HSH Nordbank AG

Analyst and Investor Conference Call
1H - 2008

Jochen Friedrich
Member of the Management Board
Hamburg, September 8, 2008

Check against delivery
Agenda

1. Results for the 1st half of 2008

2. Segment report

3. Profitability and efficiency program

4. Annex: Credit Investment Portfolio
A year of crisis in the financial markets

**EuroStoxx Banks**
-40%

**iTraxx Europe 5Y**
+300%

**WTI oil price**
+95%

**3M-Euribor**
+34%

**Growth forecast for 2008 [GDP in %]**
-40%
+95%
+300%
+34%

**World**
Jan. 07: 5.2
Jan. 08: 4.1

**Europe**
Jan. 07: 2.5
Jan. 08: 1.7

**USA**
Jan. 07: 2.5
Jan. 08: 1.3

Source: IWF
Positive result in the first half of the year

- Group net income positive, but significantly below previous year's level

- Interest and net commission income showed positive trend in the second quarter

- Write-downs in the credit-investment-portfolio made without showing a loss on group level

- Program launched to bring about a sustained increase in profitability and efficiency

- Capital measures demonstrate strong commitment of shareholders
Stable income base

Operating income
in EUR million

Operating income*
in EUR million

1,175
657

\(-44.1\%\)

1,175
1,168

\(-0.6\%\)

* Adjusted for income statement write-downs in credit investment portfolio
Net interest income increased

**Net interest income in EUR million**
- H1/07: 723
- H1/08: 799
  - Increase: +10.5%

**Net interest income after loan loss provisions in EUR million**
- H1/07: 825
- H1/08: 668
  - Decrease: -19.0%

**Net commission income in EUR million**
- H1/07: 179
- H1/08: 100
  - Decrease: -44.1%
Write-downs in the income statement

<table>
<thead>
<tr>
<th>Net trading income/loss in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1/07: 115</td>
</tr>
<tr>
<td>H1/08: -64</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net income/loss from investments in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1/07: 178</td>
</tr>
<tr>
<td>H1/08: -164</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other operating income in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1/07: 29</td>
</tr>
<tr>
<td>H1/08: 63</td>
</tr>
</tbody>
</table>

+117.2%
Increase in operating expenses from investments

Operating expenses*
in EUR million

<table>
<thead>
<tr>
<th></th>
<th>H1/07</th>
<th>H1/08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>214</td>
<td>248</td>
</tr>
<tr>
<td>+15.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

行政费用

行政费用

<table>
<thead>
<tr>
<th></th>
<th>H1/07</th>
<th>H1/08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>435</td>
<td>490</td>
</tr>
<tr>
<td>+12.6%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* incl. write-downs

人员费用

人员费用

<table>
<thead>
<tr>
<th></th>
<th>H1/07</th>
<th>H1/08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>221</td>
<td>242</td>
</tr>
<tr>
<td>+9.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Positive result – but not satisfactory

Earnings before tax in EUR million

-88.6%

Consolidated surplus in EUR million

-82.3%

\[\text{H1/07} \quad \text{H1/08} \]

\[\begin{array}{l}
871 \\
610 \\
511 \\
99 \\
\end{array}\]

\[\begin{array}{l}
727 \\
129 \\
\end{array}\]

= Income statement write-downs in the credit-investment-portfolio
## Key figures at a glance

<table>
<thead>
<tr>
<th></th>
<th>H1/07</th>
<th>H1/08</th>
<th>% prev. year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income*</td>
<td>1,175</td>
<td>657</td>
<td>-44%</td>
</tr>
<tr>
<td>Net income before tax</td>
<td>871</td>
<td>99</td>
<td>-89%</td>
</tr>
<tr>
<td>Group net income</td>
<td>727</td>
<td>129</td>
<td>-82%</td>
</tr>
<tr>
<td>Return on equity after tax in %</td>
<td>30.7</td>
<td>6.1</td>
<td>-24.6 PP</td>
</tr>
<tr>
<td>Cost/income ratio in %</td>
<td>36.1</td>
<td>68.1</td>
<td>+32 PP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>H1/08</th>
<th>% prev. year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total liabilities</td>
<td>205</td>
<td>204</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Tier 1 capital ratio**</td>
<td>6.2</td>
<td>6.5</td>
<td>+0.3 PP</td>
</tr>
<tr>
<td>Employees***</td>
<td>4,166</td>
<td>4,318</td>
<td>+3.6%</td>
</tr>
</tbody>
</table>

* Earning before tax without loan-loss provisions, administrative expenses and other operating income
** incl. market risk positions; since January 1, 2008 pursuant to Basel II. December 31, 2007 pursuant to Basel I.
*** FTE=full-time equivalents incl. trainees
Agenda

1. Results for the 1st half of 2008

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4. Annex: Credit Investment Portfolio
Transportation & Energy

Shipping
- Slight decrease in income compared to previous year
- Significant growth of new business in the second quarter of 2008

Transportation
- Continued high demand for transportation financing
- Higher net trading income from successful sales of hedging instruments

Energy
- No. 1 worldwide in financing renewable energy projects
- Despite slowing economy, continued positive market environment

Renewable energy league table
in USD million

<table>
<thead>
<tr>
<th>Bank</th>
<th>Number of deals</th>
<th>Deals in USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSH Nordbank</td>
<td>12</td>
<td>1,545</td>
</tr>
<tr>
<td>Royal Bank of Scotland</td>
<td>7</td>
<td>1,536</td>
</tr>
<tr>
<td>Dexia Group</td>
<td>12</td>
<td>1,206</td>
</tr>
<tr>
<td>BBVA</td>
<td>11</td>
<td>890</td>
</tr>
<tr>
<td>SMBC</td>
<td>1</td>
<td>862</td>
</tr>
<tr>
<td>Grupo Santander</td>
<td>8</td>
<td>589</td>
</tr>
<tr>
<td>Natixis</td>
<td>4</td>
<td>515</td>
</tr>
<tr>
<td>Caja Madrid</td>
<td>7</td>
<td>506</td>
</tr>
<tr>
<td>Espirito Santo Investment</td>
<td>6</td>
<td>478</td>
</tr>
<tr>
<td>NordLB</td>
<td>7</td>
<td>475</td>
</tr>
</tbody>
</table>

Source: Infrastructure Journal
Real Estate

Real Estate clients
- Risk-sensitive business policy led to lower income
- Financing of prominent property projects
  - New headquarters for Rothschild bank in the City of London: EUR 152 million
  - New building for Spiegel Verlag in Hamburg's HafenCity: EUR 84 million

HSH Real Estate
- Positive contribution to earnings
- Stake in LB Immo Invest increased to two thirds

<table>
<thead>
<tr>
<th>Real Estate</th>
<th>H1 2007</th>
<th>H1 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income before tax (EUR million)</td>
<td>206</td>
<td>106</td>
</tr>
<tr>
<td>Return on equity before tax (%)</td>
<td>47.5</td>
<td>33.5</td>
</tr>
<tr>
<td>CIR (%)</td>
<td>36.3</td>
<td>39.8</td>
</tr>
<tr>
<td>Average equity capital (EUR million)</td>
<td>868</td>
<td>633</td>
</tr>
</tbody>
</table>
Corporate & Private Banking

Corporate clients
- Decrease in operating income largely due to sale of holdings in the previous year
- Significant increase in loan loss provisions impacted earnings

Private Banking
- Difficult market environment affects earnings
- Opportunities from inter-regional activities

<table>
<thead>
<tr>
<th>Corporate &amp; Private Banking</th>
<th>H1 2007</th>
<th>H1 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income before tax (EUR million)</td>
<td>325</td>
<td>79</td>
</tr>
<tr>
<td>Return on equity before tax (%)</td>
<td>48.6</td>
<td>11.9</td>
</tr>
<tr>
<td>CIR (%)</td>
<td>29.1</td>
<td>37.8</td>
</tr>
<tr>
<td>Average equity capital (EUR million)</td>
<td>1,338</td>
<td>1,327</td>
</tr>
</tbody>
</table>

Particle Therapy Center at the North European Radiooncological Center Kiel
Financial Markets

- Income continues to be affected by the financial market crisis; write-downs in the credit investment portfolio of EUR 511 million
- Successful cross-selling
- High demand for hedging products

Savings banks

- Low demand for investment products
- Expansion of range of products and services in view of increased emphasis of investors on security

Cross-Selling 2008 in EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q1/08</th>
<th>Q2/08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42</td>
<td>76</td>
</tr>
</tbody>
</table>

+81%

### Financial Markets & Institutions

<table>
<thead>
<tr>
<th></th>
<th>H1 2007</th>
<th>H1 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income before tax (EUR million)</td>
<td>231</td>
<td>-350</td>
</tr>
<tr>
<td>Return on equity before tax (%)</td>
<td>36.1</td>
<td>-57.0</td>
</tr>
<tr>
<td>CIR (%)</td>
<td>36.8</td>
<td>n/a</td>
</tr>
<tr>
<td>Average equity capital (EUR million)</td>
<td>1,279</td>
<td>1,228</td>
</tr>
</tbody>
</table>

8 September, 2008
Agenda

1. Results for the 1st half of 2008

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4. Annex: Credit Investment Portfolio
The business model has proved itself

Leading international specialist with strong roots in the region

- Global shipping and transport industry
- Top real estate investors (international/national)
- Renewable energies
- Small and mid-sized corporate clients
- Private Banking
- Savings banks

Capital market experts with first-class products for the market areas of the bank and for institutional investors
Our focus areas

1. Positioning
   - Focus our business model further
   - Set strategic focuses

2. Performance
   - Reduce committed capital and risk
   - Realize cost-cutting potential

3. Excellence
   - Streamline complex organizations
   - Optimize processes
Focusing the business model

- Phasing out the credit investment portfolio
- Removing non-core activities
- Focusing the real estate business
- Examining overseas network
- Sale of holdings

Focus on core business areas

- Focus on new business in core areas
- Expanding high-quality businesses with higher margins
- Realizing cross-selling potential in all areas
Cost reductions improve financial strength

Projected income before the crisis on the financial markets

Operating income*

Administrative expenses

Profitability and efficiency program

*without loan loss provisions, including CIP effects
Reducing the credit investment portfolio

* based on nominal values, as of 07.31.2008
Our goals for 2010

**Financial strength**
ACE in %

- 2007: 2.8%
- 2010e: >5.0%

**Earning power**
Net income before tax (€ million)

- 2007: 148
- 2010e: 1,000

**Efficiency**
Cost/income in %

- 2007: 87%
- 2010e: <40%

**Profitability**
RoE after tax in %

- 2007: 6.4%
- 2010e: >10%
Agenda

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4. Annex: Credit Investment Portfolio
Large-volume Credit-Investment-Portfolio

Breakdown of credit investment portfolio by asset class
Notional as of 30 June 2008

- Credit-investment-portfolio is broadly diversified
- 90% of the whole portfolio is investment grade
- Excluding Single Names 61.3% of the portfolio is AAA
- Strict own investment guidelines applied
- Original strategic goal: buy and hold to generate steady interest income

1) Incl. assets of Carrera and Poseidon

100% = EUR 25.2 bn
(12/31/07: EUR 30.0 bn)
Rating distribution has been very stable

<table>
<thead>
<tr>
<th>Rating</th>
<th>Initial</th>
<th>Migration-in</th>
<th>Migration-out</th>
<th>June 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>46.8</td>
<td>1.0</td>
<td>3.4</td>
<td>44.2</td>
</tr>
<tr>
<td>AA</td>
<td>24.2</td>
<td>1.8</td>
<td>0.6</td>
<td>21.1</td>
</tr>
<tr>
<td>A</td>
<td>17.6</td>
<td>1.0</td>
<td>1.7</td>
<td>19.8</td>
</tr>
<tr>
<td>Below A</td>
<td>11.4</td>
<td>4.8</td>
<td>1.5</td>
<td>14.9</td>
</tr>
</tbody>
</table>

Legend: 
- Light blue: Unchanged
- Light blue (darkened): Upgrade
- Dark blue: Downgrade

Initial Migration-in Migration-out June 08
# Credit-Investment-Portfolio

## Annual 2007 and January to June 2008

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Asset class</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Synthetic CDO</td>
<td>DFV</td>
<td>1,878</td>
<td>1,369</td>
<td>214</td>
<td>413</td>
<td>0</td>
<td>0</td>
<td>314</td>
<td>115</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>CDS on Indices</td>
<td>HFT</td>
<td>353</td>
<td>0</td>
<td>10</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>19</td>
<td>19</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Special Fund</td>
<td>AFS</td>
<td>866</td>
<td>500</td>
<td>29</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>-6</td>
<td>-6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SIV Capital Notes</td>
<td>LAR</td>
<td>143</td>
<td>83</td>
<td>143</td>
<td>143</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other ABS</td>
<td>Mainly LAR</td>
<td>9,734</td>
<td>8,988</td>
<td>300</td>
<td>70</td>
<td>1</td>
<td>229</td>
<td>392</td>
<td>47</td>
<td>5</td>
<td>340</td>
</tr>
<tr>
<td>Single Names</td>
<td>DFV, AFS, LAR, HFT</td>
<td>13,641</td>
<td>11,219</td>
<td>179</td>
<td>95</td>
<td>58</td>
<td>26</td>
<td>173</td>
<td>97</td>
<td>50</td>
<td>26</td>
</tr>
<tr>
<td>Hedge Funds/ Other Funds</td>
<td>AFS</td>
<td>868</td>
<td>729</td>
<td>25</td>
<td>24</td>
<td>1</td>
<td>0</td>
<td>19</td>
<td>14</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Others (Convertibles, NY HY Loan Portfolio)</td>
<td>DFV, LAR</td>
<td>461</td>
<td>462</td>
<td>-6</td>
<td>-16</td>
<td>0</td>
<td>10</td>
<td>19</td>
<td>12</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td><strong>SUM</strong></td>
<td></td>
<td><strong>27,944</strong></td>
<td><strong>23,350</strong></td>
<td><strong>894</strong></td>
<td><strong>768</strong></td>
<td><strong>60</strong></td>
<td><strong>265</strong></td>
<td><strong>930</strong></td>
<td><strong>298</strong></td>
<td><strong>59</strong></td>
<td><strong>373</strong></td>
</tr>
<tr>
<td>RMBS HEL</td>
<td>Mainly LAR</td>
<td>1,312</td>
<td>1,157</td>
<td>244</td>
<td>279</td>
<td>0</td>
<td>0</td>
<td>215</td>
<td>73</td>
<td>0</td>
<td>108</td>
</tr>
<tr>
<td>CDO of ABS, CDO of CDO</td>
<td>Mainly LAR</td>
<td>372</td>
<td>352</td>
<td>67</td>
<td>82</td>
<td>0</td>
<td>0</td>
<td>43</td>
<td>28</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>North Street</td>
<td>DFV</td>
<td>340</td>
<td>317</td>
<td>202</td>
<td>202</td>
<td>0</td>
<td>0</td>
<td>112</td>
<td>112</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Subprime Portfolio</td>
<td></td>
<td><strong>2,024</strong></td>
<td><strong>1,826</strong></td>
<td><strong>513</strong></td>
<td><strong>563</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>370</strong></td>
<td><strong>212</strong></td>
<td><strong>0</strong></td>
<td><strong>108</strong></td>
</tr>
<tr>
<td><strong>TOTAL SUM</strong></td>
<td></td>
<td><strong>29,968</strong></td>
<td><strong>25,176</strong></td>
<td><strong>1,407</strong></td>
<td><strong>1,331</strong></td>
<td><strong>60</strong></td>
<td><strong>265</strong></td>
<td><strong>1,300</strong></td>
<td><strong>511</strong></td>
<td><strong>59</strong></td>
<td><strong>481</strong></td>
</tr>
</tbody>
</table>

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1) Incl. realized losses of EUR 56 m due to restructuring  
2) M-t-M movements of January/February in annual result already considered  
3) M-T-M movements of January in annual result already considered  
4) Different Credit Strategies; Cash component not considered in notional as of 30 June 2008