

HSH Nordbank AG

Annual Press Conference
2007 Financial Statements

Hamburg, April 9, 2008



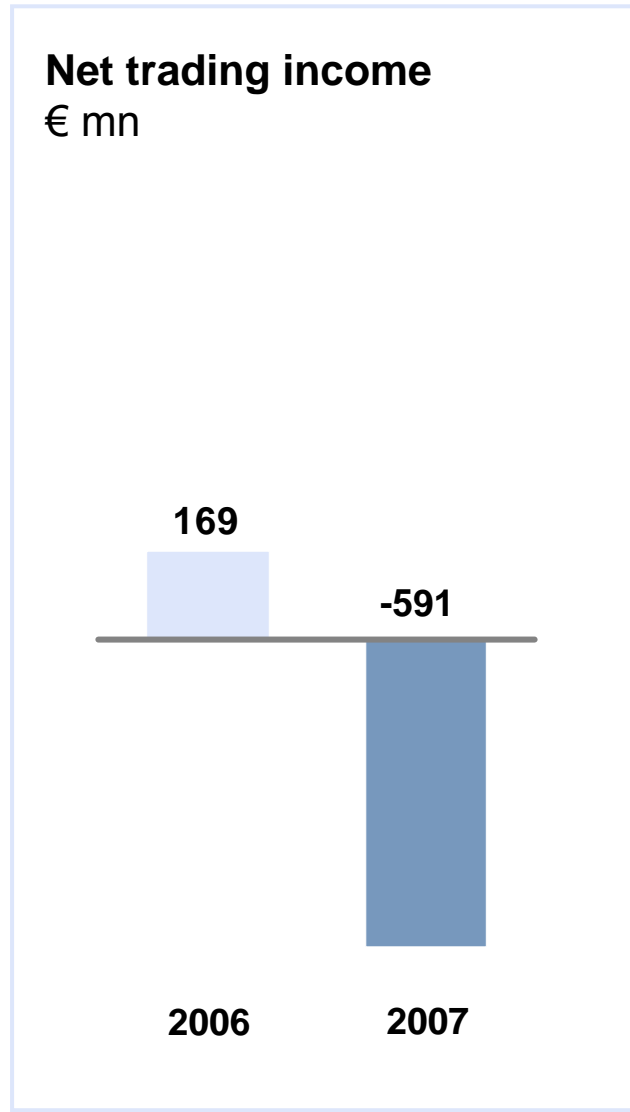
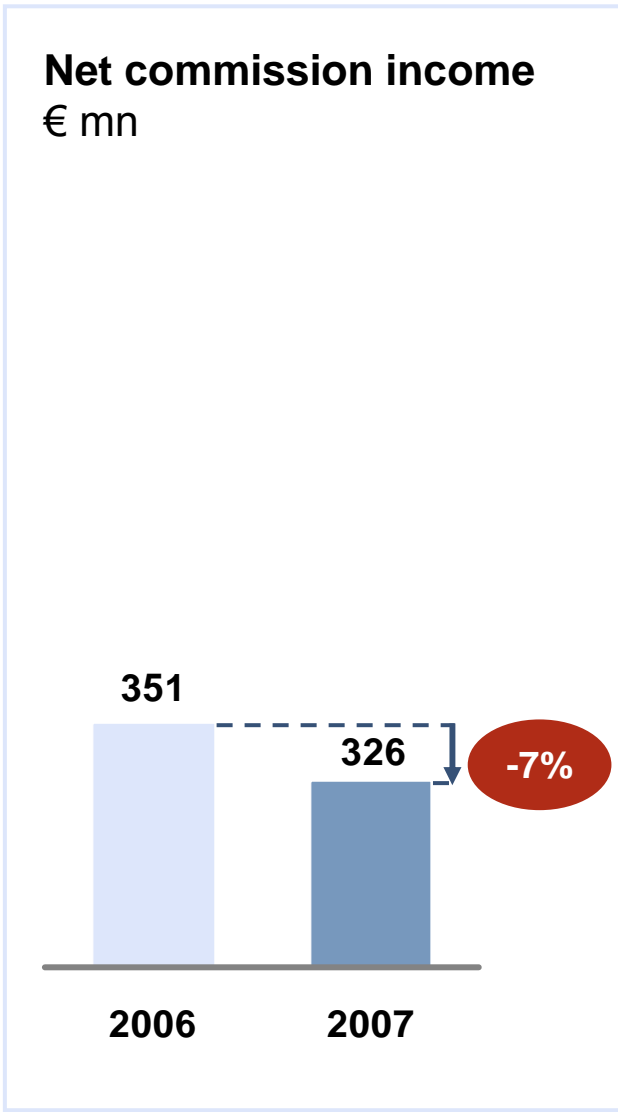
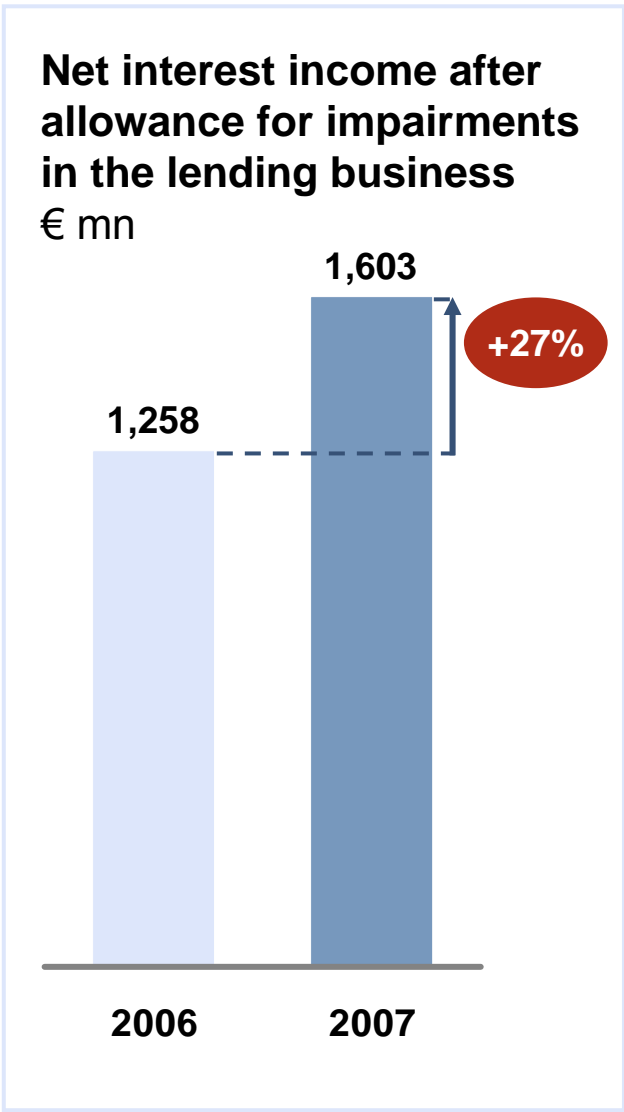
- 1. IFRS 2007 business results (unaudited)**
2. 2007 segment report
3. Changes to accounting policies due to IFRS
4. Outlook

2007: Good performance in operating terms

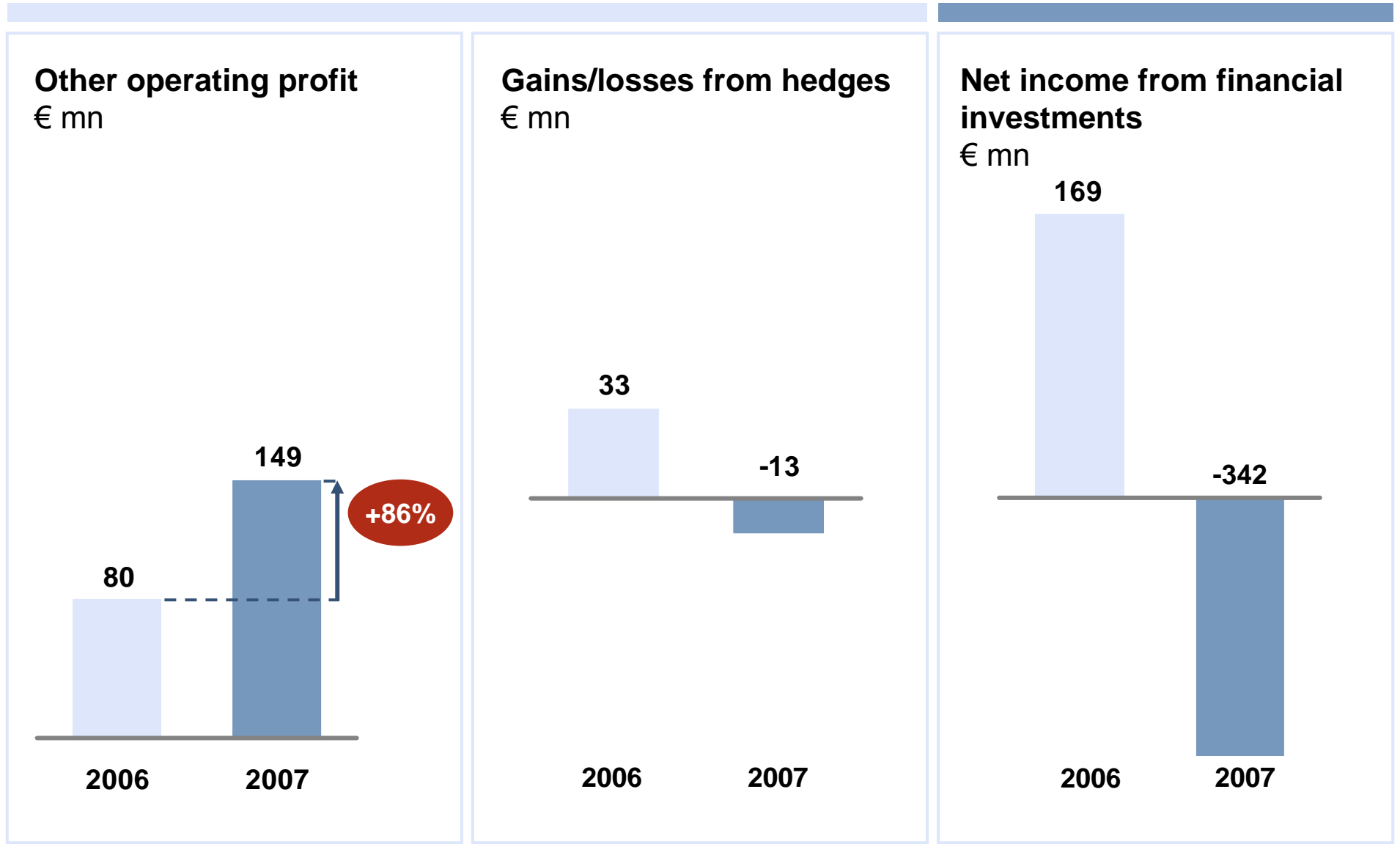
- Strong business performance in 2007:
 - New business grew to € 40 bn
 - Double-digit gain in income in Shipping, Transportation and Corporates
 - Costs under control despite capex
- Financial market crisis took its toll on 2007 earnings
- Position in key markets further strengthened



Strong growth in net interest income (after risk)



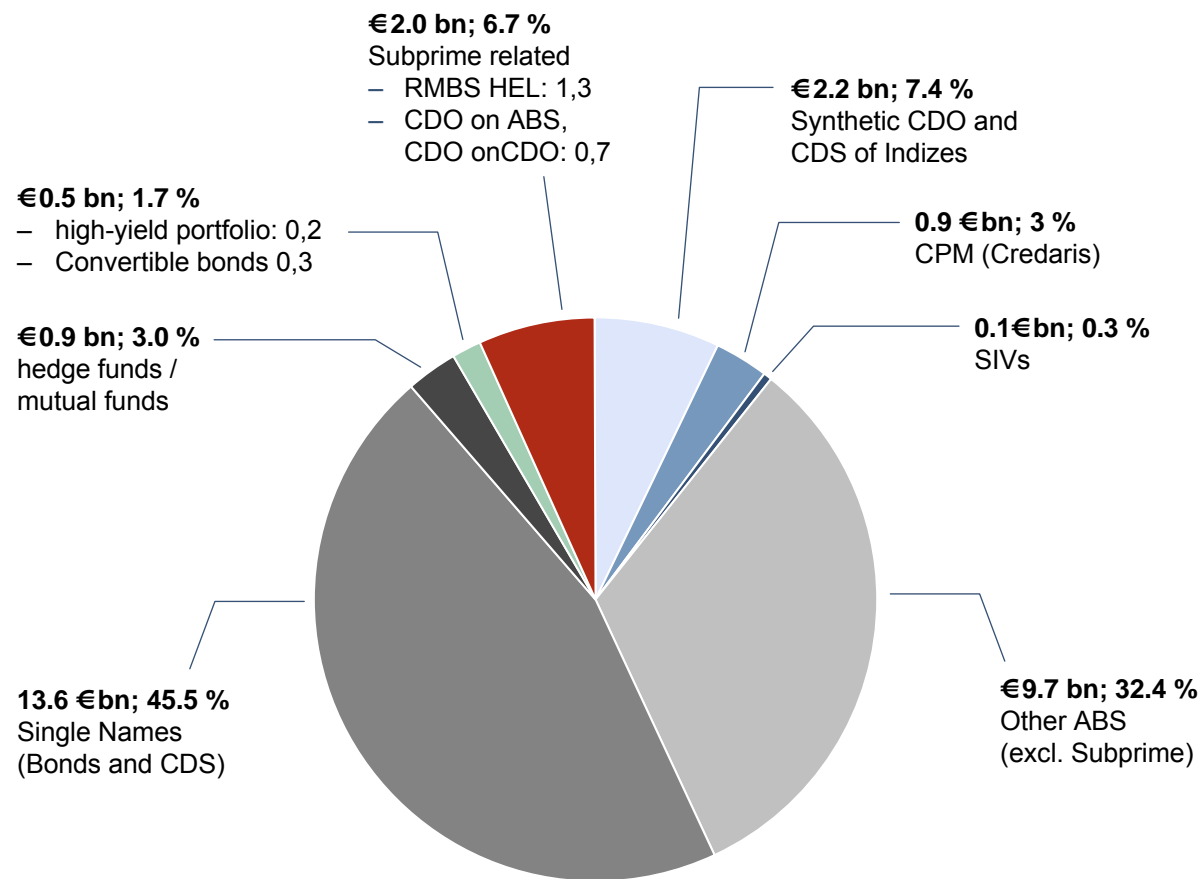
Crisis putting strain on net investment income



89 % of the portfolio is investment grade

Breakdown of credit investment portfolio by asset class

Total: € ~30 bn*



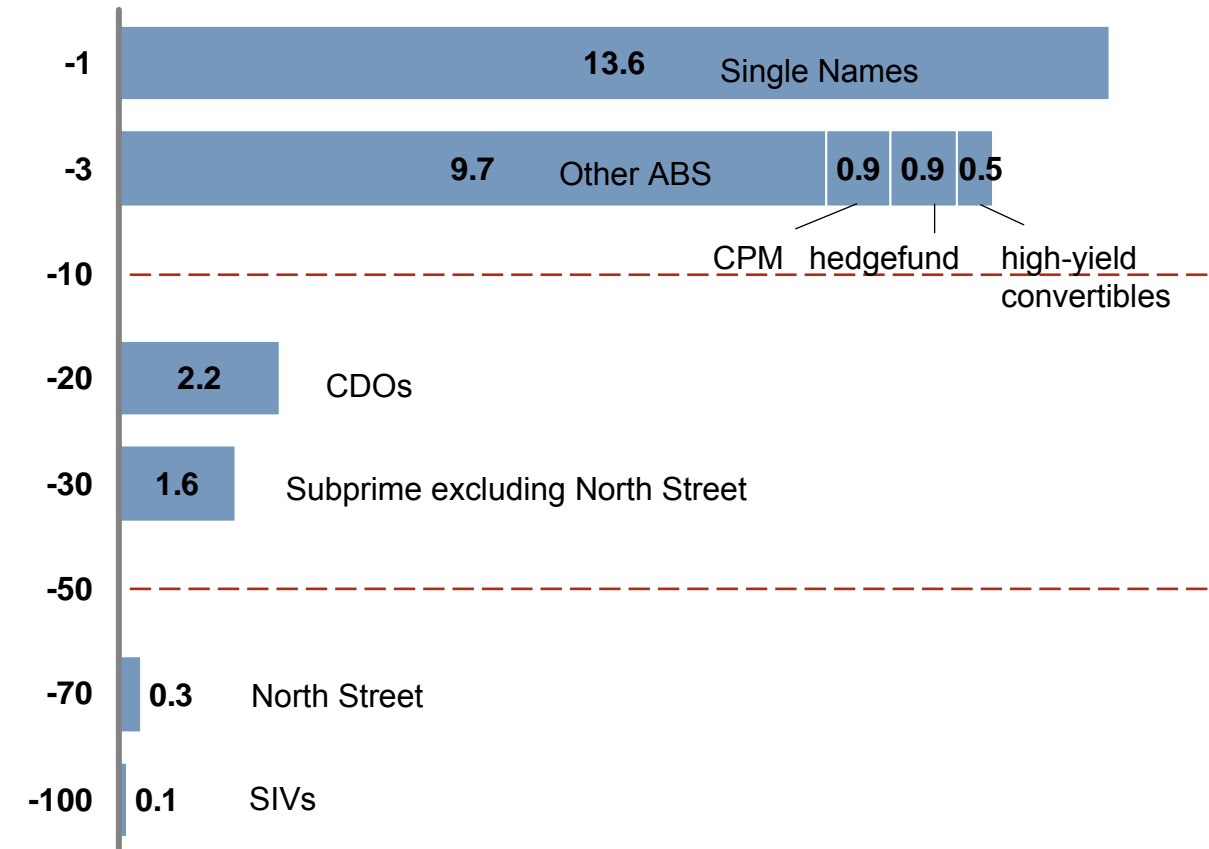
- Credit investment portfolio is broadly diversified
- High proportion of portfolio investment grade-rated
- 89 % of the portfolio is investment grade, 45 % AAA
- Strict own investment guidelines applied

* incl. assets of Carrera and Poseidon

85 % of the portfolio with virtually no impairment loss

Credit investment portfolio in EUR bn (total € 30 bn)

changes in value (%)



- Low economic risk
- 85 % of the portfolio with virtually no impairment loss

Impairment test

- Subprime effects have been completely absorbed in P+L

Writedowns required

- Impairments were taken in full on changes in market prices of more than 50 %

Write downs on the credit investment portfolio

in EUR mn			Impact on Annual Result 2007	
Asset Class	IFRS Category	Exposure (notional) 31.12.2007	Impact on P&L 2007	Revaluation Reserve
Synthetic CDO	DFV	1,878	-414	0
CDS on Indices	HFT	353	-10	0
CPM / Credaris	AFS	866	-29	0
SIV Capital Notes	LAR	143	-143	0
Other ABS	mainly LAR	9,734	-44	-1
Single Names	DFV, AFS, LAR, HFT	13,641	-26	-62
Hedge funds / other funds	AFS	868	-39	-1
Others (Convertibles, NY HY Loan Portfolio)	DFV, LAR	461	+16	0
Total		27,944	-689	-64
RMBS Home Equity Loans	Mainly LAR	1,312	-279	0
CDO of ABS, CDO of CDO	Mainly LAR	372	-82	0
North Street	DFV	340	-202	0
Subprime portfolio		2,024	-563	0
Grand Total		29,968	-1,252	-64

DFV = Designated at fair value

AFS = Available for sale

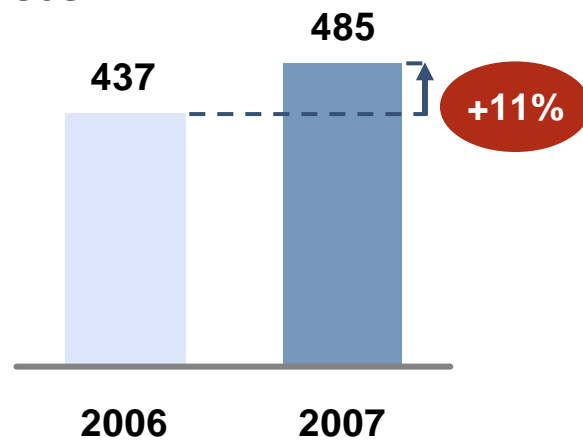
LAR = Loans and receivables

HFT = Held for Trading

Higher costs as a result of capital spending

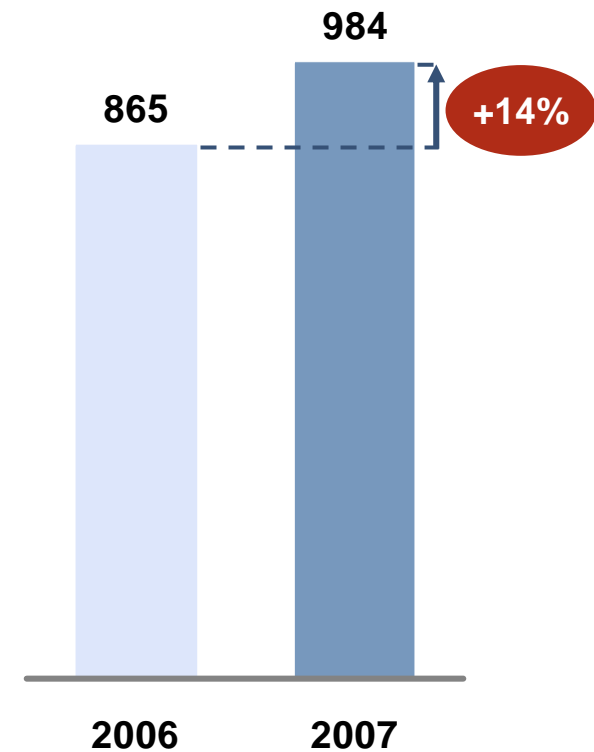
Operating expenses

€ mn



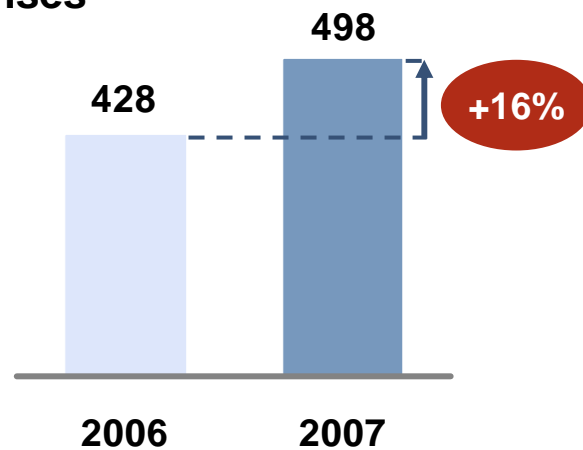
Administrative expenses

€ mn

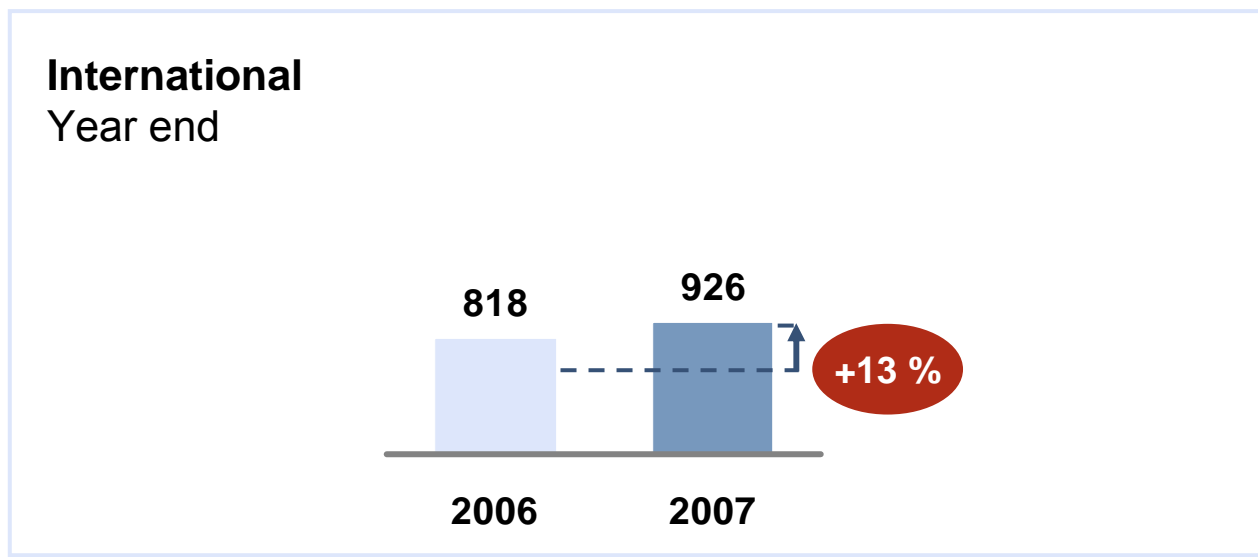
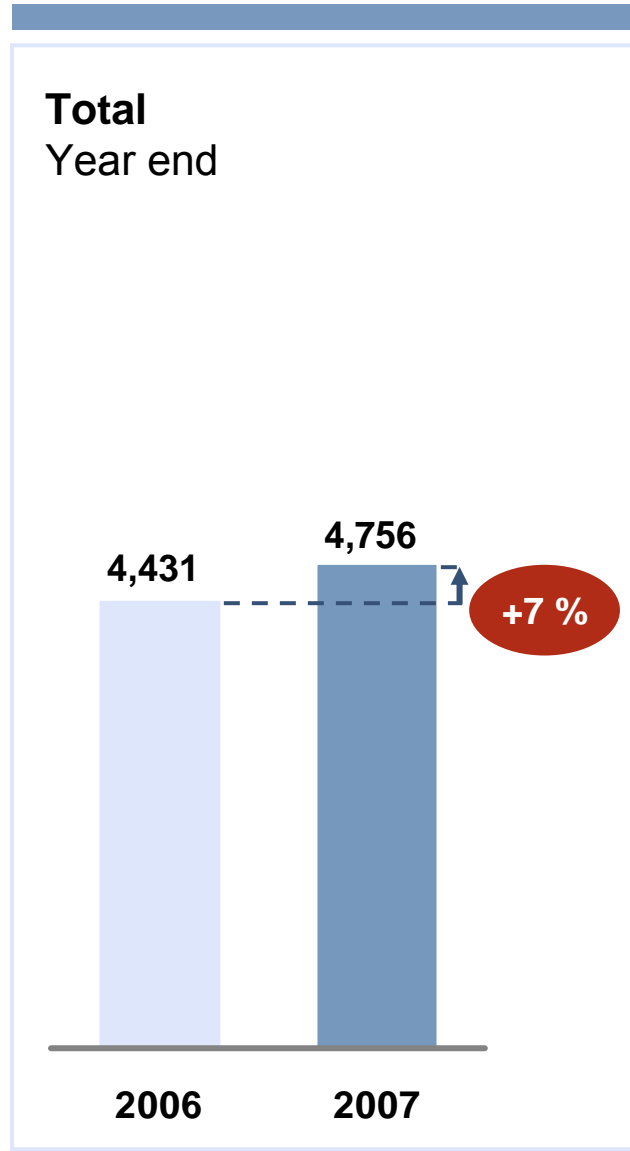
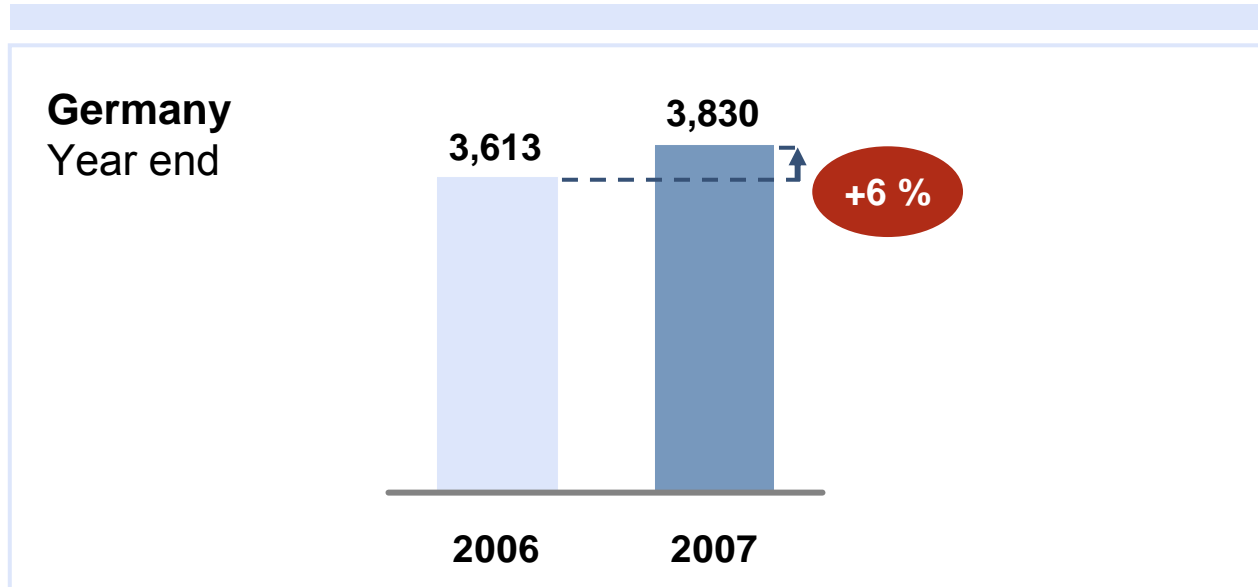


Personnel expenses

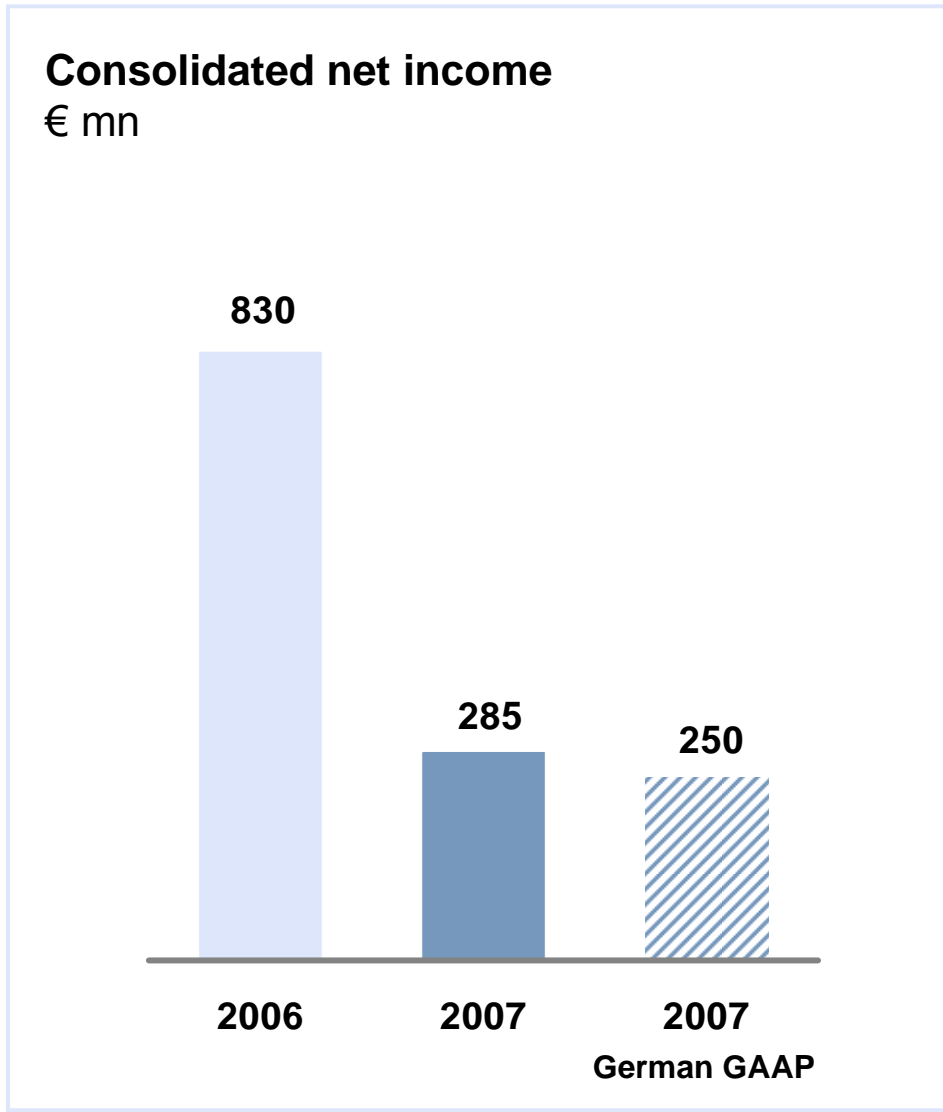
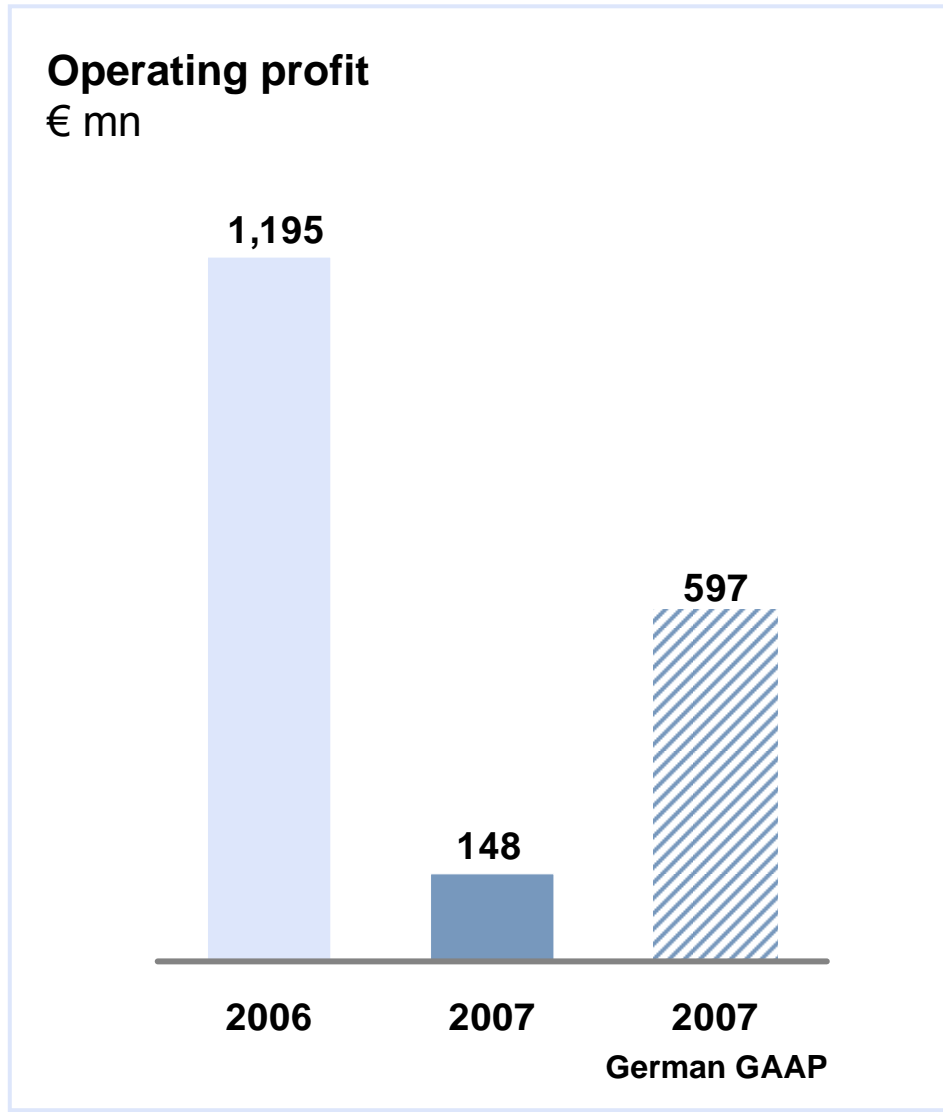
€ mn



Number of employees risen by 325



Impairment losses charged to P+L in 2007



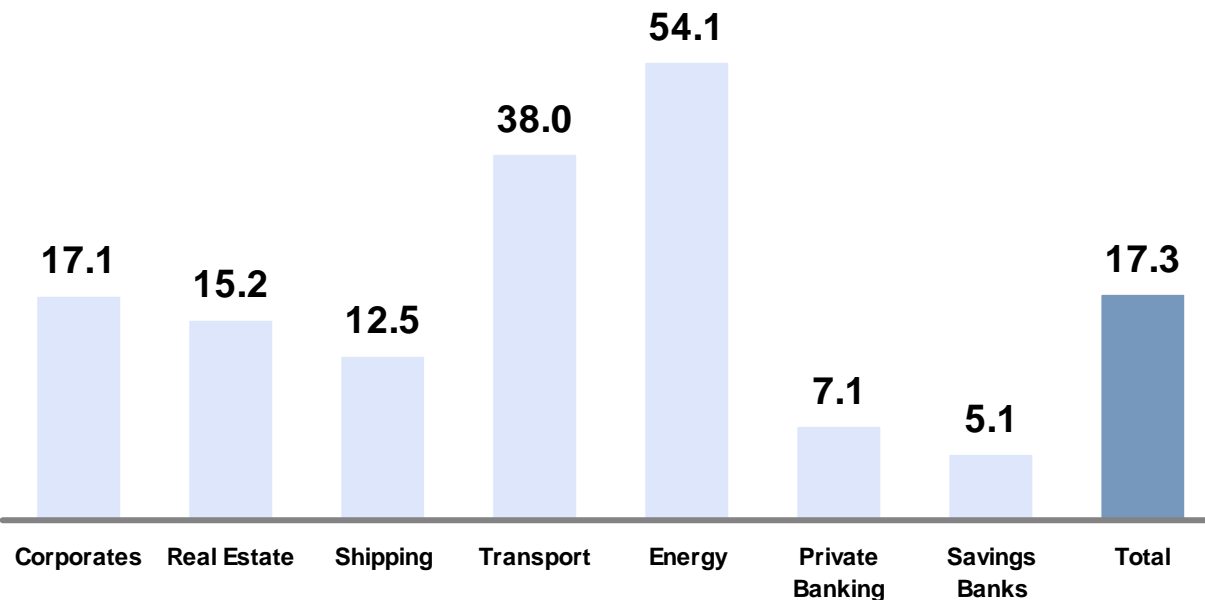
2007 at a glance

Net interest income after allowance for impairments in the lending business	€1,603.1 mn	+27 %
Net commission income	€326.3 mn	-7 %
Net trading income	€-590.6 mn	n/a
Operating profit	€148.0 mn	-88 %
Net income	€285.4 mn	-66 %
Employees	4,756	+7 %
Cost/income ratio	87.0 %	+48.8 PP
Tier 1 capital ratio (acc. to German Banking Act, including market risks)	6.2 %	+0.1 PP
After-tax ROE	6.4 %	-13.3 PP

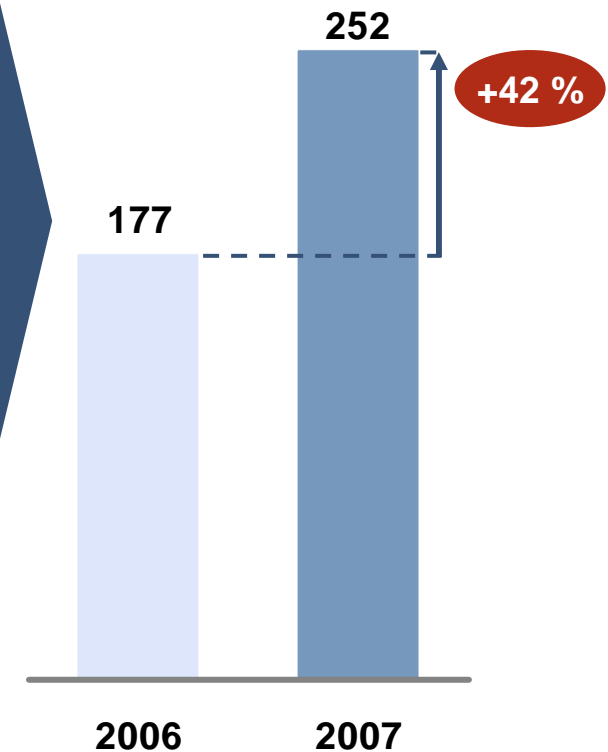
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Strong growth – successful cross-selling

Income growth of the market units (CAGR 2003-2007)



FMD's cross-selling income € mn



Shipping

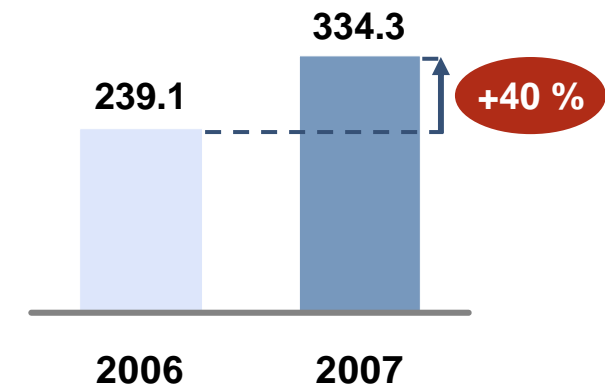
2007

- Volume of new business: € 11.8 bn
- Operating income up 21 percent on previous year
- Risk provisioning still at a very low level
- Increase in M&A finance deals, e.g. purchase of a U.S. tanker shipping company by a bidder syndicate
- Increased focus of innovative solutions for our clients

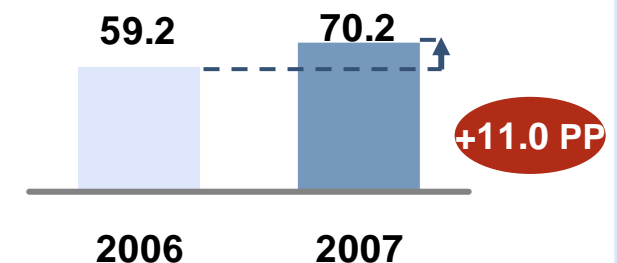
2008

- At € 8.6 bn, new business pipeline well filled in Q1
- New business affected by exchange rates in the first few weeks
- Syndications already successfully placed

Operating profit before tax € mn



Return on equity Pre-tax ROE (%)



Transportation

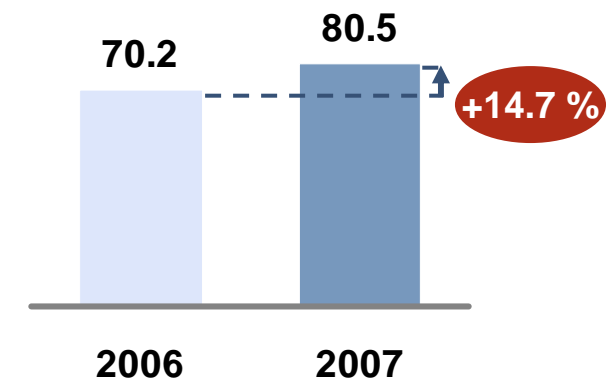
2007

- Volume of new business: € 4.8 bn
- Commission income up 27 percent Y-o-Y
- Transportation: “Aircraft Deal of the Year - Asia“
- Arranging and financing of Diabolo project (€ 370 mn) rail link of Brussels airport to national rail grid
- Growing cross-selling activities with Financial Markets

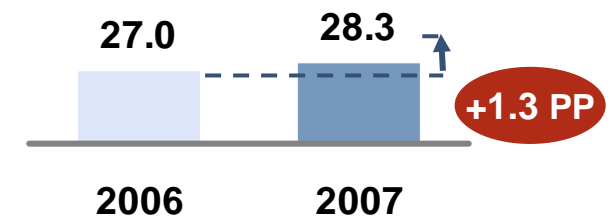
2008

- New business started well early in the year, pipelines of the Transport (€ 7.1 bn) and Energy (€ 4.6 bn) units well filled
- New business unit “Renewable Energy” set up in early 2008
- We have held a top position in this dynamically growing segment for a number of years

Operating profit before tax € mn



Return on equity Pre-tax ROE (%)



Global Real Estate Markets

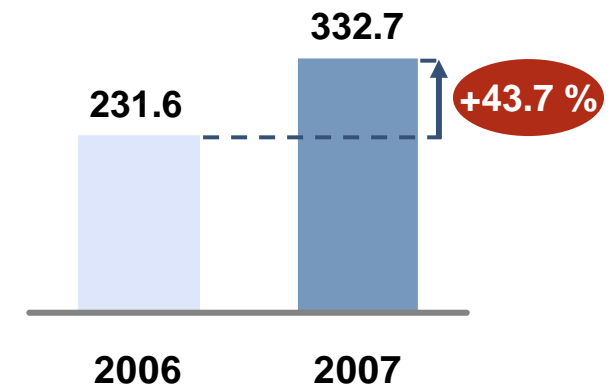
2007

- New business: € 14.9 bn
- Net interest income up 4% to EUR 343 mn
- Increase in capital market related finance solutions
- Non-German business accounts for more than 50 percent of the portfolio
- Good profit contribution from HSH Real Estate subsidiary

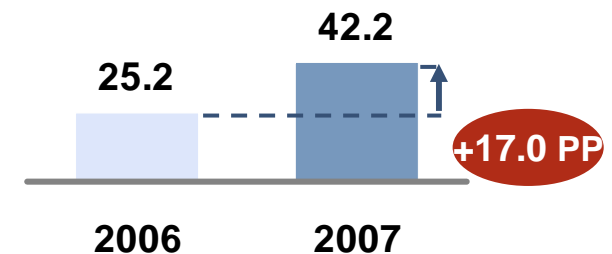
2008

- Solid new business: enquiries of around € 8.7 bn being processed
- Sustained intensive competition for commercial real estate finance deals
- Uptrend in margins due to greater risk sensitivity

Operating profit before tax € mn



Return on equity Pre-tax ROE (%)



Corporates

2007

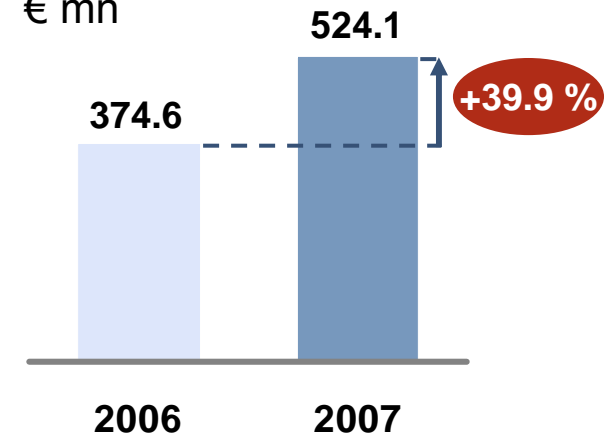
- New business: nearly EUR 9 bn
- Uptrend in business:
- Net commission income rose by 11 percent
- Net interest income up 11 percent
- Encouragingly low risk provisioning expense thanks to good economy and resolute risk management
- Market leadership in Northern Germany with market penetration of over 50%

2008

- New offices successfully set up in Düsseldorf, Munich and Stuttgart
- New business pipeline currently at € 2.4 bn.
- Important deal: lead arranger in financing the Proton Therapy Center in Kiel via a public/private partnership

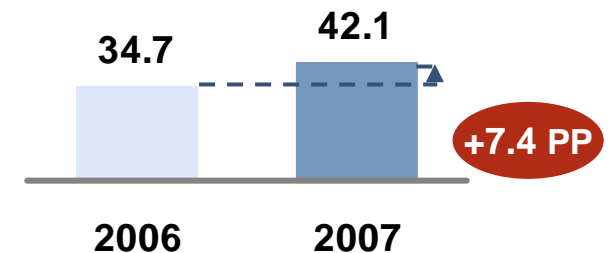
Operating profit before tax

€ mn



Return on equity

Pre-tax ROE (%)



Institutions & Private Banking

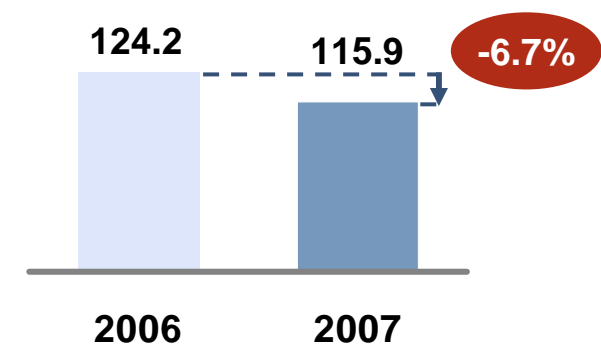
2007

- Support for the client business of the Savings banks via innovative products, e.g. "spring bond"
- Spending on new offices and staff in the Private Banking segment
- Award: „Elite der Vermögensverwalter“
- Leasing: encouraging net interest and commission income

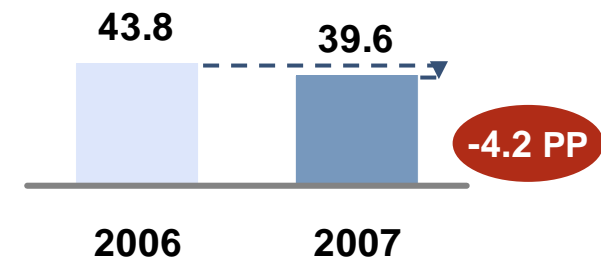
2008

- Savings banks: Increase in capacity for advisory services
- Private Banking: further extensions to regional and supraregional activities
- Leasing:
 - Integration in the Corporates unit effective January 1, 2008
 - Further expansion of our client base in Germany

Operating profit before tax € mn



Return on equity Pre-tax ROE (%)



Financial Markets

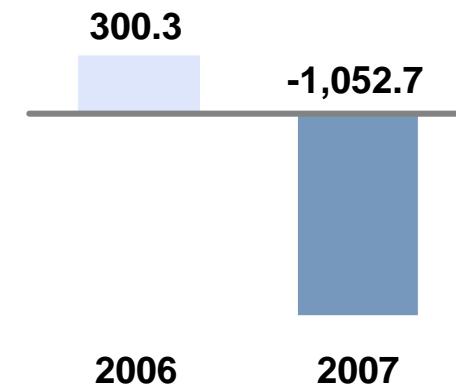
2007

- Segment earnings dragged down substantially by general market conditions
- This was due to impairments in the credit investment portfolio: 1.3 billion euros, of which 563 million euros relating to subprime exposure
- Sale of capital market products to market unit clients successfully progressing (cross-selling)

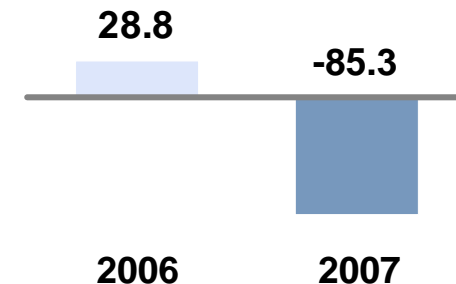
2008

- Successful issue of the first rated jumbo ship Pfandbrief with a face value of 1 billion euros early in 2008

Operating profit before tax € mn



Return on equity Pre-tax ROE (%)



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Material differences between German GAAP and IFRS

Profit- and Lost-Account	Pro-Forma HGB 2007	IFRS 2007
Net interest income	1879	1602
Allowance for impairments in the lending business	-169	1
Interest surplus after allowance	1710	1603
Net commission income	440	326
Gains/losses from hedges	0	-13
Net trading income	71	-591
Net income from financial Investments	-713	-342
Other operating income	101	149
Administrative expenses	-1012	-984
Operative income	597	148
Income tax expense	-11	132
Profit and loss attributable to minorities	0	5
Profit transfers by agreement	-278	0
Increase § 340 German GAAP reserves	-57	0
Consolidated net income	250	285

Decline in net interest income:

- Dividends paid on silent partnerships are classified as interest expense under IFRS and thus presented within net interest result; under German GAAP they were reported as profit transfers by agreement.

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Changes in risk provisioning:

- Under IFRS, risk provisions are only reported separately for lending business; other risk types (securities trading and equity holdings) are netted within net trading income and net investment income
- Under IFRS, risk provisioning for lending business comprises individual value adjustments and portfolio value adjustments. Portfolio value adjustments are calculated on the basis of Basle II parameters.

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Lower net commission income:

- Under IFRS, loan commissions are recorded on a pro rata temporis basis to a greater extent than under German GAAP and reported under net interest income.

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Gains or losses from hedges:

- German GAAP does not have an equivalent item because hedges (e.g. interest-rate swaps for hedging interest risks) are not reported in the balance sheet.
- Hedge accounting: The hedging instrument and hedged item are structured in such a way as to ensure that economically unjustified volatility in profit and loss is avoided as far as possible.
- The item „Gains or losses from hedges“ reflects positive or negative results of imperfect hedges.

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Net trading income more volatile:

- Main reason: Depending on their category, securities are measured at their fair values to a far greater extent under IFRS than under German GAAP with changes recorded in the income statement.
- In contrast to German GAAP, for example, all derivatives are measured at their fair value unless they are embedded in hedge relationships.

Material differences between German GAAP and IFRS

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Net income from financial investments

- This includes parts of the former items "risk provisions in securities trading" and "net income from equity holdings"
 1. Changes in the fair value of securities not held for trading
 2. Realized gains and losses from securities and equity holdings

Material differences between German GAAP and IFRS

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Other operating profit:

- No material systematic differences between German GAAP and IFRS
- The main reason for the increase is the wider consolidation group under IFRS

Material differences between German GAAP and IFRS

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Administrative expenses:

- Under IFRS, goodwill is no longer amortized on a straight-line basis but subjected to annual impairment testing.
- Under IFRS, internally generated intangible assets are capitalized and then amortized on a straight-line basis; under German GAAP they were expensed in full.
- All other things being equal, newly consolidated companies result in greater administrative expenses under IFRS.

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Difference between tax balance sheet and the commercial b/s results in deferred taxes under both German GAAP and IFRS.

- However, operating profit is a good deal more volatile under IFRS, meaning that deferred taxes will tend to be more volatile.

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HSH Nordbank: Well-positioned

New business pipeline - at € 31 billion - well filled in the first quarter of 2008



We have a successful and crisis-proof business model



We are a financial institution that is geared to growth



Annex Details of Credit Investment (Sub)Portfolios

according to IFRS (International Financial Reporting Standards)

*figures not audited



Write downs of Credit Investment Portfolio

in EUR mn			Impact on Annual Result 2007		
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	Subprime Portfolio		2.024	-563	0
	Grand Total		29.968	-1.252	-64

1) Incl. realized losses of 56 EUR mn due to restructuring of SIV Investments

2) Incl. M-t-M movements of January/February already considered

3) Incl. M-t-M movements of January already considered

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LAR = Loans and receivables

HFT = Held for Trading

P&L downside largely reduced, stable ratings, no defaults

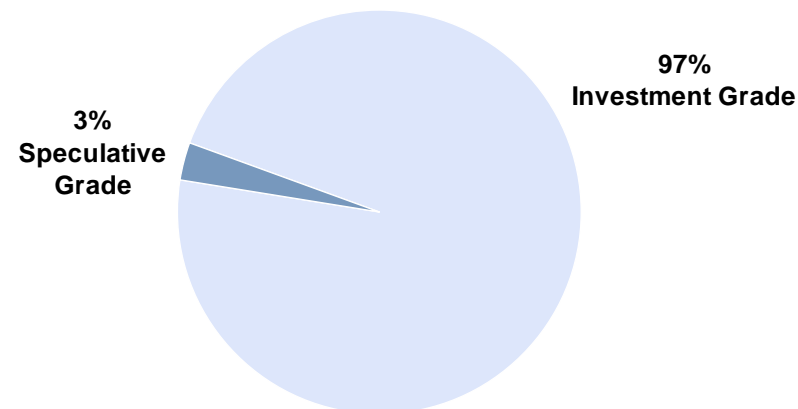
A Subportfolio: CDO's

Product

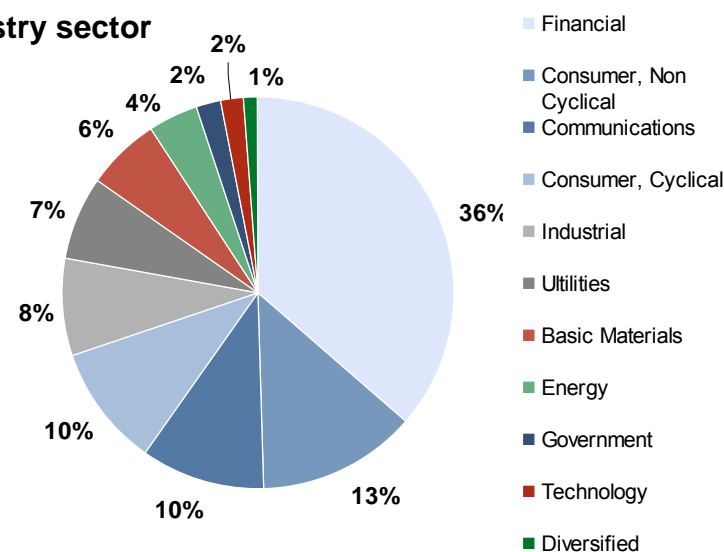
Exposure	P&L	IFRS
2,231 EUR mn	- 424 EUR mn	DFV

- Synthetic structures with corporate debt as underlying (the exposure of EUR 2.2bn does include EUR 145m Cash CDOs and CDS on iTraxx/CDX)
- CDOs referencing European/ US Single Names
- Overweight financials due to perceived lower default risk
- Average Rating of single Tranches is A+
- Participation in rated tranches
- 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 one and six years
- Current m-t-m evaluations are influenced by overall widening spread levels, especially US Financials. However, relatively stable ratings of underlying. No defaults of Investment Grade reference names: only 1 default of Sub Investment Grade reference name.
- P&L downside largely reduced due to convexity of portfolio

Instantaneous Default Loss-distribution by S&P ratings of Single Names



Instantaneous Default Loss –distribution by industry sector



Almost 50% held in cash

B Subportfolio: CPM/Credaris

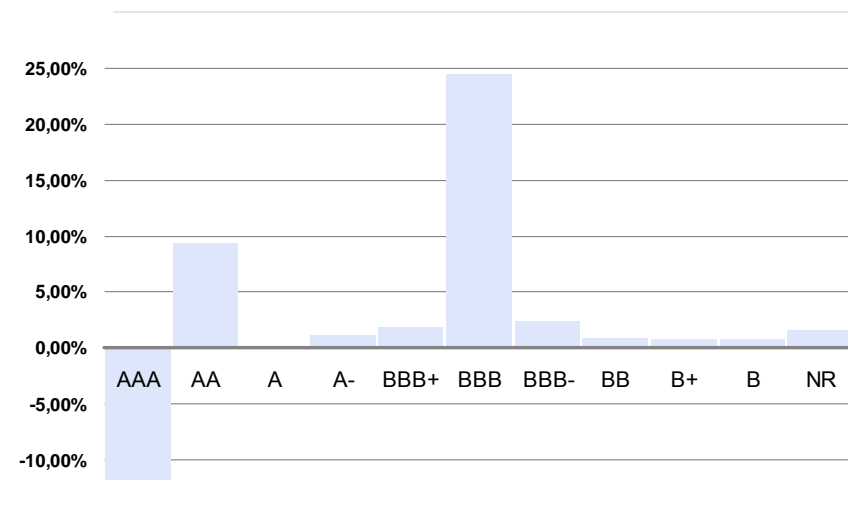
Product

Exposure	P&L	IFRS
866 EUR mn	- 29 EUR mn	AFS

- Credaris established as a joint venture between HSH Nordbank and Solent Capital to utilize/enhance portfolio management know-how
- Plans to develop client-oriented products, e.g. CDOs
- Transfer of assets totaling app. EUR 900m
- Fund's investment horizon comprises ABS structures and corporate risks
- The aggregate portfolio was slightly up in Q1 2008
- Low levels of credit risk - no defaults so far
- Currently almost 50% held in cash

Key Figures

Rating distribution*



*measured on the basis of invested assets only;
 ratings do not include cash holdings;
 AAA tranche is a short position

Exposure completely written down

Subportfolio: SIVs

Product

Exposure	P&L	IFRS
143 ¹⁾	- 143 EUR mn ¹⁾	LAR

Key Figures

SIV	Capital Note Volume (€)	Rating Capital Note	Current NAV	RWA Capital Notes	Status of restructuring
Whistlejacket	0	--	--	--	restructured ¹⁾
White Pine	0	--	--	--	restructured ¹⁾
Links	0	--	--	--	restructured ¹⁾
Stanfield Victoria	24.3	--	0%	24.3	written down
Harrier	21.6	--	0%	21.6	written down
Kestrel	20.3	--	0%	20.3	written down
Tango	0	--	--	--	restructured ¹⁾
Pace	20.3	--	0%	20.3	written down
Centauri	0	--	--	--	restructured ¹⁾
Hudson Thames	0	--	--	--	restructured ¹⁾
Sum	86.6			86.6	

1) As a result of several restructurings the exposure was brought down from originally 240 Euro mn to the current level (current exposure fully written down). The restructuring entailed realized losses of 56 EUR mn.

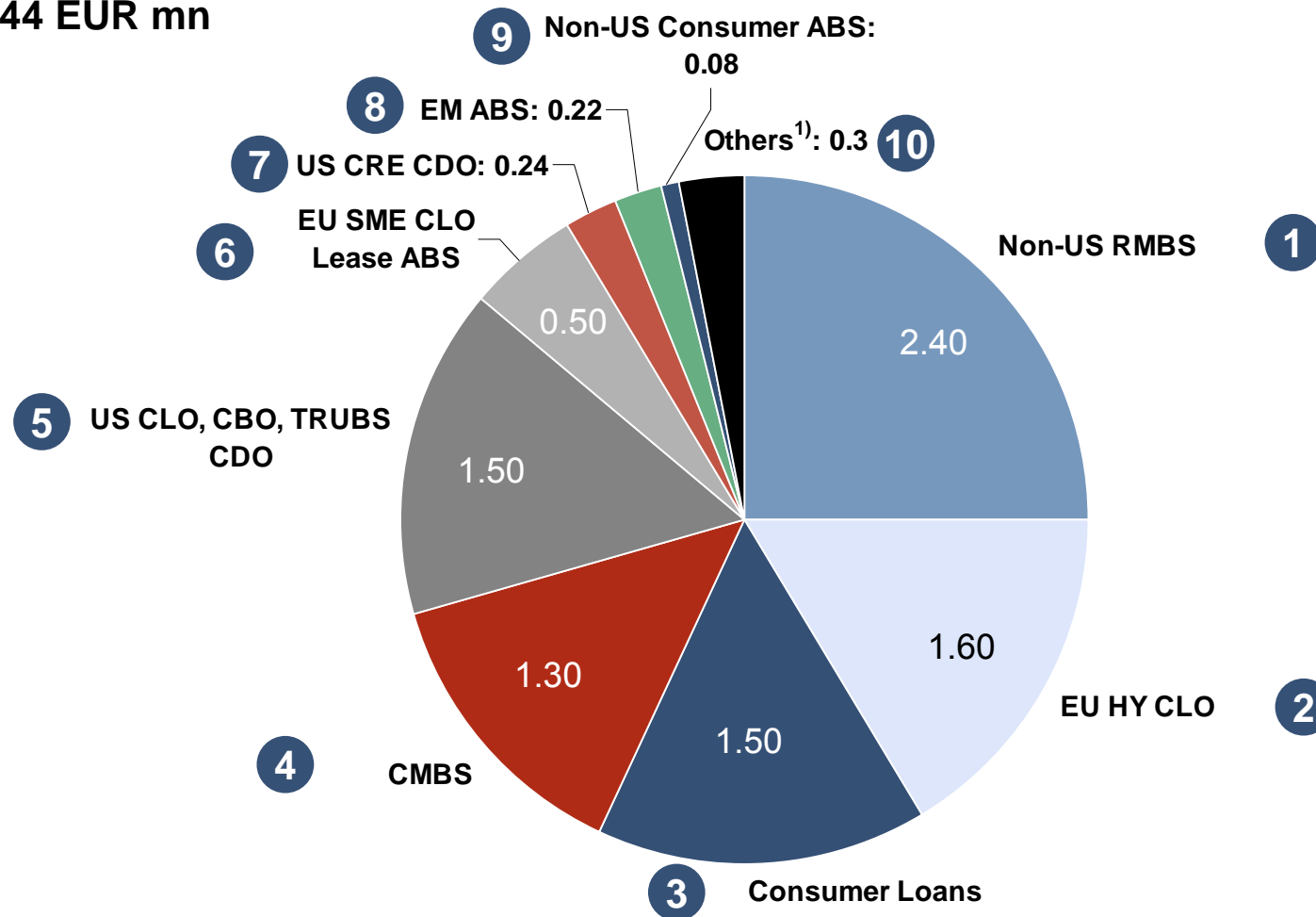
- Structured Investment Vehicles are alternative funding vehicles invested mainly in high quality, highly rated paper.
- Funding needs covered through issuance of short-term Commercial Paper as well as Medium Term Notes.
- The capital notes provide the starting capital which ranges between 7-9% of total assets. Investors participating in profits without providing additional funding.
- As a result of the current market distortions we do not expect this asset class to survive in the current shape or form.
- All exposure to SIV Capital Notes written down to zero.

Well diversified across regions and asset classes

D Subportfolio: Other ABS

Total: 9,734 EUR mn

P&L: - 44 EUR mn



1) US Credit cards 0.06; ABS shipping 0.07; ABS aircraft 0.16

Stable ratings, no downgrades, no defaults

D Subportfolio: Other ABS 1 Non-US RMBS

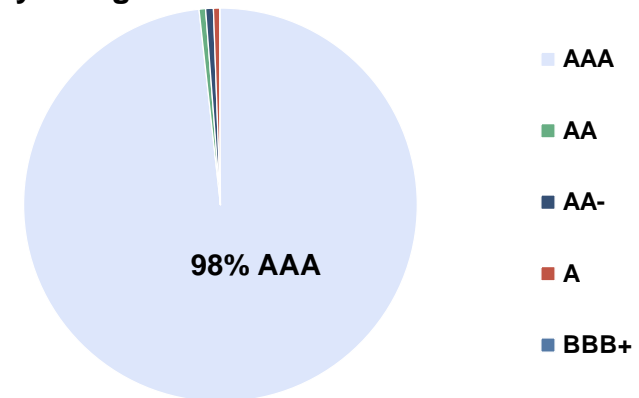
Product

Exposure (EUR bn)	IFRS
2.4	LAR

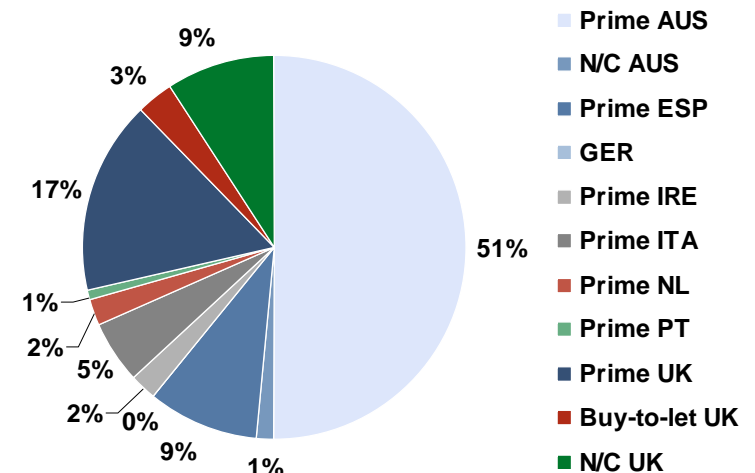
- Diversified portfolio of high quality mostly AAA RMBS concentrated mainly in AUS and UK markets
- Most of the portfolio (86.5%) is prime with 3.0% UK buy-to-let and 10.5% non-conforming
- Considerable spread volatility of RMBS assets due to the current market liquidity crisis but no impairment of assets
- Some extension risk due to reduction in liquidity available in retail and securitisation markets
- Stable ratings, no downgrades, no defaults
- Increased size due to restructuring of SIV investments in 2007
- Focus has been on AAA rated more conservative underwriting standards of originators, eg average LTV below 75%

Key Figures

Distribution by rating



Distribution by mortgage type & country



Strong focus on disciplined asset selection

D Subportfolio: Other ABS **2** EU High Yield CLO/CDO

Product

Exposure (EUR bn)	IFRS Category
1.6	LAR

- Defensive portfolio - 95% AAA-rated, predominantly senior un-leveraged positions. More volatile AA and A mezzanine positions are highly seasoned (mainly 2002-2004 vintages)
- The portfolio consists primarily of managed arbitrage cash flow CLOs, backed by first lien senior secured loans and managed by tier one managers with superior resources and extensive track records going back to at least 2002
- 93% on CLOs backed by first lien loans, 4% CBOs backed by HY bonds/loans and 3% CDOs backed by Bank Trust Preferred Securities
- Strong focus on disciplined asset selection and risk aversion in a low spread environment, strict CLO manager selection and portfolio criteria i.e. avoidance of loose portfolio criteria, OC haircut language and asset type definitions
- Our strict investment standards include 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)

Largely govt. guaranteed student loans

D Subportfolio: Other ABS **3** Consumer Loans

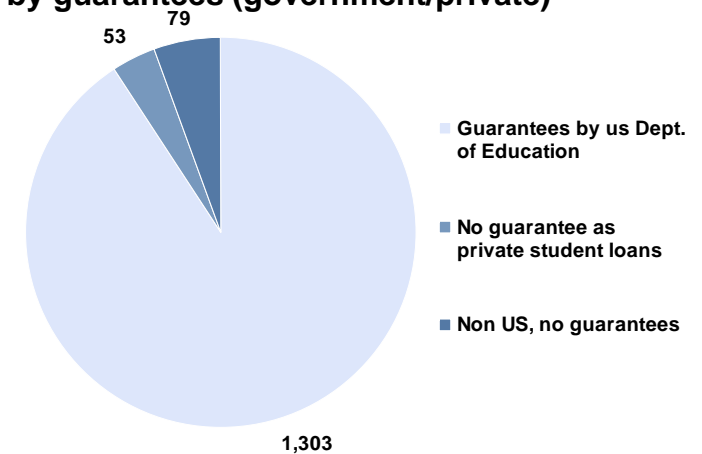
Product

Exposure (EUR bn)	IFRS Category
1.5	LAR

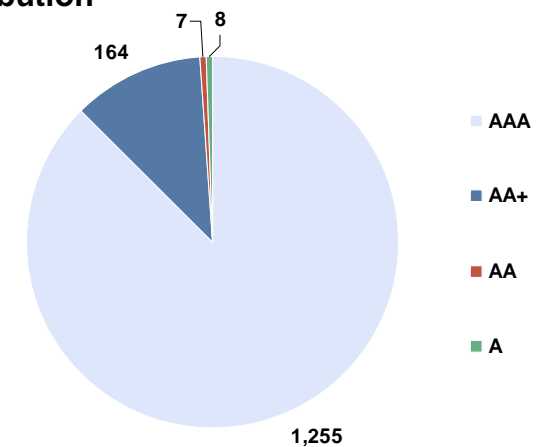
- US government guaranteed nature of the FFELP Student Loan ABS portfolio represents a joint probability of default consisting of the performance of the underlying portfolio as well as the servicer's ability to maintain the US Government Guaranty of at least 97% on the student loans
- Only transactions serviced by exceptional performers as designated by the US Dept. of Education qualify for investment under HSH IM's student loan ABS criteria
- Current portfolio primarily consisting of US Government Guaranteed Student Loans which represent 96% of the portfolio

Key Figures

Distribution by guarantees (government/private)



Rating distribution



Highly rated, well performing

D Subportfolio: Other ABS 4 CMBS

Product

Book value after write downs	IFRS Category (mainly)
1.3 EUR bn	LAR

US CMBS

- The CMBS portfolio comprises mainly conduit deals backed by a diversified portfolio of different property types throughout the country

European & Asian CMBS

- Defensive investment strategy based on 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 rated quality portfolio of Asian and European CMBS (thereof 669mn UK)
- Highly diversified tenant base, with no tenant contributing more than 3.6% of the overall CMBS portfolio income. Only four tenants contribute more than 1% each of portfolio income, all investment grade rated

Risk

US CMBS

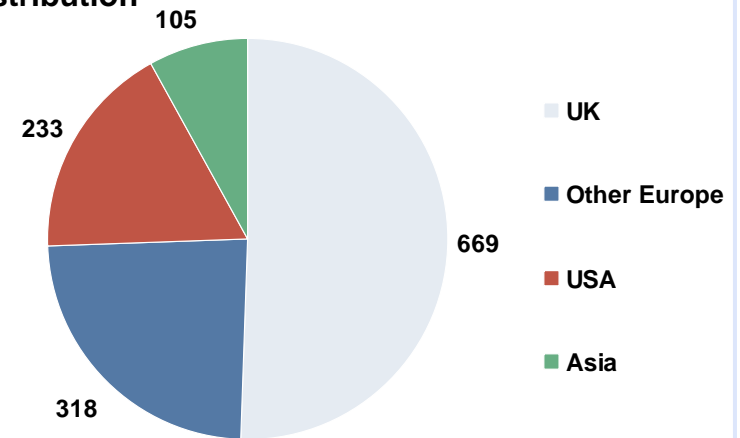
- Fundamentals for US commercial real estate market are poised to decline. Volatility in ratings expected due to higher losses than rating agency base cases. Due to aggressive underwriting standards and expected weakening fundamentals losses are expected to increase and spreads to widen
- There have 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

- All deals perform well in line with expectations, only one downgrade on an Ambac wrapped bond though the deal is performing well (no arrears, backed by IG-rated tenant)
- No extension or default risk for investments expected
- Weaker UK outlook, especially retail sector, however, comfortable investment positions are expected to withstand slowdown

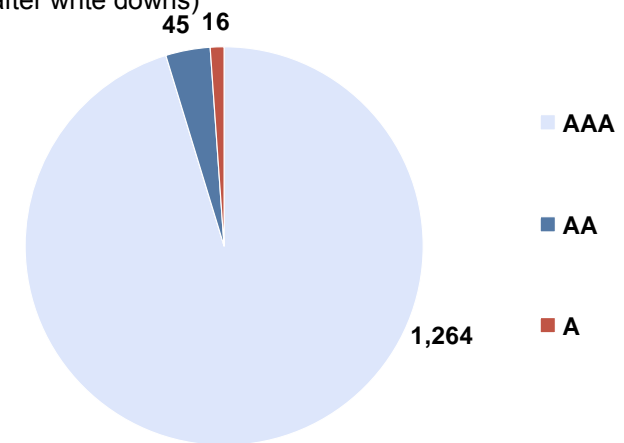
Key Figures

Country distribution



Rating distribution

(by book value after write downs)



Strict investment criteria

D Subportfolio: Other ABS 5 6

5 US CLO, CBO & TruPS CDO

Product

Exposure (EUR bn)	IFRS Category
1.5	LAR (mainly)

- The subportfolio consists primarily of managed arbitrage cashflow CLOs , backed by first lien senior secured loans
- Strong focus on CLOs with 77.7% backed by Senior Secured Loans, 4.5% CBOs backed by HY bonds and 17.9% CDOs backed by Bank Trust Preferred Securities
- Defensively built portfolio of predominantly most senior tranches with 97.2% AAA to AA- by S&P and 96.3% Aaa to Aa3 by Moody's. In total 118 tranches across 86 CDOs, avg. investment amount per tranche EUR 12.76 million, avg. Aa1 rating
- Strong focus on disciplined asset selection and risk aversion in a low spread environment, strict CLO manager selection and portfolio criteria i.e. avoidance of loose portfolio criteria, OC haircut language and asset type definitions.

6 EU SME CLO & LEASE ABS

Product

Exposure (EUR bn)	IFRS Category
0.5	LAR (mainly)

- Defensive Portfolio
 - 99.9 % AAA-rated senior un-levered positions
 - Portfolio is currently under-invested given the few opportunities found in these markets in a tight spread environment over the last three years.
 - Only transactions securitizing granular portfolios of at least 1000 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 5 year default and delinquency data
 - If the originator/servicer is a bank, it must be at least single-A rated by one major agency
- Since spreads compressed in 2004, our strategy has been to concentrate on AAA Senior tranches in order to protect par value until corporate credit risk got properly re-priced. This suited Carrera and Poseidon's investment guidelines, and has limited our negative M-t-M to 1.4%.
- Our strict investment criteria include collateral criteria such as portfolio quality and concentration limitations, structural criteria, originator and servicer track record and market position, and industry exposures. These criteria have enabled us to avoid recent pitfalls such as Italease or Spanish SMEs with excessive exposure to the construction and real estate sectors

Very stable, highly rated

D Subportfolio: Other ABS 7 8 9

7 US Commercial Real Estate CDO

Exposure (EUR bn)	IFRS Category
0.23	LAR (mainly)

- The average rating is Aa2
- Only 16% of the CRE CDOs are backed by riskier collateral originated in weaker vintages (2004 to 2006). 57% of the CRE CDOs are 2001 through 2003 vintages which are performing exceptionally well and in many cases the subordinated tranches have been upgraded. The remainder of the CRE CDOs are backed by AAA CMBS tranches which are extremely stable
- No rating downgrades in the CRE CDO portfolio.

8 Emerging Markets ABS

Exposure (EUR bn)	IFRS Category
0.22	LAR (mainly)

- EM ABS portfolio shows stable performance, no delinquencies or defaults
- Since Nov. 2007 monoline insurers have come under pressure due to the subprime and CDO woes
- M-T-M performance has remained relatively stable, weighted average price as per 29th February 2008 at 98,7% though overall ABS markets and monoline insurers have come under pressure
- General EM ABS underlying performance remained stable during current market turmoil and is expected further to perform well

9 Non-US Consumer ABS

Exposure (EUR bn)	IFRS Category
0.08	LAR (mainly)

- Small portfolio of European Consumer ABS, including credit cards and auto receivables
- Good quality, all AAA rated

Valuation volatility and default risk very low

E Subportfolio: Single Names

Product

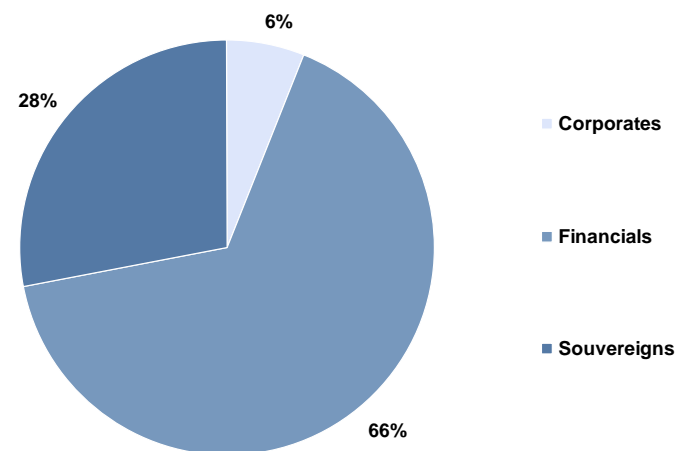
Exposure	P&L	IFRS Category
13.6 EUR bn	-26 EUR mn	DFV, ASF, LAR, HFT

- Opportunistic investment approach in low risk SN IG FRNs, ASW and CDS due to well established Investment Guidelines
- Emphasis on Financials (app. 65%) and Sovereign risk (app. 30%), providing for a high grade quality
- Market Development until End of 2008

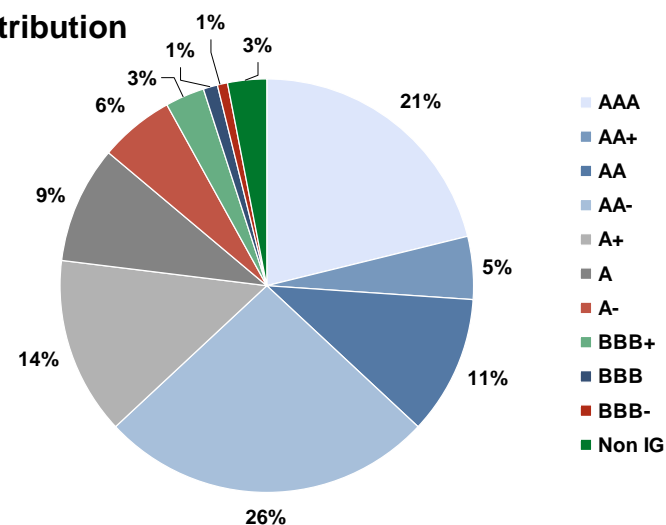
The overall development is not very convincing and the ongoing deterioration of the US housing market in combination with negative contagion effects on consumption (reflected in rising delinquencies in the auto loan and credit card business) argues against a quick solution of the current situation. Therefore we think that spreads will be very volatile and might stay at their high levels

Key Figures

Distribution by sector



Rating distribution



Diversified fund of funds approach

F Subportfolio: Hedge Funds / Other Funds*

Product

Exposure	P&L	IFRS
868 EUR mn	- 39 EUR mn	AFS

- Investment strategy in Hedge funds to reduce dependency from the credit markets.
- Platform established with a diversified Fund of Funds approach.
- HSH Nordbank acts as the F-o-F Manager in selecting and managing a portfolio of Hedge funds.
- Hedge Fund platform size of app. EUR 400m

- Other Funds include investments in Market Risk Funds, e. g. MPM Vola, Money Market Funds, Alpha Concept etc

Well diversified across regions

Ⓞ Subportfolio Others: NY HY Loan PF, Convertibles

U.S. High Yield Loans

Exposure	P&L	IFRS Category
0.2 EUR bn	-	LAR

- Diversified portfolio of Senior Secured 1st Lien Corporate Loans
- Rating distribution: the portfolio principally comprises credits whose Corporate Family Ratings are Ba3, B1 & B2
- Portfolio WARF is 2258 per Corporate Family Rating (B1) and 1826 per Bank Loan Rating (Ba3)
- Distribution by sector: 100% U.S. Corporates

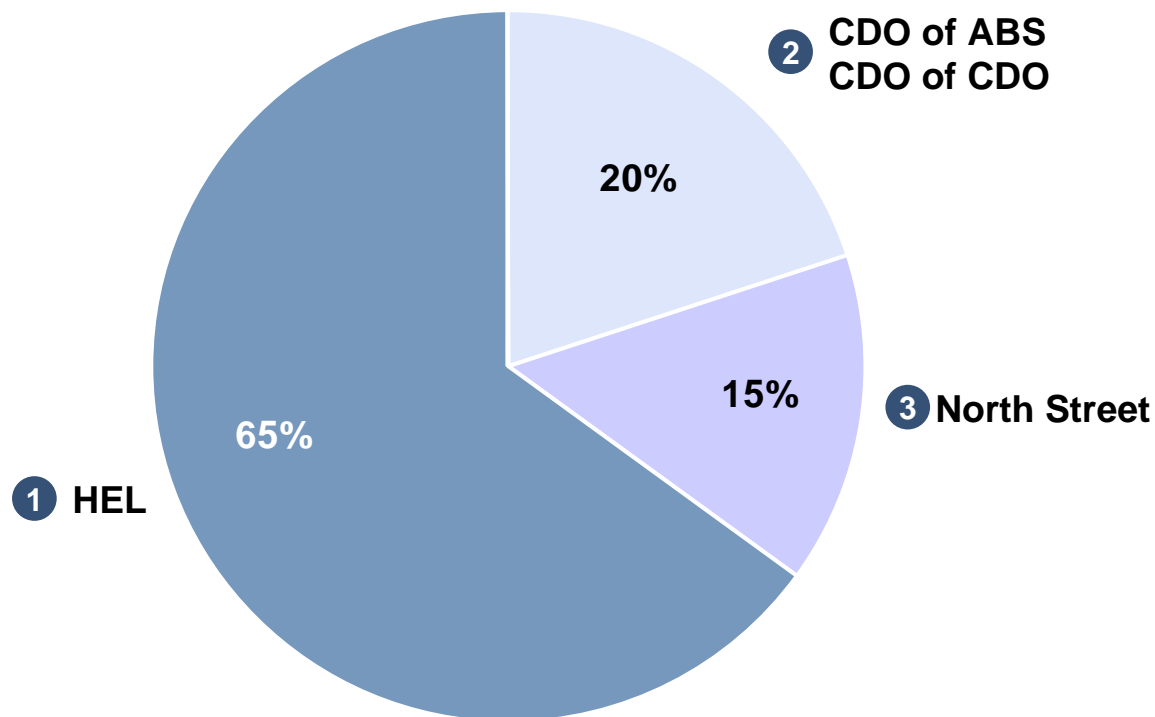
Convertibles

Exposure	P&L	IFRS Category
0.3 EUR bn	+ 16 EUR mn	DFV

- Diversified portfolio of convertible notes in different currencies
- Development: Convertibles will be an outperforming asset class in the current market environment. Expected short term share price deterioration will be mitigated by the coupon component and convertible prices will benefit from late 2008 equity recovering
- Rating distribution: the portfolio principally comprises credits whose Corporate Family Ratings are mainly in the investment grade area between AA- and BBB+ (50% NR, 12% BBB+, 38% A+)
- Distribution by country: 55% Europe, 33% Asia, 12% US

Valuation effects fully captured in P&L

H Subportfolio: Subprime related exposure



- No losses realized in SubPrime Portfolio
- No impairment trigger event occurred
- All mark-to-market losses fully captured in P&L

in EUR mn	CoA/ CoC	North Street	HEL	Total
Total exposure	372	340	1,312	2024
P&L	- 82	- 202	- 279	- 563
IFRS Category	mainly LAR	DFV	mainly LAR	-

Portfolio outperforming the ABX

H 1 Subportfolio: Home Equity Loans (HEL)

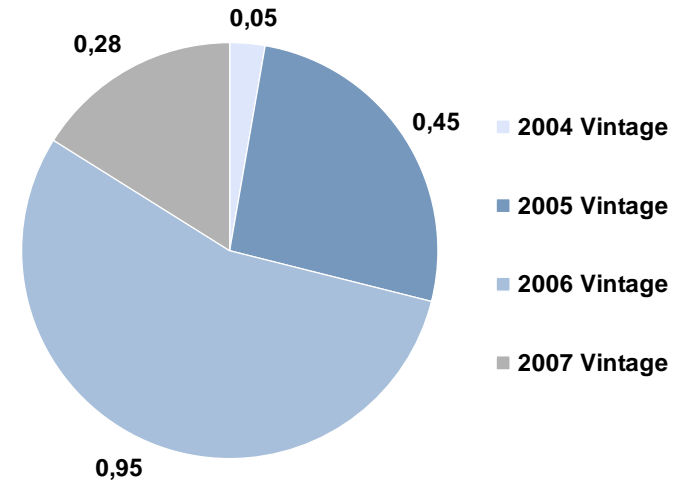
Product

Exposure	P&L	IFRS
1,312 EUR mn	- 279 EUR mn	LAR (mainly)

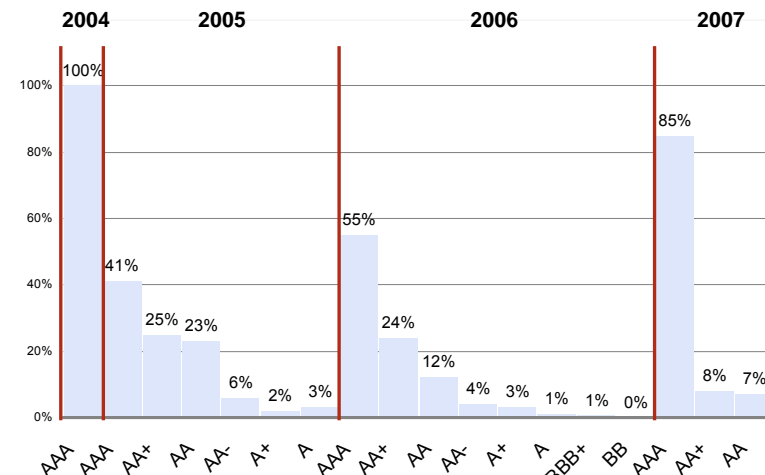
- The HEL business plan was formed in 2004. Since then, the parameters have gone through several updates to reflect the state of the subprime home equity market
- The HEL portfolio is of high quality and has performed well relative to the industry average with respect to delinquencies and cumulative losses
- We attribute the better than average performance to a strict adherence to the RMBS investment parameters, a conservative and disciplined credit strategy, and a proactive portfolio management
- The US mortgage market is still under stress due to rising delinquencies and declining housing prices in key regions. Nevertheless, the HSH portfolio delinquencies and losses outperform the ABX
- Sub-prime distribution channel remains shut at least for the remainder of this year
- Security prices remain depressed. However, the HSH weighted average portfolio mark still outperforms the ABX
- Ratings downgrade risk remains. To date, securities downgraded in the HSH portfolio still remain far below those experienced in the overall market on a percentage and absolute basis
- Due to the continued depressed market and the fact that we expect no principal losses in our portfolio, no action is necessary at this time

Key Figures

Distribution by vintage (in USD bn)



Rating distribution by vintage

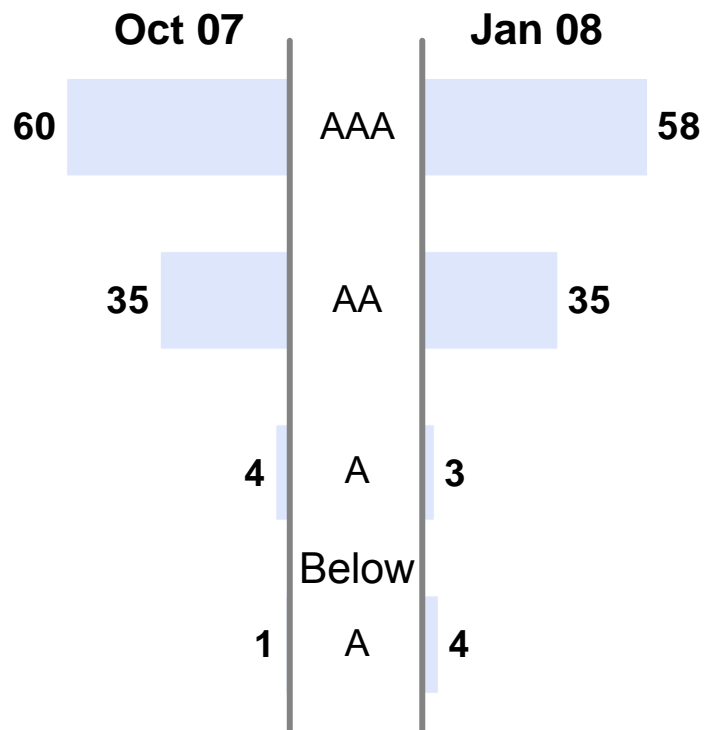


Ratings remain stable, LC ratio still comfortable

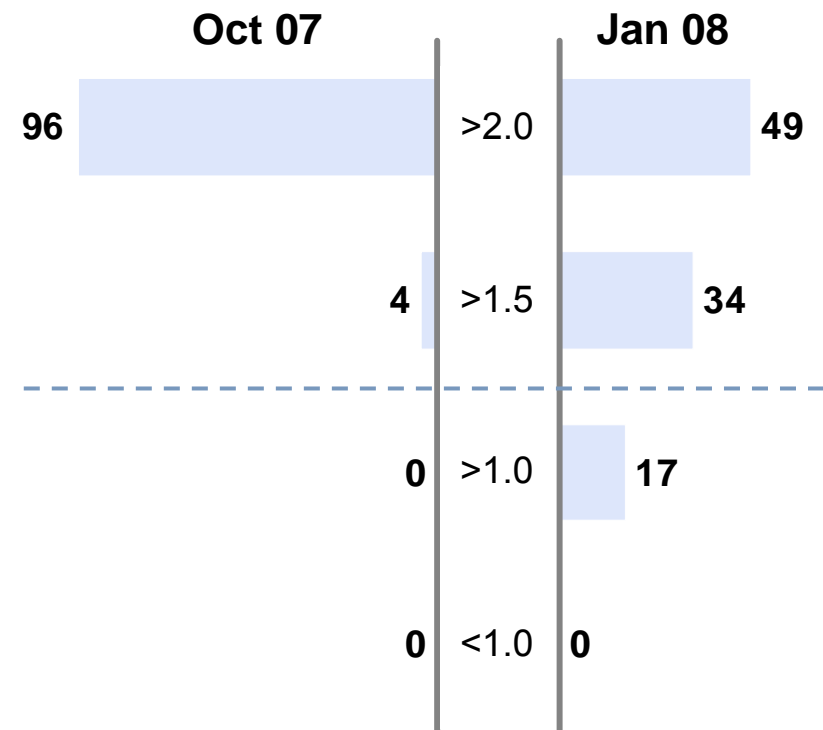
H 1 Subportfolio: Home Equity Loans

in percent

Rating migration



Loss coverage migration



84% Investment Grade

H 2 Subportfolio: CDO of ABS / CDO of CDO

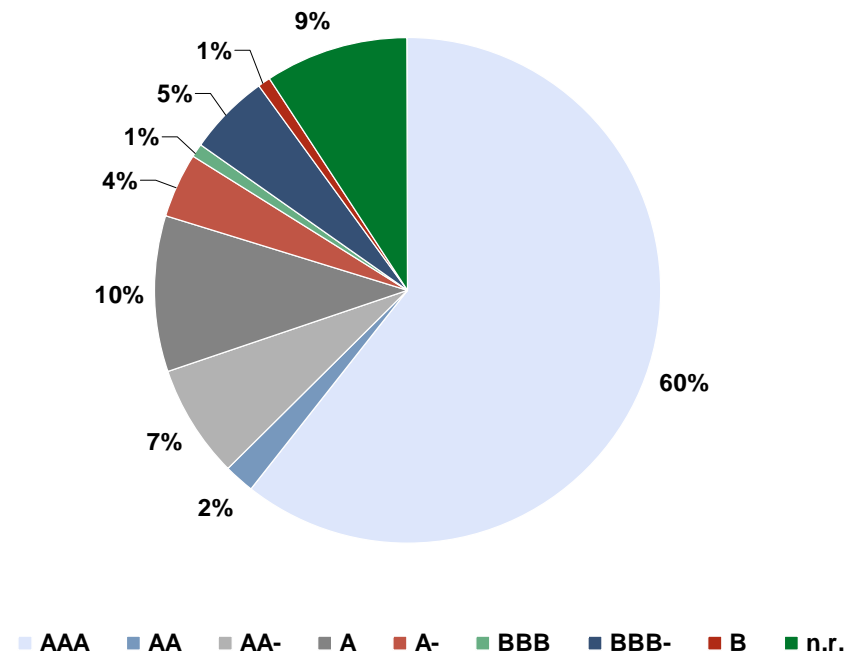
Product

Exposure	P&L	IFRS Category
372 EUR mn	- 82 EUR mn	LAR

- Approximately 350 EUR mn CDO of ABS (ca. 50% US Subprime), 30 EUR mn CDO of CDO
- Most of the portfolio comprises old legacy assets from 2000 to 2002, which are nowadays not in our investment focus
- Concerns regarding these assets include: unfavourable collateral compositions, third party concentrations, insufficient beneficial structural characteristics and our position in the capital structure
- Later defensive investments (excluding latest investments caused by SIV restructurings c10% of exposure):
 - only AAA rated and only in European CDO of ABS
 - diversified pools with respect to sub asset classes, country of origination and favourable pool rating distribution

Key Figures

Rating distribution



Third party managed portfolio

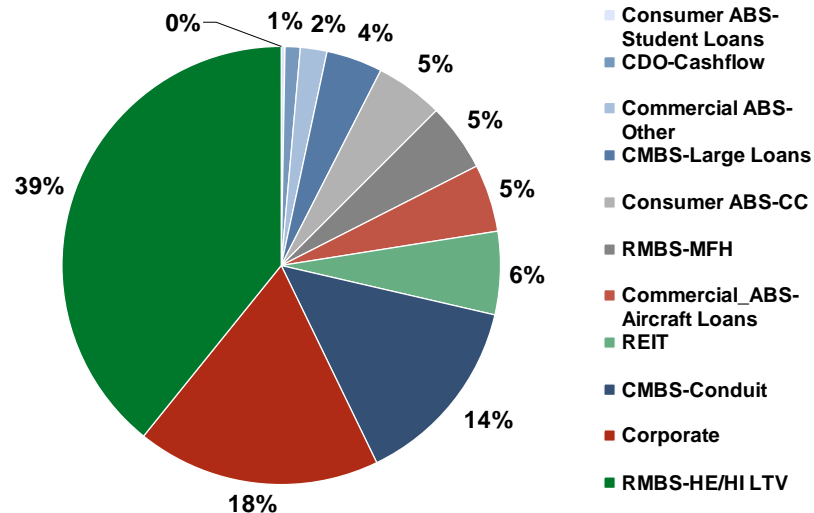
H 3 Subportfolio: North Street *

Product

Exposure	P&L	IFRS Category
340 EUR mn	- 202 EUR mn	DFV

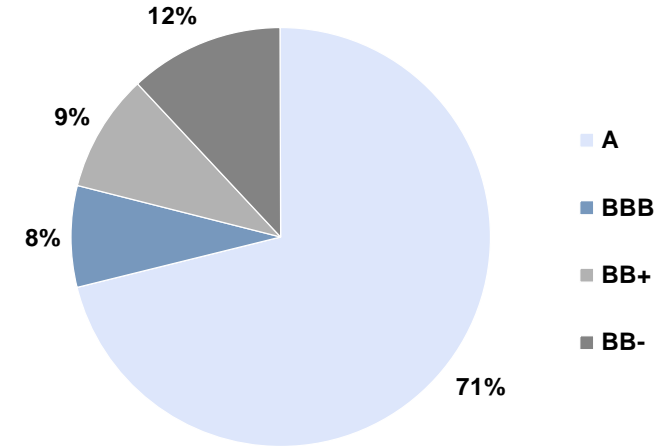
- Synthetic CDO referencing a USD 3bn portfolio of diverse securities
- Underlying portfolio is composed of ABS, RMBS, CMBS, REITs (82%) and Corporate Bonds (18%)
- Exposed to subprime segment
- HSH retains Classes A to D, totaling USD 500m
- Investment since 03/ 2002; Maturity 2017
- Rating actions by Fitch in November & December due to continued credit deterioration of underlying collateral

Asset class distribution of portfolio (total USD 3bn)

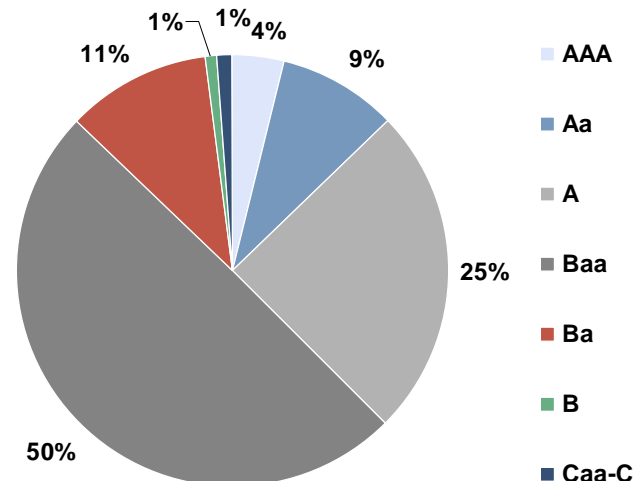


Key Figures*

Rating distribution of notes (USD 500m)



Rating distribution of portfolio (USD 3bn)



* Data as of 07.12.2007.

Summary of Monoline Exposure

The Bank's current exposure to Monolines:

- no direct monoline exposure
- indirect monoline exposure:

CIP wrapped ABS:	€ 671.2 mn
CIP wrapped Single Names:	€ 85.2 mn
Global Markets London:	€ 113.8 mn
Transportation NY wrapped ABS:	€ 24.0 mn
Total:	€894.2 mn

CIP Synthetic CDO*:	€ 226.2 mn
Grand Total:	€1,120.4 mn

- The total assumed exposure of €894.2 mn is to seven different monolines currently rated between A and AAA. The IDL exposure includes two holding companies AMBAC (€30.4 mn) and MBIA Inc (€23.3 mn)
- HSH Nordbank portfolio with the exception of three transactions totalling 40 EUR mn (that are slightly underperforming) all transactions are performing. Currently no loss of principal is expected
- Monoline valuations are fully captured in the m-t-m valuation of the relevant subportfolios

CIP: Credit Investment Portfolio

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



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