Investor Relations – Newsletter

Start of public sales process

INVESTOR RELATIONS
HAMBURG, 23 JANUARY 2017
Sales process for HSH Nordbank starts as scheduled
Start of public sales process

Official start of sales process with sales announcement in the German and international press published on 23 January 2017

- **The early start** provides sufficient time for due diligence of interested investors as well as necessary reconciliation and approval procedures

- **Citigroup, mandated as advisor for the privatisation** by the federal states, serves as a contact for the sales process

- **Execution of a standard, two-step M&A auction process** in an open, transparent and non-discriminatory sales process according to the stipulations of the EU commission

- **Investors** (including possible consortia) can express their interest until **27 February 2017** and subsequently, after signing a confidentiality agreement, receive further information on HSH Nordbank and the process

- **Indicative bids are to be submitted until the end of March 2017**

- Comprehensive review of the bids under consideration of the following criteria: Capability of the investor to successfully complete the transaction as well as the offered purchase price

- **The bank as a whole is up for sale.** However, in order to sound the maximum interest of potential investors, alternative concepts will be reviewed

- **The risk / return profile of the bank significantly improved** due to the portfolio transfer in June 2016. The positive development of the Core Bank was confirmed by the new business development and **9 months result 2016**
Next steps in the privatisation process
Start of public sales process

1st phase sales process

Preparation and pre-marketing

23.01.2017

3rd phase sales process

starting in April
Bidder selection, access to data room, due diligence and contractual negotiations

2016

2017

2018

23.01.2017
Sales announcement

until 27.02.
Expressions of interest

until end of March
Indicative bids

until 28.02.
Signing of purchase contract
With an excellent 9M result 2016 and a solid balance sheet structure, Core Bank is well-positioned

IFRS Group Result 9M 2016

9M GROUP NET RESULT BEFORE TAXES

In EUR million, as at: 30.09.2016

<table>
<thead>
<tr>
<th></th>
<th>GROUP NET RESULT BEFORE TAXES</th>
<th>CORE BANK</th>
<th>NON-CORE BANK</th>
<th>OTHER &amp; CONSOLIDATION¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2015</td>
<td>110</td>
<td>347</td>
<td></td>
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<tr>
<td>9M 2016</td>
<td>183</td>
<td>535</td>
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Core Bank total portfolio: EUR 50.7 billion

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<tr>
<td>Treasury &amp; Markets</td>
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<tr>
<td>Shipping</td>
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<tr>
<td>Corporate Clients</td>
</tr>
<tr>
<td>Real Estate</td>
</tr>
</tbody>
</table>

¹ Including bank levy, deposit guarantee fund, restructuring expenses, overall bank positions; ² Exposure at default
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Management system and defined management indicators of the IFRS Group

The Bank’s integrated management system is aimed at the management of key value drivers – income, expense, capital, liquidity and risk – on a targeted basis. For this purpose the Bank uses a risk-adjusted key indicator and ratio system 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).

Within the framework of management reporting the Bank focuses on the most important management indicators for the individual value drivers of the IFRS Group. The focus is, on the one hand, on the trend of these indicators during the year to date compared to the same period in the previous year and, on the other hand, on their expected change during the rest of 2016 (forecast, opportunities and risk report section). Further information on the management system and defined management indicators of the HSH Nordbank Group can be found in the HSH Nordbank’s Group Management Report for the 2015 financial year in the “Management system” subsection in the “Basis of the Group” section.