Agenda

1. Significant developments

2. Financial figures H1 2013

3. Outlook second half 2013
Core Bank profitable – Bank further stabilized

► Improved earnings structure – group net profit in H1-2013
  – Profit contribution of Core Bank increased visibly
  – Net margins and quality of total portfolio improved
  – New clients generated – client basis broadened beyond core region
  – Impact from one-off effects declining

► Risk provisioning in line with expectation
  – Risk parameters improved; opposite trend in shipping market
  – Further provisioning done for shipping risks as planned

► Guarantee amount replenished – capital ratios strengthened
  – Core Tier1 ratio increased to 12.0 percent
  – EU- state aid proceedings initiated – final ruling not expected before 2014

Conversion into ‘Bank for Entrepreneurs‘ progressing well
## Exemplary transactions

<table>
<thead>
<tr>
<th>Company/Project</th>
<th>Description</th>
<th>Amount</th>
<th>Year</th>
<th>Lender(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIC AG Büroy Portfolio</td>
<td>Rhein-Neckar, Frankfurt Portfoliofinanzierung</td>
<td>160.000.00 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>Strabag Upper West</td>
<td>Berlin Projektentwicklung Mandated Lead Arranger</td>
<td>149.000.000 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>Deutsche Wohnen AG Wohnportfolio</td>
<td>Berlin, Leipzig, Dresden, Niedersachsen Sole Lender</td>
<td>161.000.000 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>Hansen &amp; Rosenthal</td>
<td>Hamburg Borrowing Base Mandated Lead Arranger</td>
<td>40.000.000 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>AKN Eisenbahn AG</td>
<td>Kaltenkirchen Fremdkapitalfinanzierung</td>
<td>60.000.000 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>Offshore Windpark Butendiek</td>
<td>Deutschland/ Nordsee Project Finance</td>
<td>30.000.000 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>Solarpark Solstice 1A und 1B</td>
<td>Frankreich Project Finance Sole MLA</td>
<td>81.600.000 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>Euroports Netherlands B.V.</td>
<td>Europa Refinanzierung Mandated Lead Arranger</td>
<td>61.000.000 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>Scorpio Tankers</td>
<td>New York Ship Finance Lead Arranger</td>
<td>50.000.000 US $</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
<tr>
<td>Deutsche Tamoil GmbH</td>
<td>Elmshorn Schuld scheindarlehen</td>
<td>27.500.000 €</td>
<td>2013</td>
<td>HSH Nordbank</td>
</tr>
</tbody>
</table>
Important milestones in restructuring process achieved

► Balance sheet total massively reduced
  – The target of 120 bn euro balance sheet total required by end of 2014 prematurely achieved already by mid-year 2013
  – Core bank balance sheet has ample room for expansion of business activities

► Concentration on profitable business
  – Retail operations ceased—clients migrate to savings banks
  – Focus on affluent private banking clients in wealth management

► Sale of equity holdings in plan
  – Non-strategic businesses abolished or continued at a much reduced pace
  – HSH Real Estate GmbH divested in August

Essential EU-requirements prematurely fulfilled
Agenda

1. Significant developments
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## Key financials at a glance

<table>
<thead>
<tr>
<th>Euro mm</th>
<th>H1 2012</th>
<th>H1 2013</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total earnings</td>
<td>438</td>
<td>809</td>
<td>+85</td>
</tr>
<tr>
<td>Loan loss provisions</td>
<td>-111</td>
<td>-224</td>
<td>&gt;100</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-385</td>
<td>-370</td>
<td>-4</td>
</tr>
<tr>
<td><strong>Net income before taxes</strong></td>
<td></td>
<td></td>
<td>&gt;100</td>
</tr>
<tr>
<td>thereof Core Bank</td>
<td>-30</td>
<td>131</td>
<td>&gt;100</td>
</tr>
<tr>
<td>thereof Restructuring Unit</td>
<td>49</td>
<td>-33</td>
<td>&gt;-100</td>
</tr>
<tr>
<td><strong>Group net profit</strong></td>
<td>54</td>
<td>90</td>
<td>67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12/31/2012</th>
<th>06/30/2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (Euro) bn</td>
<td>131</td>
<td>121</td>
<td></td>
</tr>
<tr>
<td>thereof Core Bank</td>
<td>75</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>thereof Restructuring Unit</td>
<td>56</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Core Tier1 ratio (Basel II) in %</td>
<td>9,9</td>
<td>12,0*</td>
<td></td>
</tr>
<tr>
<td>Liquidity Coverage Ratio – LCR – (Basel III) in %</td>
<td>134</td>
<td>160</td>
<td></td>
</tr>
</tbody>
</table>

* plus 4.1 % buffer due to debtor warrant re/additional premium
Adjusted net income reveals strength of Core Bank

Net income adjusted for extraordinaries (EUR mm)

189 = adjusted group profit

178 11

-81 -2 -8

98

90

Adjusted net income before tax Core Bank
Adjusted net income before tax Restructuring Unit
Valuation effects from basis swaps and own liabilities
Result from i.a. equity holdings, sale of assets, extraordinary depreciation
Restructuring expenses
Net income before tax
Income taxes
Group net profit 06/30/2013

Business modell is working—Core Bank with substantial profit contribution
Core Tier1 capital ratio at 12 percent

► Risk weights massively reduced by replenishment of guarantee
► Reduction in Restructuring Unit assets and improved risk parameters positively supported capital ratios

* due to debtor warrant re/ additional premium
We expect Core Tier 1 ratio to stay around 10 percent throughout the entire planning period until 2019

We fulfill the capital ratio requirements under Basel III prematurely

1) Forecast Core Tier1 ratio (CT1) according to bank plan
2) Forecast Core Tier1 ratio (CT1); All currently known effects on RWA and Equity considered.
Stable new business generated

New business signed with Core Bank clients
Euro bn

- New business steadily expanded despite sluggish demand for financing
- In particular, business with target customers from corporate client base broadened
- Well-filled pipeline in real estate and energy & infrastructure
- New business margins improved further
- Attractive risk/ return profile and overall quality of the portfolio have improved
Total earnings markedly above previous year

<table>
<thead>
<tr>
<th>Euro mm</th>
<th>H1 2012</th>
<th>H1 2013</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total earnings</td>
<td>438</td>
<td>809</td>
<td>+ 85</td>
</tr>
<tr>
<td>thereof net interest income</td>
<td>453</td>
<td>485</td>
<td>+ 7</td>
</tr>
<tr>
<td>thereof net commission income</td>
<td>44</td>
<td>52</td>
<td>+ 18</td>
</tr>
<tr>
<td>thereof net trading income</td>
<td>-210</td>
<td>109</td>
<td>&gt;100</td>
</tr>
<tr>
<td>thereof net income from financial</td>
<td>152</td>
<td>167</td>
<td>+ 10</td>
</tr>
<tr>
<td>investments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Total earnings nearly doubled
- Net interest income increased despite shrinking portfolio – improved new business margins
- Net commission income moderately improved
- Net trading income less impaired by valuation gains/ losses from basis swaps and own liabilities
- Valuation gains in the credit investment portfolio (managed within the RU) improved trading and financial investments results
Risk provisioning mostly covered by risk shield

Euro mm

Loan loss provisions

Loan loss provisions before guarantee

- Modest increase of LLP before gtee.
- Main driver is shipping loans from legacy portfolio

H1 2012: -457
H1 2013: -495

Compensation effect of guarantee

- Compensation effect of the guarantee inevitably diluted by the accrual of additional premium

H1 2012:
- Gross compensation effect: 430
- Compensation effect net of additional premium: 346

H1 2013:
- Compensation effect net of additional premium: 271
Replenishment of guarantee solely for the purpose of strengthening tier-1 capital ratio

Guarantee
EUR mm

- Replenishment of the guarantee fully supported capital ratios already in H1-2013
- Fees for the increased portion of the guarantee will be expensed in second half of 2013
- Potential claims under the gtee. planned at around 1.3 bn € until 2025 (unchanged)
- Total costs of public sector gtees. 143 mm € (previous year 157 mm €)
- A total sum of two billion euros have already been paid to guarantors in fees
- Another one billion euros in base fee and additional fee went through P&L on an escrow account

Since implementation a total amount of around three billion euros in guarantee fees have been booked through P&L
Costs reduced as planned

Euro mm

**Personnel exp.**

- H1 2012: 184
- H1 2013: 166
- Reduction: -10%

**Operating exp.**

- H1 2012: 166
- H1 2013: 154
- Reduction: -7%

**Depreciation**

- H1 2012: 35
- H1 2013: 50

**Administrative expenses**

- H1 2012: 385
- H1 2013: 370
- Adjusted H1 2013: 341

- Administrative expenses reduced by 4 percent; adjusted for extraordinary depreciation of 29 €mm even by 11 percent
- Personnel expenses down 10 percent—reduction target for 2014 contractually achieved
- Operating expenses down 7 percent due to a variety of cost cutting measures

*adjusted for extraordinary depreciation
### Core Bank profitable – adjusted pre-tax result H1 2013

<table>
<thead>
<tr>
<th>Euro mm</th>
<th>Group</th>
<th>Core Bank</th>
<th>Restructuring Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income pre-tax</strong></td>
<td>98</td>
<td>131</td>
<td>-33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+47</td>
<td>+44</td>
</tr>
<tr>
<td>Extraordinaries</td>
<td>+91</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted pre-tax result</strong></td>
<td>189</td>
<td>178</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost Income Ratio in %</strong></td>
<td></td>
<td>41</td>
<td></td>
</tr>
</tbody>
</table>
### Core Bank profitable—

#### 2. client business result H1 2013*

<table>
<thead>
<tr>
<th></th>
<th>Euro m</th>
<th>year</th>
<th>Shipping, Project &amp; Real Estate Clients</th>
<th>Corporates &amp; Markets</th>
<th>Other</th>
<th>Core Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sum SPI Real Estate Energy &amp; Infra-structure Shipping Sum C &amp; M Corporate and Private Clients Capital Markets, Products, Savings Banks &amp; Institutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total earnings</td>
<td>H1 2013</td>
<td>347</td>
<td>85</td>
<td>71</td>
<td>191</td>
<td>198</td>
</tr>
<tr>
<td></td>
<td>H1 2012</td>
<td>320</td>
<td>81</td>
<td>63</td>
<td>176</td>
<td>207</td>
</tr>
<tr>
<td>Loan loss provisions</td>
<td>H1 2013</td>
<td>-154</td>
<td>4</td>
<td>0</td>
<td>-158</td>
<td>-6</td>
</tr>
<tr>
<td></td>
<td>H1 2012</td>
<td>-142</td>
<td>5</td>
<td>6</td>
<td>-153</td>
<td>-4</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>H1 2013</td>
<td>-126</td>
<td>-33</td>
<td>-34</td>
<td>-59</td>
<td>-118</td>
</tr>
<tr>
<td>Net before tax</td>
<td>H1 2013</td>
<td>72</td>
<td>55</td>
<td>41</td>
<td>-24</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>H1 2012</td>
<td>62</td>
<td>52</td>
<td>49</td>
<td>-39</td>
<td>79</td>
</tr>
</tbody>
</table>

**Improved earnings from almost all business areas – risk provisioning in Core Bank client areas little changed**

*condensed version w/o adjustments for extraordinary effects
Funding raised from diversified sources

Long-term capital markets
Euro bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Asset Based Funding</th>
<th>Pfandbrief</th>
<th>Senior Unsecured</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>8.4</td>
<td>2.7</td>
<td>1.0</td>
<td>4.7</td>
</tr>
<tr>
<td>2012</td>
<td>9.8</td>
<td>3.4</td>
<td>1.7</td>
<td>4.7</td>
</tr>
<tr>
<td>6M 2013</td>
<td>4.2</td>
<td>1.0</td>
<td>1.0</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Senior unsecured and pfandbrief by duration (excl. asset based funding)

- 1-3 years: 51%
- 4-6 years: 32%
- ≥ 7 years: 17%

- Strong franchise of HSH Nordbank within savings bank group with its broad access to retail clients; increased sales also outside savings banks finance group
- Successful placement of a 3-year, 500 m euro public sector pfandbrief => tapped to 750 m euro in April 2013
- Expansion of asset based funding via two USD-repo trades in longer maturities
NPL volume driven by shipping loans—risks fully covered

- Increase of NPL-volume since 2011 driven by shipping portfolio
- Risks primarily from shipping and real estate financings
- Completely covered by loan loss provisions, collateral values and expected cashflows
- In addition covered by second loss risk shield
Credit Investment Portfolio (CIP) since the beginning of the crisis reduced by 77% 

83% Investment grade rating

- AAA 20%
- Investment Grade 63%
- Below Investment Grade 13%
- Defaulted / Non-rated 4%

Succesfull reduction
Notional in EUR m

- Since 2007 CIP reduced by 77 percent; in Q2-2013 alone by 453 million euros
- Portfolio comprises primarily ABS-structures as well as govt. and single name bank bonds; highly volatile portfolio assets have been divested already early on
- Substantial valuation gains in H1-2013 from southern European government, local state and bank bonds as well as US real estate loans
Agenda

1. Significant developments

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Significant charges in second half 2013

- Increased risk provisioning in shipping expected
  - Only next year a reduction in provisioning need expected
  - A sustainable recovery in shipping markets expected not before 2015
  - Shipping risks in Restructuring Unit portfolio under scrutiny of regulator

- Roughly 130 mm Euro additional guarantee fee expenses
  - Some 60 mm Euro additional base fee
  - Retroactive payment of saved guarantee fees cost another 70 mm Euro

The expected P&L charges in H2 2013 will outpace the Core Bank success and lead to a group net loss for full 2013
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Contact

Günter Femers
Head of Investor Relations

Tel: +49 (0)40 3333 14601
Fax: +49 (0)40 3333 614601
guenter.femers@hsh-nordbank.com

HSH Nordbank AG
Gerhart-Hauptmann-Platz 50
20095 Hamburg