

Convenience Translation

AD-HOC-ANNOUNCEMENT ACCORDING TO SECTION 15 WPHG

Oktober 19, 2015

Informal agreement with EU Commission in the EU state aid proceeding of HSH Nordbank AG

- EU Commission will approve the re-increase of the second loss guarantee granted by the federal states of Hamburg and Schleswig-Holstein to € 10 billion
- At the same time, the relieve of the operating banking business from non-performing portfolios of up to € 8.2 billion and from guarantee fees in a substantial amount will be approved
- The Bank will be split in a holding company and an operating company that will be privatized. The privatization shall take place within 24 months after the decision of the EU Commission that is expected for the first half-year 2016

HAMBURG/KIEL The Directorate-General for Competition of the European Commission (**EU Commission**), the Federal Republic of Germany and the federal states Freie und Hansestadt Hamburg and Schleswig-Holstein (**States**) have reached an informal agreement today in the pending EU state aid procedure of HSH Nordbank AG regarding a model to restructure the bank and to relieve it significantly from operative burdens. The EU Commission will approve the re-increase of the second loss guarantee from € 7.0 billion to € 10.0 billion.

According to the agreement, the Bank will be split in a holding company and an operating company that will be privatized. The operating company will hold all assets and liabilities of HSH Nordbank AG as well as the second loss guarantee; as the only fee payment under this guarantee the operating company will pay 2.2% of remuneration on the undrawn part. The holding company will assume all other obligations under the second loss guarantee. A further significant relieve of the operating company will be effected by the disposal of non-performing loans in an amount of up to € 6.2 billion to the States as well as of further € 2.0 billion on the market and the subsequent settlement of the losses incurred under the second loss guarantee. The privatization of the operating company shall occur within 24 months from the binding decision of the EU Commission; the Bank expects this decision to take place in the first half-year 2016. This deadline may be extended by six additional months if the split is delayed due to reasons not under control of the Bank and the States. The federal states of Hamburg and Schleswig-Holstein may retain a shareholding in the Bank of 25% for a period of up to four years. The details of the sales procedure will be determined by the EU Commission at a later stage.

KONTAKT

Ralf Löwe
Head of Funding&Investor Relations
Telefon 0431 900 11293
Fax 0431 900 611293
ralf.loewe@hsh-nordbank.com
www.hsh-nordbank.de

Mirko Wollrab
Leiter Kommunikation
Telefon 040 3333 12972
Fax 040 3333 612972
mirko.wollrab@hsh-nordbank.com
www.hsh-nordbank.de

Hamburg/Kiel,

Technically, the re-increase of the second loss guarantee will be granted as a wind-down aid and HSH Nordbank AG is – prior to its restructuring – considered as non-viable from a state-aid perspective. As opposed to this, the restructuring of the operating company shall be effected in a way that allows for a successful sale of this entity. The sale will be effected in an open, competitive and transparent process; other landesbanks may also take part in the sale. After completion of the sales process, the EU Commission will decide on the viability of the entity arising from the sale in the light of a privatization. Upon sale, the resulting entity will adopt a new name. If the sales process fails, the Bank will stop any new business and manage the assets with the view to winding them down.

During the period of privatization the bank has to implement a dividend ban (this does not prevent dividend payments from the operating company to the holding company) and a hybrid capital payout ban on existing hybrid capital instruments. In case of a successful completion of the privatization procedure, the Bank expects to pay dividends as well as distributions under the hybrid capital instruments for the 2018 fiscal year in 2019 at the earliest.

HSH Nordbank AG

20079 Hamburg

Postfach 1122

24100 Kiel

In addition to the privately placed silent participations and profit participation capital the following publicly placed instruments based on silent participations of HSH Nordbank AG are affected:

RESPARCS Funding II Limited Partnership Securities 7.5% EUR 500mn
(ISIN DE0009842542)

RESPARCS Funding Limited Partnership I Securities 8.0% USD 300mn
(ISIN XS0159207850)

HSH Nordbank Sparc Securities 7.4075% EUR 500mn
(ISIN XS0142391894)

HSH Nordbank Sphere Securities 7.25% USD 500mn
(ISIN XS0221141400)