

AD HOC: HSH Nordbank is not servicing silent capital contributions and profit-participation certificates

Hamburg/Kiel, March 25, 2009 - In its single-entity financial statements for fiscal 2008 based on German GAAP (HGB) HSH Nordbank AG will still be reporting an unappropriated profit of zero despite a loss for the year. Profit and capital reserves are being written back for this purpose. This decision will prevent a loss-carryforward charge for the coming years. This is above all an important prerequisite for strengthening and realigning the Bank.

As a balance sheet result of zero will be recorded, it is not possible to service silent capital contributions and profit-participation certificates. In the course of the audit begun by the EU Commission, it has linked the approval of HSH Nordbank's strategic realignment and recapitalisation package with the clear expectation that, contrary to its previous budget for fiscal 2008, the Bank will not make any payouts on the profit-participation capital and silent capital contributions. In the view of HSH Nordbank, waiving the servicing of profit-participation capital has become unavoidable in order not to jeopardise the intended recapitalisation.

This will affect payouts for profit-participation capital and silent capital contributions amounting to some € 200 million, which depend on the unappropriated profit. These are Sparc (XS0142391894), Resparc I (XS0159207850), Resparc II (DE0009842542), and Sphere (XS0221141400). The Management Board assumes that the payouts of € 64 million to owners of silent capital contributions will not be permitted either.

Failure to service profit-participation and hybrid capital entails the risk that liquidity might be withdrawn from the Bank. The Management Board has made provisions for this and applied to the Sonderfonds Finanzmarktstabilisierung (SoFFin) with this in mind. SoFFin has indicated to HSH Nordbank that in the event of an outflow of capital it will make liquidity available at short notice from the guarantee facility of € 30 billion already applied for in November. Accordingly, the Management Board of HSH Nordbank AG has taken this decision today in close coordination with the Supervisory Board.

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