HSH NORDBANK

HSH Nordbank AG

Press conference
Mid-year 2008

Hamburg, September 8, 2008

Check against delivery

Agenda

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1. **Results for the 1st half of 2008**
2. Segment report
3. Profitability and efficiency program

A year of crisis in the financial markets

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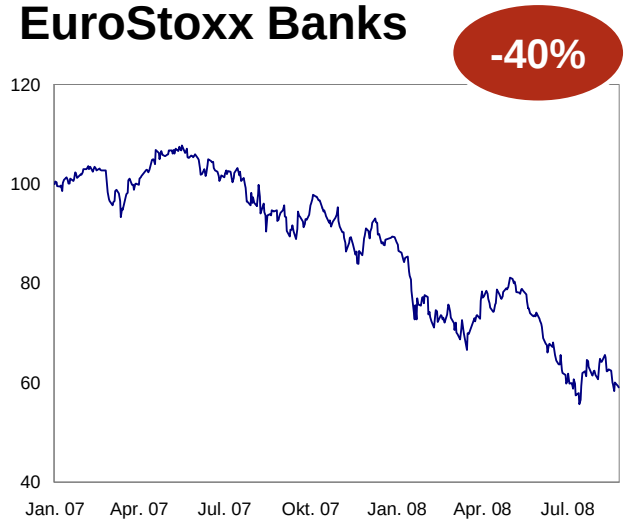
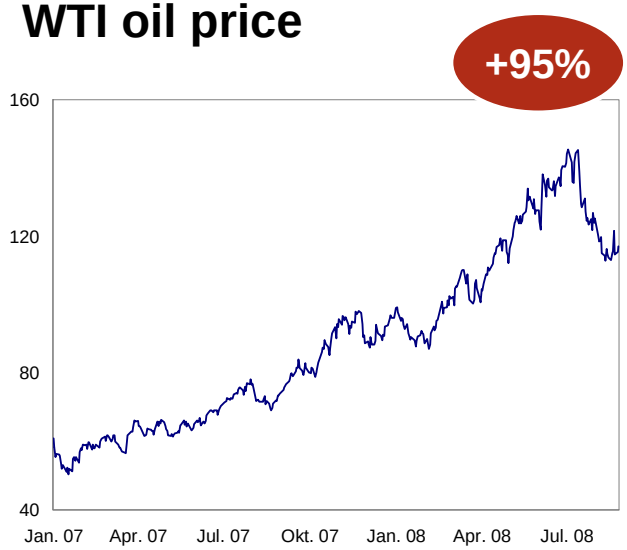
EuroStoxx Banks

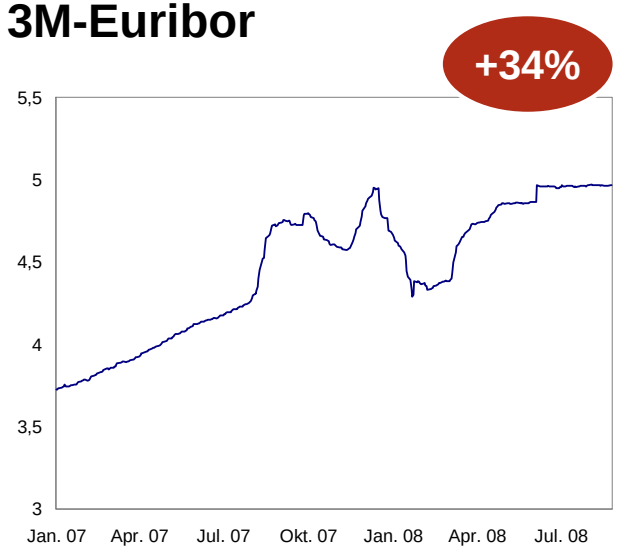


iTraxx Europe 5Y

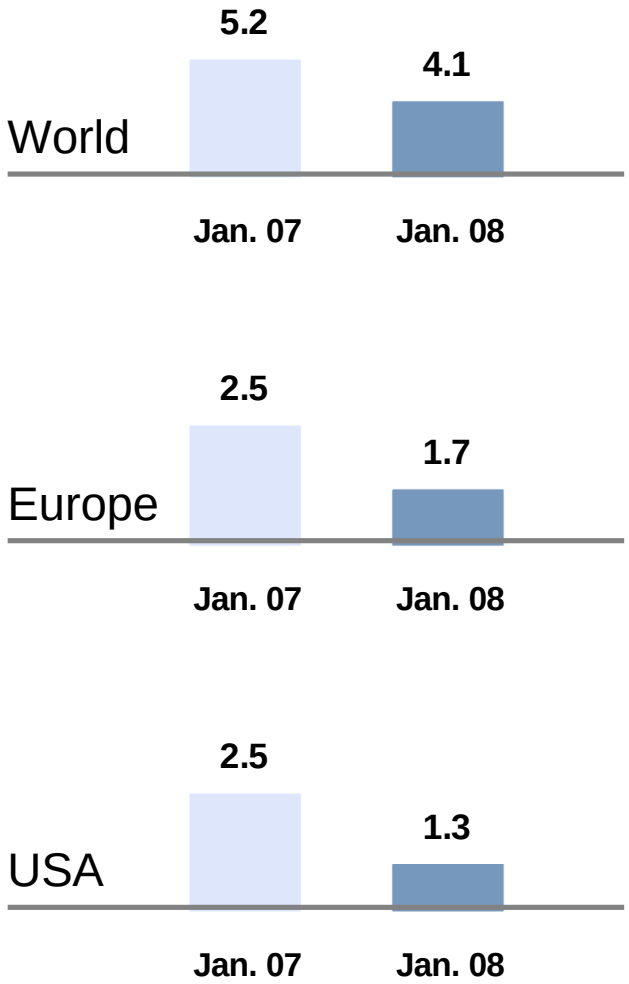
WTI oil price



3M-Euribor



Growth forecast for 2008 [GDP in %]



Source: IWF

Positive result in the first half of the year

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- 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 committment of shareholders

Stable income base

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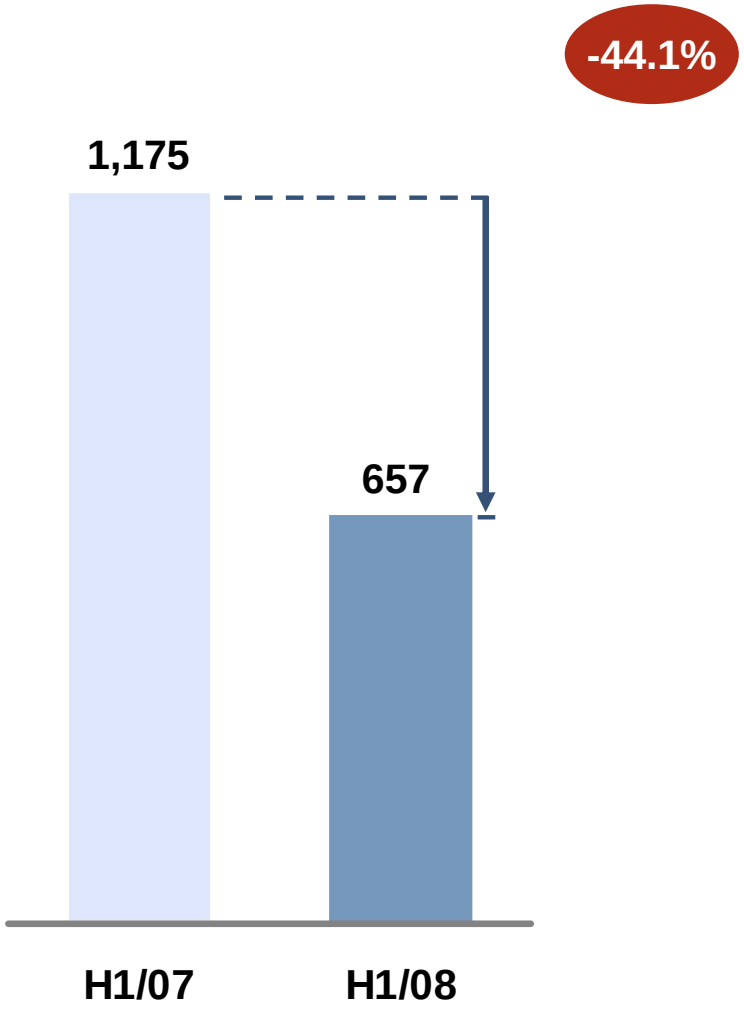
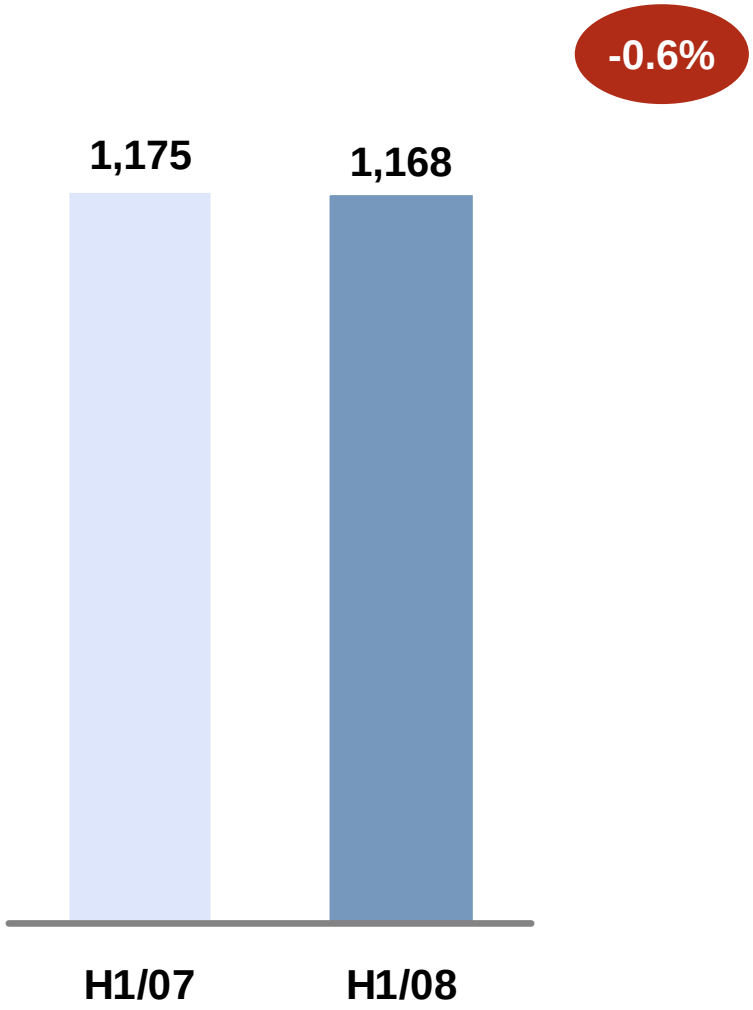
Operating income
in EUR million



Operating income*
in EUR million



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

Net interest income increased

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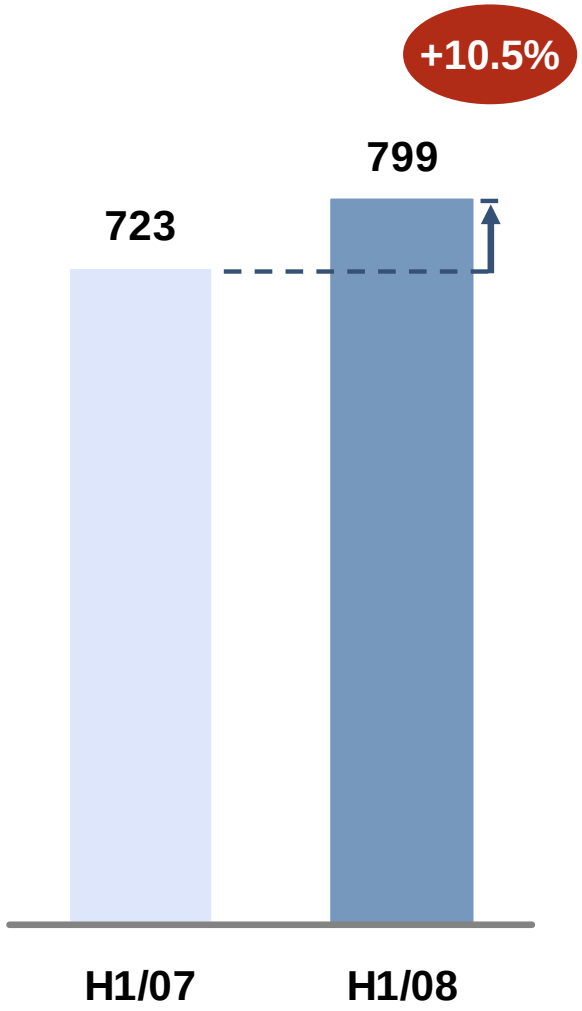
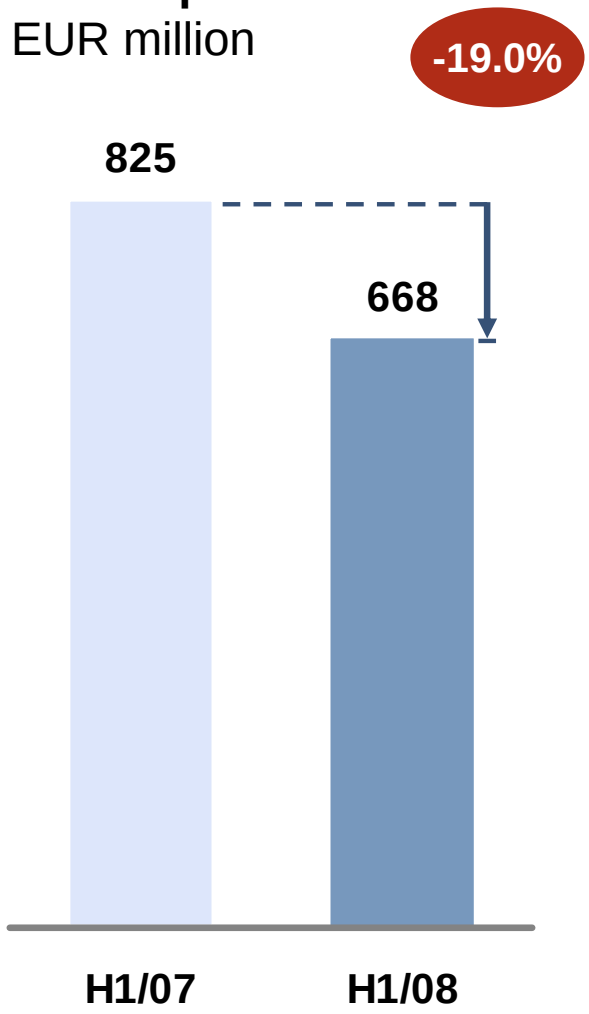
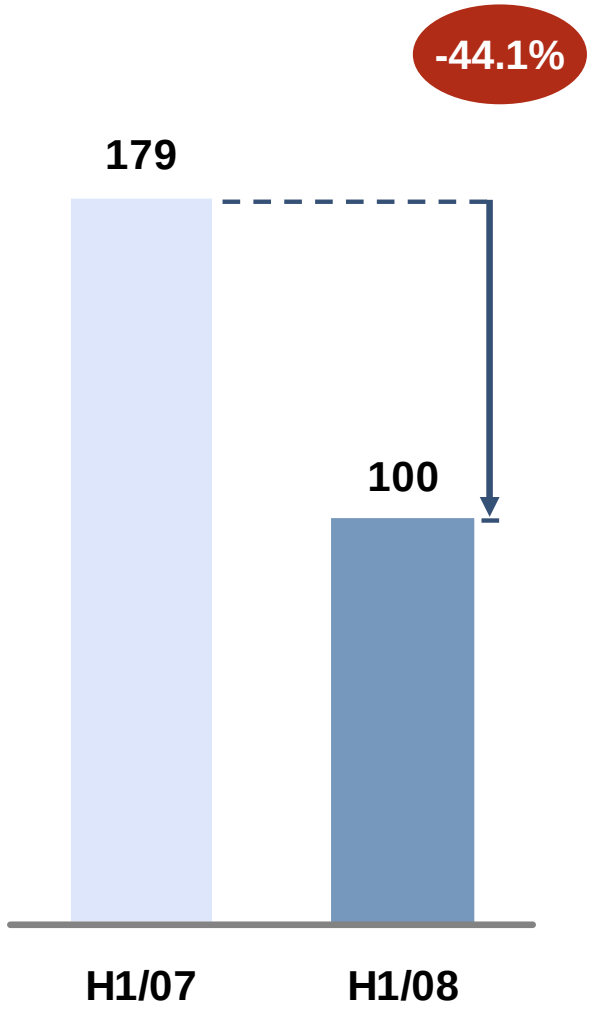
Net interest income
in EUR million



Net interest income after loan loss provisions
in EUR million



Net commission income
in EUR million



Write-downs in the income statement

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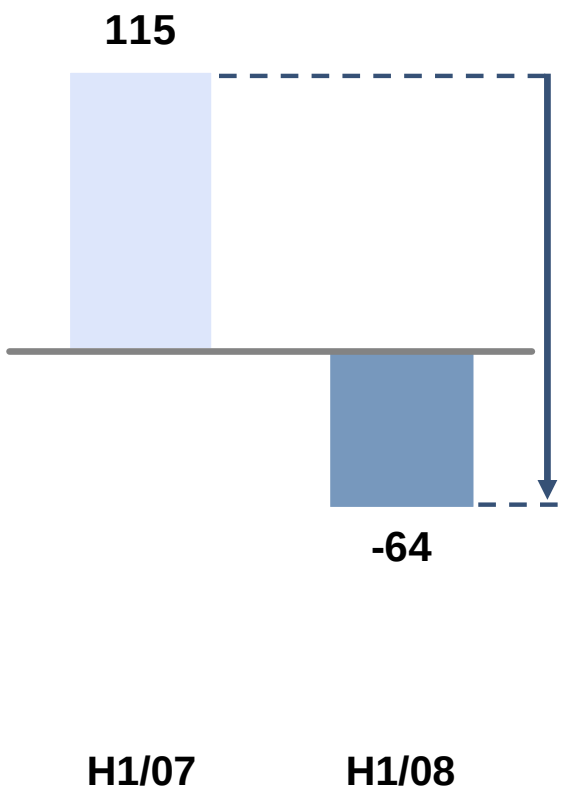
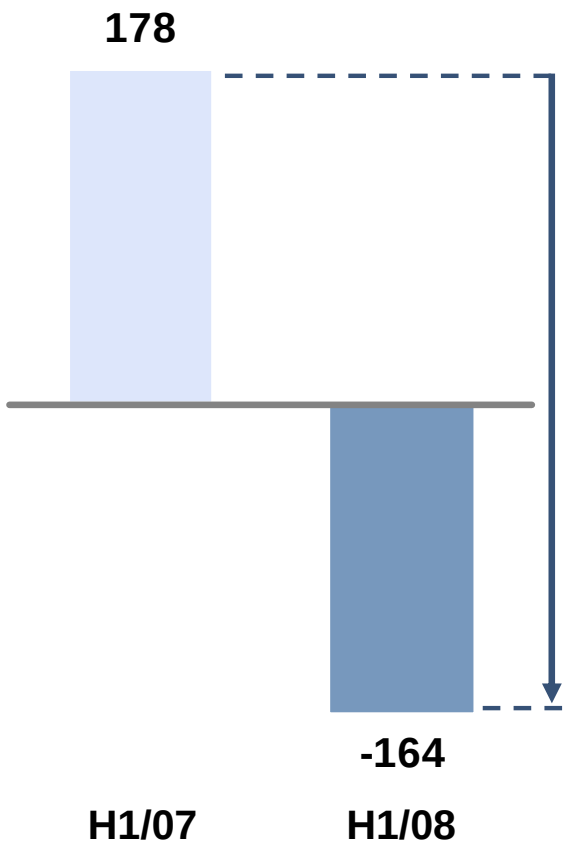
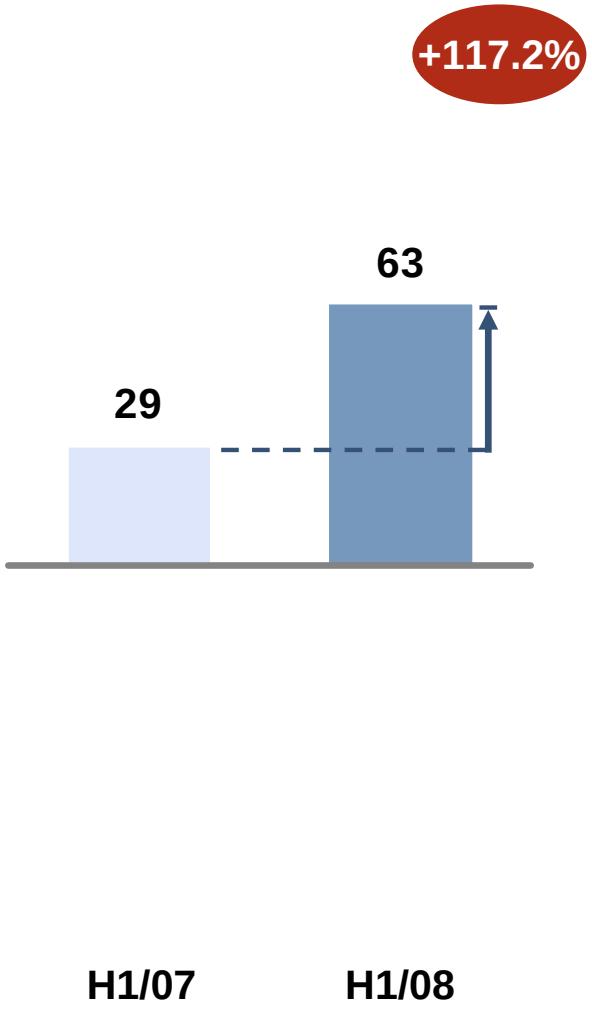
Net trading income/loss
in EUR million



Net income/loss from investments
in EUR million



Other operating income
in EUR million



Increase in operating expenses from investments

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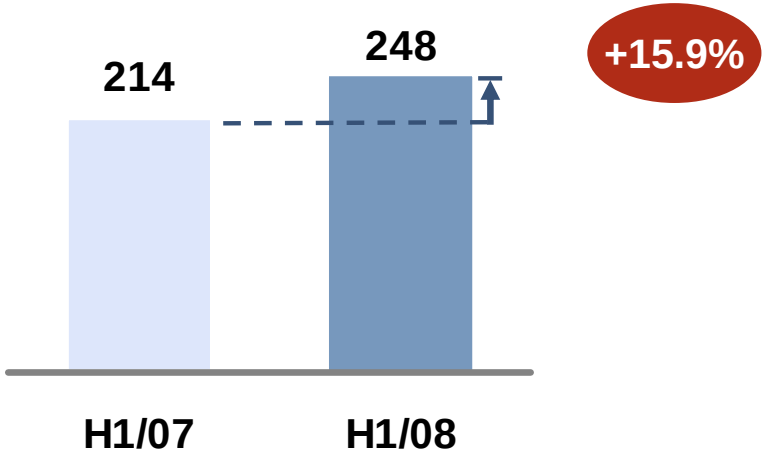
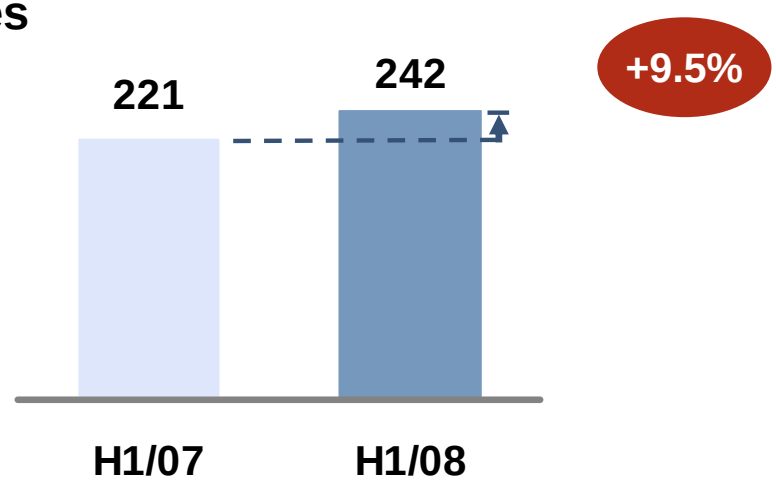
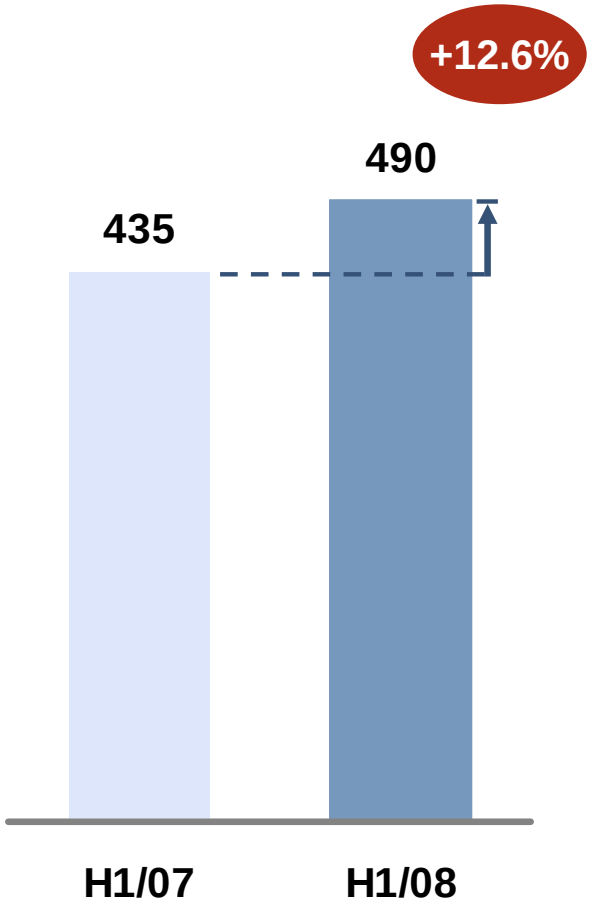
Operating expenses*
in EUR million



Personnel expenses
in EUR million



Administrative expenses
in EUR million



* incl. write-downs

Positive result – but not satisfactory

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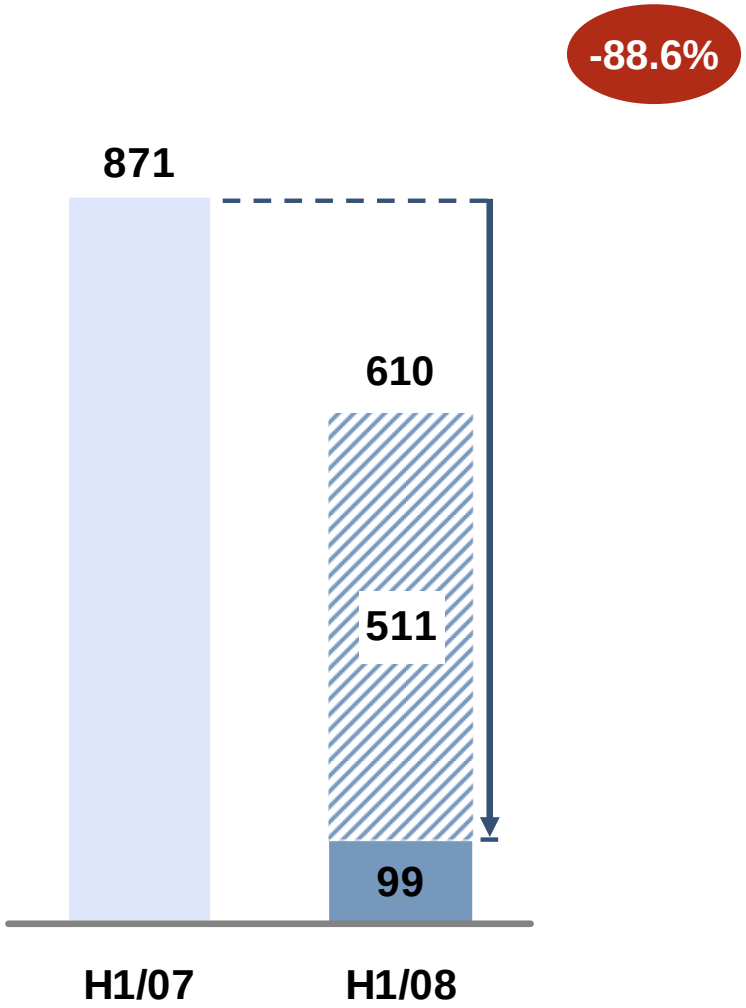
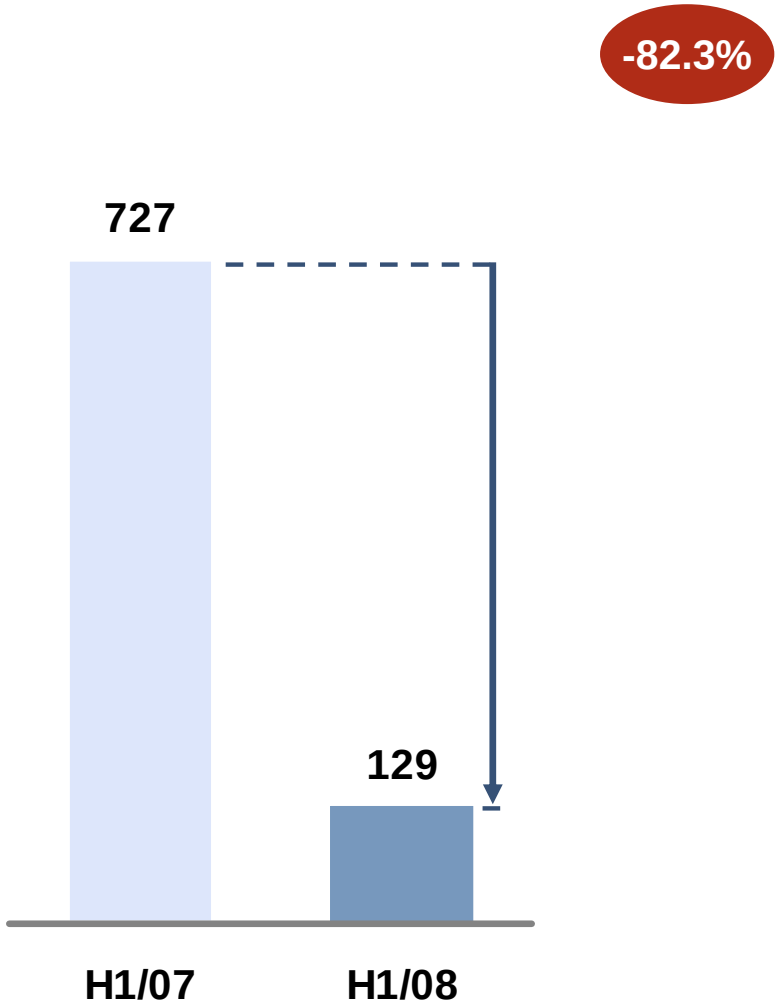
Earnings before tax
in EUR million



= Income statement write-downs in the credit-investment-portfolio

Consolidated surplus
in EUR million



Key figures at a glance

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	H1/07	H1/08	% prev. year
Operating income*	1,175	657	-44%
Net income before tax	871	99	-89%
Group net income	727	129	-82%
Return on equity after tax in %	30.7	6.1	-24.6 PP
Cost/income ratio in %	36.1	68.1	+32 PP
	2007	**H1/08**	**% prev. year**
Total liabilities	205	204	-0.5%
Tier 1 capital ratio**	6.2	6.5	+0.3 PP
Employees***	4,166	4,318	+3.6%

* 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

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1. Results for the 1st half of 2008

2. **Segment report**

3. Profitability and efficiency program

Transportation & Energy

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Shipping

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

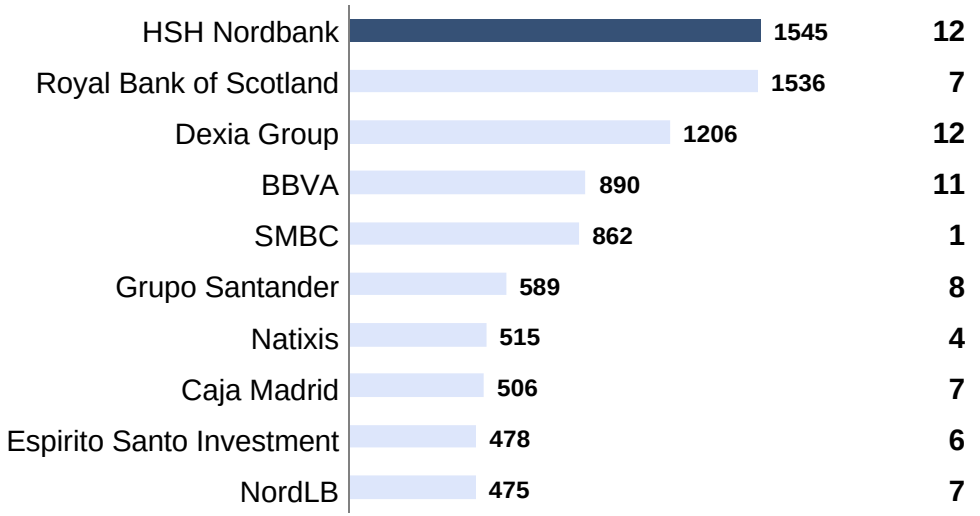
Transportation

- 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



Transportation & Energy	H1 2007	H1 2008
Net income before tax (EUR million)	**273**	**251**
Return on equity before tax (%)	**52.9**	**45.4**
CIR (%)	**23.1**	**31.5**
Average equity capital (EUR million)	**1,033**	**1,105**

Source: Infrastructure Journal

Real Estate

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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

New publishing company building (Spiegel Verlag), Hamburg

Real Estate	H1 2007	H1 2008
Net income before tax (EUR million)	**206**	**106**
Return on equity before tax (%)	**47.5**	**33.5**
CIR (%)	**36.3**	**39.8**
Average equity capital (EUR million)	**868**	**633**

Corporate & Private Banking

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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

Particle Therapy Center at the North European Radiooncological Center Kiel

Corporate & Private Banking	H1 2007	H1 2008
Net income before tax (EUR million)	**325**	**79**
Return on equity before tax (%)	**48.6**	**11.9**
CIR (%)	**29.1**	**37.8**
Average equity capital (EUR million)	**1,338**	**1,327**

Financial Markets & Institutions

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Financial Markets

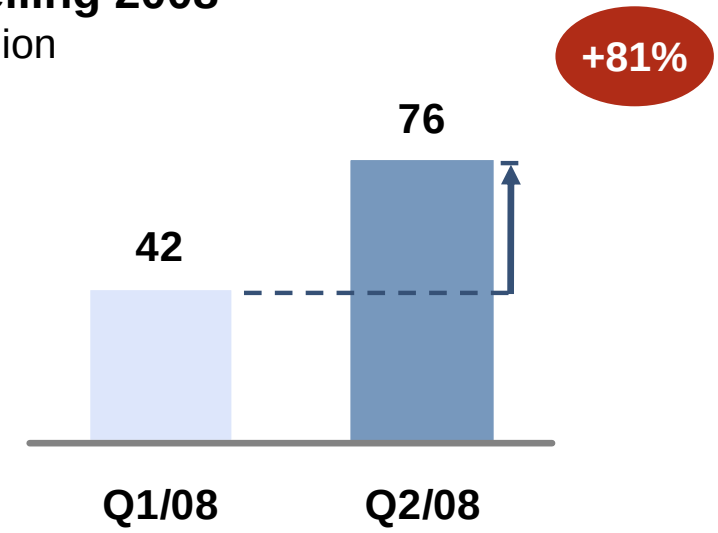
- Income continues to be affected by the financial market crisis; write-downs in the credit invesment portfolio of EUR 511 million
- Successful cross-selling
- High demand for hedging products

Savings banks

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

Cross-Selling 2008

in EUR million



Financial Markets & Institutions	H1 2007	H1 2008
Net income before tax (EUR million)	**231**	**-350**
Return on equity before tax (%)	**36.1**	**-57.0**
CIR (%)	**36.8**	**n/a**
Average equity capital (EUR million)	**1,279**	**1,228**

Agenda

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1. Results for the 1st half of 2008

2. Segment report

3. **Profitability and efficiency program**

The business model has proved itself

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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

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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

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- 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

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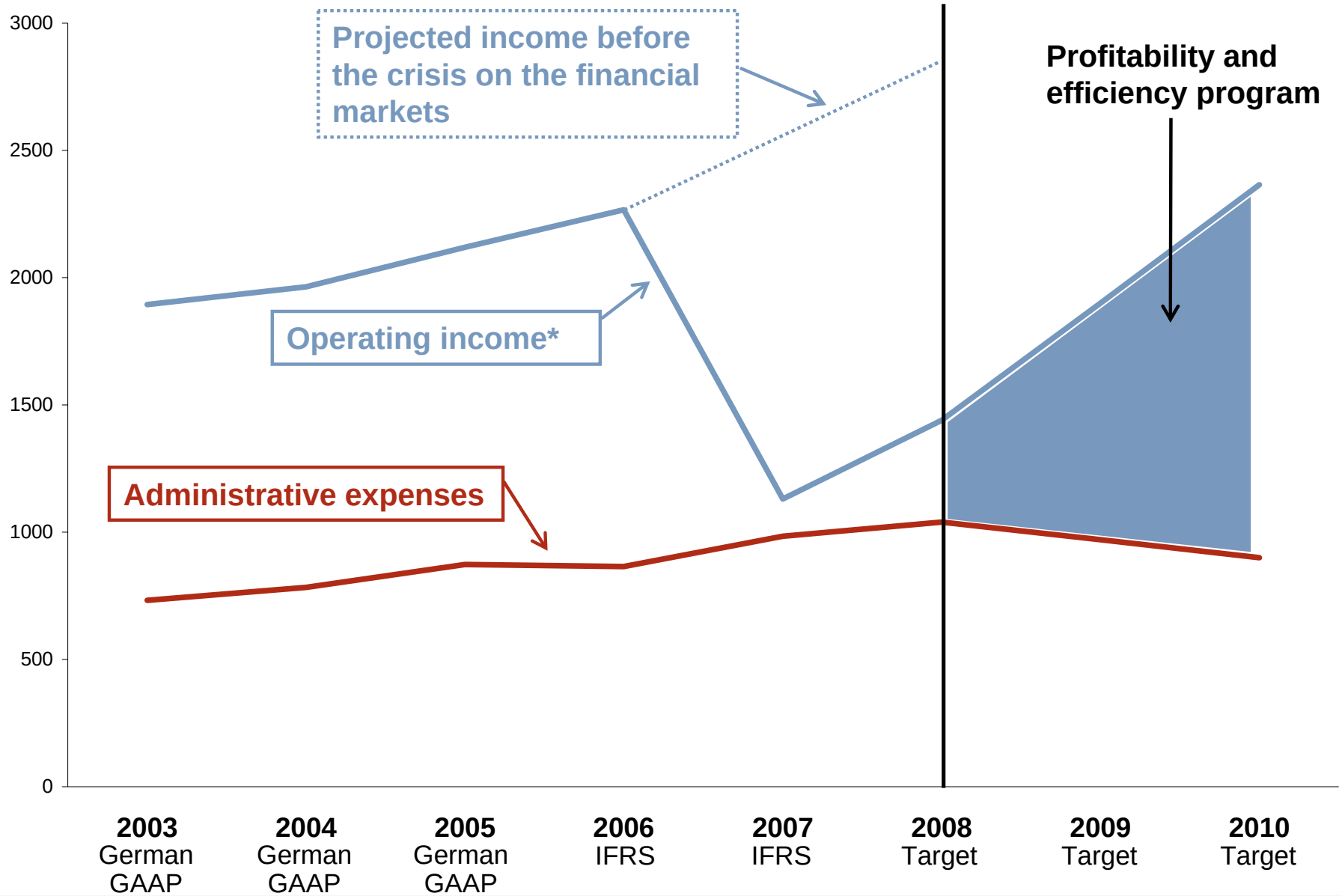

* without loan loss provisions, including CIP effects

Reducing the credit investment portfolio

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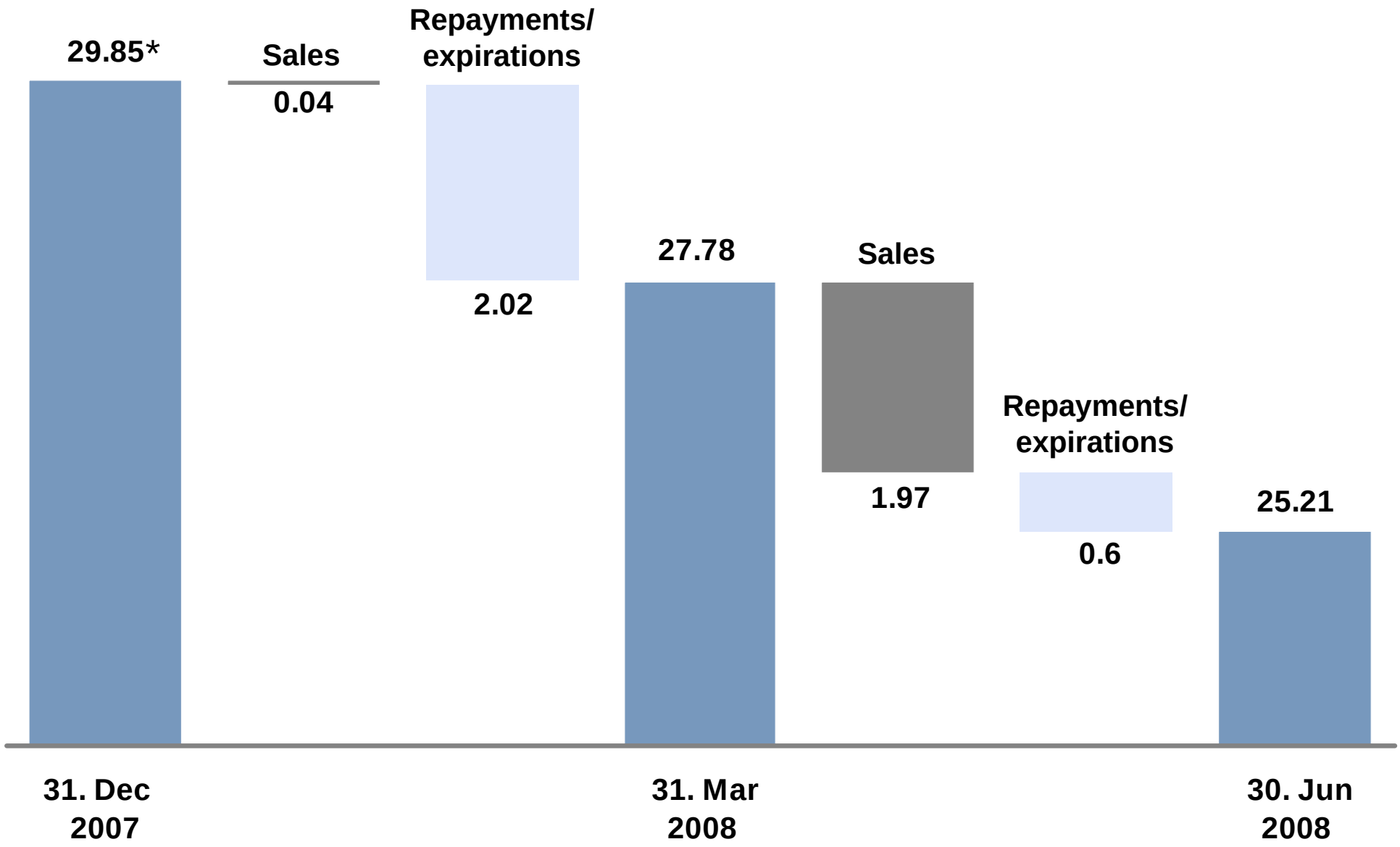

* based on nominal values, as of 07.31.2008

Our goals for 2010

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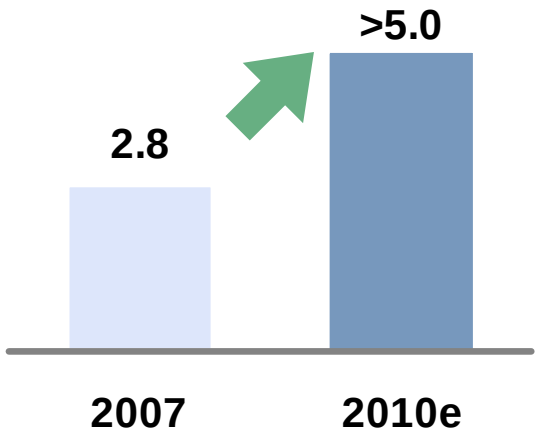
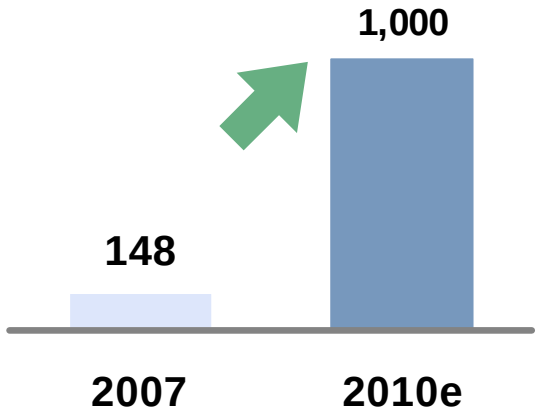
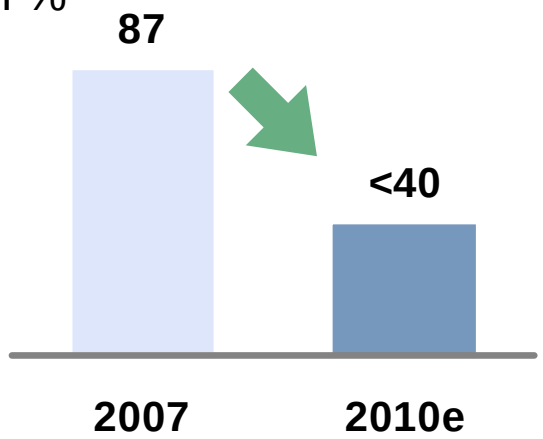
Financial strength
ACE in %



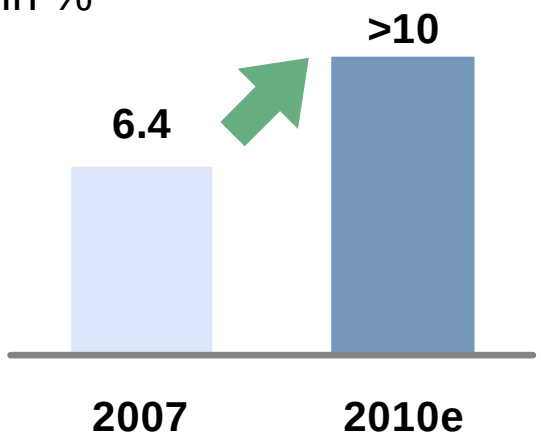
Earning power
Net income before tax (€ million)



Efficiency
Cost/income in %



Profitability
RoE after tax in %



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Vielen Dank für Ihre Aufmerksamkeit