

Press Release

HSH Nordbank passes stress test

- Not taking HSH Nordbank's contractual obligations to reduce total assets into account negatively impacts stress test result**

Hamburg/Kiel, 15 July 2011 – HSH Nordbank has passed the European stress test stipulated by the European Banking Authority (EBA). In the stress scenario HSH Nordbank's core Tier 1 capital ratio of 5.5 percent is higher than the figure of 5.0 percent required by the EBA. A minimum regulatory Tier 1 capital ratio of 4.0 percent is required.

"However, this result in no way reflects the economic reality of our Bank," says Paul Lerbinger, Chairman of the Management Board of HSH Nordbank "When setting up the stress scenario, the EBA ignored our contractual obligations resulting, for example, from our guarantee agreement with the federal states of Hamburg and Schleswig-Holstein or with the Federal Agency for Financial Market Stabilisation (FMSA)," explained Lerbinger.

If the stress test had taken these contractual obligations as well as the general approval by the EU Commissioner of Competition Joaquín Almunia on the business model presented in the course of the EU state aid proceedings into account the core Tier 1 capital ratio in the stress scenario would have been at least 9.1 percent. "This figure is a better reflection of HSH Nordbank's risk-bearing capacity and its high capital resources available," said Lerbinger. An addition of the silent participations amounting to EUR 1.8 billion, which under Basel III as well still count as equity until 2013, would raise the ratio even further.

"The assumption made by the EBA in its stress test that all portfolios expiring by the end of 2012 will be reinvested on the same conditions constitutes an infringement of the guarantee agreement concluded with the federal states of Hamburg and Schleswig-Holstein. This would represent a breach of contract by the Bank vis-à-vis the federal states and the FMSA. At the same time we would be running counter to our obligation to the EU Commission to reduce our total assets. Neither of these two options is acceptable for us. We will of course comply with our contractual obligations to reduce total assets," Lerbinger stressed.

In its stress test the EBA assumed constant total assets for financial 2011 and 2012 on the basis of the total assets existing as at 31 December 2010 (EUR 151 billion).

In fact HSH Nordbank has reduced total assets from EUR 208 billion at the end of 2008 to EUR 139 billion at the end of the first quarter of 2011 and thus reports total assets already well below the level assumed by the EBA.

In its financial statements at the end of the first quarter of 2011 HSH Nordbank recorded a regulatory Tier 1 capital ratio of 17.2 percent, up from 15.4 percent as at 31 December 2010.

Further details can be found under:
www.hsh-nordbank.com/stress-test

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