FSB

Financial Stability Board Report

as of 31 March 2010

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 Interim Report as of 31 March 2010 and also deal with HSH Nordbank's leverage finance portfolio, the exposure to US monolines and the portfolio of Credit Trading, all of which have been transferred into the Bank's Restructuring Unit (RU).

The portfolio report on Financial Institution Group (FIG portfolio) has been adjusted in that it contains only positions that have been allocated to the RU. Insofar, the section on this topic is not fully comparable with the previous one. However, all structured assets as reported so far and the vast majority of lower rated assets out of the former FIG portfolio have been assigned to the RU and are included in this report, respectively.

* 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.

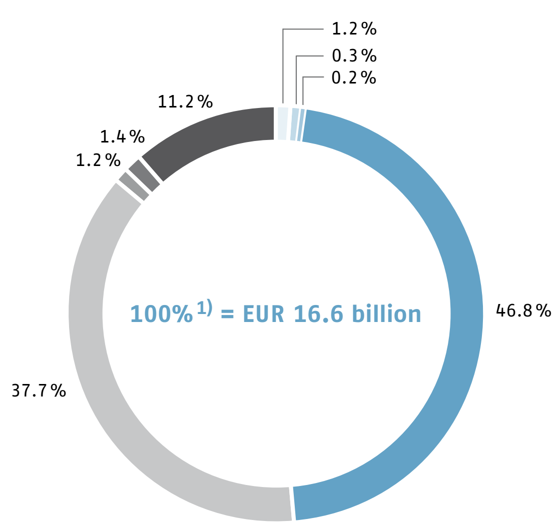
I. CREDIT INVESTMENT PORTFOLIO

1. Portfolio overview

1.1 BREAKDOWN OF CREDIT INVESTMENT PORTFOLIO (CIP)

- The CIP is a broadly diversified portfolio.
- Still 30 % of the whole portfolio is AAA rated and 82 % is investment grade.
- The Bank continues to actively reduce the Credit Investment Portfolio. Assets with a notional of about EUR 399 million were sold since the end of Q4 2009. Furthermore, maturities and full or partial redemptions amounted to EUR 561 million. On the other hand, the portfolio increased by EUR 503 million due to FX effects. Taken together, the CIP notional decreased by about EUR 457 million in Q1 / 2010. Further portfolio reductions are in progress.

Breakdown of credit investment portfolio by asset class (Notional as of 31 March 2010)

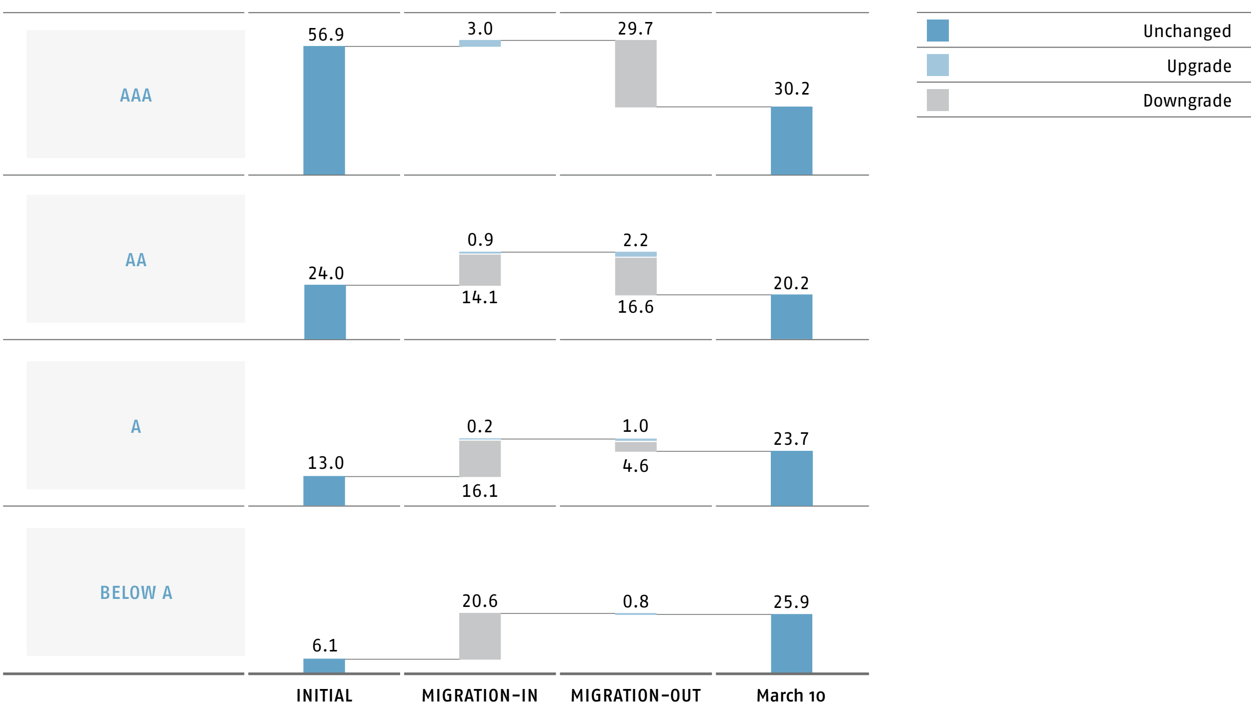


1.2 %	EUR 0.20 billion Synth. CDO
0.3 %	EUR 0.05 billion Special Fund
0.2 %	EUR 0.03 billion Structured Investment Vehicles
46.8 %	EUR 7.79 billion Other ABS
37.7 %	EUR 6.28 billion Single Names
1.2 %	EUR 0.20 billion Hedge Funds / Other Funds
1.4 %	EUR 0.24 billion High Yield Loans / Convertibles
11.2 %	Subprime EUR 1.86 billion thereof RMBS HEL: EUR 1.19 billion thereof COA / COC: EUR 0.68 billion

[1] Incl. Assets of Carrera and Poseidon

1.2 RATING MIGRATION

Rating distribution (in %)



1.3 ANNUAL RESULT 2009 AND RESULT Q1/2010

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

Please note that – compared to FSB Reports produced until Q3/2009 – we have changed the sign convention for this table: Gains are now shown with positive, losses with negative sign.

Annual result 2009 (€ million)

	Asset class	IFRS Category	Exposure 31 Dec. 2008 (€ billion)	Exposure 31 Dec. 2009 (€ billion)	Annual result 2009: M-T-M	Annual result 2009: P&L	Annual result 2009: Revaluation Equity Surplus	Annual result 2009: Change in hidden reserve/loss 2009
2.1	Synthetic CDO	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	LAR	1.26	1.13	-102	-107 [2]	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		**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.

Additional result Q1/2010 (€ million)

	Asset class	IFRS category	Exposure 31 Dec. 2009 (€ billion)	Exposure 31 Mar. 2010 (€ billion)	Additional result Q1/2010: M-T-M	P&L	Revaluation Equity Surplus	Change in hidden reserve/loss 2010
2.1	Synthetic CDO	DFV	0.20	0.20	+3	+3	0	0
	CDS on Indices	HFT	0.00	0.00	0	0	0	0
	Special Fund	AFS	0.18	0.05	-4	-4	0	0
	SIV Capital Notes	LAR, AFS	0.07	0.03	0	0	0	0
2.2	Other ABS	Mainly LAR	7.77	7.79	+218	+21	+4	+193
2.3	Single Names	DFV, AFS, LAR, HFT	6.68	6.28	+23	-3	+15	+11
2.4	Hedge Funds/ Other Funds	AFS	0.20	0.20	+1	+1	0	0
	Others (Convertibles, NY HY Loan Portfolio)	AFS, LAR	0.24	0.24	+8	0	0	+8
	SUM		**15.33**	**14.78**	**+249**	**+18**	**+19**	**+212**
2.5	RMBS HEL	LAR	1.13	1.19	-23	-21 2)	0	-2
	CDO of ABS, CDO of CDO 1)	DFV, LAR	0.64	0.68	+5	+5	0	0
	Subprime Portfolio		**1.77**	**1.86**	**-17**	**-16**	**0**	**-2**
	TOTAL SUM		**17.10**	**16.64**	**+232**	**+3**	**+19**	**+210**

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. In Q1/2010, the spread between market and model valuation tightened, lowering the stated P&L by about EUR 57 million.

2. Portfolio details

2.1 SYNTHETIC CDOs

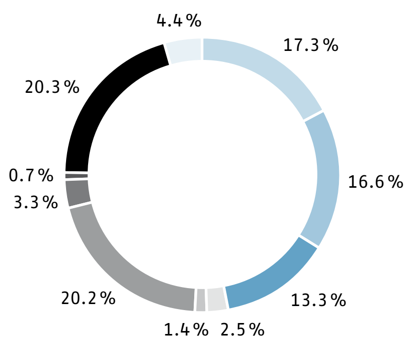
Synthetic CDOs (as of 31 March 2010)

Exposure	(€ billion)	0.20
P&L 10	(€ million)	+3
P&L 09	(€ million)	+145
IFRS category		DFV

- The Synthetic CDO portfolio consists of one remaining position only, a so-called Leveraged Super Senior Tranche.
- The duration of this position is 2.5 years.
- Defaults in the underlying portfolio of the remaining CDO: Fannie Mae, Freddie Mac, Lehman Brothers, Washington Mutual Inc. and Thomson.
- 89% of the remaining underlyings weighted by instantaneous default loss are investment-grade rated.
- Despite the defaults in the underlying portfolio the tranche still is protected by a comfortable subordination of 7.5%.

2.2 OTHER ABS

Distribution by region and asset class (as of 31 March 2010)

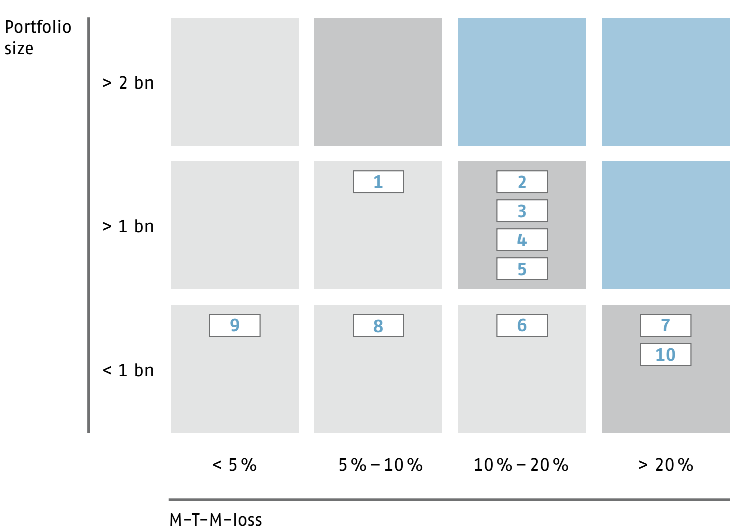


17.3 %	EUR 1.35 billion Student Loan ABS
16.6 %	EUR 1.29 billion US CLO / CBO & TruPS
13.3 %	EUR 1.03 billion CMBS
2.5 %	EUR 0.20 billion Commercial Real Estate CDO
1.4 %	EUR 0.11 billion Emerging Markets ABS
20.2 %	EUR 1.57 billion EU High Yield CLO / CDO
3.3 %	EUR 0.26 billion EU SME CLO
0.7 %	EUR 0.05 billion Non-US Consumer ABS
20.3 %	EUR 1.58 billion Non-US RMBS
4.4 %	EUR 0.34 billion Others

Total	(€ billion)	7.79 [1]
P&L 10	(€ million)	+21
P&L 09	(€ million)	–4

[1] Total notional on EUR basis grown with respect to previous report due to FX effects (mainly gain in value of USD vs. EUR)

as of 31 March 2010 (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

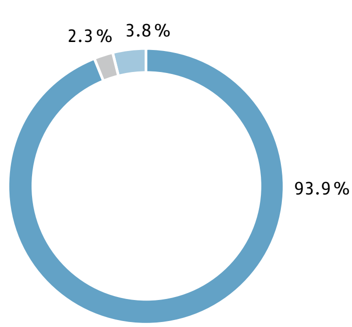
2.2a NON-US RMBS 1

Non-US RMBS (as of 31 March 2010)

Exposure	(€ billion)	1.58
IFRS category		LAR

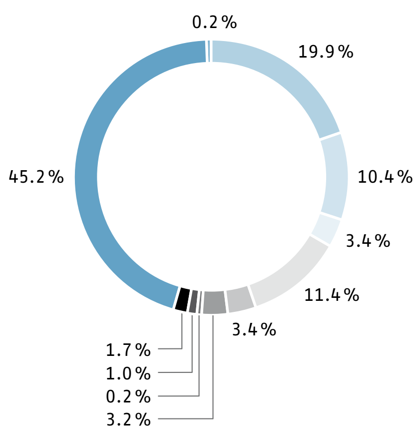
- Diversified portfolio of high quality mostly AAA rated RMBS, concentrated mainly in Australia (45.2 %) and UK (33.8 %).
- Most of the portfolio (85.3 %) is prime with 3.4 % UK buy-to-let (BTL) and 11.3 % UK non-conforming (NC).
- Extension risk due to lower CPRs / limited refinancing opportunities for borrowers.
- Downgrades to date: 13 out of 117 tranches, 3 tranches were upgraded. Outlook: Further downgrades expected in 2010, mainly for the UK NC and Spanish sector.
- Lower, but 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



93.9 %	AAA
2.3 %	Other Investment Grade (AA+ – BBB+)
3.8 %	Below Investment Grade (CC – D)

Distribution by mortage type & country



19.9 %	UK Prime
10.4 %	UK NC
3.4 %	UK BTL
11.4 %	Spain Prime
3.4 %	Italy Prime
3.2 %	Netherlands Prime
0.2 %	Germany Prime
1.0 %	Portugal Prime
1.7 %	Ireland Prime
45.2 %	Australia Prime
0.2 %	Argentina Prime

2.2b EU HIGH YIELD CLO / CDO 2

EU High Yield CLO / CDO (as of 31 March 2010)

Exposure	(€ billion)	1.57
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.
- Leveraged Loan new issues are increasing; the overall statistics for the first quarter are quite encouraging. New issue volume was EUR 9 billion, which is the highest volume seen since Q3 / 2008 (EUR 17.6 billion).
- Secondary leveraged loan prices continued to increase. The average price of the ELLI Index increased from 85 % to 88 % in March. The average price for more liquid flow names increased from 95 % to 96 %.
- The number of defaults and restructurings in European Leveraged Loan Market continues to decline. The annualized default rate of the first quarter of 2010 amounts to 7 %, compared to a 13 % default rate in 2009.
- The situation in the different collateral portfolios remains strained, as the number of loans and bonds rated CCC and lower remains high.

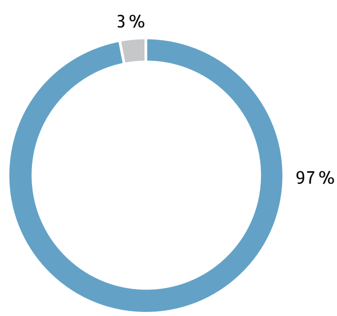
2.2c STUDENT LOAN ABS 3

Student Loan ABS (as of 31 March 2010)

Exposure	(€ billion)	1.35
IFRS category		LAR

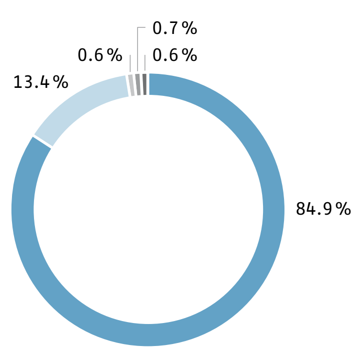
- The US government guaranteed nature of the FFELP Student Loan ABS portfolio represents a joint probability of default consisting of the performance of the underlying portfolio as well as the servicer's ability to maintain the US Government Guaranty of at least 97 % on the student loans.
- Only transactions 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
13.4 %	AA+
0.6 %	AA
0.7 %	A
0.6 %	BBB

2.2d CMBS 4

CMBS (as of 31 March 2010)

Exposure	(€ billion)	1.03
IFRS category		LAR, AFS, DFV

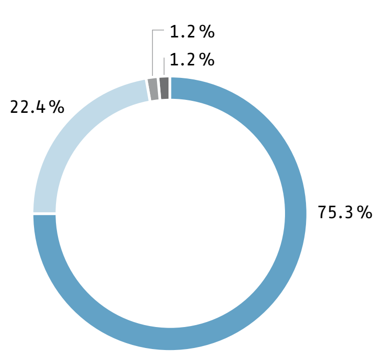
US CMBS

- 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. However, property value declines are expected to taper off over the next few quarters and it is likely that losses will be lower than some previous expectations as many maturing loans are extended and non-performing loans are restructured rather than liquidated. Additionally, liquidity is slowly increasing as investors are beginning to return to the market.
- 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 one bond has been downgraded from AAA to BBB.

European & Asian CMBS

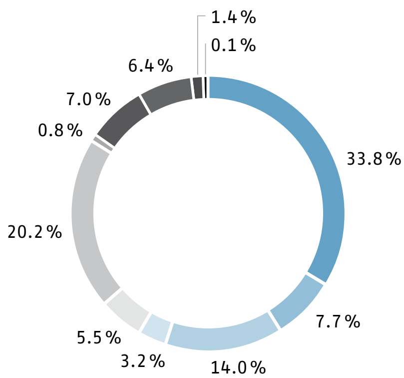
- The EMEA CMBS portfolio consists of 52 mainly senior tranches from 43 Asian and European CMBS transactions. The largest transaction accounts for 7.6 % of total EMEA CMBS portfolio.
- Defensive portfolio, purchases based on a deal-by-deal fundamental analysis (only high quality collateral with stable 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 about 4.6 % of the overall CMBS portfolio rental income. Only 3 tenants, all of them investment grade rated, contribute more than 1 % of total portfolio income.
- Beside recent stabilization in economic environment and property values further value declines especially in the UK and for secondary property quality 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. The outlook for the Non US CMBS sector remains negative. However, most of the Bank's EMEA CMBS investments are senior in the capital structure and benefit from increased credit enhancement percentages.

Country distribution



75.3 %	Europe	
22.4 %	North America	
1.2 %	Pacific	
1.2 %	EM Asia	

Rating distribution



33.8 %	AAA
7.7 %	AA+
14.0 %	AA
3.2 %	AA–
5.5 %	A+
20.2 %	A
0.8 %	A–
7.0 %	BBB+
6.4 %	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 March 2010)

Exposure	(€ billion)	1.29
IFRS category		LAR

- This portfolio consists primarily of managed arbitrage cash flow CLOs with 88 % CLOs backed by predominantly first lien senior secured corporate loans, 3 % 1999 – 2001 vintage short maturity CBOs backed by high yield bonds and 9 % Trust Preferred CDOs backed by hybrid Trust Preferred Securities issued by small US regional banks and thrifts.
- Defensively selected portfolio with a focus e.g. to avoid large structured finance buckets within CLOs. In terms of ranking 74 % are the most senior tranches, 11 % are 2nd priority "Junior AAA" tranches, 10 % are originally AA tranches and 5 % are mezzanine tranches originally rated A / BBB.
- After Moody's finalized its CLO review and downgraded most AAA CLO tranches by 2 – 3 notches to Aa2 / Aa3, S & P has finalized its review and the majority of AAA downgrades were 1 notch downgrades to AA+. Average CLO rating is A1 / AA–, while low B3 / Caa1, BB / BB– for the few CBOs given the low diversity and portfolio ratings and Ba2, BB– / B+ for the remaining TruPS CDOs.
- Corporates amend-to-extend activity and bond-for-loan take outs reduce outstanding loans and near term maturities. Avg. loan prices rallied to above 90 % from around 60 % in Q1 / 2009. CCC downgrades materially slowed. Corporate default forecasts were materially lowered. Moody's expects the global 12 months HY issuer default rate to decline to 3.1 % by end of 2010, from 10.9 % by end of 03 / 2010. S & P LCD loan defaults by USD deceased below 6 % from 10.6 % peak in November and the issuer default rate declined to ca. 7 %.

2.2f EU SME CLO 6

6 **Product: EU SME CLO** (as of 31 March 2010)

Exposure	(€ billion)	0.26
IFRS category		LAR, DFV

- Diversified portfolio of European small- and mid-sized enterprise CLOs, a few other European CDOs and some other Lease ABS.
- Transactions securitising granular portfolios, well diversified over European countries and industries. Several seasoned deals continue to de-lever.
- The outstanding portfolio volume has fallen from EUR 312 m in 12/2009 to EUR 258 m. Several seasoned deals continue to de-lever, from the initially 16 tranches, currently 11 have a pool factor in the 50 % area or significantly lower and two tranches have been sold.
- Data on the different underlying collateral portfolios show some deterioration. However, this is mitigated by the fast repayment of the senior notes.
- 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.

2.2g REMAINING ABS 7 8 9

7 US COMMERCIAL REAL ESTATE CDO
(as of 31 Mar. 2010)

- About 21 % of the outstanding balance of the CRE CDOs portfolio is backed by riskier collateral originated in weaker vintages (2004 to 2006). The remaining balance of the portfolio is backed by 2001 through 2003 vintage collateral which are performing relatively well.
- 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, DFV

8 EMERGING MARKETS ABS
(as of 31 Mar. 2010)

- 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 in 2009. 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 slow down. 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)	0.11
IFRS category		LAR

9 NON-US CONSUMER ABS
(as of 31 Mar. 2010)

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

Exposure	(€ billion)	0.05
IFRS category		LAR

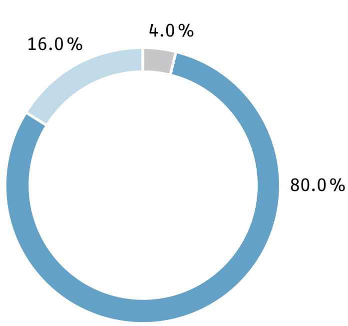
2.3 SINGLE NAMES

Single Names (as of 31 March 2010)

Exposure	(€ billion)	6.28
P&L 10	(€ million)	–3
P&L 09	(€ million)	+136
IFRS category		DFV, AFS, LAR, HFT

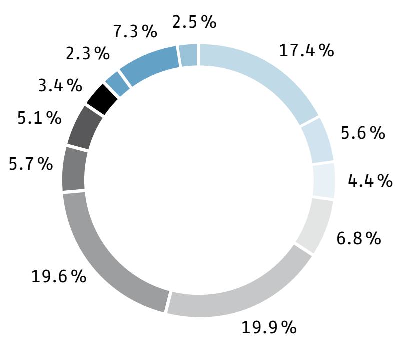
- The Single Names portfolio has been reduced in Q1 2010 through active sales of EUR 200 million and redemptions of about EUR 375 million. The overall credit quality and the sector allocation is almost unchanged. The portfolio reduction will continue via further asset sales and maturities.
- Market development within Q1 and outlook:
  As expected the credit markets were characterized by a dramatic development in the Sovereigns sector due to the Greek debt crisis and pressure on the Financials accordingly. Corporates could relatively improve after many excellent earnings reports above market consensus. Basically one can observe a further recovering economy in the US and a significant growth in China but Europe seems to lag behind.
  The key question is if the Greek debt crisis and a spill over to other Sovereigns can be prevented. In February Greece could tap the primary market successfully with a new 5y bond issue after the government proposed to reduce the budget deficit substantially within the next 3 years. Unfortunately the markets returned very quickly to sell Greece again reflecting concerns that the rescue measures were not sufficient. As Q2 started very dramatically we expect further challenging markets with a high spread volatility.

Distribution by sector



80.0 %	Financials
16.0 %	Public Finance
4.0 %	Corporates

Rating distribution



17.4 %	AAA
5.6 %	AA+
4.4 %	AA
6.8 %	AA−
19.9 %	A+
19.6 %	A
5.7 %	A−
5.1 %	BBB+
3.4 %	BBB
2.3 %	BBB−
7.3 %	BB+ and below
2.5 %	NR

2.4 HEDGE FUNDS / OTHER FUNDS

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

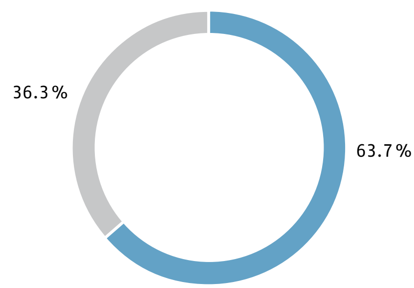
Exposure	(€ billion)	0.20
P & L 10	(€ million)	+1
P & L 09	(€ million)	−28
IFRS category		AFS

Hedge funds

- Only one former CPPI structure still in existence
- Continued rigorous de-risking within this structure
- Current underlying assets: 95 % cash, 5 % hedge funds
- Accounting: Mark-to-market treatment imposed to AFS position via impairment assumption

2.5 SUBPRIME-RELATED EXPOSURE

as of 31 March 2010



	63.7 %	Home Equity Loans RMBS
	36.3 %	CDO of ABS, CDO of CDO, North Street

as of 31 March 2010		COA / COC	HEL	Total
Total exposure	(€ billion)	0.68	1.19	1.86
P&L 10	(€ million)	+5	−21	−16
P&L 09	(€ million)	−7	−107	−114
IFRS category		LAR, DFV	LAR	LAR, DFV

1 RMBS OF HEL

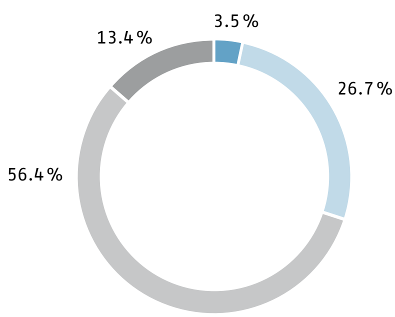
RMBS of HEL (as of 31 March 2010)

Exposure	(€ billion)	1.19
P&L 10	(€ million)	−21
P&L 09	(€ million)	−107
IFRS category		LAR

- The HEL portfolio continues to experience losses on several 2006 mezzanine bonds as expected. While the rate of deterioration has mostly flattened out in the subprime housing market, losses will continue within 2006 mezzanine class bonds and reach some 2007 senior bonds as the securitizations liquidate or modify the pipeline of defaulted loans.
- The US mortgage market has shown some moderate signs of stabilizing after several quarters of decline. 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, tougher lending standards, and limited market liquidity.
- Security prices have rallied slightly in recent months but still remain at relatively low 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 as the securitizations liquidate defaulted loans into a weak housing market.

Distribution by vintage



3.5 %	2004 Vintage
26.7 %	2005 Vintage
56.4 %	2006 Vintage
13.4 %	2007 Vintage

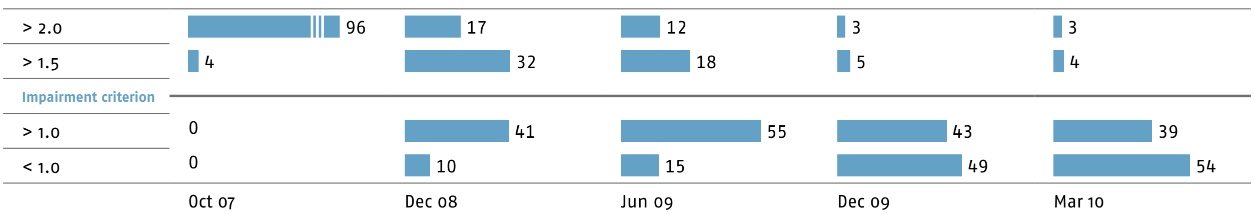
Rating distribution by vintage (in %)

2004	Investment Grade	100
	Below Investment Grade	0
2005	Investment Grade	50
	Below Investment Grade	50
2006	Investment Grade	0
	Below Investment Grade	100
2007	Investment Grade	19
	Below Investment Grade	81

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

	Oct 07	Dec 08	Jun 09	Dec 09	Mar 10
AAA	60	29	10	15	17
Impairment criterion					
AA	35	9	8	7	8
A	4	13	5	4	4
Below A	1	49	77	74	71

RMBS HEL loss coverage migration (in %)



II. SUMMARY OF MONOLINE EXPOSURE

1. CURRENT EXPOSURE TO MONOLINES

Indirect monoline exposure (€ million)	31 Mar 2010	31 Dec 2009
CIP* wrapped ABS	482.5	457.7
CIP wrapped Single Names	71.8	65.1
Global Markets London Single Names	63.8	58.7
Total	**618.1**	**581.5**
Synthetic CDO**	2.2	35.5
Grand Total	**620.3**	**617.0**

* CIP: Credit Investment Portfolio
** Exposure in terms of "Instantaneous Default Loss" (IDL) as of end of March 2010. This is an estimated mark-to-market loss of the snth. CDO in the event of an immediate default of a relevant reference entity (Monoliner).

- No direct monoline exposure
- Total exposure is to seven different monoline insurances. The total P&L effect amounts to EUR −62.2 million consisting of life-to-date impairments of EUR 47.9 million and valuation losses on trading positions of EUR 14.3 million.
- The positions are allocated to the Bank's Restructuring Unit.
- The monoline exposure in synthetic CDOs has decreased significantly because of asset sales. The total of indirect monoline exposure (in EURO) is subject to currency movements. Since most of the portfolio is denominated in foreign currency (mainly US$) this led to an increasing EUR equivalent compared to the previous quarter.

III. FORMER FINANCIAL INSTITUTIONS GROUP (FIG)

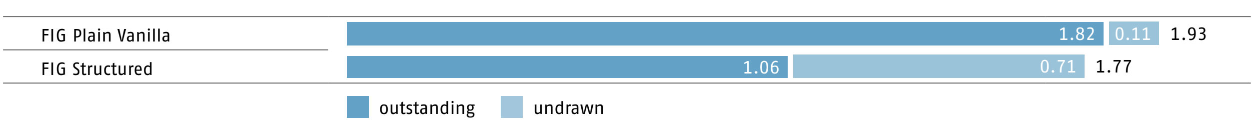
1. FORMER FIG

Former FIG (as of 31 March 2010)

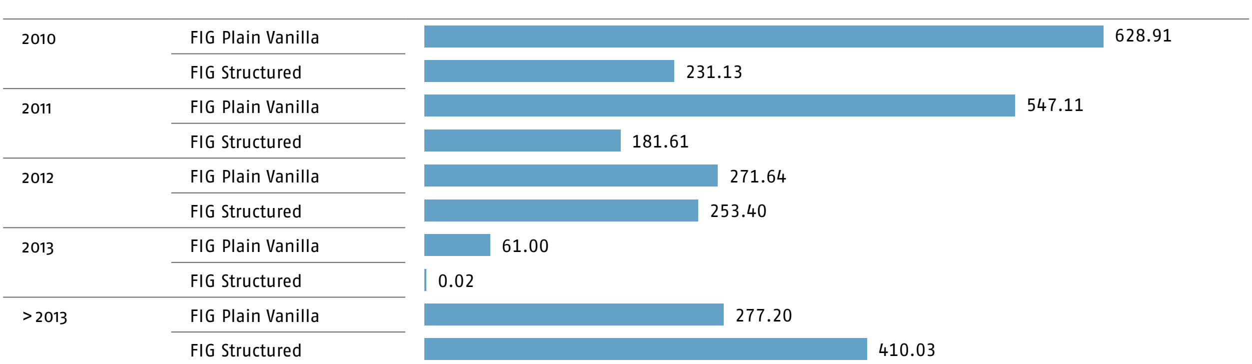
Exposure	(€ billion)	3.69
P&L Q1/2010	(€ million)	10.3
IFRS category		mainly LAR

– This portfolio comprises all Financial Institutions loan assets that have been allocated to the Restructuring Unit.
– This section is not fully comparable to the previous FSB report because of certain changes in the portfolio composition due to the exclusion of assets that belong to the core bank, the inclusion of undrawn amounts of revolving credit facilities and reductions because of amortization and sales, among which a large structured position with a notional of EUR 0.6 billion should be mentioned.
– The total portfolio consists of a plain vanilla loan book to financial institutions amounting to EUR 1.93 billion (EUR 110,6 million undrawn) as well as loans which are structured or have structured elements amounting to EUR 1,77 billion (EUR 704,3 million undrawn).

Total Exposure (€ billion)



Maturity profile – Outstandings (€ million)



2. FIG PORTFOLIO DETAILS

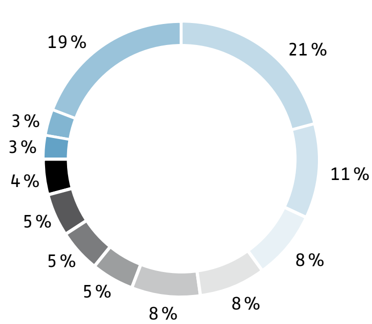
FIG Plain Vanilla (as of 31 March 2010)

Exposure	(€ billion)	1.93
P&L Q1/2010	(€ million)	0.5
IFRS category		LAR

Distribution of notional by S&P rating equivalents for FIG Plain Vanilla – Outstandings (€ million)

AAA	25.1
AA+	–
AA	40.0
AA–	–
A+	28.4
A	219.5
A–	51.5
BBB+	199.5
BBB	173.1
BBB–	553.31
BB+	–
BB	–
BB–	16.3
B+	18.5
B	4.6
B–	–
CCC+ – C	69.2
Default	418.00

Regional distribution of FIG Plain Vanilla – Outstandings (in %)

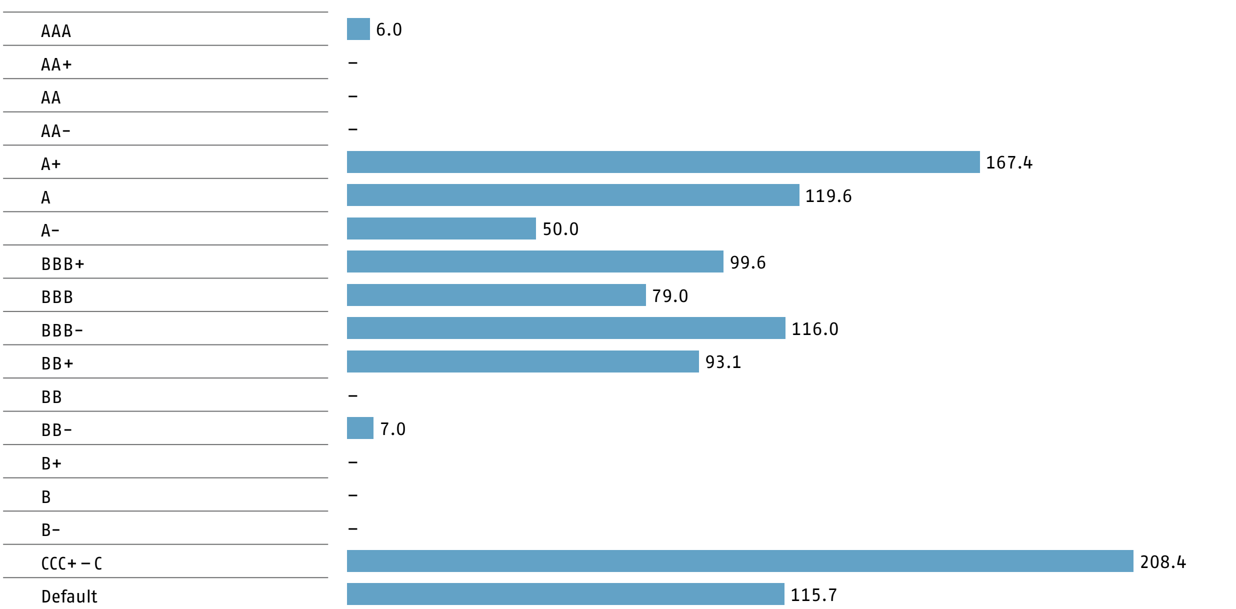


21 %	Denmark
11 %	Iceland
8 %	Luxembourg
8 %	United Arab Emirates
8 %	Switzerland
5 %	France
5 %	Italy
5 %	Germany
4 %	Kuwait
3 %	Norway
3 %	Bahrain
19 %	others

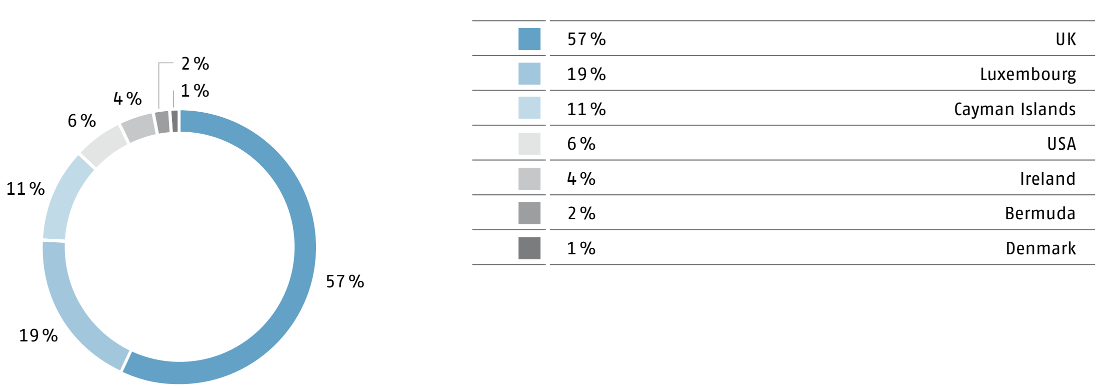
FIG Structured (as of 31 March 2010)

Exposure	(€ billion)	1.77
P&L Q1/2010	(€ million)	9.8
IFRS category		mainly LAR

Distribution of notional by S&P rating equivalents for FIG Structured – Outstandings (€ million)



Regional distribution of FIG Structured – Outstandings (in %)



IV. FORMER CREDIT TRADING

1. CREDIT TRADING

Credit Trading (as of 31 March 2010)

Exposure		
Bonds	(€ billion)	0.35
CDS net	(€ billion)	−0.18
IFRS category		LAR / HFT

* Only bonds

The former Credit Trading Portfolio has been made static (no active trading) and consists of

– a 350 EUR million **outright bond portfolio** (98.5 % Financials) and

– a **long / short CDS portfolio** where short positions (including proxy hedges e.g. by iTraxx) in nominal terms exceed its long positions:

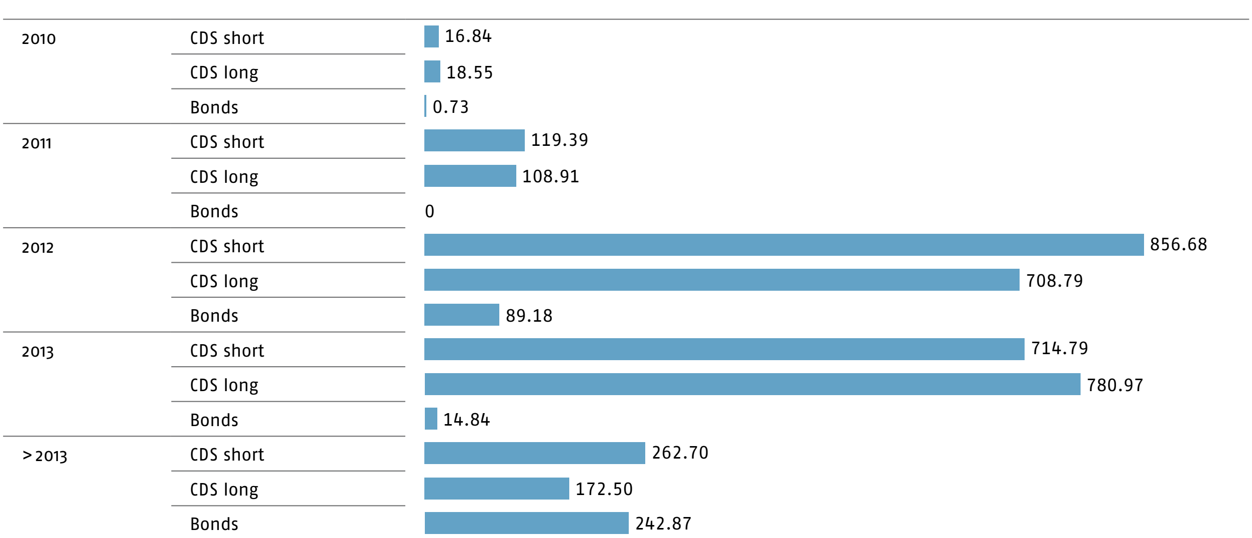
- 1.96 EUR billion CDS short (HSH Nordbank as protection buyer);
- 1.78 EUR billion CDS long (HSH Nordbank as CDS protection seller)

thereof: – iTraxx: 0.74 EUR billion short; 0.68 EUR billion long
– Single Names: 1.23 EUR billion short; 1.11 EUR billion long

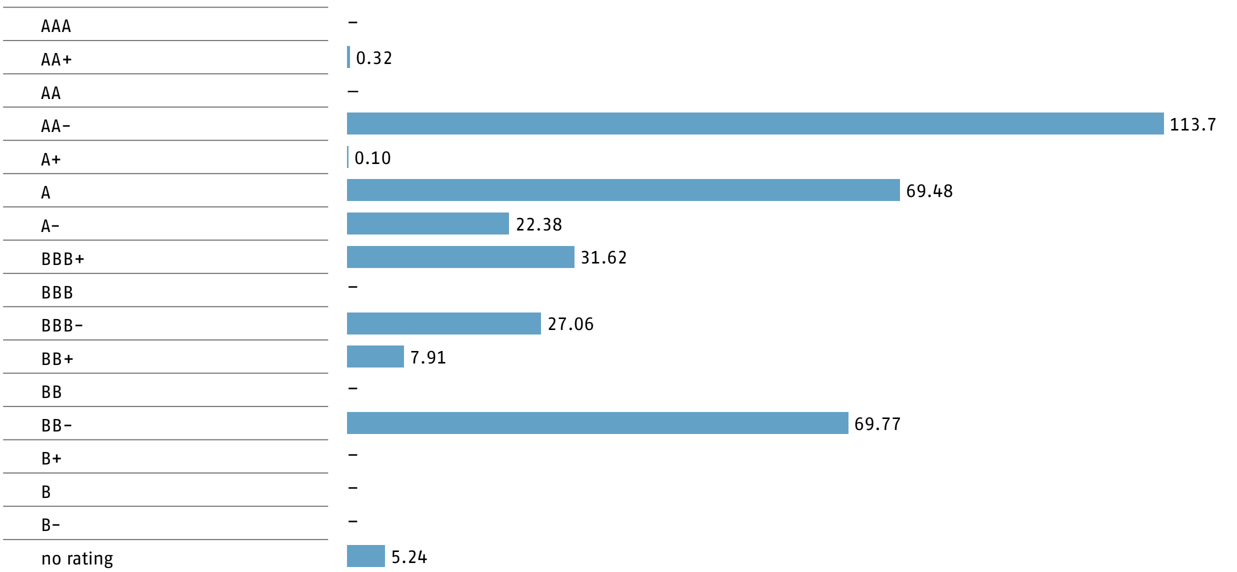
The bank intends to maintain the net short balance due to the current market conditions.

59 % of the bonds are rated A– or better (worst of S & P, Moody’s and Fitch).

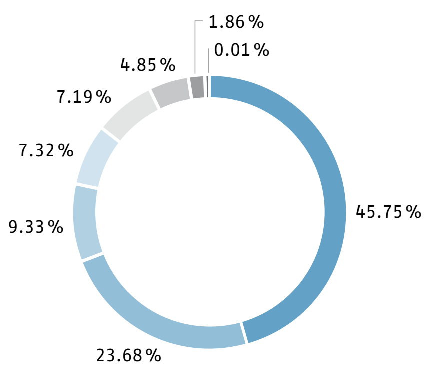
Maturity profile (€ million)



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



Regional distribution of bonds (in %)



45.75 %	UK
23.68 %	Australia
9.33 %	USA
7.32 %	Netherlands
7.19 %	Canada
4.85 %	Ireland
1.86 %	Germany
0.01 %	Sweden

V. LEVERAGED FINANCE (LBO)

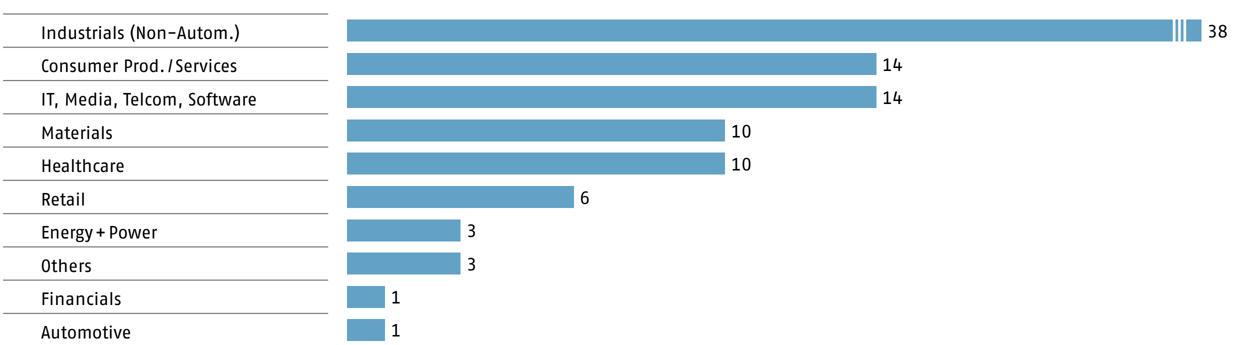
1. LEVERAGED FINANCE OF GLOBAL HEAD CORPORATES

– As of 31 March 2010 funded exposure was at EUR 4.8 billion, unfunded exposure at EUR 0.8 billion.

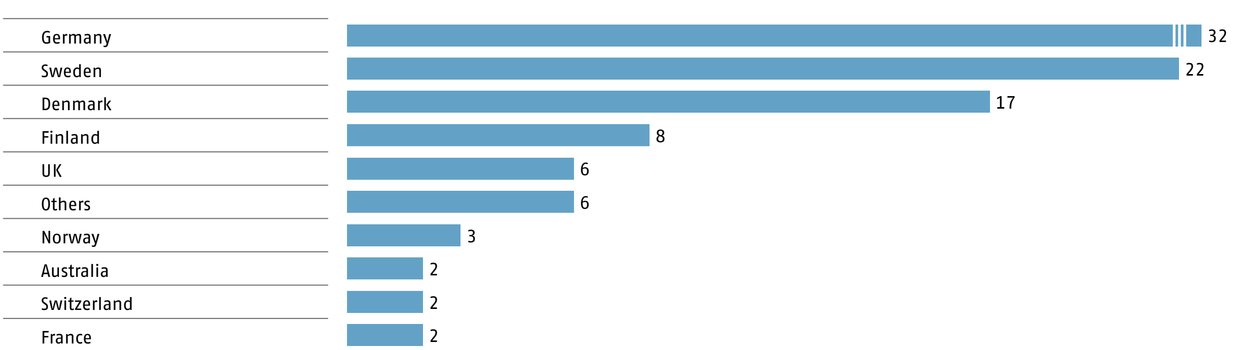
Change in exposure from 31 Dec 2009 (€ billion)

Exposure as of 31 December 2009	5.8
Net Change of Outstanding	–0.2
Writedowns	0
Exposure as of 31 March 2010	5.6
Risk provision as of 31 March 2010	0.3

Distribution by Industry (in %)



Distribution by Regions (in %)



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

Change in exposure from 31 Dec 2009 (USD million)

Exposure as of 31 December 2009	339
Net Change of Outstanding	–40
Writedowns	0
Exposure as of 31 March 2010	299
Risk provision as of 31 March 2010	0

- Part of Credit Investment Portfolio (contained in NY HY Loan Portfolio)
- As of 31 March 2010 the total exposure included USD 18.7 million Revolving Credit Facilities, thereof USD 9.7 million drawn.

Distribution by Industry (term loans in USD million)