FSF

Financial Stability Forum Report

as of 31 March 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 Q1 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.

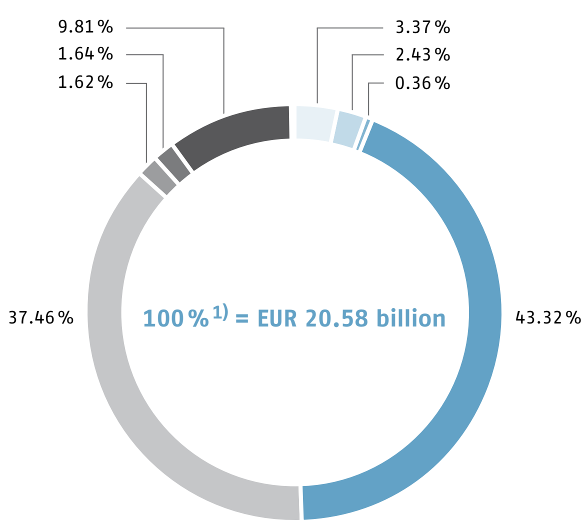
I. CREDIT INVESTMENT PORTFOLIO

1. Portfolio overview

1.1 BREAKDOWN OF CREDIT INVESTMENT PORTFOLIO

– Still 42 % of the whole portfolio is rated AAA.
– 81 % of the whole portfolio is investment grade.
– Credit investment portfolio is broadly diversified.
– Portfolio reduction still in progress.

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

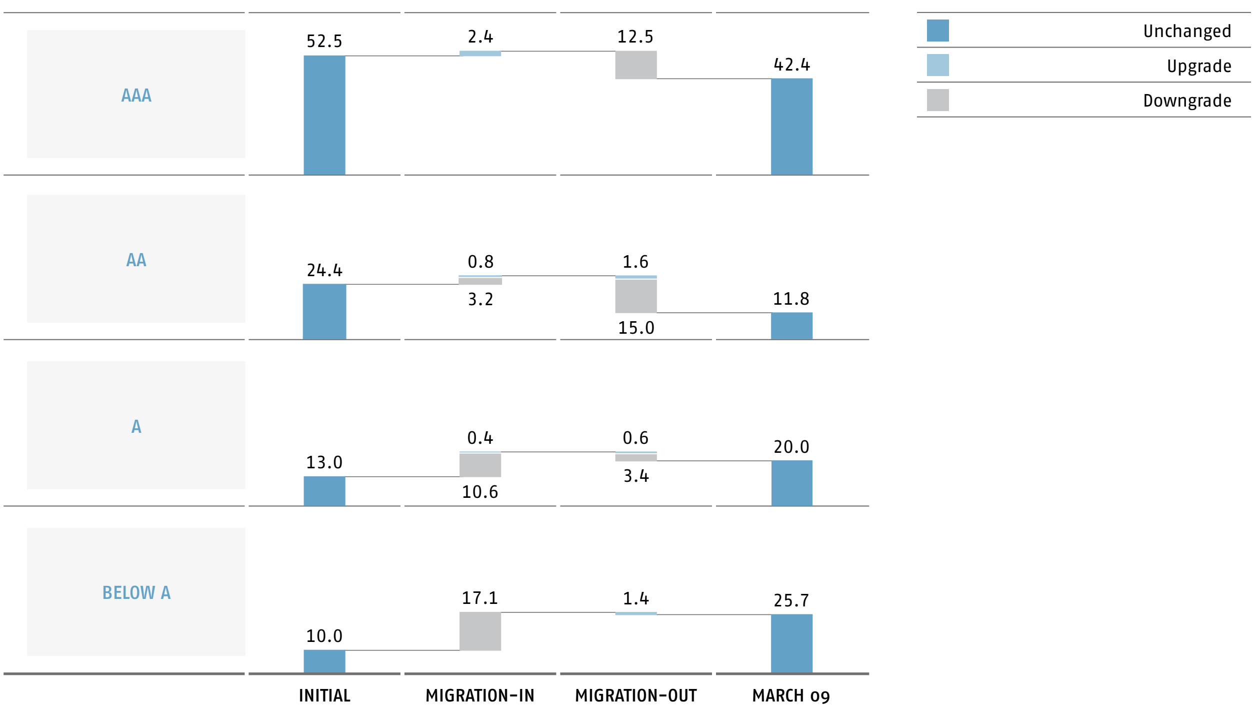


3.37 %	EUR 0.7 billion Synthetic CDO
2.43 %	EUR 0.5 billion Special Fund
0.36 %	EUR 0.07 billion SIVs
43.32 %	EUR 8.92 billion Other ABS (excl. Subprime)
37.46 %	EUR 7.71 billion Single Names (Bonds and CDS)
1.62 %	EUR 0.33 billion Hedge Funds / other Funds
1.64 %	EUR 0.33 billion High-Yield Loans / Conv., Convertible Bonds
9.81 %	Suprime EUR 2.02 billion thererof RMBS HEL: EUR 1.29 billion thererof COA / COC: EUR 0.73 billion

1) Incl. assets of Carrera and Poseidon

1.2 RATING MIGRATION

Rating distribution (in %)



1.3 CREDIT INVESTMENT PORTFOLIO

Annual 2008 and Q1 2009 results

Annual 2008 (€ million)

	Asset class	IFRS Category	Exposure 31 Dec. 2008	Annual result 2008 M-T-M-loss	P&L loss	Revaluation Equity Surplus	Hidden losses 2008
2.1	Synthetic CDO[1]	DFV	695	617	418	0	0
2.1	CDS on Indices	HFT	0	19	19	0	0
	Special Fund[3]	AFS	500	99	99	0	0
	SIV Capital Notes	LAR	70	0	0	0	0
2.2	Other ABS	mainly LAR	8,868	1,758	346	2	1,410
2.3	Single Names	DFV, AFS, LAR, HFT	8,688	789	453	259	77
2.4	Hedge Funds / Other Funds	AFS	598	118	80	37	0
	Others (Convertibles, NY HY Loan Portfolio)	DFV, LAR	470	100	24	0	76
	SUM		19,888	3,499	1,439	298	1,563
2.5	RMBS HEL[2]	mainly LAR	1,256	12	−30[5]	0	7
2.5	CDO of ABS, CDO of CDO[2] [4]	LAR, DFV	693	179	164	0	0
	Subprime Portfolio		1,949	191	134	0	7
	TOTAL SUM[1]		21,837	3,691	1,574	298	1,570

Result Q1 2009 (€ million)

	Asset class	IFRS Category	Exposure 31 Mar. 2009	Result Q1 2009 (to be approved) M-T-M-loss	P&L loss	Revaluation Equity Surplus	Hidden losses 2009
2.1	Synthetic CDO	DFV	695	10	10	0	0
2.1	CDS on Indices	HFT	0	0	0	0	0
	Special Fund	AFS	500	−7	−7	0	0
	SIV Capital Notes	LAR	74	0	0	0	0
2.2	Other ABS	mainly LAR	8,920	116	167	0	−51
2.3	Single Names	DFV, AFS, LAR, HFT	7,708	224	80	118	27
2.4	Hedge Funds / Other Funds	AFS	333	22	5	16	0
	Others (Convertibles, NY HY Loan Portfolio)	DFV, LAR	333	−16	0	0	−16
	SUM		18,563	349	255	134	−40
2.5	RMBS HEL	mainly LAR	1,290	67	71[5]	0	−4
2.5	CDO of ABS, CDO of CDO	LAR, DFV	729	14	14	0	0
	Subprime Portfolio		2,019	81	85	0	−4
	TOTAL SUM		20,582	430	341	134	−44

1) M-T-M movements of January / February 2008 already considered in annual result 2007
2) M-T-M movements of January 2008 already considered in annual result 2007
3) Cash component not considered in notional
4) Including third-party managed portfolio
5) 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 31 million in Q1/2009

2. Portfolio details

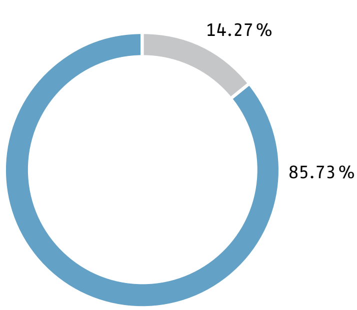
2.1 SYNTHETIC CDOs

Synthetic CDOs (as of 31 March 2009)

Exposure	(€ billion)	0.70
P&L 09	(€ million)	(10)
P&L 08	(€ million)	(418)
IFRS		DFV

- Synthetic structures with corporate debt referenced via Credit Default Swaps as underlyings. The total exposure of EUR 0.7 billion includes one Leveraged Super Senior position.
- Synthetic CDOs referencing European / US Single Names
- Overweighted in financials
- Average rating of the underlying portfolio (weighted by IDL) is A.
- Participation in rated tranches underlying collateral
- Thickness and subordination of tranches selected on the basis of predetermined investment criteria: A minimum portfolio diversification, tranche subordination, as well as concentration and quality of underlyings
- Durations vary between 0.2 and 6.2 years.
- The high mark-to-market losses are caused by the general market spread widening, especially among the monolines and financials.
- Defaults in the portfolio: Tribune, Fannie Mae, Freddie Mac, Lehman Brothers, Washington Mutual Inc., Idearc. All trades referring to these names have suffered severe rating migration, as a result some of the deals might get downgraded.

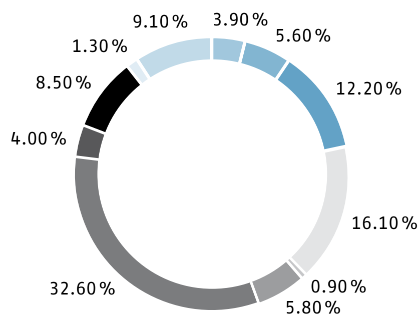
Distribution of underlyings by rating weighted by IDL*



■	14.27 %	Below Inv-Grade
■	85.73 %	Inv-Grade

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

Industry distribution by IDL

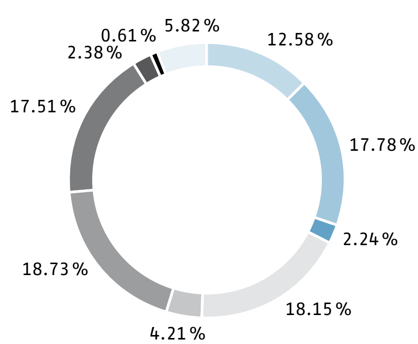


3.90 %	Basic Materials
5.60 %	Communications
12.20 %	Consumer, Cyclical
16.10 %	Consumer, Noncyclical
0.90 %	Diversified
5.80 %	Energy
32.60 %	Financial
4.00 %	Government
8.50 %	Industrial
1.30 %	Technology
9.10 %	Utilities

2.2 OTHER ABS

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

For details see following subportfolio:

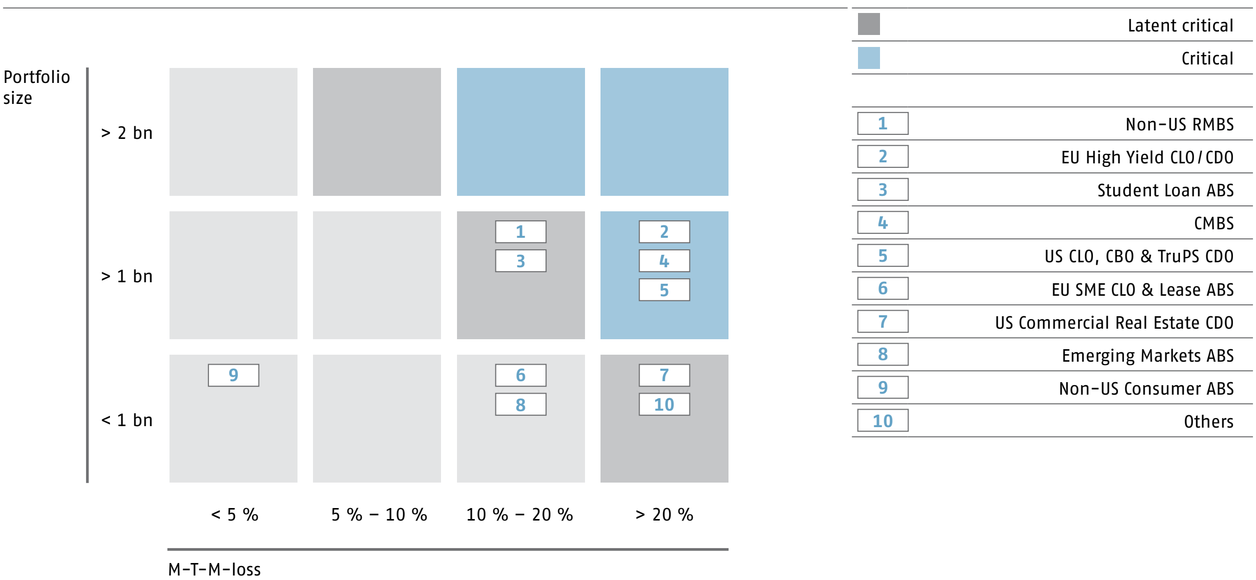


12.58 %	CMBS, 1.12 billion
17.78 %	Student Loans ABS, 1.59 billion
2.24 %	Emerging Markets, 0.2 billion
18.15 %	EU High Yield CLO / CDO, 1.62 billion
4.21 %	EU SME CLO, 0.38 billion
18.73 %	Non-US RMBS, 1.67 billion
17.51 %	US CLO / CBO, 1.56 billion
2.38 %	US Comm. Real, 0.21 billion
0.61 %	Non-US Consumer ABS, 0.05 billion
5.82 %	Others[1], 0.52 billion

Total	(€ billion)	8.92
P & L 09	(€ million)	(167)
P & L 08	(€ million)	(346)

[1] US Credit cards; ABS shipping; ABS aircraft

as of 31 March 2009



2.2a NON-US RMBS 1

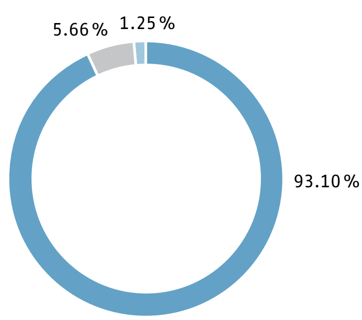
Non-US RMBS (as of 31 March 2009)

Exposure	(€ billion)	1.67
IFRS category		LAR

– Diversified portfolio of high quality mostly AAA rated RMBS, concentrated mainly in Australia (44 %) and UK (32 %)
– Most of the portfolio (87 %) is prime with 3 % UK buy-to-let and 10 % UK non-conforming (‘NC’).
– Considerable spread volatility of RMBS assets due to the current market liquidity crisis
– Extension risk due to lower CPR’s / limited refinancing opportunities
– Downgrades thus far: 3 out of 118 tranches. Outlook: Further downgrades expected in 2009 / 2010, mainly for the UK NC sector. No prime Australian / European RMBS downgrade in this portfolio so far
– Two tranches of one UK non-conforming RMBS, Eurosail 2007 3BL, Class A3C (GBP 10.5 million, CE 20 %) and B1C

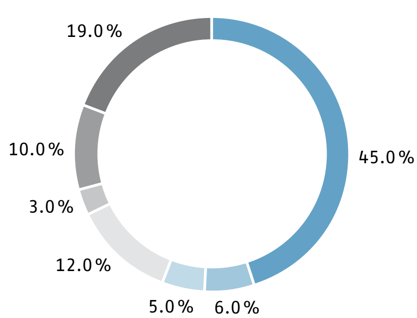
(GBP 6.5 million, CE 13 %), downgraded and written down due to the discontinuation of the currency swap which previously was provided by Lehman's
- Moodys / S & P downgraded the subordinated tranche of one Australian RMBS (PUMA H1) in the portfolio from Aa2 / AA to Aa3 / AA- following the downgrade of PMI and Genworth, not due to credit concerns. HSH owns AUD 11.5 million, EUR 5.7 million of this tranche which is performing well.

Distribution by Rating



	93.10 %	AAA
	5.66 %	Others IG (AA+ – BBB+)
	1.25 %	Below Investment Grade (CC – D)

Distribution by mortage type & country



	45.0 %	Australia Prime
	6.0 %	Diverse Prime
	5.0 %	Italy Prime
	12.0 %	Spain Prime
	3.0 %	UK BTL
	10.0 %	UK NC
	19.0 %	UK Prime

2.2b EU HIGH YIELD CLO / CDO 2

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

Exposure	(€ billion)	1.62
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.
- Portfolio is 89 % AAA rated, predominantly senior positions. The rest more volatile AA (4.9 %) and A / AA- (4.1 %) mezzanine positions are seasoned (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 recently announced to revise 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. Results are expected to be announced in June.
- Alike Moody's announced on March 4, 2009, that it is undertaking CLO rating reviews in two stages. In a first step Moody's placed all but senior-most tranches on review for downgrade. These rating actions did not affect the senior-most tranches. During stage II (Q2 / 2009) rating on all CLO tranches may be subject to additional rating actions.
- Overall, following the worsening in the high yield credit environment, CLO parameters are about to deteriorate (Levels of overcollaterization are declining, CCC buckets are increasing and the weighted average rating factors are worsening). Rating agencies react to this by adjusting their methodologies. This adverse environment is partially mitigated by the fact that we predominantly hold the most senior tranches.

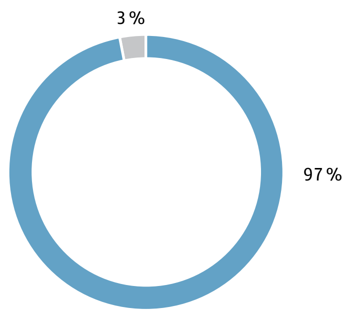
2.2c STUDENT LOAN ABS 3

Student Loan ABS (as of 31 March 2009)

Exposure	(€ billion)	1.59
IFRS category		LAR

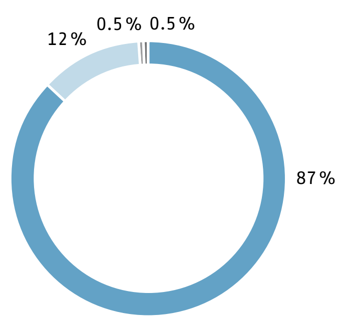
- US government guaranteed nature of the FFELP Student Loan ABS portfolio represents a joint probability of default consisting of the performance of the underlying portfolio as well as the servicer's ability to maintain the US Government Guaranty of at least 97 % on the student loans.
- Only transactions 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 31 March 2009)

Exposure	(€ billion)	1.12
IFRS category (mainly)		LAR

US CMBS

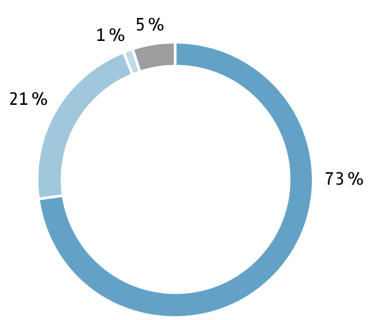
- The CMBS portfolio comprises mainly conduit deals backed by a diversified portfolio of different property types throughout the country
- Fundamentals for US commercial real estate market remain negative. There has been ratings volatility in the junior triple-A and below portion of numerous recent issue CMBS deals and this trend will likely continue thru the year as many underlying loans struggle due to declining property values and very limited refinance 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. The CMBS in the HSH portfolio are all AAA with substantial credit enhancement.

European & Asian CMBS

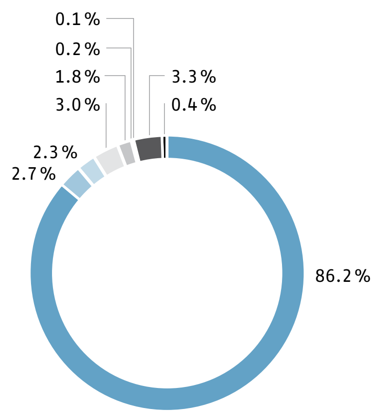
– Highly rated quality portfolio of Asian and European CMBS
– Defensive portfolio, based on a deal-by-deal fundamental analysis (only high quality collateral with stable rental income sustaining predefined stress tests on a loan by loan basis) and structural features
– Highly diversified tenant base, with no tenant contributing more than 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 refinance risk. In this background also 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



	73 %	Europe
	21 %	North America
	1 %	Pacific
	5 %	EM Asia

Distribution by rating



86.2 %	AAA
2.7 %	AA+
2.3 %	AA–
3.0 %	AA
1.8 %	A+
0.2 %	A
0.1 %	NR
3.3 %	BBB
0.4 %	B–

2.2e US CLO, CBO & TRUPS CDO 5

5 **US CLO, CBO & TruPS CDO** (as of 31 March 2009)

Exposure	(€ billion)	1.56
IFRS category		LAR

- This sub portfolio consists primarily of managed arbitrage cash flow CLOs, backed by predominantly first lien senior secured loans. 79.9 % of the portfolio are CLOs; 2.4 % are old 1999 – 2001 vintage CBOs and 17.7 % are Trust Preferred Securities CDOs.
- In aggregate EUR 1.21 billion or 79.7 % are the senior most tranches and EUR 308 million or 20.3 % are not senior, mostly 2nd priority Mezzanine AAA and AA rated CLO tranches.
- CLO performance based on declining OC ratios, rating migration and CCC proportions continues to deteriorate. The avg. percentage of defaulted assets is still moderate at 3.8 %, but assets rated Caa1 or below increased to 10.4 % on average. 39 out of 41 CLOs fail their Junior and 2 CLOs even fail their Senior OC Test.
- On March 4 2009 Moody's placed every single non-most senior CLO tranche on review for downgrade, which affected 3,600 tranches totaling USD 100 billion from 760 CLOs. Most senior tranches are not expected to be downgraded at this stage.
- On March 18 2009 S&P proposed their revised methodology for corporate cash flow and synthetic CDOs, which are more punitive on the senior notes level. The expected downgrades vary from 2 notches for Super Senior AAA's, 4 notches for Senior AAA CLOs and 5 notches for AA and A CLOs.
- 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 & LEASE ABS 6

6 **EU SME CLO & Lease ABS** (as of 31 March 2009)

Exposure	(€ billion)	0.38
IFRS category		LAR

- Defensive Portfolio
  - 96 % AAA rated senior un-levered positions
  - Thoroughly selected investment given the few opportunities found in these markets in a tight spread environment during the 2005 – 2007 period.
  - Only transactions securitising granular portfolios of at least 1.000 obligors, with no obligor accounting for more than 1 % of the portfolio
  - Only transactions originated and serviced by major market participants with considerable track record and at least 5 year default and delinquency data
- 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 repriced.
- 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.
- Currently, seven SBL positions are on watch negative. This reflects the revised anticipations of the rating agencies for the performance of the European SME sector in the actual economic environment. An 1 to 2 notch rating migration can therefore be expected.
- Overall we do not expect principal losses within this subportfolio.

2.2g REMAINING ABS 7 8 9

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

- The average rating is between AAA and AA.
- 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 extremely stable.
- Due to recent changes in rating methodology along with continued decline in the commercial real estate market several of the deals have been recently downgraded. The agencies have adjusted their models to assume higher default rates, loss rates, and correlations. Nonetheless, most of the portfolio is back by less risky collateral and has significant levels of credit support.

Exposure	(€ billion)	0.21
IFRS category		LAR (mainly)

8
EMERGING MARKETS ABS
(as of 31 March 2009)

- EM ABS portfolio shows stable performance, no delinquencies or defaults.
- Approximately 77.2 % of the portfolio is wrapped by monoline insurers.
- The weighted average rating is between BBB and BBB–.
- Since Nov. 2007 monoline insurers have come under pressure mainly due to the subprime and CDO woes; future business model still unclear.
- Overall EM ABS underlying performance remained very stable during current market turmoil and is expected further to perform well.

Exposure	(€ billion)	0.20
IFRS category		LAR (mainly)

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

- Small portfolio of European Consumer ABS, including credit cards and auto receivables.
- 100 % AAA rated.

Exposure	(€ billion)	0.06
IFRS category		LAR (mainly)

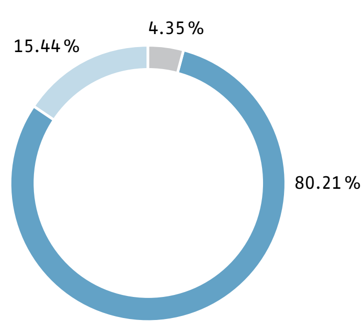
2.3 SINGLE NAMES

Single Names (as of 31 March 2009)

Exposure	(€ billion)	7.71
P&L 09	(€ million)	(80)
P&L 08	(€ million)	(453)
IFRS category		DFV, AFS, LAR, HFT

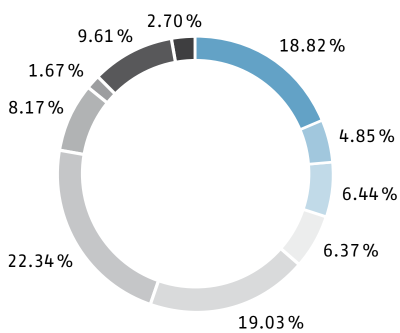
– The single name portfolio shrunk further due to maturities and active close-outs of CDS. We reduced credit exposure in sovereigns and autos in particular.
– Credit quality deteriorated slightly as financial and corporate ratings were downgraded but worldwide state rescue packages could avoid the worst so far.
– Market development within Q1 2009 and outlook: After a short recovery at the beginning of the year credit spreads remained highly volatile and widened sharply again in various sectors. Sovereigns reached new spread highs in February amid concern regarding the rising debt burdens resulting from the massive fiscal stimulus programs. Furthermore spreads of subordinated bonds widened dramatically and could only recover on the back of some issuers' repurchase offers. As the Q1 earnings season began with positive as well as negative surprises and good equity performance, we expect a sideways spread development in general within Q2 but a high risk of major defaults, especially in US autos.

Distribution by sector



	80.21 %	Financials
	15.44 %	Public Finance
	4.35 %	Corporates

Rating distribution



18.82 %	AAA
4.85 %	AA+
6.44 %	AA
6.37 %	AA–
19.03 %	A+
22.34 %	A
8.17 %	A–
1.67 %	BBB+
9.61 %	BBB and below
2.70 %	NR

2.4 HEDGE FUNDS / OTHER FUNDS

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

Exposure	(€ billion)	0.33
P & L 09	(€ million)	(5)
P & L 08	(€ million)	(80)
IFRS category		AFS

Hedge funds

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

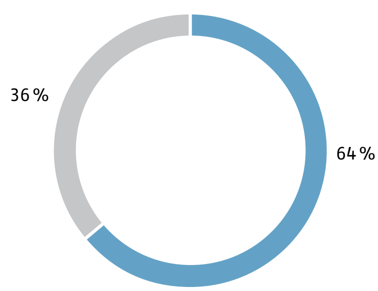
– HSH Nordbank is currently working on de-risking these structures. On the back of the de-risking process some exposure could already be liquidated within Q1 2009.

Other funds

– HSH Nordbank has also initiated necessary steps for reducing its “other funds” exposure.

2.5 SUBPRIME-RELATED EXPOSURE

as of 31 March 2009



	64 %	Home Equity Loans RMBS
	36 %	CDO of ABS, CDO of CDO

as of 31 March 2009		COA / COC	HEL	Total
Total exposure	(€ billion)	0.73	1.29	2.02
P & L 2009	(€ million)	(14)	(71)	(85)
P & L 2008	(€ million)	(164)	30	(134)
IFRS category		LAR, DFV	LAR	n / a

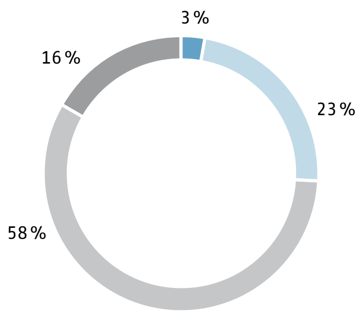
1 RMBS OF HEL

RMBS of HEL (as of 31 March 2009)

Exposure	(€ billion)	1.29
P & L 09	(€ million)	(71)
P & L 08	(€ million)	30
IFRS category		LAR

- The HEL portfolio has 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 (€ million)



3 %	2004 Vintage
23 %	2005 Vintage
58 %	2006 Vintage
16 %	2007 Vintage

Rating distribution by vintage (in %)

2004	IG	90
	Below IG	10
2005	IG	78
	Below IG	22
2006	IG	27
	Below IG	73
2007	IG	21
	Below IG	79

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

	Oct 07	Jan 08	Jun 08	Dec 08	Mar 09
AAA	60	58	42	29	18
Impairment criterion					
AA	35	35	27	10	7
A	4	3	8	13	7
Below A	1	4	23	49	68

RMBS HEL Loss coverage migration (in %)

	Oct 07	Jan 08	Jun 08	Dec 08	Mar 09
> 2.0	96	49	27	17	12
> 1.5	4	34	37	32	21
Impairment criterion					
> 1.0	0	17	35	41	49
< 1.0	0	0	1	10	18

II. LEVERAGED FINANCE (LBO)

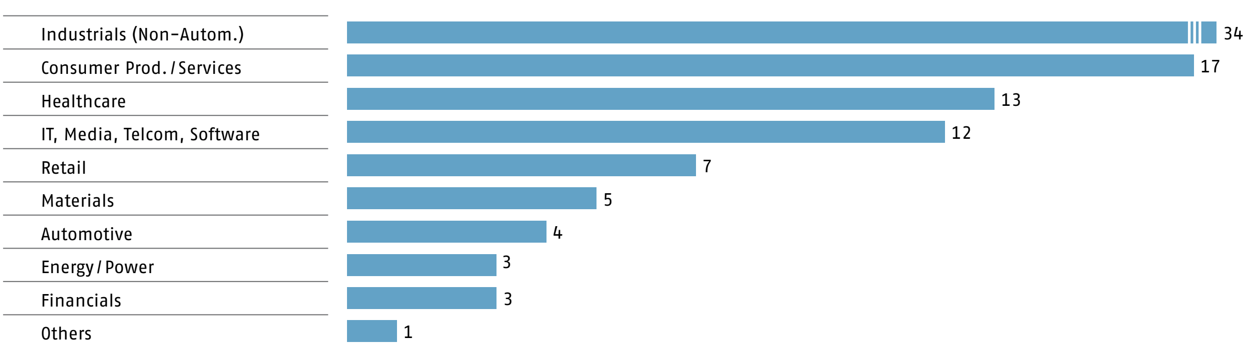
1. LEVERAGED FINANCE OF GLOBAL HEAD CORPORATES

– As of March 31st, 2009, funded exposure was at EUR 5.5 billion, unfunded exposure at EUR 0.9 billion.
– Change in exposure from Dec 31st, 2009:

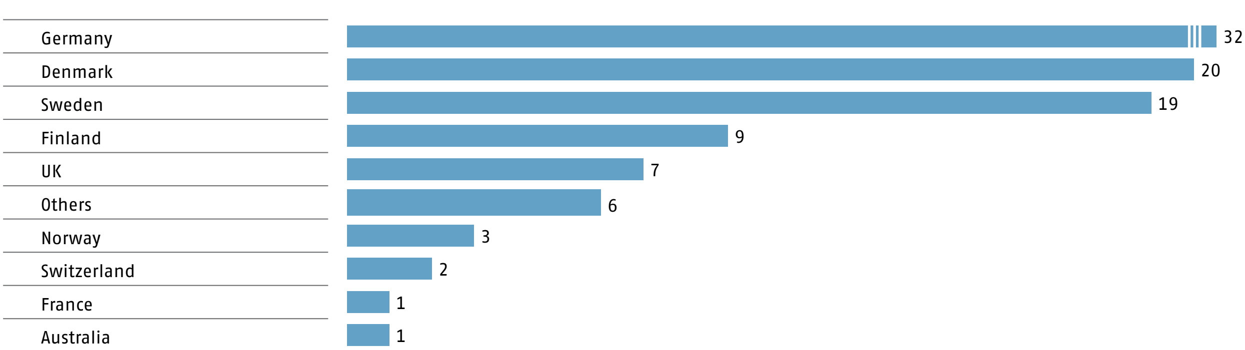
Change in exposure from Dec 31st, 2008 (€ billion)

Exposure as of 31 December 2008	6.4
Net Change of Outstanding	0.0
Risk provision	0.2
Exposure as of 31 March 2009	6.4

Distribution by Industry (in %)



Distribution by Regions (in %)



2. LBO'S BEING PART OF CREDIT INVESTMENT PORTFOLIO HIGHLIGHTED BEFORE

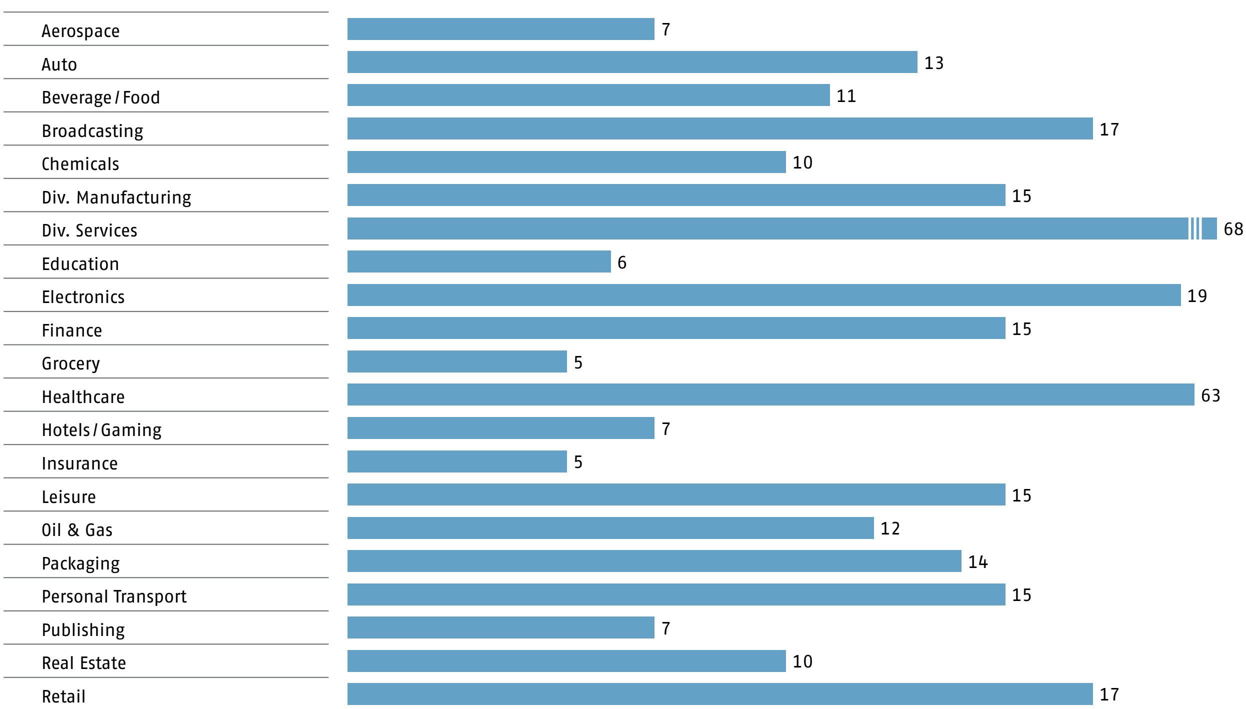
Change in exposure from Dec 31st, 2008 (USD million)

Exposure as of 31 December 2008	388.2
Net Change of Outstanding	–3.6
Writedowns	0
Exposure as of 31 March 2009	384.6

– Part of Credit Investment Portfolio (contained in NY HY Loan Portfolio)

– As of March 31st, 2009 funded exposure of term loans was at USD 348.9 million, revolving credit facilities were totalling at USD 35.7 million, thereof USD 19.8 million drawn.

Distribution by Industry (term loans in USD million)



III. MONOLINES

1. SUMMARY OF MONOLINE EXPOSURE

No direct monoline exposure

Indirect Monoline exposure (€ million)	31 Mar 2009	31 Dec 2008
CIP* wrapped ABS	648.3	645.0
CIP wrapped Single Names	74.1	71.5
Global Markets London Single Names	49.1	88.5
Total	**771.5**	**805.0**
CIP Synthetic CDO**	73.6	98.7
Grand Total	**845.1**	**903.8**

* CIP: Credit Investment Portfolio

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

- The total exposure of EUR 845.1 million is to seven different monolines rated from AAA to CCC. Life-to-date impairment is at EUR 91.7 million, thereof EUR 3.9 million in Q1 2009.
- All transaction within this subportfolio are performing with the exception of three transactions totalling at EUR 19.6 million, impairment for these three transactions is life-to-date EUR 11.2 million (thereof EUR 0.7 million in Q1 2009).
- Monoline valuations are fully captured in the m-t-m valuation of the relevant subportfolios.

IV. FINANCIAL INSTITUTIONS GROUP

1. FIG

FIG (as of 31 March 2009)

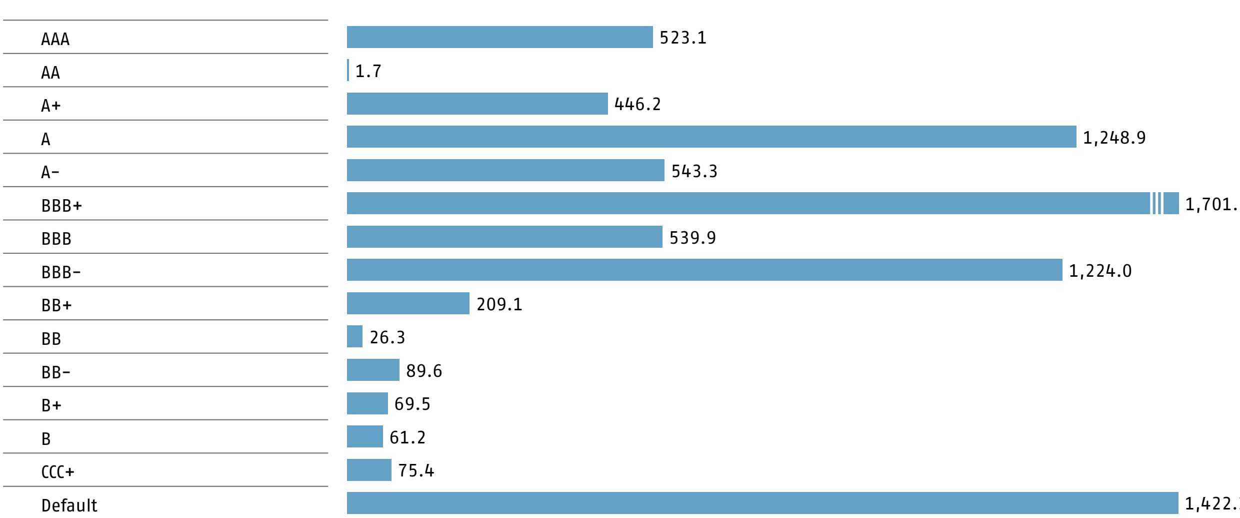
Exposure	(€ billion)	8.2
P&L 09	(€ million)	21
IFRS category		mainly LAR

– Total portfolio consists of a plain vanilla loan book to financial institutions (amounting to EUR 5.3 billion) as well as loans which are structured or have structured elements (Exposure EUR 2.9 billion).

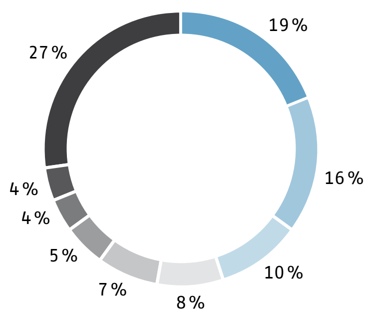
– Total portfolio nominal was down by EUR 0.5 billion to EUR 8.2 billion because of regular and early redemption payments.

– Overall impact P/L Q1 2009 for total FIG portfolio was EUR +21 million.

Distribution of S&P rating equivalents (€ million)



Regional distribution of FIG (in %)



19 %	Denmark
16 %	UK
10 %	USA
8 %	Ireland
7 %	Germany
5 %	Luxembourg
4 %	Iceland
4 %	United Arab Emirates
27 %	Rest of the World

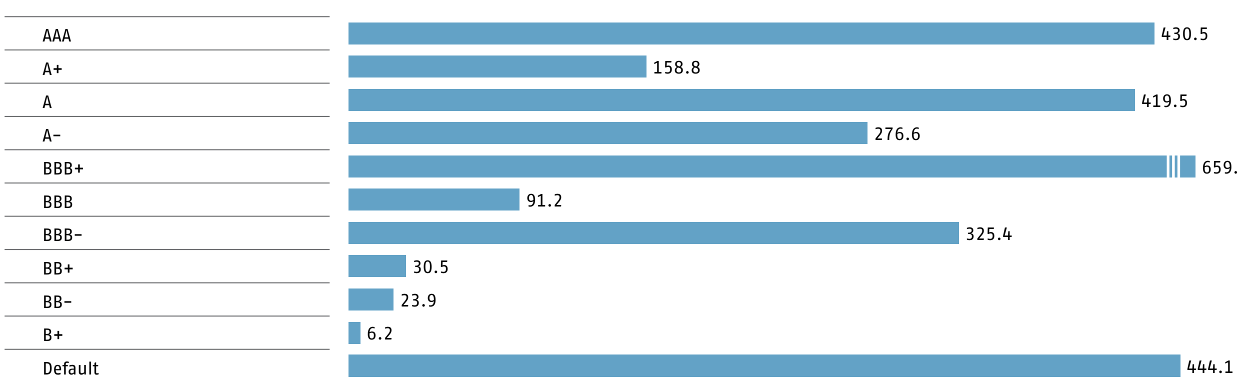
2. FIG STRUCTURED LOANS

FIG structured loans (as of 31 March 2009)

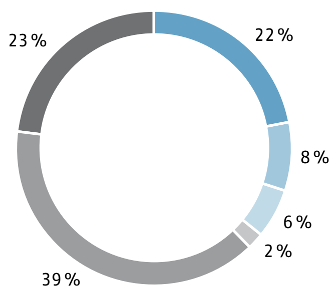
Exposure	(€ billion)	2.9
P&L 09	(€ million)	49
IFRS category		mainly LAR

- The FI Group structured loan book (EUR 2.9 billion) includes 42 positions of loans/credit facilities which are structured or have structured elements.
- overall impact P/L Q1 2009 for structured FIG portfolio was EUR +49 million

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



Regional distribution of FIG structured (in %)



	22 %	USA
	8 %	Luxembourg
	6 %	Cayman Islands
	2 %	Bermuda
	39 %	UK
	23 %	Ireland

V. CREDIT TRADING

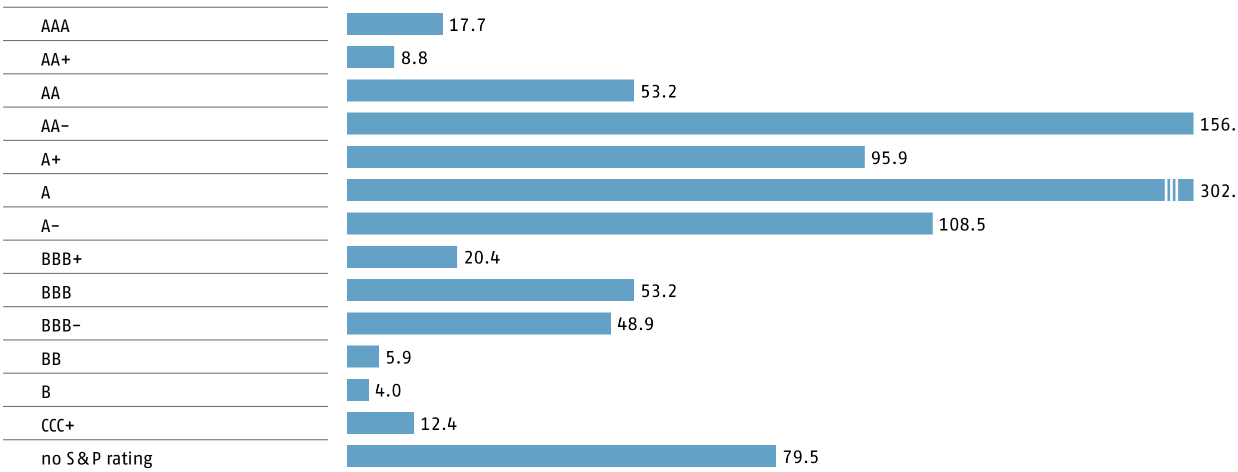
1. CREDIT TRADING

Credit Trading (as of 31 March 2009)

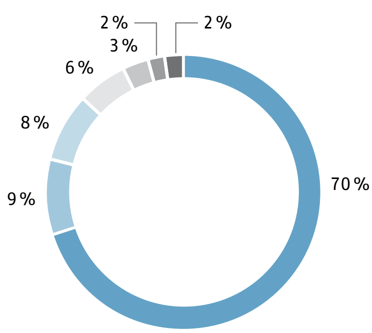
Exposure	(€ billion)	1.0
P & L 09	(€ million)	(2.4)
IFRS category		mainly LAR

- An active trading approach no longer exists: Portfolio mainly consisting of Bonds and CDS to be downsized.
- Bond exposure (EUR 1.0 billion):
  - Exposure is mainly to financials (70 %) and industrials (9 %).
  - The portfolio is mainly invested in the UK (33 %) and the USA (28 %).
  - 66 % of the bonds are rated A or better (S & P rating).
- CDS Exposure (EUR 0.01 billion):
  - CDS Portfolio EUR 2.97 billion CDS short (HSH Nordbank as protection seller); EUR 2.96 billion CDS long (HSH Nordbank as CDS protection buyer): Downsizing in progress; CDS market risk largely hedged

Distribution of financial ratings for bonds (€ million)

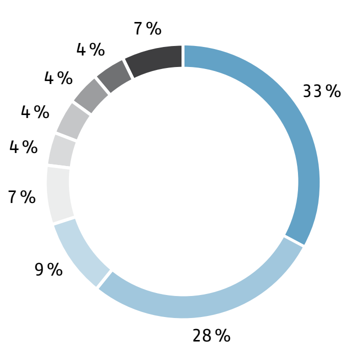


Distribution of industry sectors for bonds (in %)



70 %	Financial
9 %	Industrial
8 %	Consumer
6 %	Communications
3 %	Asset Backet Securities
2 %	Utilities
2 %	Others

Regional distribution of bonds (in %)



33 %	Britain
28 %	United States
9 %	Netherlands
7 %	Australia
4 %	Cayman Islands
4 %	Jersey
4 %	Ireland
4 %	Germany
7 %	Others