

HSH NORDBANK AG

TAILORED RESOLUTION PLAN (pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)

December 2015

Public Section

This document contains forward-looking statements. HSH Nordbank AG may also make forward-looking statements in its audited annual financial statements, in its interim financial statements, in press releases and in other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about HSH Nordbank AG's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and HSH Nordbank AG undertakes no obligation to update publicly any of them in light of new information or future events.

1. Introduction

US resolution plan rules

In September 2011, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the ***Dodd-Frank Act***), the Federal Deposit Insurance Corporation (the ***FDIC***) and the Board of Governors of the Federal Reserve System (the ***FRB***) issued a final rule, 12 C.F.R. Parts 243 and 381 (the ***SIFI Rule***), implementing Section 165(d) of the Dodd-Frank Act. The SIFI Rule requires, among others, each bank holding company with total global consolidated assets of USD 50 billion or more (a "covered company" under the SIFI Rule), to submit periodically to the FRB and the FDIC a plan for the rapid and orderly resolution in the event of material distress or failure of such company's US operations (a ***U.S. Resolution Plan***).

HSH Nordbank AG (also referred to hereafter as the ***Bank*** and, together with its subsidiaries, the ***HSH Group***) is a foreign bank organized under the law of the Federal Republic of Germany that has a branch office in the State of New York, HSH Nordbank AG, New York Branch (***HSH NY***). As a result, HSH Nordbank AG is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)). The Bank meets all of the requirements of 12 CFR § 243.4(a)(3)(i) of the SIFI Rule, including having provided notice to the FRB and the FDIC of its intent to submit a tailored resolution plan, and has received a letter from the FRB and the FDIC, dated July 24, 2015 (the ***July letter***), pursuant to which it is required to file a tailored resolution plan for the 2015 submission. Under the SIFI Rule and the terms of the July letter, a U.S. Resolution Plan shall be divided into a Public Section and a Confidential Section. This is the Public Section of the Bank's tailored resolution plan.

Moreover, because HSH Nordbank AG is a foreign-based covered company that is filing a tailored plan, 12 CFR § 243.4(a)(2) of the SIFI Rule together with 12 CFR § 243.4(a)(3)(ii) of the SIFI Rule apply to provide a framework for the information to be included in the U.S. Resolution Plan in general. As such, the information requirements are generally limited to the Bank's subsidiaries, branches and agencies, and the core business lines (***CBLs***) and critical operations (***COs***) to material entities (***MEs***), as applicable, that are domiciled in the United States or conducted in whole or material part in the United States.

U.S. operations

On September 23rd, 2014, the Management Board decided after analysis to change HSH Nordbank's US presence thereby resulting in the closure of New York Branch (confirmed by Supervisory Board decision on October 28th, 2014) and, in its place, establishing a Representative Office. Pursuant to Section 605.11 of the New York Banking Law, which governs voluntary liquidation of a branch, HSH Nordbank commenced in March of 2015 with the orderly liquidation of its operations while concurrently has applied for a Representative Office license from the New York State Department of Financial Services.

Resolution planning

This U.S. Resolution Plan was prepared against the backdrop of the global strategic realignment undergone in 2009, and the underlying assumption that HSH Nordbank AG and HSH NY each failed as a result of a sudden idiosyncratic distress events that affected no other financial institutions, subsidiaries or market participants. However, HSH Nordbank AG is a German credit institution regulated by ECB, FMSA and BaFin and subject to the new German Restructuring and Resolution Act (**SAG**) the German Banking Act (**KWG**) and the German Insolvency Code (**InsO**). Accordingly, since the Federal Agency for Financial Market Stabilization (**FMSA**) is generally responsible for the resolution planning of German banks, this U.S. Resolution Plan is ultimately subject to the overall resolution planning process in Germany.

2. *Material entities*

The SIFI Rule defines a Material Entity (**ME**) as a subsidiary of a foreign office of the covered company that is significant to the activities of a critical operations(**CO**) or a core business line (). As described below in Section 3, below (*Core business lines and critical operations*), HSH Nordbank AG has determined that it does not have any CBLs or COs and, consequently, no MEs.

3. *Core business lines and critical operations*

CBLs are defined under the SIFI Rule as those business lines of the covered company, including associated operations, services, functions and support, that upon failure would result in a material loss of revenue, profit or franchise value. For non-U.S. covered companies such as HSH Nordbank AG, the U.S. resolution plan is limited to those CBLs conducted in whole or in material part in the U.S. After completing a quantitative and qualitative analysis, including reviewing financial statements prepared in accordance with International Financial Reporting Standards (**IFRS**) (including balance sheets as of December 31, 2013 and annual profit and loss statements for the year 2013), legal entity organization charts, other relevant data and management's judgment, HSH Nordbank AG determined that there were no CBLs conducted in whole or in material part in the U.S.

COs are defined under the SIFI Rule as those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the FRB and the FDIC, could pose a threat to the financial stability of the U.S. For non-U.S. covered companies, such as HSH Nordbank AG, the SIFI Rule limits the U.S. Resolution Plan requirements to those operations conducted in whole or in material part in the U.S. HSH Nordbank AG has not been informed by the FRB or FDIC of any designation by the FRB and FDIC of an operation of HSH Nordbank AG as a CO. The Bank has independently performed its own analysis of whether any operation conducted by HSH Nordbank AG in whole or material part in the U.S. would be a CO. Based on its analysis, HSH Nordbank AG determined that there are no COs conducted in whole or in material part in the U.S.

4. *Principal officers*

The senior management team of HSH NY consists of:

Charles Lansdown, General Manager of HSH NY;
Orly Watson, Head of Finance and Tax of HSH NY; and
Paulette Fox, General Counsel of HSH NY.

The Management Board of HSH Nordbank AG consists of:

Constantin von Oesterreich, CEO;
Stefan Ermisch, Chief Financial Officer;
Torsten Temp, Member of the Management Board for Shipping, Project & Real Estate Clients
Ulrik Lackschewitz, Chief Risk Officer; and
Matthias Wittenburg, Member of the Management Board for Corporates & Markets.

5. *Resolution plan summary*

The resolution strategy for HSH NY in the event of its failure would be for the orderly wind-down of HSH NY. Pursuant to Section Section 605.11 of the New York State Banking Law, which governs voluntary liquidation of a branch, the Superintendent (*Superintendent*) of the NYSDFS has the authority to ensure an orderly wind down of the operations of HSH NY by requesting to:

(1) Submit a copy of the resolution adopted by the Bank's board of directors. The resolution should be accompanied by the certification of the officer having custody of the Board's minutes that such resolution is true and complete and was adopted at a duly convened meeting of the Board, at which a quorum was present throughout the meeting. It should also state that it is in full force and effect. The resolution should contain the authorization for the filing of the notice and designation of the officer(s) who are to sign the notice. The certification should be in accordance with Supervisory Policy G 7.

(2) Submit a copy of the HSH NY's balance sheet as of March 31, 2015, including contingent liabilities, attested and signed by the general manager. Subsequently, on a monthly basis, attested balance and off balance sheets statements should be provided. The penultimate statements should reflect complete liquidation of all contingencies, liabilities and assets, exclusive of the assets pledged to the Superintendent. (*See item #7 regarding final statements*). In addition, the transfer of deposit liabilities to any other entity, including any other office of FBO, requires specific positive consent of the depositor(s) or account holder(s). Should, however, any liabilities and/or contingent liabilities remain, such as unclaimed credit balances, uncleared checks, lease obligations, unpaid taxes or lawsuits filed against the branch, a list of these with names and amounts should be furnished to the NYDFS.

- (3) HSH NY must notify in writing the NYDFS once the final closing date is determined.
- (4) Placement of notice of voluntary liquidation in the Wall Street Journal or any other widely circulated major financial newspaper. The notice should appear in the publication at least one day a week for four consecutive weeks beginning with the week that the liquidation is commenced. Initial notice has been placed with the Wall Street Journal on September 18, 2015 issue.
- (5) Notify the Federal Reserve Bank of the intent to voluntarily close HSH NY with copy to NYDFS.
- (6) The license must be surrendered with a letter indicating that as of particular date, the liquidation of the New York office has been completed in accordance with Section 605.11 ((c) of the Banking Law.
- (7) Provided that all items have been satisfactorily addressed, upon surrender of the license, the DFS will issue a letter which will allow release of assets pledged to the Superintendent as required under Section 202-b of the Banking Law. Once the assets have been obtained from the depository institution, DFS will require a final statement, data and signed by the general manager or the person designated to handle the liquidation, indicating zero assets (other than the assets pledged), liabilities and contingencies, and no other obligations including taxes owed, lawsuits and leases.
- (8) HSH NY is required to file all regulatory reports in a timely manner until the license is surrendered.