Investor Relations – Newsletter
Sale first tranche market portfolio

INVESTOR RELATIONS
HAMBURG, 27 JANUARY 2017
HSH Nordbank sells first tranche of its NPE market portfolio – Relief of approx. EUR 1.64 billion
Sale first tranche market portfolio

HSH Nordbank will be further relieved of legacies. The sale marks another important milestone on the way towards change of ownership

- Losses of sold legacies to be covered by the guarantee of the federal states
- Capital position slightly increased (13.7% phase-in as at 30 September 2016)
- NPE ratio decreases by approx. 1.3 pp. (NPE ratio of 17% as at 20 September 2016)
- Sensitivity on exchange rates decreases, as legacies predominantly sold in foreign currencies
- Valuation effects to be recognized in P&L 2016, purchase price\(^1\) nearly corresponds to carrying amounts, consequently, no additional significant loan loss provisions required
- Sold legacy portfolio of aircraft financing of approx. EUR 800 million EaD\(^2\) and smaller loans for continental European commercial real estate (Scandinavia, Netherlands, Germany) of approx. EUR 540 million EaD\(^2\), which also forms part of HSH Nordbank's non-core business
- Additional relief of EUR 300 million achieved due to individual sales\(^3\)
- Transaction is part of the EU decision, among others the antitrust authorisation is still required and should be completed in the second quarter of 2017 (closing)
- Talks about the sale of further packages of this market portfolio are at an advanced stage, these are focusing on non-strategic legacy assets in the area of energy as well as international real estate properties

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\(^1\) It is agreed not to disclose any information on the purchase price; \(^2\) Exposure at Default; \(^3\) Incl. extraordinary repayments

Sale of legacy portfolio in EUR million

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<th>Total: approx. EUR 1.64bn</th>
<th>Individual sales(^3)</th>
<th>Commercial real estate</th>
<th>Aircraft financing</th>
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<td>~300</td>
<td>~540</td>
<td>~800</td>
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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.