

HSH Nordbank AG

Press conference
Hamburg, 27 August 2010

The spoken
text applies



- 1. IFRS H1 2010 business results**
2. Outlook, current situation and prospects of the new Core Bank
3. Current status of Strategic Realignment

Financials for the 1st half of 2010 at a glance

EUR mn

H1 2009

H1 2010

Δ %

Net interest and commission income

1,006

896

-11 %

Loan loss provisions

-1,195

-307

-74 %

Net income before restructuring

-378

-110

+71 %

Expenses for government guarantees

-150

-303

>100 %

Net loss after tax/Group net loss

-619

-380

+39 %

30.6.2009

30.6.2010

Total assets (EUR bn)

198

176

-11 %

Tier 1 ratio* (in %)

9.8 %

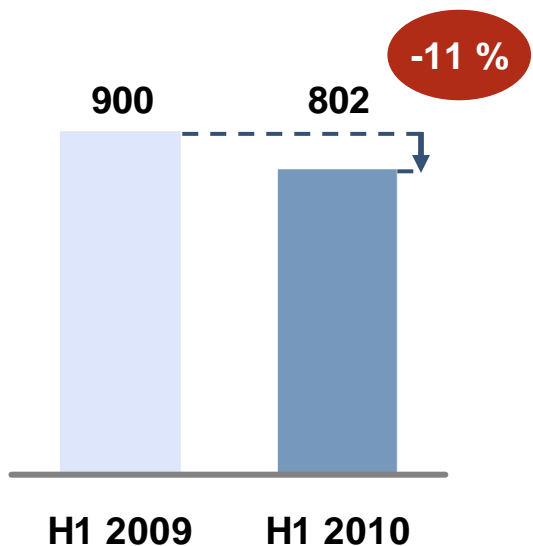
9.8 %

+/- 0 pp

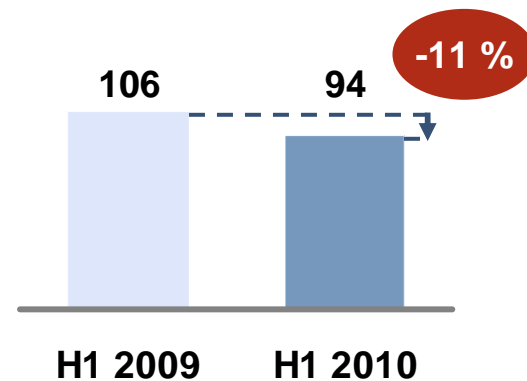
* including market-risk items

Solid net interest and commission income

Net interest income in EUR mn

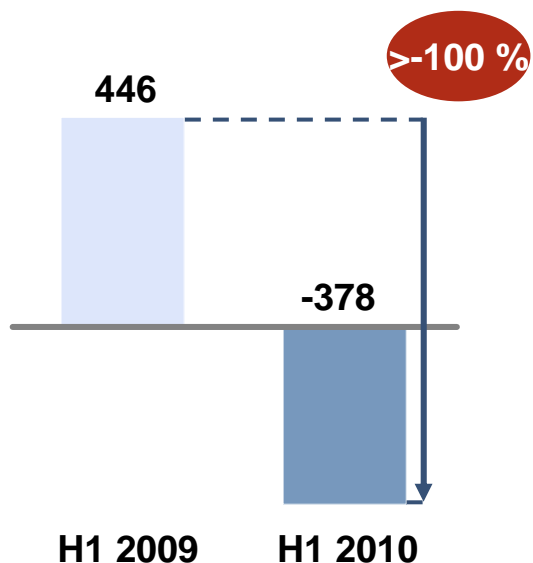


Net commission income in EUR mn

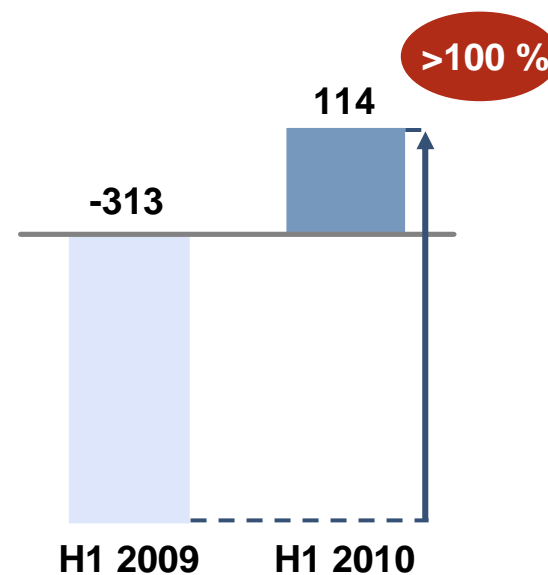


Strong dollar putting strain on net trading income

Net trading income in EUR mn

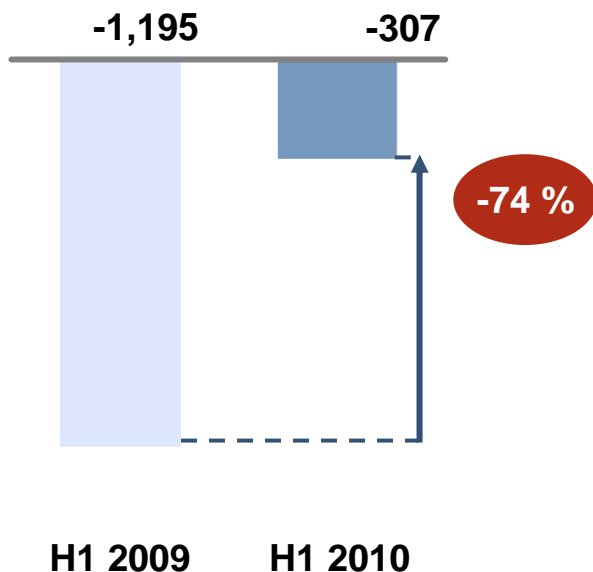


Net income from financial investments in EUR mn

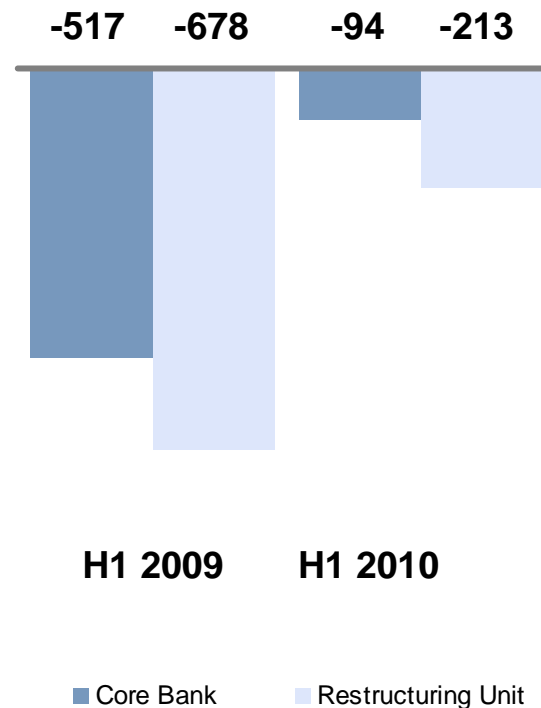


Sharp decline in loan loss provision requirements

Loan loss provisions in EUR mn

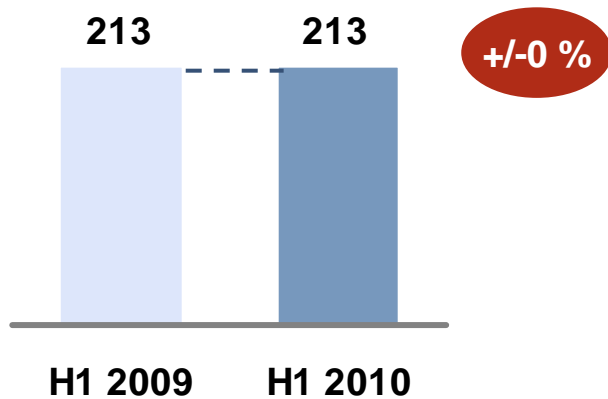


Segmentation of loan loss provisions in EUR mn

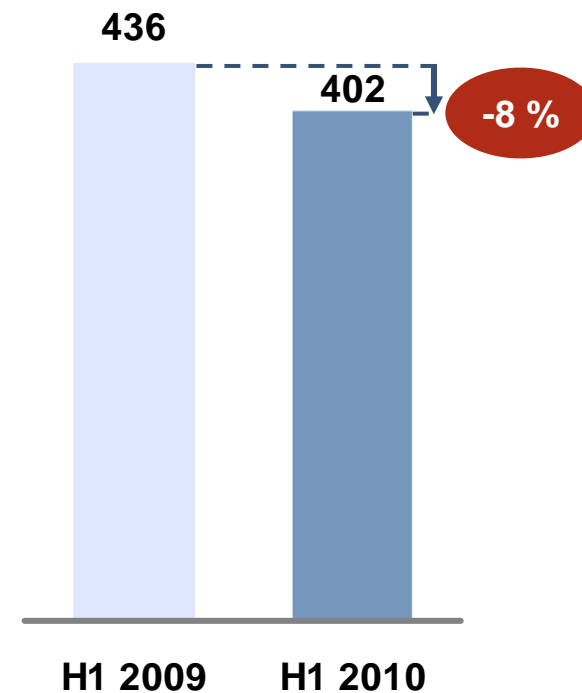


Further decline in costs

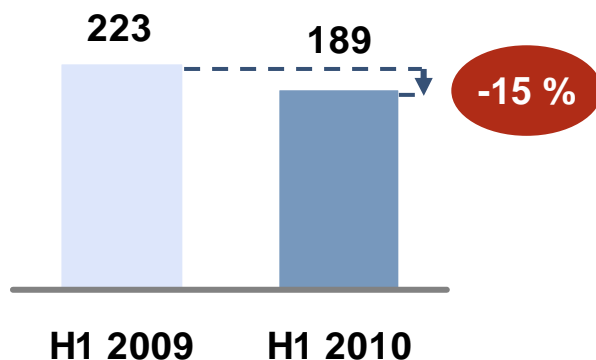
Operating expenses in EUR mn



Administrative expenses in EUR mn



Personnel expenses in EUR mn

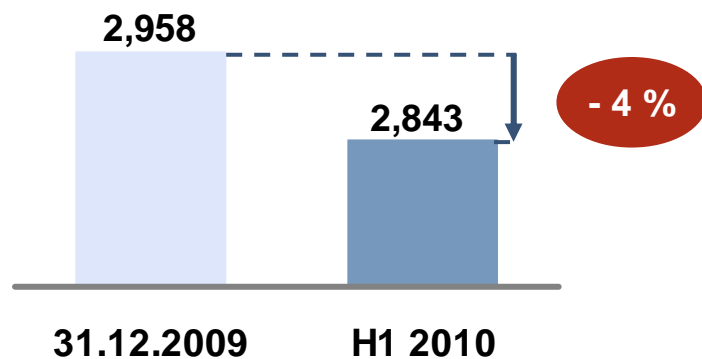


Substantially improved result

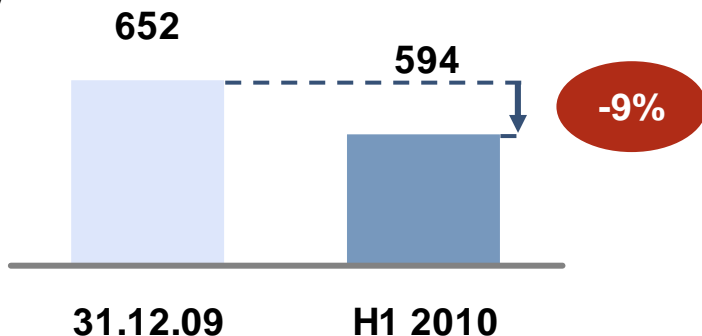
Entire Bank in EUR mn	H1 2010	H1 2009	Δ %
Net interest income	802	900	-11 %
Net commission income	94	106	-11 %
Result from hedging	3	90	-97 %
Net trading income	-378	446	>-100 %
Net income from financial investments	114	-313	>100 %
Total income	635	1,229	-48 %
Loan loss provisions	-307	-1,195	-74 %
Administrative expenses	-402	-436	-8 %
Other operating income	-36	24	>-100 %
Net income before restructuring	-110	-378	+71 %
Result from restructuring	-14	-72	+81 %
Expenses for government guarantees	-303	-150	>100 %
Net income before tax	-427	-600	+29 %
Income taxes	47	-19	>-100 %
Net loss after tax/Group net loss	-380	-619	+39 %
	30.6.2010	30.6.2009	
Total assets (EUR bn)	176	198	

Reduction in staff numbers progressing

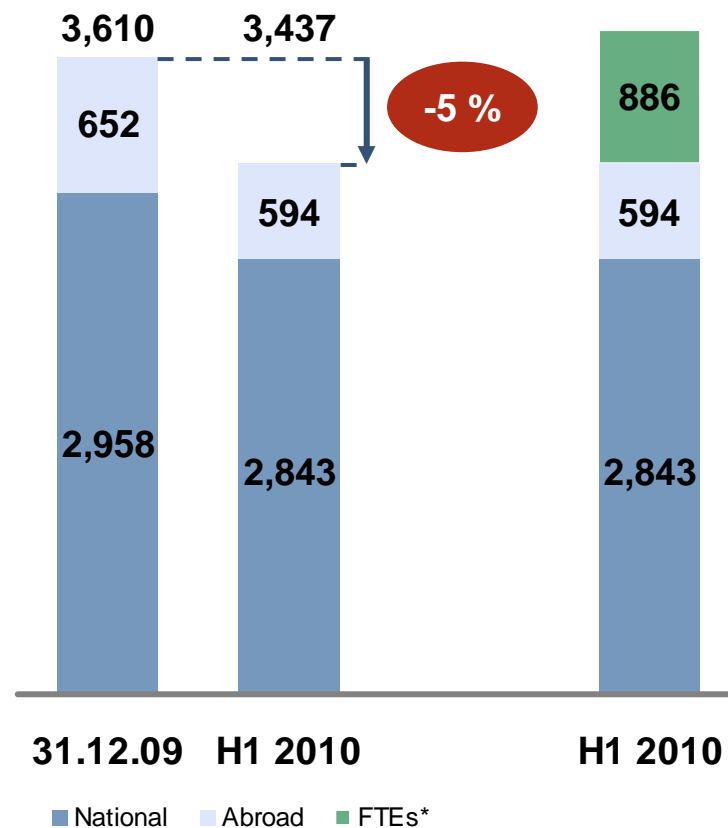
Employees in Germany (FTEs)



Employees abroad (FTEs)



Total (FTEs)



* plus 886 FTEs from the first-time consolidation of bailed-out companies

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3. Current status of Strategic Realignment:

Sector Specialist Bank recovering

- Substantial recovery in markets thanks to upswing in global trade
- Only temporary strain on the aircraft industry as a result of the "ash cloud"
- Sharp rise in charter rates and the price of container ships
- Long-term growth trend still intact in the renewable energies market
- Muted new business; renewals and fulfilment of lending commitments predominating
- Appreciable decline in loan loss provisions
- Profit before restructuring thanks to positive impetus in the second quarter

in EUR mn	H1 2010	H1 2009
Net interest and commission income	316	343
Net trading income and net income from financial investments	-129	-22
Loan loss provisions	-30	-330
Result before restructuring	81	-90

- Business conditions for many companies improved thanks to the economic upswing
- Heightened competition in corporate client business, particularly investment-grade names
- Recovery in demand for office properties; top retail locations and residential real estate proving stable
- Private banking and business with savings banks strengthening
- Increased client deposits
- Lower net interest and commission income due to selective new business

in EUR mn	H1 2010	H1 2009
Net interest and commission income	253	311
Net trading income and net income from financial investments	9	12
Loan loss provisions	-115	-159
Result before restructuring	52	71

Segment Others - demand for risk hedging

- Focus on hedging low interest levels and exchange rates
- Size of cross-selling products limited due to selective new business
- Broader funding basis targeted
- Funding via the savings banks extended substantially
- Improved earnings thanks to reversal of loan loss provisions and cost-cutting

in EUR mn	H1 2010	H1 2009
Net interest and commission income	-38	30
Net trading income and net income from financial investments	68	-24
Loan loss provisions	52	-13
Result before restructuring	-11	-101

Core Bank posts pre-tax earnings

H1 2010 in EUR mn	Core bank
Net interest income	493
Net commission income	62
Result from hedging	3
Net trading income	73
Net income from financial investments	36
Total net income	667
Loan loss provisions	-94
Administrative expenses	-262
Other operating income	-4
Net income before restructuring	307
Restructuring and guarantee expenses	-179
Net income before tax	128

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3. **Current status of Strategic Realignment:**

Launch of new lending process

- Non-market units substantially strengthened
- Focus on risk-oriented view
- New processes providing more security
- Substantial improvements in the efficiency of the units
- Greater efficiency and steadier income
- More than 1,000 employees affected
- Most extensive restructuring since the merger in 2003

- Shortcomings identified by the statutory auditors to be resolved by and by
- Close collaboration with the parliamentary enquiry committees in Hamburg and Kiel
- EU state aid procedure to last for some time
- CEBS stress test successfully completed

- Pace of recovery in the global economy likely to slow down in the second half
- Market recovery in the client segments will slowly continue
- Focus on risk management and selective new business
- Management Board still guardedly optimistic about the 2nd half of 2010
- Bank on course: return to profit-making territory targeted for 2011

Many thanks for your attention.