5
Total	**654.9**	**805.0**
CIP Synthetic CDO**	23.7	98.7
Grand Total	**678.6**	**903.8**

* CIP: Credit Investment Portfolio
** Exposure corresponds to Proxy Instantaneous Default loss (IDL) as of end of June 2009. This is an estimated mark-to-market loss in the event of an immediate default

- HSH Nordbank has no direct monoline exposure.
- The total indirect exposure of EUR 678.6 million is to seven different monolines rated from AAA to CCC. Life-to-date impairment is at EUR 63.8 million, thereof EUR 6.0 million in H1 2009.
- All transactions within this subportfolio are performing with the exception of three transactions totalling at 17.0 EUR million, impairment for these three transactions is life-to-date EUR 10.1 million (thereof EUR 0.8 million in H1 2009).
- Monoline valuations are fully captured in the m-t-m valuation of the relevant subportfolios.

III. FORMER FINANCIAL INSTITUTIONS GROUP (FIG)

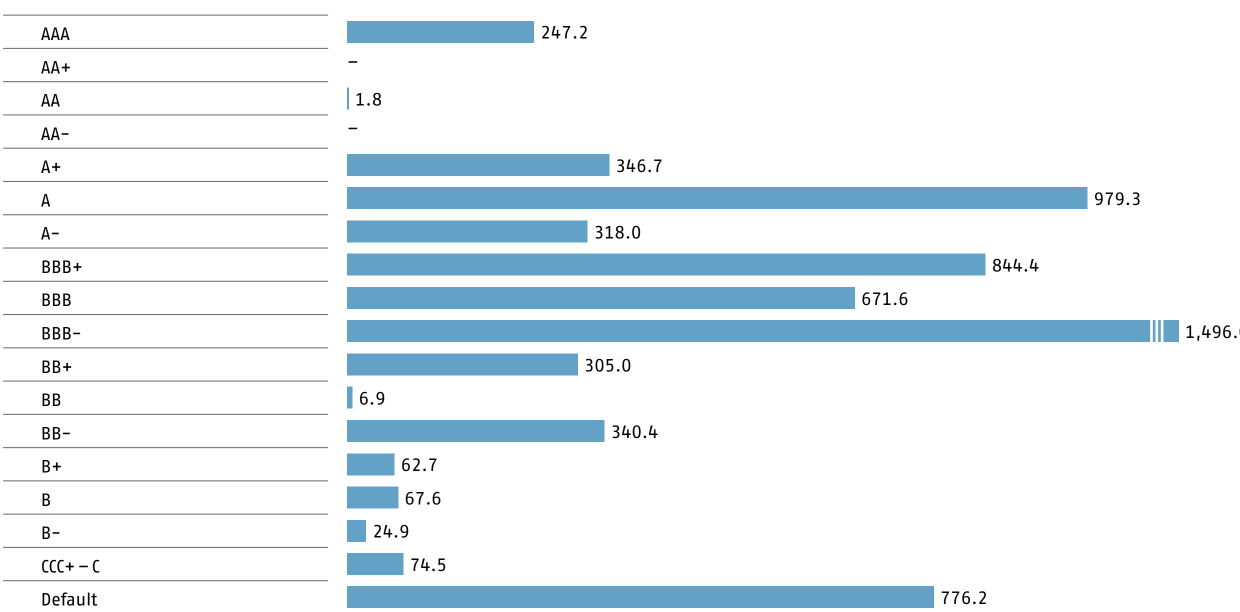
1. FORMER FIG

Former FIG (as of 30 June 2009)

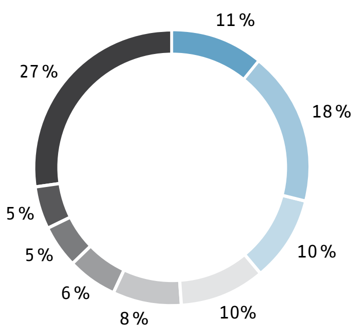
Exposure	(€ billion)	6.57
P&L 09	(€ million)	+70
IFRS category		mainly LAR

- Total Portfolio consists of a plain vanilla loan book to financial institutions (amounting to EUR 4.03 billion) as well as loans which are structured or have structured elements (Exposure EUR 2.54 billion).
- Total portfolio was down by EUR 1.6 billion to EUR 6.6 billion because of regular and early redemption payments.
- Overall impact P/L Q2 2009 for total FIG portfolio was about EUR +50 million. Including the P&L of Q1 2009 the half yearly result for P&L 2009 was EUR +70 million.

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



Regional distribution of FIG (in %)



11 %	Denmark
18 %	UK
10 %	USA
10 %	Ireland
8 %	Germany
6 %	Luxembourg
5 %	Iceland
5 %	United Arab Emirates
27 %	Rest of the World

2. THEREOF: FORMER FIG STRUCTURED LOANS

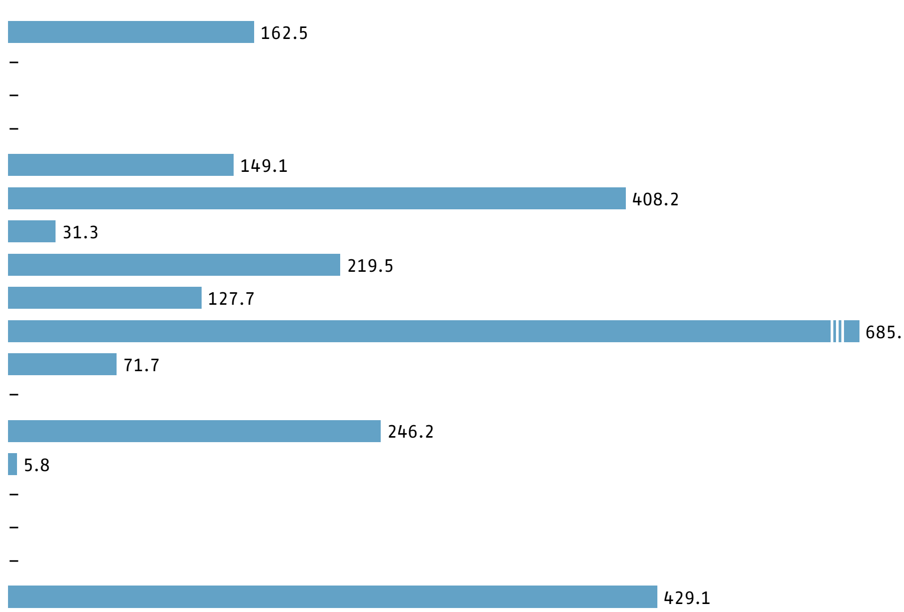
FIG structured loans (as of 30 June 2009)

Exposure	(€ billion)	2.54
P & L 09	(€ million)	+128
IFRS category		mainly LAR

– The FI Group structured loan book (EUR 2.5 billion) includes 41 positions of loans / credit facilities which are structured or have structured elements.

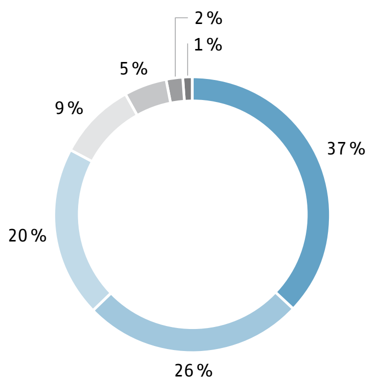
– Overall impact P / L Q2 2009 for FIG structured portfolio was about EUR +80 million. Including the P & L of Q1 2009 the half yearly result for P & L 2009 was EUR +128 million.

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



AAA	162.5
AA+	–
AA	–
AA–	–
A+	149.1
A	408.2
A–	31.3
BBB+	219.5
BBB	127.7
BBB–	685.2
BB+	71.7
BB	–
BB–	246.2
B+	5.8
B	–
B–	–
CCC+ – C	–
Default	429.1

Regional distribution of FIG structured (in %)



	37 %	UK
	26 %	Ireland
	20 %	USA
	9 %	Luxembourg
	5 %	Cayman Islands
	2 %	Bermuda
	1 %	Isle of Man

IV. FORMER CREDIT TRADING

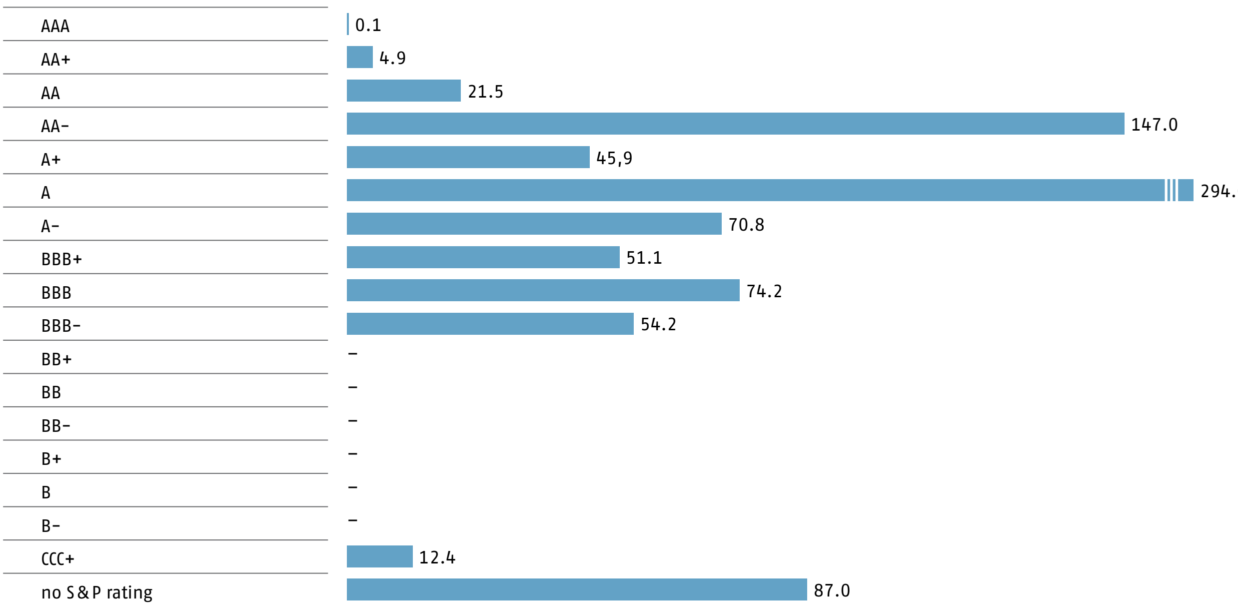
1. CREDIT TRADING

Credit Trading (as of 30 June 2009)

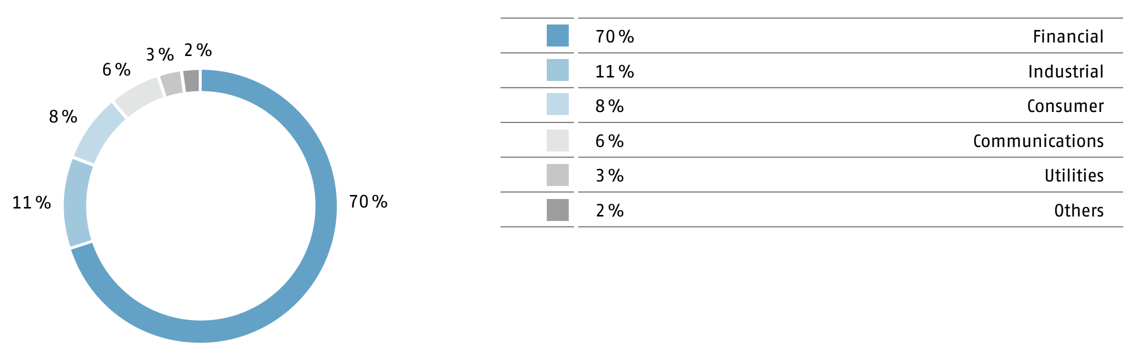
Exposure	(€ billion)	1
P&L 09	(€ million)	(3)
IFRS category		mainly LAR

- An active trading approach no longer exists: The portfolio which is mainly consisting of bonds and CDS is to be downsized.
- Bond exposure (EUR 0.86 billion):
  - Exposure is mainly to Financials (70 %) and Industrials (11 %).
  - The portfolio is mainly invested in the UK (31 %) and the USA (30 %).
  - 60 % of the bonds are rated A or better (S&P rating).
- CDS Exposure (net EUR 0.17 billion):
  - CDS Portfolio EUR 2.82 billion CDS short (HSH Nordbank as protection seller); EUR 2.99 billion CDS long (HSH Nordbank as CDS protection buyer): Downsizing in progress; CDS market risk largely hedged.

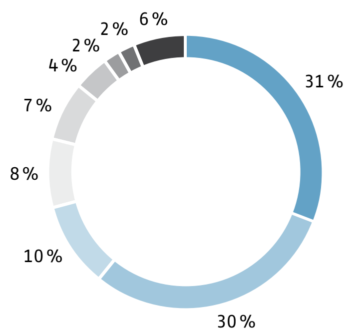
Distribution of notional by financial ratings for bonds (€ million)



Distribution of industry sectors for bonds (in %)



Regional distribution of bonds (in %)



31 %	UK
30 %	United States
10 %	Netherlands
8 %	Australia
7 %	Germany
4 %	Ireland
2 %	Spain
2 %	Sweden
6 %	Others

V. LEVERAGED FINANCE (LBO)

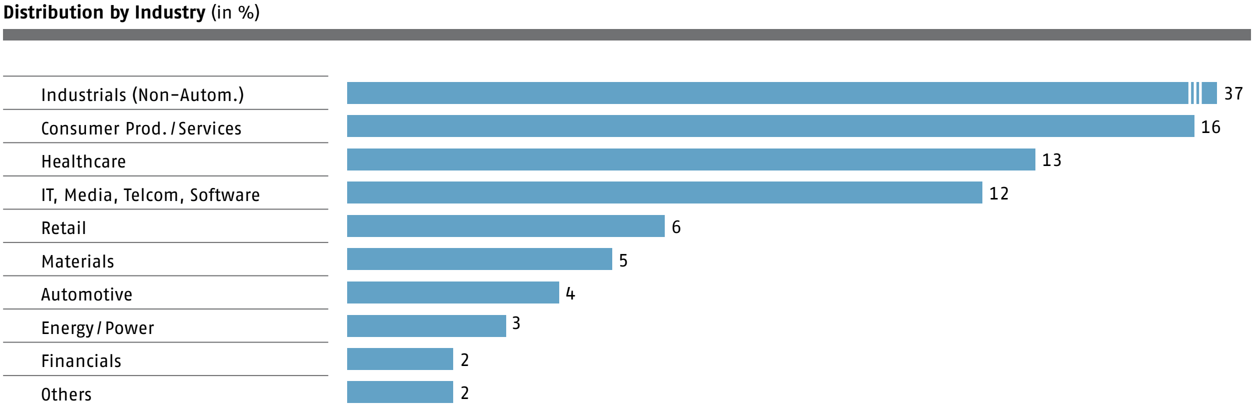
1. LEVERAGED FINANCE OF GLOBAL HEAD CORPORATES

– As of June 30th, 2009 funded exposure was at EUR 5,4 billion, unfunded exposure at EUR 0,9 billion.

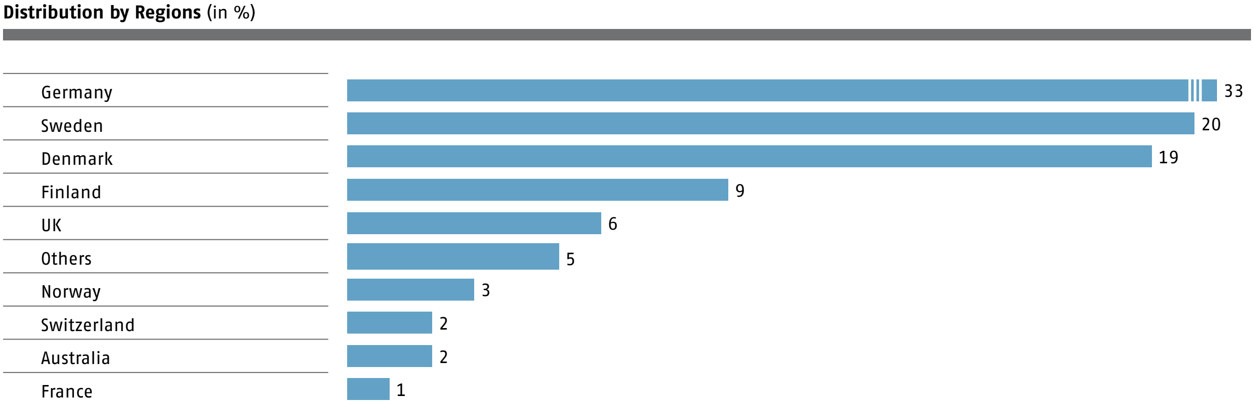
Change in exposure from 31 Dec 2008 (€ billion)

Exposure as of 31 December 2008	6.4
Net Change of Outstanding	-0.1
Risk provision as 30 June 2009,	0.2
Exposure as of 30 June 2009	6.3

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	388.2
Net Change of Outstanding	–13.9
Writedowns	0
Exposure as of 30 June 2009	374.3

- Part of Credit Investment Portfolio (contained in NY HY Loan Portfolio).
- As of June 30th, 2009 funded exposure of Term Loans was USD 345.4 million, Revolving Credit Facilities were totalling USD 28.9 million, thereof USD 14.2 million drawn.

Distribution by Industry (term loans in USD million)