

AD-HOC-RELEASE PURSUANT TO ART. 17 PARA. 1 MAR

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Signing of the privatization of HSH Nordbank AG successful

- HSH Beteiligungs Management GmbH has signed a share purchase agreement regarding its shares in HSH Nordbank AG selling the shares to independently acting funds of Cerberus European Investments LLC, J.C. Flowers & Co. LLC., GoldenTree Asset Management L.P. and Centaurus Capital LP, as well as BAWAG P.S.K. AG.
- HSH Nordbank AG sells an NPE portfolio to an acquisition vehicle of Cerberus European Investments LLC, J.C. Flowers & Co. LLC, GoldenTree Asset Management L.P. and Centaurus Capital LP. which will cause a one-time negative effect with regard to the valuation
- Against this background and due to other effects of the privatization, HSH Nordbank AG adjusts its profit forecast for the fiscal year 2017 and is now expecting a negative IFRS annual result 2017 before tax in a mid three-digit million figure.
- In light of the upcoming transformation phase HSH Nordbank AG will not be able to make distributions on the issued hybrid capital instruments from the fiscal year 2020 (for the fiscal year 2019) on as originally expected.

CONTACTS

Martin Jonas
Investor Relations
Telefon 0431 900 11500
Fax 0431 900 611500
martin.jonas@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 Representatives of the federal states (Länder) of Hamburg and Schleswig-Holstein have informed HSH Nordbank AG, that the governments of the Free and Hanseatic State of Hamburg as well as the State of Schleswig-Holstein have consented to the signing of a share purchase agreement regarding all of the shares of the Länder Hamburg and Schleswig-Holstein, the hsh finanzfonds AöR and the Savings Bank Association of Hamburg and Schleswig-Holstein (Sparkassen- und Giroverband Schleswig-Holstein), which are pooled in the hsh beteiligungsmanagement AG, in HSH Nordbank AG. Purchasers of this 94,9% stake in HSH Nordbank AG are independently acting funds of Cerberus European Investments LLC, J.C. Flowers & Co. LLC., GoldenTree Asset Management L.P., and Centaurus Capital LP as well as BAWAG P.S.K. AG. Moreover, HSH Nordbank AG has been informed, that the closing of the share purchase agreement is subject to, *inter alia*, the approval of the parliaments of the Länder Hamburg and Schleswig-Holstein, a viability review of the bank by the European Commission, as well as the ownership control procedures of the banking supervision.

Simultaneously with the successful signing of the share purchase agreement, HSH Nordbank AG has signed an agreement regarding a sale of an large portfolio consisting mainly of non-performing loans, to an acquisition vehicle of Cerberus European Investments LLC, J.C. Flowers & Co. LLC, GoldenTree Asset Management L.P. and Centaurus Capital LP (the *Portfolio Transaction*). Specifically, the non-performing exposures (NPE) predominantly are ship financings. The closing of the Portfolio Transaction is dependent on the closing of the share purchase agreement and will result in an NPE-ratio of HSH Nordbank AG below 2 per cent.

In light of the Portfolio Transaction and potential further effects of the privatization, HSH Nordbank AG adjusts its profit forecast for the fiscal year 2017 and is now expecting a negative IFRS annual result in 2017 before tax in a mid three-digit million figure. Nonetheless, the bank is expecting a CET1-capital ratio of about 15 per cent taking the various transactional measures into account. Under HGB, a significantly higher loss (before tax) is expected that will lead to a further loss participation of the hybrid capital investors in accordance with the provisions of the respective instruments. HSH Nordbank AG will now assess the implications on the financial accounting of the bank regarding the 2017 financial statements in detail and thus will prepare the financial statements at a later point. The new date for the annual results press conference is 26 April 2018.

Hamburg/Kiel,

Against the backdrop of the privatization, HSH Nordbank AG has come to an agreement with hsh finanzfonds AöR regarding the early termination of the agreement on the provision of a guarantee framework (so called Sunrise guarantee) against a remuneration of EUR 100 mil. which will reduce the result in 2018. At the same time hsh finanzfonds AöR will make a payment to HSH Nordbank AG as a compensation of the loss framework not yet accounted for respectively not yet paid out. The termination, the remuneration and the compensation payment will take place with and subject to the closing of the privatization.

Due to the upcoming transformation phase of HSH Nordbank AG over the next years which will be shaped by the transition from the public to the private deposit protection scheme as well as the restructuring to a new and viable bank, contrary to prior expectations HSH Nordbank AG today expects that it will not be possible for HSH Nordbank AG to make contributions on the issued hybrid capital instruments from the fiscal year 2020 for the fiscal year 2019 on but at the earliest from the fiscal year 2024 for the fiscal year 2023.

HSH Nordbank AG

20079 Hamburg
post box 1122
24100 Kiel

Additionally to the privately placed silent participations of HSH Nordbank AG this publication also relates to the following financial instruments issued by HSH Nordbank AG:

https://www.hsh-nordbank.de/media/pdf_3/investorrelations/funding/anleihe/marktsegment.pdf?lang=de&fsId=12929