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FINANCIAL INFORMATION AS AT 30 SEPTEMBER 2018

KEY FIGURES

INCOME STATEMENT

(€ m)	January - September 2018	January - September 2017
Net income before restructuring and privatisation	245	360
Net income before taxes	8	201
Group net result	-102	176

BALANCE SHEET

(€ bn)	30.09.2018	31.12.2017
Reported equity	4.3	4.4
Total assets	61.3	70.4
Business volume	72.3	78.6

CAPITAL RATIOS & RWA¹⁾

	30.09.2018	31.12.2017
CET1 capital ratio (%)	16.1	15.4
Overall capital ratio (%)	27.1	25.8
Risk assets (RWA) (€ bn)	24.2	26.2

EMPLOYEES

(computed on a full-time equivalent basis)	30.09.2018	31.12.2017
Total	1,720	1,926
Domestic	1,653	1,838
Foreign	67	88

LONG-TERM RATINGS

	Unguaranteed liabilities	Guaranteed liabilities ²⁾	Public-sector Pfandbriefe	Mortgage Pfandbriefe	Ship Pfandbriefe
Moody's	Baa3 RWP ³⁾	Aa1 stable	Aa2 RWP ³⁾	Aa3 RWP ³⁾	Baa1 RWP ³⁾
Fitch	BBB- RWN ⁴⁾	AAA stable	-	-	-

¹⁾ According to the same period calculation under the Capital Requirements Regulation (CRR). Figures for the previous year adjusted, explanatory information is provided in the section "Net assets and financial position" under "Capital and funding".

²⁾ Liabilities covered by the guarantor liability (Gewährträgerhaftung).

³⁾ Rating watch positive (under observation for a possible rating upgrade).

⁴⁾ Rating watch negative (under observation for a possible rating downgrade).

Due to rounding, numbers presented throughout this report may not add up to the totals disclosed, and percentages may not precisely reflect the absolute figures.



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NOTE:

This Financial Information of the HSH Nordbank Group as at 30 September 2018 is released voluntarily and does not comply with all the accounting requirements applicable to interim reporting for capital-market-oriented companies. Recognition and management rules were applied on the basis of the IFRS. The Financial Information has not been subjected to any audit performed by an auditor of the annual financial statements.



HSH NORDBANK AT A GLANCE

AS AT 30 SEPTEMBER 2018

Since 1 January 2018, HSH Nordbank has been applying the provisions set out in IFRS 9 – Financial Instruments in full when preparing the Group financial statements. In some cases, this changes the structure of the consolidated statement of financial position and the statement of income compared with the Group financial statements as at 31 December 2017.

The figures in the comparison columns of these financial statements have been adjusted to reflect this new structure. However, for the reference date of 31 December 2017, these figures were still calculated in accordance with the provisions of IAS 39.

INCOME STATEMENT

(€ m)	January – September 2018 ¹⁾	January – September 2017	Change in %
Interest income from financial assets categorised as AC and FVOCI	696	851	-18
Interest income from other financial instruments	1,199	1,317	-9
Negative interest on investments categorised as AC and FVOCI	-14	-21	-33
Negative interest on other cash investments and derivatives	-176	-208	-15
Interest expenses	-1,411	-1,692	-17
Positive interest on borrowings and derivatives	172	226	-24
Net income/loss from hybrid financial instruments	-68	-83	18
Net interest income	398	390	2
Net commission income	22	52	-58
Result from hedging	-8	-14	43
Result from financial instruments categorised as FVPL ²⁾	-25	159	>-100
Net income from financial investments	102	79	29
Result from the disposal of financial assets classified as AC	-1	330	>-100
Net income from financial investments accounted for under the equity method	-	-3	100
Total income	488	993	-51
Loan loss provisions	114	-218	>-100
Hedging effect of credit derivative under the second loss guarantee	-54	-104	48
Total income after loan loss provisions	548	671	-18
Administrative expenses	-319	-366	-13
Other operating result	50	96	-48
Expenses for bank levy and deposit guarantee fund	-34	-41	-17
Net income before restructuring and privatisation	245	360	-32
Net income from restructuring and privatisation	-49	-43	-14
Expenses for government guarantees	-188	-116	62
Net income before taxes	8	201	-96
Income tax expenses	-110	-25	>100
Group net result	-102	176	>-100
Group net result attributable to non-controlling interests	1	10	>-90
Group net result attributable to HSH Nordbank shareholders	-103	166	>-100

¹⁾ The information as at 30 September 2018 has been prepared in accordance with IFRS 9. The disclosures and explanations for the comparative period have not been adjusted and correspond to the amounts determined under IAS 39 as at the reporting date shown.

²⁾ In the previous year, under IAS 39, the item Net trading income.

BALANCE SHEET
ASSETS

(€ m)	30.09.2018	31.12.2017	Change in %
Cash reserve	2,581	6,625	-61
Loans and advances to banks	2,844	3,838	-26
Loans and advances to customers	34,870	39,174	-11
Loan loss provisions	492	687	-28
Compensation item for financial instruments categorised as FVPL under the second loss guarantee	3,531	n.r.	n.r.
Credit derivative under the second loss guarantee	968	1,014	-5
Positive fair values of hedging derivatives	160	264	-39
Positive adjustment item from portfolio fair value hedges	174	255	-32
Trading assets	3,411	3,641	-6
Financial investments	11,252	13,647	-18
Intangible assets	9	10	-10
Property, plant and equipment	197	232	-15
Investment property	45	13	> 100
Non-current assets held for sale and disposal groups	9	139	-94
Current tax assets	34	46	-26
Deferred tax assets	643	723	-11
Other assets	61	74	-18
Total assets	61,281	70,382	-13

The information as at 30 September 2018 has been prepared in accordance with IFRS 9. The disclosures and explanations for the comparative period have not been adjusted and correspond to the amounts determined under IAS 39 as at the reporting date shown.

LIABILITIES

(€ m)	30.09.2018	31.12.2017	Change in %
Liabilities to banks	7,444	8,271	-10
Liabilities to customers	31,150	36,205	-14
Securitised liabilities	10,385	12,444	-17
Negative fair value of hedging derivatives	474	163	>100
Negative adjustment item from portfolio fair value hedges	434	553	-22
Trading liabilities	2,811	3,875	-27
Provisions	1,402	1,438	-3
Liabilities relating to disposal groups	-	47	-100
Current tax liabilities	13	103	-87
Other liabilities	587	658	-11
Subordinated capital	2,310	2,252	3
Equity	4,271	4,373	-2
Share capital	3,018	3,018	-
Capital reserve	75	75	-
Retained earnings	1,017	1,701	-40
Revaluation reserve	251	117	>100
Currency conversion reserve	17	2	>100
Group net result	-103	-535	-81
Total before non-controlling interests	4,275	4,378	-2
Non-controlling interests	-4	-5	-20
Total liabilities and shareholders' equity	61,281	70,382	-13

The information as at 30 September 2018 has been prepared in accordance with IFRS 9. The disclosures and explanations for the comparative period have not been adjusted and correspond to the amounts determined under IAS 39 as at the reporting date shown.

BUSINESS DEVELOPMENT AS AT 30 SEPTEMBER 2018

OVERVIEW OF BUSINESS PERFORMANCE

SUCCESSFUL COMPLETION OF PRIVATISATION EXPECTED AT THE END OF NOVEMBER

The privatisation process is nearing completion. After an agreement was reached, as expected, on the seamless transition of HSH Nordbank AG from the guarantee scheme of the German Savings Banks Finance Group to the guarantee scheme of private banks, the Bank expects the outstanding approvals to have been granted by the European Commission and the supervisory authorities by the end of November. This will signal the successful completion of the first privatisation of a Landesbank in Germany. The change of ownership was agreed on 28 February 2018 between the federal state owners and Sparkassen- und Giroverband Schleswig-Holstein on the one hand, and several renowned private investors on the other, in fulfilment of the commitments made in the EU state aid proceedings on 2 May 2016.

The completion of the privatisation process envisaged by the Bank will come hand-in-hand with the implementation of the agreed portfolio transaction to relieve the Bank of large portions of non-performing legacy loans, and with the early termination of the second loss guarantee. Finally, the EU state aid proceedings, which have spanned a period of several years and achieved far-reaching structural relief for the Bank, will also come to an end. These relief measures are reflected, first and foremost, in a significant improvement in the Bank's risk structure and capital position. The successful closing will form the basis for the next stage in HSH Nordbank's forward-looking process of transformation from a Landesbank into an agile and lean private commercial bank. After the last stage in the process concentrated on dealing with the Bank's extensive legacy burdens, the extensive transformation measures will now focus on efficiency and profitability. Within this context, the agreements reached with the Federal Association of German Banks (BdB) provide a reliable framework for the seamless transition to full membership of the deposit guarantee fund (ESF) on 1 January 2022. The strong commitment of the new owners, whose primary objective is to establish an optimised and sustainable business model, will provide all of the parties involved with additional planning security during the transition period.

Further details on the privatisation process, the portfolio transaction, the cancellation agreement for the second loss guarantee and the related opportunities and risks can be found in the Group Management Report for the 2017 financial year, in particular in the "Forecast, opportunities and risks report".

EXTENSIVE TRANSFORMATION PROCESS TO COMMENCE AFTER CLOSING

The Bank is bundling its ongoing activities to boost its efficiency and earnings in a transformation project. The measures developed as part of the Bank-wide project serve the strategic objective of making the privatised bank more efficient and, as a result, laying the foundation for a realignment process that will secure the Bank's competitive standing in the long run. The main measures are: strict focus on profitability while maintaining adequate risk and income parameters, consistent cost management, diversification of the funding structure to increase granularity and consistently solid risk management.

While in recent months, the focus has been on client relations and the development and implementation of profitable and risk-oriented growth strategies, efforts following the successful closing will concentrate on measures to further optimise the business model and cost structures. In view of a banking environment that remains challenging and is characterised by intense competition and constantly mounting regulatory requirements, a stringent and sustained increase in efficiency, taking into account feasible digitalisation initiatives, is essential. The Bank will initially concentrate on measures aimed at reducing the complexity of its processes and measures relating to the organisational structure of a medium-sized commercial bank that will be relieved of legacy burdens and the guarantee structure.

SATISFACTORY BUSINESS DEVELOPMENT

Overall, key earnings and cost ratios developed in line with expectations during the reporting period. The Bank continues to implement the ongoing cost programme rigorously and in line with its planning. As a result, administrative expenses continue to fall considerably. As far as new business activities are concerned, the development paints a mixed picture. In a highly competitive environment, the Bank selects new business according to stringent risk and return requirements. The development of new business margins shows that the stringent focus on returns is starting to bear fruit. New business profitability is also in line with the current ambition level.

The key performance indicators in the area of capital and liquidity also exceed defined ambition levels on the reporting date. The sustained positive development of the risk ratios is consistent with the strategic realignment.

KEY GROUP MANAGEMENT INDICATORS

	30.09.2018	31.12.2017 (30.09.2017)
Net income before taxes (€ m)	8	- 453 (201)
RoE	0.2 %	- 9.7 % (5.3 %)
CIR	59.3 %	32.3 % (34 %)
NPE ratio	4.5 %	10.4 %
NPE coverage ratio AC ¹⁾	50.9 %	63.8 %
CET1 capital ratio ^{2), 3)}	16.1 %	15.4 %
LCR	153 %	169 %
NSFR	117 %	114 %

1) Pro forma adjusted figure as at 31 December 2017 for comparison purposes.

2) From March 2018, the capital ratios will no longer be shown taking into account the regulatory relief effect of the federal state guarantee. To enable a comparison with the key capital figures as at the reporting date, pro forma ratios are shown as at 31 December 2017. "Pro forma" means that, for the items included in the reference portfolio for the second loss guarantee, the RWA are recognised in line with the credit risk rules and not in line with the rules regarding securitisation. Within this context, valuation allowances that have been set up are still recognised in a manner that reduces the capital requirements in line with the regulatory requirements.

3) In-period: ceteris paribus calculation taking full account of the balance sheet amounts as at the reporting date.

The Group's net income before taxes as at 30 September 2018 amounts to € 8 million (same period of the previous year: € 201 million). Despite the considerable burden resulting from provisions for the guarantee compensation payment (€ -100 million), it was significantly higher than expected. This was due both to the operating performance of the Core Bank, which was satisfactory overall, and to the reversal of general (levels 1 and 2) and specific loan loss provisions (level 3), which were higher than planned. Among other factors, the reversals of loan loss provisions were due to the successful implementation of restructuring measures in the Shipping division of the Core Bank, which cannot be expected to continue in the future. On the other hand, the above-average supply of liquidity during the privatisation period and the funding structure, which has to be optimised further during the transformation period as a result of the reduction in total assets, had a marked negative impact on earnings. Furthermore, refinancing costs in connection with the portfolio transaction that will be borne by the Bank up until the derecognition of the portfolio, as well as restructuring costs, had a noticeable negative effect on earnings. In the previous year, the net result reaped visible benefits from significant effects resulting from the realisation of unrealised gains.

The return on equity for the Group calculated on the basis of net income before taxes is also slightly higher than expected at 0.2% (31 December 2017: -9.7%). The cost-income ratio comes to 59.3% on the reporting date (31 December 2017: 32.3%). This development is in line with expectations insofar as the ratio as at 31 December 2017 was positively overstated by significant special effects resulting from the realisation of unrealised gains (€ 356 million) and the reassessment of interest and principal cash flows from hybrid instruments (€ 413 million).

The cost-income ratio adjusted for these special effects as at 31 December 2017 was 62.4%. As such, the Bank is making noticeable progress in the reporting period as a result of the cost reductions achieved and expects the cost-income ratio to develop in line with plan for 2018 as a whole, based on the marked reduction in administrative expenses.

The measures developed as part of the transformation project will help to boost the Bank's efficiency and earnings in order to meet the cost-income ratio of a maximum of 40% and return on equity of at least 8% that the Bank considers to be sustainable. These measures will be pursued intensively and implemented as soon as possible after closing, particularly in connection with the further optimisation of the business model.

The NPE ratio has been influenced significantly by the introduction of the IFRS 9 accounting standard and the associated fair value measurement. As at the reporting date, the NPE ratio came to 4.5% (31 December 2017: 10.4%). The significant decrease compared to the end of the previous year is mainly due to the fair value measurement of the portfolio transaction. In addition, the ongoing winding-down measures have contributed to this development. A pro forma NPE ratio as at 31 December 2017 calculated in accordance with the IFRS 9 accounting standard for comparison purposes would have amounted to 5.6%. As expected, the predicted significant reduction in the NPE ratio to around 2% will be achieved after the closing and implementation of the portfolio transaction.

The NPE coverage ratio AC (which was redefined due to the introduction of IFRS 9, for details see the following section on "Key management indicators") for the NPE volume measured at amortised cost was 50.9% (31 December 2017: 63.8%).

The CET1 ratio amounted to 16.1% on the reporting date, meaning that it remained at a good level taking into account the reduced RWA and the loss incurred in the reporting period after taxes.

The solid liquidity ratios (LCR: 153% and NSFR: 117%) are consistent with the Bank's plans and remain much higher than the ECB's minimum requirements.

Further details on the reasons underlying the business performance are set out in the following "Earnings", "Net assets and financial position" and "Segment results" sections. The earnings performance of the Core Bank, the Non-Core Bank and Other and Consolidation is presented in the "Segment results" section.

MANAGEMENT SYSTEM AND DEFINED MANAGEMENT INDICATORS OF THE IFRS GROUP

The Bank's integrated management system is aimed at the targeted management of key value drivers – income, efficiency/costs and profitability, risk, capital and liquidity. The Bank uses a risk-adjusted key indicator and ratio system for this purpose that ensures that the Overall Bank, Core Bank and Non-Core Bank are managed in a uniform and effective manner. The HSH Nordbank Group is managed mainly on the basis of figures for the Group prepared in accordance with the International Financial Reporting Standards (IFRS) and the relevant prudential rules, respectively.

Within the framework of management reporting, the Bank focuses on the most important management indicators for the individual value drivers of the IFRS Group. On the one hand, the focus is placed on the change in these key indicators compared to the same period of the previous year and, on the other, on their expected change over the remainder of 2018.

From the first quarter of 2018, the calculation of the coverage ratio as a key management indicator has changed. This is due to the level system associated with the introduction of IFRS 9, according to which significant deteriorations in the creditworthiness of non-defaulted loans (known as level 2 loans) require impairment losses to be recognised through profit or loss, and lending business is increasingly also measured at fair value. In line with the previous approach, the coverage ratio has therefore been calculated, since the first quarter of 2018, as the ratio of specific loan loss provisions on defaulted loans measured at amortised cost (AC) to the exposure at default (EaD) for these defaulted loans (NPE). In the future, this ratio will be referred to as the NPE Coverage Ratio AC in order to clarify matters.

Further information on the management system and defined management indicators of the HSH Nordbank Group, the Core Bank and the Non-Core Bank, as well as information on the development expected for 2018 as a whole, is set out in HSH Nordbank's Group Management Report for the 2017 financial year in the "Management System" subsection in the "Basis of the Group" section, and in the "Forecast, opportunities and risks report" section.

EARNINGS SITUATION

Total income down as expected

Total income for the first nine months of 2018 fell as expected to € 488 million compared to € 993 million in the same period of the previous year. In the previous year, total income had been boosted to a considerable degree by special effects relating to the realisation of unrealised gains. In the last financial year, for example, the Bank had realised unrealised gains in order to partially compensate for the considerable burdens associated with non-performing legacy loans. By contrast, the following developments were significant in the reporting period:

At € 398 million, net interest income at the reporting date was virtually on a par with the prior-year level (€ 390 million). Net operating interest income, which developed in line with expectations overall, made a major contribution to this trend. In addition, net interest income includes positive valuation effects resulting primarily from the fair value measurement of the portfolio transaction and the hedging of the liquidity position. In terms of negative influencing factors, net interest income was hit hard by expenses for the liquidity supplies and funding structure required in the context of the Bank's transformation incurred in the privatisation period and during the transformation phase. Furthermore, refinancing costs in connection with the portfolio transaction also had a temporary but significant negative impact.

Net commission income came to € 22 million as at reporting date (same period of the previous year: € 52 million). The decline is mainly due to lower income from loan commission. In addition, net commission income in the previous year included significant income from the restructuring of non-performing legacy loans in the Non-Core Bank.

The result from financial instruments categorised as FVPL had a negative impact on total income at € -25 million (same period of the previous year: € 159 million). This development is due, on the one hand, to subsequent valuation effects, most of which are related to the portfolio transaction. These are offset by interest income in the same amount resulting from the recognition of interest on defaulted portfolios measured at FV in accordance with IFRS 9, which has to be reported accordingly under net interest income. On the other hand, last year's net result benefited significantly from net income from foreign currency and increases in value in the credit investment portfolio. Operating net trading income from cross-selling activities and the management of central liquidity and market price risks developed in line with expectations.

Net income from financial investments including other income items contributed € 101 million (same period of the previous year: € 406 million including € 330 million resulting from the disposal of financial assets classified as AC) to total income. It mainly comprises realisation gains from the sale of securities.

Loan loss provisions clearly positive

Loan loss provisions came to € 144 million as at reporting date (same period of the previous year: € -456 million). This development is attributable to reversals within loan loss provisions that are not expected to continue in future periods and therefore have a one-off character. The reversals were mainly due to successful restructuring measures, particularly in the Shipping area of the Core Bank, and to developments in the relevant markets that were encouraging overall. In the previous year, considerable amounts allocated for legacy loan exposures, especially in the ship portfolio of the Non-Core Bank, had a considerable negative impact on the Group net result. After currency effects and compensation, and taking into account the hedging effect from the credit derivative, the total loan loss provisions come to € 60 million (same period of the previous year: € -322 million).

Successful further reduction in administrative expenses

Administrative expenses came to € -319 million as at reporting date (same period of the previous year: € -366 million). The Bank continued to implement its ongoing cost-cutting programme, which counteracts the increasing pressure on earnings and margins in the highly competitive banking market and the increasing expenses for regulatory requirements, stringently and successfully and in line with its plans. The Bank continued to make the progress it planned to make in implementing measures for operating expenses in the reporting period. The potential for cost savings expected based on the optimisation of the organisation and processes that has been implemented to date was largely realised and, in some cases, actually exceeded slightly. The targeted management of operating expenses has resulted in a reduction in project costs, building costs and other personnel-related operating expenses in particular. Operating expenses came to € -159 million (same period of the previous year: € -184 million). Depreciation of property, plant and equipment and amortisation of intangible assets came to € -16 million (same period of the previous year: € -15 million).

As far as personnel expenses are concerned, 90% of the planned reduction has already been contractually agreed with employees as part of the 2018Plus programme, and the Bank continued to implement its ambitious targets for personnel expenses in a systematic manner. The ongoing planned reduction in the number of employees is reflected in the corresponding reduction in personnel expenses from € -167 million to € -144 million. Compared to the end of 2017, the number of employees within the Group continued to drop considerably, namely by 206 to 1,720 (computed on a full-time equivalent (FTE) basis).

Other income line items

Other operating income amounted to € 50 million (same period of the previous year: € 96 million) and largely includes income from cost reimbursements and effects relating to consolidated subsidiaries. In the previous year, the net result also included effects from changes in the scope of consolidation.

The expenses for the annual contributions to the bank levy and the deposit guarantee fund amounted to € – 34 million (same period of the previous year: € – 41 million).

Restructuring and privatisation expenses

Earnings were adversely impacted further by restructuring and privatisation expenses in the amount of € – 49 million incurred in connection with the burdens associated with the privatisation process. An amount of € – 43 million was incurred in the same period of the previous year.

Guarantee premium includes substantial special charge for early termination of the second loss guarantee

The expense for the guarantee premium had a significant negative impact on the Bank's net result in the amount of € – 188 million (same period of the previous year: € – 116 million). In addition to the base premium, provisions of € – 100 million for the compensation payment due to the premature termination of the second loss guarantee were incurred in the reporting period. The compensation payment is an integral component of the cancellation agreement concluded between HSH Finanzfonds AöR, HSH Beteiligungs Management GmbH and HSH Nordbank AG in connection with the privatisation.

Group net result much higher than expected

As at 30 September 2018, HSH Nordbank achieved net income before taxes of € 8 million (same period of the previous year: € 201 million). The net income as at the reporting date exceeded expectations, in particular due to the development in loan loss provisions. Nonetheless, the Bank expects to see further considerable burdens in connection with the privatisation and ongoing transformation process after closing, in particular due to restructuring expenses, meaning that it still expects to report a loss for 2018 as a whole.

After taxes, the Group net result comes to € – 102 million (same period of the previous year: € 176 million). Income tax expense includes tax expenses from deferred taxes in the amount of € – 110 million. The deferred tax expense results from the elimination of deferred tax assets in accordance with tax planning for 2018.

NET ASSETS AND FINANCIAL POSITION

FURTHER DECREASE IN TOTAL ASSETS

After the end of the first three quarters of 2018, HSH Nordbank's total assets were again much lower than at the end of the previous year and amounted to € 61,281 million (31 December 2017: € 70,382 million). In detail, the following developments were responsible for this decline:

The cash reserve was down considerably on the end of the previous year and amounted to € 2,581 million on the reporting date (31 December 2017: € 6,625 million). This is due to the Bank's active liquidity management, which has led to lower balances at central banks. The increased liquidity built up during the privatisation process will be gradually reduced during the transformation period, while maintaining a conservative ambition level in line with the planning. Loans and advances to banks came to € 2,844 million, also down on the previous year-end (31 December 2017: € 3,838 million). This was mainly due to a decline in the repo business.

Loans and advances to customers amounted to € 34,870 million (31 December 2017: € 39,174 million). The main reason for this decline is the switch to IFRS 9 accounting and the associated measurement of some of the receivables at fair value. The transition to IFRS 9 also changed the mechanism of the second loss guarantee: the compensation from the second loss guarantee for the portfolios measured at fair value is now shown under the new "Compensation item for financial instruments categorised as FVPL under the second loss guarantee". In order to facilitate a comparison with the previous year's figure, the two items Loans and advances to customers (€ 34,870 million) and Compensation item for financial instruments categorised as FVPL under the second loss guarantee (€ 3,531 million) have to be added.

The loan loss provisions net of all compensation effects amount to € 492 million as at 30 September 2018 (31 December 2017: € 687 million).

The hedging effect of partial guarantee Two is shown in the "Credit derivative under the second loss guarantee" balance sheet item. The fair value of the credit derivative came to € 968 million on the reporting date (31 December 2017: € 1,014 million).

Trading assets came to € 3,411 million (31 December 2017: € 3,641 million), down slightly as against the previous year-end. The volume of securities held for trading increased slightly, although this was more than offset by the decline in the positive fair values of derivatives in trading assets. Financial investments decreased to € 11,252 million (31 December 2017: € 13,647 million). While the investment portfolio remained constant, securities held as financial investments, in particular, declined slightly as a result of active liquidity management.

On the liabilities side, liabilities to banks decreased to € 7,444 million (31 December 2017: € 8,271 million). Repurchase agreements, but also deposits payable on demand and term deposits, were lower than at the end of the previous year. Liabilities to customers also dropped to € 31,150 million in line with the gradual reduction in excess liquidity (31 December 2017: € 36,205 million). Both savings and demand deposits of institutional clients declined. Securitised liabilities were also slightly on the previous year-end to € 10,385 million (31 December 2017: € 12,444 million). Trading liabilities comprising negative market values of derivatives (€ 2,811 million, 31 December 2017: € 3,875 million) were down in line with the positive fair values of trading assets. Subordinated capital remained more or less at the level seen at the end of the previous year at € 2,310 million (31 December 2017: € 2,252 million). Reported equity increased slightly to € 4,271 million (31 December 2017: € 4,373 million). This is mainly due to the Group net loss after taxes as at 30 September 2018.

Business volume decreased slightly to € 72,274 million (31 December 2017: € 78,611 million). Whereas total assets decreased, off-balance sheet transactions increased: Sureties and guarantees remained roughly at the level seen at the end of the previous year at € 1,804 million (31 December 2017: € 1,862 million) and irrevocable loan commitments increased significantly to € 9,189 million (31 December 2017: € 6,367 million). This significant increase is due exclusively to the first-time application of IFRS 9. Loan commitments with certain contractual features that were classified as revocable under IAS 39 are considered irrevocable under IFRS 9.

CAPITAL AND FUNDING

RWA, REGULATORY CAPITAL AND CAPITAL RATIOS

(in-period) ¹⁾	30.09.2018	31.12.2017 ²⁾
Risk assets (RWA) (€ bn)	24.2	26.2
Regulatory capital (€ bn)	6.6	6.7
of which: CET1 capital (€ bn)	3.9	4.0
Overall capital ratio	27.1 %	25.8 %
Tier 1 capital ratio	19.8 %	19.7 %
CET1 ratio	16.1 %	15.4 %

¹⁾ In-period: ceteris paribus calculation taking full account of the balance sheet amounts as at the reporting date.

²⁾ From March 2018, the capital ratios will no longer be shown taking into account the regulatory relief effect of the federal state guarantee. To enable a comparison with the key capital figures as at September 2018, pro forma figures are shown as at the end of 2017. "Pro forma" means that, for the items included in the reference portfolio for the second loss guarantee, the RWA are recognised in line with the credit risk rules and not in line with the rules regarding securitisation. Within this context, valuation allowances that have been set up are still recognised in a manner that reduces the capital requirements in line with the regulatory requirements.

CET1 ratio at a solid level

As part of the privatisation of HSH Nordbank, the second loss guarantee provided by the federal state owners will be settled in full and terminated in 2018. A corresponding cancellation agreement for the second loss guarantee was signed on 28 February 2018. It is subject, among other things, to the condition precedent of the successful closing of the share purchase agreement. Within this context, the regulatory capital ratios will no longer be shown as a securitisation structure as at March 2018, taking into account the regulatory relief effect of the second loss guarantee. In September 2018, presentation is comparable with the pro forma CET1 capital ratio reported as an additional ratio in the annual financial statements for 2017.

Taking into account the changed regulatory presentation and based on underlying RWA of € 24.2 billion (31 December 2017: € 26.2 billion pro forma), the CET1 ratio comes to 16.1 % (31 December 2017: 15.4% pro forma). This by far exceeds the ambition level of at least 15% planned at the end of 2018.

The main reason for the development in the capital ratios as against 31 December 2017 (pro forma) is a reduction in RWA of around € 2.0 billion, which is mainly attributable to the decline in market risks, portfolio winding-down and the sale of securities.

SREP requirements met

As part of the supervisory process in the Banking Union, HSH Nordbank was assigned individual minimum capital ratios by the ECB that are reviewed annually as part of the SREP process. These capital ratios were adhered to at all times during the reporting period. The regulatory disclosure pursuant to the CRR is on a "not in-period" basis, i.e. balance sheet amounts as at the reporting date only included in part. Since 1 January 2018, a CET1 SREP requirement of around 10.2% and a total SREP capital requirement of 13.7% (Pillar 2 Requirement "P2R" incl. the combined capital buffer requirements) have applied to HSH Nordbank.

As at 30 September 2018, the CET1 capital ratio of HSH Nordbank pursuant to the CRR comes to 16.0% (31 December 2017: 18.7%). The overall capital ratio pursuant to the CRR comes to 26.8% (31 December 2017: 31.4%). The decline in the capital ratios compared with 31 December 2017 is mainly due to the fact that the relief effect resulting from the presentation of the federal state guarantee as a securitisation structure will no longer apply as at March 2018. This is due to the full settlement of the guarantee in 2018 agreed as part of the privatisation process.

The **financial holding group**, which arose in 2016 as a result of the establishment of HSH Beteiligungs Management GmbH as a holding company in connection with the measures set out in the EU catalogue of conditions and commitments, has also been assigned a minimum capital ratio by the ECB as part of the supervisory process in the Banking Union, which is in line with the statutory regulations and is reviewed annually as part of the SREP process. Since 1 January 2018, a CET1 SREP requirement of 6.4% and a total SREP capital requirement of 9.9% (Pillar 2 Requirement "P2R" incl. the combined capital buffer requirements) have applied to the financial holding group within this context. As at 30 September 2018, the CET1 capital ratio pursuant to the CRR comes to 7.2% (31 December 2017: 10.2%). The overall capital ratio pursuant to the CRR comes to 11.8% (31 December 2017: 12.1%). The decline in the capital ratios is mainly due to the fact that the relief effect resulting from the presentation of the federal state guarantee as a securitisation structure will no longer apply as at March 2018. This is due to the planned settlement of the guarantee in 2018.

HSH Nordbank's CRR leverage ratio was a very solid 8.1% as at 30 September 2018 (31 December 2017: 7.7%). This development is supported by the decline in leverage exposure to € 58.6 billion in the reporting period (31 December 2017: € 67.0 billion). A statutory binding minimum leverage ratio value has not yet been defined. With the amendment of the CRR, the leverage ratio, based on the tier 1 capital, is likely to be set at a binding level of 3% as a minimum requirement.

Potential restructuring of regulatory capital as part of transformation

HSH Nordbank AG plans to restructure its regulatory capital base as part of its ongoing transformation following the completion of the privatisation process. The restructuring aims to streamline and strengthen the HSH Nordbank AG group's capital base and could include, without being limited to, a liability management exercise (LME) consisting of a termination (with 2 years' notice period and triggering a repayment obligation at the relevant HGB (German GAAP) book values of the hybrid capital instruments) and/or a buyback offer with regard to all hybrid capital instruments issued directly or indirectly by HSH Nordbank AG. For further details, please refer to the related publication "HSH on potential restructuring of regulatory capital as part of its upcoming transformation" dated 6 November 2018.

Funding activities expanded further

Fundraising is higher than the pro rata planned value. In the first nine months of the 2018 financial year, around € 2.4 billion in long-term funds were raised.

In the second half of the year, the Bank issued two benchmark mortgage Pfandbriefe, continuing the series of successful capital market issues. The Pfandbriefe have maturities of 3.5 and 5 years and a volume of € 500 million each.

Since the end of 2017, the Bank has been offering fixed-term deposit investments to retail customers via an online platform and has gradually expanded its range of sales partners. Holdings in this additional funding channel are increasing steadily and amounted to € 3.2 billion as at the reporting date.

Besides the issuing activities, the level of deposits also contributed to the implementation of the funding strategy. The volume of deposits was reduced as planned.

KEY LIQUIDITY RATIOS

	30.09.2018	31.12.2017
Total deposits (€ bn)	20.0	25.0
LCR	153%	169%
NSFR	117%	114%

The regulatory requirements for the liquidity ratios were exceeded by far during the reporting period.

In addition to the successful implementation of the fundraising efforts, the Bank also reported inflows from the settlement of losses under the second loss guarantee in the first six months of 2018.

Detailed information regarding HSH Nordbank's capital and RWA forecast, as well as its funding forecast, is set out in the "Forecast, opportunities and risk report" of the Group Management Report for the 2017 financial year.

SEGMENT RESULTS

SEGMENT OVERVIEW JANUARY TO SEPTEMBER 2018¹⁾

(€ m)		Corporate Clients	Real Estate	Shipping	Treasury & Markets	Core Bank ³⁾	Non-Core Bank	Other and Consolidation ^{4,5)}	Group
Total income	2018	172	141	92	218	623	-16	-119	488
	2017	190	169	78	508	945	67	-19	993
Loan loss provisions (including credit derivative) ²⁾	2018	-16	1	134	17	136	6	-82	60
	2017	3	1	-12	1	-7	-318	3	-322
Administrative expenses	2018	-99	-46	-29	-58	-232	-100	13	-319
	2017	-99	-43	-33	-66	-241	-148	23	-366
Net income before taxes	2018	54	84	171	166	475	-230	-237	8
	2017	92	122	18	436	668	-451	-16	201
Segment assets (€ bn)	31.09. 2018	12	13	5	17	47	7	8	61
	31.12. 2017	12	10	5	21	48	12	10	70

¹⁾ Following the change in the allocation of transformation costs of surplus liquidity; previous year's figures adjusted accordingly.

²⁾ Summary of the loan loss provisions and hedging effect of credit derivative second loss guarantee line items.

³⁾ Core Bank is the total of the four segments: Real Estate, Shipping, Corporate Clients and Treasury & Markets.

⁴⁾ Net income before taxes including result from restructuring and privatisation.

⁵⁾ Consolidation also includes the effects from differences in accounting.

SATISFACTORY DEVELOPMENT OF THE CORE BANK

The Core Bank contains the Bank's operating segments and showed satisfactory performance that was generally in line with expectations in the first nine months of 2018. This development forms a good basis for the realignment of activities towards a sustainably profitable commercial bank. It should be borne in mind that the satisfactory results of the Core Bank must be seen in connection with the significant structural burdens, which are reflected in Other and Consolidation and also in the Non-Core Bank. Together they form the starting point for the next stage of the multi-year transformation process. The Bank is countering the structural burdens with measures to increase efficiency and earnings, which are being developed as part of the transformation project and will be implemented more intensively after the closing.

The fact that the operating performance of the Core Bank's segments was according to plan overall as at the reporting date contributed to the result. With a stable receivables portfolio, new business in the reporting period amounted to € 5.4 billion (same period of previous year: € 6.4 billion). Gross new business, which also includes the volume earmarked for syndication, amounted to € 5.8 billion. In a highly competitive environment, the Bank selects new business according to stringent risk and return requirements and focuses primarily on profitability requirements. In this respect, new business profitability is currently in line with requirements, whereas the volume of new business remains moderately below expectations. The cross-selling result, mainly driven by investment products, developed in line with the guidance.

As at 30 September 2018, the Core Bank had net income before taxes that was significantly higher than planned at € 475 million (same period of the previous year: € 668 million). The year-on-year development is attributable to lower income from the sale of securities. In the previous year, the Bank had realised unrealised gains in order to partially compensate for the considerable burdens associated with non-performing legacy loans.

In contrast, the fact that earnings and costs developed according to plan during the reporting period was one factor that contributed to the net income. Second, significant reversals in loan loss provisions had a positive effect on the net result. The reversals of loan loss provisions, which are fundamentally one-off in character, were due both to the successful implementation of restructuring measures in the Shipping segment and to the encouraging overall development on the relevant markets. In addition, income from the management of liquidity and market price risks, as well as income from the sale of securities in the Treasury & Markets segment, had a positive impact on the Core Bank net result.

The annual contributions to the bank levy and the deposit guarantee fund in the amount of € –26 million (same period of the previous year: € –25 million) put pressure on the net result, as did substantial guarantee expenses, which amounted to € –48 million including the one-off payment for the premature termination of the second loss guarantee (same period of the previous year: € –16 million). Administrative expenses continued to fall in line with expectations to € –232 million (same period of the previous year: € –241 million).

The Core Bank achieved a return on equity of 17.8 %, which is higher than planned, on the basis of its positive net result (31 December 2017: 23.4 %) and a cost-income ratio that was in line with expectations at 36.0 % (31 December 2017: 26.0%). When calculating the Core Bank ratios, the Group's structural burdens, which are reflected in Other and Consolidation and also in the Non-Core Bank, are not taken into account; to this extent, the Bank defines its strategic target vision for 2022 at Group level and expects to be able to achieve a return on equity of at least 8 % before tax, and a cost-income ratio of a maximum of 40 % in the long term. The measures associated with the transformation project are geared towards achieving this objective. Some of them were already implemented in the reporting period and the implementation process will be accelerated after the closing.

The total assets of the Core Bank amounted to € 46.6 million as at the reporting date (31 December 2017: € 48.4 million). In preparation for the closing, a total of € 2.5 billion (thereof € 0.4 billion in NPE volume) in transactions not included in the portfolio transaction was transferred from the Non-Core Bank to the Core Bank in the second quarter of 2018. Most of these loans are healthy portfolios that were previously allocated to the non-strategic business and will remain within the Bank in the future. The transfer did not result in any significant change in the segment results. The portfolio transfer was offset by the planned reduction in the cash reserve.

Further information can be found in the explanatory comments on the individual segments.

Segment results of the Core Bank

The **Corporate Clients** segment is well diversified and is organised on a sector-specific basis. It combines the Energy & Infrastructure, Trade & Food, Healthcare, Industry & Services and Wealth Management business areas. In addition, the business unit offers the consultancy areas of structured financing, leveraged buy-out and mergers & acquisitions from a single source for all clients of the Bank.

In the Corporate Clients segment, net income before taxes in the first nine months of 2018 amounted to € 54 million (same period of the previous year: € 92 million). This development is due, first of all, to lower total income, which reflects business development in an environment that has been highly competitive for years and shows net commission income that falls short of expectations within this context. Second, positive valuation effects for customer derivatives provided a significant

boost to total income in the previous year. In addition, unplanned impairment losses affecting a few individual cases have a negative impact on the segment result. Furthermore, the burden associated with guarantee charges is increasing considerably due to the portfolios transferred from the Non-Core Bank in the second quarter.

New business showed subdued development in line with the competitive market environment, particularly in the corporates business. It came to a total of € 1.8 billion in the Corporate Clients segment (same period of previous year: € 2.4 billion). The cross-selling result is also lower than in the same period of the previous year, although the decline was not as pronounced as the drop in new business volume. In the Energy & Infrastructure division, the volume of receivables increased compared with the end of the previous year. The focus was on financing for wind power plants and data networks. Following the successful market entry in Portugal in the last quarter of 2017, the renewable energy segment managed to consolidate its market position in the Netherlands and strengthen its position again in France in the period under review.

The **Real Estate** segment made a significant contribution to earnings in the first nine months of 2018 in the amount of € 84 million (same period of the previous year: € 122 million), while falling interest margins had a noticeable negative impact on total income and the net result. In addition, total income in the same period of the previous year included positive valuation effects from customer derivatives that boosted the result. New business totalled € 3.2 billion in a competitive environment that remained intense (same period of the previous year: € 3.4 billion), in line with expectations. The positive development in business with international institutional investors continued and the high market penetration in the northern German core region was expanded. The division is also exploiting its good market position in the metropolitan regions of western Germany.

In the **Shipping** segment, net income before taxes amounted to € 171 million (same period of the previous year: € 18 million). The significant increase in earnings is attributable to the reversal of general (levels 1 and 2) and specific loan loss provisions (level 3), which are attributable to the general market recovery in sub-segments, as well as to successful restructuring measures.

The shipping market showed mixed development in the individual sub-segments during the reporting period. In a market environment that remains challenging, new business with national and international shipping companies with good credit ratings was on a par with the previous year and slightly below plan at € 0.4 billion.

The **Treasury & Markets** segment generated net income before taxes that was in line with expectations at € 166 million (same period of the previous year: € 436 million). Income from the client business with capital market products and income from the management of liquidity and market price risks contributed to this result. The net result also includes measurement gains and realised income from securities portfolios, some of which originate from the Non-Core Bank and were transferred to the Core Bank during the reporting period.

The reason for the significant decline in the net result compared with the same period of the previous year lies in the special effects from the realisation of unrealised gains in the previous year, a measure taken in order to partially compensate for the considerable burdens from non-performing legacy portfolios in the Non-Core Bank.

SEGMENT RESULTS OF THE NON-CORE BANK

As at 30 September 2018, the Non-Core Bank reported a net loss of € –230 million, as was to be expected (same period of the previous year: € –451 million). The hefty loss is mainly due to guarantee charges (€ –140 million) incurred largely for the premature termination of the second loss guarantee. Total income in the Non-Core Bank came to € –16 million (same period of the previous year: € 67 million) and was hit by refinancing costs in connection with the portfolio transaction. Administrative expenses came to € –100 million (same period of the previous year: € –148 million).

As at 30 September 2018, total assets of the Non-Core Bank amount to € 7.2 billion. The decline compared with the end of 2017 is due to the winding-down of non-performing legacy loans – which are not being sold as part of the portfolio transaction – and the transfer of portfolios remaining in the Bank after the privatisation transaction has been closed to the Core Bank. As a result, the segment assets of the Non-Core Bank as at the reporting date comprise the loan portfolios sold as part of the portfolio transaction and the compensation item for the second loss guarantee. The compensation item reflects, on the one hand, the hedging effect of the guarantee and, on the other, the Bank's compensation entitlements vis-à-vis the guarantor. Following the closing of the share purchase agreement, the sold loan portfolios will be transferred to the sphere of the buyers. In addition, the second loss guarantee will be definitively settled and the outstanding receivables will be paid to the Bank by the guarantor, Finanzfonds AöR. In this respect, the closing of the transaction will relieve the Bank of its balance sheet burden resulting from the portfolio transaction, and the compensation item for the second loss guarantee will no longer be reported. The Non-Core Bank will then be dissolved.

"OTHER AND CONSOLIDATION" DIVISION

Administrative functions and overall bank positions are disclosed in Other under "Other and Consolidation" as segments not subject to reporting requirements. "Consolidation" also comprises items that reconcile the internal reporting results presented in the segment report to the Group financial statements prepared in accordance with IFRS. In addition to the measurement and disclosure differences the result from restructuring and privatisation is allocated in full to this division. As at 31 March 2018, the costs associated with the transformation-related liquidity supply and funding structure incurred during the privatisation period and during the Bank's realignment phase are reported under "Other and consolidation". The prior-year and budgeted comparative figures have been adjusted accordingly.

Due to the uncertainties that are naturally inherent in the privatisation process, the Bank has switched its liquidity management approach over to an above-average supply of liquidity. In doing so, it is prepared to accept a considerable temporary burden on its Group net result. In order to present the actual operating performance of the customer segments as transparently as possible on the one hand, and to present the temporary privatisation and transformation costs as a whole on the other hand, these costs are combined in "Other and Consolidation".

Net income before income taxes amounted to € –237 million as at reporting date (same period of the previous year: € –16 million). The above-mentioned costs of excess liquidity and the funding structure, which are reflected in total income, made a particular contribution to this result. Furthermore, restructuring expenses in the amount of € –49 million (same period of the previous year: € –43 million), as well as burdens resulting from valuation and hedging effects on overall bank positions, had a noticeable negative impact on the net result.

The amount reported under loan loss provisions is the result of settlement-related guarantee effects. Since the introduction of IFRS 9 in 2018, the hedging effect of the second loss guarantee on the balance sheet has resulted in compensation effects relating to the items Result from financial instruments categorised as FVPL and Loan loss provisions. These effects have virtually no impact on income overall and are presented under "Other and Consolidation". They result from subsequent effects resulting from the ongoing settlement of the guarantee/the guarantee settlement report of 15 June 2018.

Segment assets under "Other and consolidation" mainly include the liquidity reserve, which will be gradually reduced in line with the plan during the transformation period. The segment assets amounted to € 7.5 billion as at 30 September 2018 (31 December 2017: € 10.2 billion).

OUTLOOK

The following section should be read in conjunction with the other sections in this financial information and the Group Management Report in HSH Nordbank's Annual Report as at 31 December 2017. The forward-looking statements contained in this financial information are based on assumptions and conclusions based on information currently available to the Bank at the time the report was prepared. The statements are based on a series of assumptions that relate to future events. The occurrence of future events is subject to uncertainty, risks and other factors, many of which are beyond HSH Nordbank's direct control. Therefore, actual events may differ from the following forward-looking statements below.

Satisfactory business development overall – closing expected at the end of November 2018

The privatisation process envisaged by the Bank is nearing completion. The Bank expects that the change of ownership, the portfolio transaction agreed as part of the privatisation process and the termination of the second loss guarantee will have been finalised by the end of November. This will signal the end, for the Bank, of the EU state aid proceedings, which have spanned a period of several years and achieved significant structural relief. At the same time, the successful closing will create the necessary conditions for the Bank's further transformation into an agile corporate structure that is competitive in the long run. In this respect, the Bank will be focusing on the process of realignment that it has embarked upon over the coming months, and will forge ahead intensively with the measures to boost efficiency and earnings. The Bank is pursuing a consistent restructuring policy based on its strategic target of a return on equity of at least 8 % before tax, a cost-income ratio of a maximum of 40 %, a CET1 of at least 15 % and an NPE ratio of no more than 2 %.

On the basis of the satisfactory business development in the reporting period, the Bank is confident that it will be able to achieve its operational objectives for 2018 as a whole. In this respect, the Bank expects further effects to arise after the closing in connection with the privatisation process and the ongoing transformation process, especially further restructuring expenses, which, together with the provision set up for the guarantee compensation payment in the amount of € – 100 million in the first half of 2018, will lead to a loss before taxes of around € 100 million as at 31 December 2018, as has already been forecast. Furthermore, the Bank is also confirming the earnings forecast it published in the 2017 annual financial statements in accordance with the German Commercial Code (HGB), and therefore expects that the HGB loss will be significantly higher than the loss reported in the Group in accordance with the IFRS, in particular due to accounting-related measurement differences.

This earnings forecast is subject to any effects from the imminent change of ownership and potential capitalisation measures relating to the hybrid capital instruments, which the Bank is preparing for in accordance with the notification published on 6 November 2018.

The earnings forecast and future development of HSH Nordbank are associated with major challenges which are described in detail in the Group Management Report as at 31 December 2017. In summary, these relate primarily to resulting from adverse developments during the closing process associated with privatisation, as well as general challenges, such as possible macroeconomic setbacks in the sector developments that are relevant to the Bank or due to the increased probability of a hard Brexit or the mounting debate about Italy's budget deficit. Changing assessments of the rating agencies and the steadily increasing requirements imposed by the European banking regulators also pose significant risks for the fulfilment of the earnings forecasts.

The going concern assumption for accounting and measurement purposes, as well as the continued survival of HSH Nordbank AG and key group companies is based, in particular, on the share purchase agreement concluded on 28 February 2018, in which HSH Beteiligungs Management GmbH sold 94.9% of the shares in HSH Nordbank AG to various funds of Cerberus European Investments LLC, J.C. Flowers & Co. LLC, Golden Tree Asset Management L.P., Centaurus Capital LP and BAWAG P.S.K. AG (hereinafter referred to as the "bidders") being closed and implemented.

After key closing conditions were already fulfilled in the reporting period, the closing of the share purchase agreement still requires, in particular, that:

- the competent banking supervisory authority (European Central Bank (ECB), German Federal Financial Supervisory Authority (BaFin) and Commission de Surveillance du Secteur Financier (CSSF)) grants the necessary approvals,
- the European Commission approves the proposed new corporate structure after performing a viability review,
- the bidders pay the portion of the purchase price attributable to them on the closing date.

If any of the conditions set out above for the closing of the share purchase agreement are not met, and if no agreement can be reached between the parties involved in each case, in particular if the EU Commission reaches the conclusion, in the course of its viability review, that the planned new corporate structure will not lead to a business model that is profitable in the long term, then the Bank will cease new business and manage its assets as far as legally permissible with the aim of a structured winding down of its business.

In the event that the Bank is wound down as a result of the above or for other reasons, or if its rating is downgraded or other adverse developments emerge, then this could trigger outflows of short-term funds and fundamentally restrict HSH Nordbank's funding options. In the case of major unexpected fund outflows, additional measures will need to be taken by the owners and/or third parties to strengthen the liquidity situation.

It is also necessary for the acceptance of market participants and other relevant stakeholders required for the successful implementation of HSH Nordbank AG's future business model to be preserved/achieved.

Further details on expectations for the current year and significant opportunities and risks are set out in the detailed Group Management Report of HSH Nordbank as at 31 December 2017.

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FORWARD-LOOKING STATEMENTS

This Financial Information includes certain forward-looking statements. These statements are based on our beliefs and assumptions as well as on conclusions drawn from information currently available to us from sources that we consider to be reliable. A forward-looking statement involves information that does not simply reflect historical facts, including information relating to possible or expected future growth and future economic development.

Such forward-looking statements are based on a number of assumptions concerning future events and are subject to uncertainties, risks and other factors, many of which are beyond our control. Therefore actual events may differ considerably from those forecast in the forward-looking statements. In view of this, you are advised never to rely to an inappropriate degree on forward-looking statements. We cannot accept any liability for the accuracy or completeness of these statements or for the actual realisation of the forecasts made in this Financial Information. Furthermore, we are not obliged to update the forward-looking statements following publication of this information. In addition, information contained in this Financial Information does not represent any kind of offer for the acquisition or sale of any type of securities of HSH Nordbank AG.

NOTE

If at times only the masculine form is used for certain terms relating to groups of people, this is not meant in a gender-specific manner, but occurs solely for the sake of better readability.

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