

DISCLOSURE REPORT

DISCLOSURE REPORT AS AT 31 DECEMBER 2016
ACCORDING TO PART EIGHT CRR



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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This is an English translation of the original German version of the disclosure report.

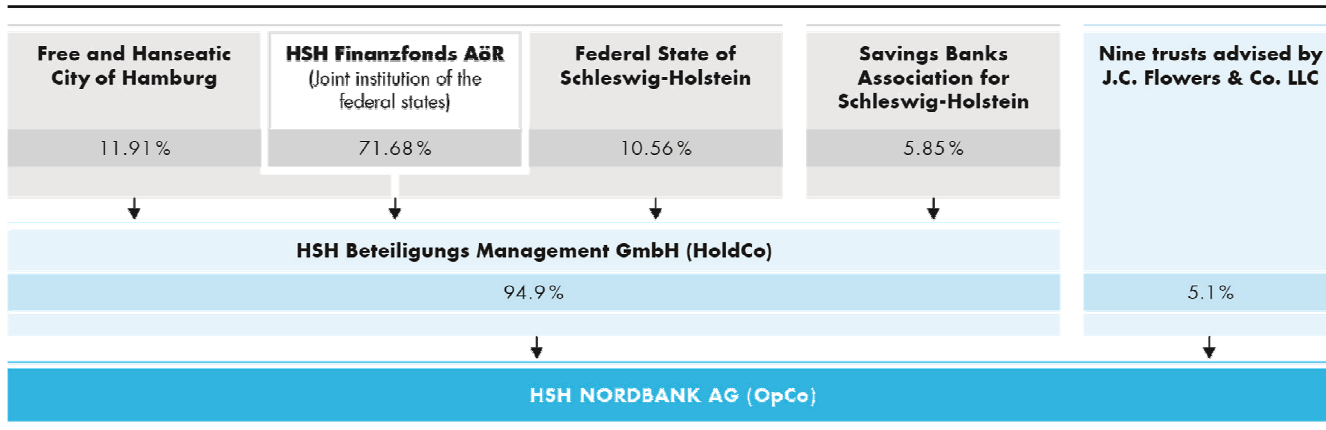
1. INTRODUCTION AND GENERAL PRINCIPLES

Overview

The disclosure is made in accordance with the regulatory requirements of the Basel III framework (CRR/CRD IV). The objective of the disclosure requirements is to strengthen the market discipline of the institutions. For that reason, additional information on the risk profile will be provided for market participants, exceeding the information that have already been published in the Annual Report.

General introductory information for a better overall understanding of the disclosure report regarding the EU proceedings and the guarantee issued by the Free and Hanseatic City of Hamburg and the federal state of Schleswig-Holstein (hereinafter the Länder) is presented. This is based on excerpts of the financial statement 2016 of the HSH Nordbank. Further details are shown in the financial statement.

OWNERSHIP STRUCTURE



Ownership structure, guarantee and EU proceedings

The principal owner of HSH Nordbank AG as at the 2016 year end is HSH Beteiligungs Management GmbH with a shareholding of 94.9%. Private investors advised by J.C. Flowers & Co. LLC also have a shareholding of 5.1%. The Free and Hanseatic City of Hamburg and the federal state of Schleswig-Holstein indirectly hold a combined shareholding of 89.35% via HSH Beteiligungs Management GmbH and 5.55% is held by the Savings Bank Association (Sparkassen- und Giroverband) for Schleswig-Holstein.

The federal states of Hamburg and Schleswig-Holstein issued via HSH Finanzfonds AöR a guarantee in favour of HSH Nordbank that provided capital relief (second loss guarantee), but which did not affect liquidity at that time, under which payment defaults in a specified portfolio are hedged. This second loss guarantee is called Sunrise guarantee or Sunrise transaction.

The business activities of HSH Nordbank are split between the Core Bank, which includes the strategic business divisions, and the Non-Core Bank, in which predominantly non-performing portfolios (mainly part of the Sunrise portfolio) from the years prior to 2009 are held.

First piece losses incurred in this portfolio are to be borne by HSH Nordbank itself up to an amount of € 3.2 billion. Further details are set out in Note 3 in the Group financial statements. Details re-

garding the impact of the guarantee on the net assets, financial position and earnings in 2016 are set out in the Economic report section.

In 2013, the guarantee facility provided by Hamburg and Schleswig-Holstein was replenished after a reduction in 2011 from € 7 billion to the original facility of € 10 billion in view of the changed underlying conditions. This measure was initially provisionally approved by the EU Commission in 2013. At the same time, the EU Commission instituted state aid proceedings to investigate whether the replenishment of the guarantee is consistent with state aid rules. In these EU state aid proceedings the owners, Hamburg and Schleswig-Holstein, the Federal Republic of Germany and the EU Commission, reached an informal agreement on 19 October 2015 to provide significant relief to the Bank from the adverse impact of legacy assets and guarantee fees. It is also envisaged that HSH Nordbank be privatised by 28 February 2018. Based on the informal agreement the EU Commission reached a formal decision in the state aid proceedings on 2 May 2016 (hereinafter referred to as the EU decision) and thereby finally approved the replenishment of the second loss guarantee issued by the federal states. The decision of the EU Commission confirms the informal agreement in principle and defines it in concrete terms and is based on a list of conditions and commitments, which contains the foundations of the agreement, provided to the EU Commission by the Federal Republic of Germany as the representative of the federal state owners of HSH Nordbank.

The purpose of the structural measures envisaged in the list of conditions and commitments is to improve the financial and risk situation and create the basis for a sustainable structure and viable business model.

However, from today's perspective, the originally intended improvements are due to the existing capital structures only partially suited to reduce the high proportion of non-performing exposure (NPE) significantly. The second loss guarantee granted in 2009 had no direct liquidity effect at that time, on the basis of which the necessary, accelerated winding down of non-performing loans could have been carried out. Instead, complex settlement conditions under the guarantee agreement mean that economically sound wind-down measures can only be taken to a limited extent. Furthermore, total guarantee premiums of € 3.2 billion paid to date have also put considerable strain on the capital base available for the absorption of potential losses. From today's perspective, the recapitalisation of HSH Nordbank at the time of the financial crisis in the form of a second loss guarantee of € 10 billion has proved to be disadvantageous from an economic point of view when compared to a strengthening of capital at that time that would have had an effect on liquidity.

The formation of a holding structure under the EU decision should have mainly relieved HSH Nordbank of a proportion of the high guarantee fees, which have adversely impacted the business model and restructuring efforts. HSH Nordbank as the parent institution of the financial holding company (holding) for prudential purposes is, however, required to comply with the regulatory requirements at the financial holding level. In this regard, the intended relief for HSH Nordbank only has a limited effect on the financial holding group due to the regulatory requirements. This results in restrictions, particularly with respect to the requirements for compliance with capital ratios, large exposure limits, regulatory reporting and the recovery plan. HSH Nordbank's Management Board has no influence over the decisions made by the holding.

The structural measures include the sale of non-performing loans of € 5.0 billion to the federal state owners at market values determined by the EU Commission under state aid aspects and the sale of a legacy portfolio mainly covered by the guarantee of up to € 3.2 billion in the market. A further point in the EU decision is the change relating to the future fee structure for the second loss guarantee, which is linked to the formation of a holding company and a subsidiary, which comprises HSH Nordbank's operating business and is to be privatised. Furthermore, it is intended to sell the operating company by 28 February 2018. This divestment deadline is met upon the signing of a purchase agreement and may be extended by up to six months with the consent of the EU Commission where there are delays in the technical implementation of the model for reasons outside the control of the federal states.

Rigorous implementation of the EU structural measures

Following the EU decision the Bank immediately started making preparations and implementing the structural measures. Important structural measures were completed as far as possible in line with the plan.

In this connection, a portfolio of non-performing shipping loans of € 5 billion had already been sold to the federal state-owned hsh portfoliomanagement AöR as at 30 June 2016 (reporting date: 31 December 2015), under which the Bank was relieved to an appreciable extent of the burden of legacy loans in the Shipping division, which were entered into as part of the significant business expansion in the years up to 2009. The sales price (€ 2.4 billion) determined by the EU Commission for this portfolio was paid to the Bank in the third quarter of 2016, thereby further improving the Bank's liquidity position. Losses (€ 2.6 billion) incurred on the sale were invoiced under the guarantee as part of the settlement of losses, of which € 1.3 billion was attributable to the first loss piece and € 1.3 billion to the second loss piece of the guarantee. The second loss piece was drawn down by € 1.9 billion in total as at 31 December 2016. Nevertheless, the Bank has a very high portfolio of legacy assets from the years prior to 2009 due to the complex settlement conditions under the guarantee agreement and the only low level of relief relative to the total NPE volume provided under the EU decision, which is making the privatisation process more difficult and continues to be systematically wound down.

The Bank also started making intensive preparations in the second half of 2016 for the planned portfolio sales in the market. The sale of non-performing loans of up to € 3.2 billion was approved as part of the implementation of the EU decision. In this regard, the Bank selected important legacy portfolios with a clear focus on further reducing risk on the Bank's balance sheet (market portfolio) and conducted a sales process in various phases. As a result of this process, a contractual agreement for the sale of a loan portfolio of around € 1.6 billion was signed on 27 January 2017. This represents a slight delay in the planned implementation by the 2016 year end. The impact on earnings was nevertheless recognised in the financial statements as at 31 December 2016. This portfolio mainly consists of around € 0.8 billion of aircraft financing transactions and around € 0.5 billion of Continental European commercial real estate loans from the years prior to 2009. Additional relief of around € 0.3 billion was also achieved by HSH Nordbank by individual sales to other investors and principal repayments within the portfolio originally held for sale. The parties have agreed not to disclose details of the purchase price. In addition to meeting further conditions the purchase agreements still require approval from the cartel authorities, which is expected to be received in the second quarter of 2017.

Further details on the sale of the market portfolio are set out in the Forecast, opportunities and risks report and Note 34 in the Group explanatory notes.

Scope of application

This report is focused – as in previous years and known by the market participants – on HSH Nordbank Group (hereafter sub-group) on a voluntary basis. Therefore all qualitative and quantitative information is based on the sub-group level.

To fulfill the regulatory requirements in accordance with Article 13 (2) CRR the bank has to report on the financial holding group level. In large parts disclosure-data and content of both levels - holding and sub-group – is identical. Therefore, only in case of significant differences both levels will be reported and explained separately. The sub-group level will always be shown in first place followed by the holding level. This applies to own funds, leverage ratio, countercyclical capital buffer, own funds requirements for operational risk and partly the default risk.

In accordance with Part Eight CRR the disclosures reflect those entities belonging to the Holding within the meaning of Section 10a of the German Banking Act (KWG) in conjunction with Article 13 (2) CRR (regulatory scope of consolidation). The scope of consolidation recognised for financial accounting/reporting purposes under International Financial Reporting Standards (IFRS) as described in the Annual Report of the HSH Nordbank differs from the regulatory scope of consolidation.

In Table 61 (Notes, Section 9.1) the consolidation principle pursuant to Article 436 subparagraph (b) CRR as well as the difference between the regulatory and IFRS consolidations are described. All entities to be consolidated and their allocation to the regulatory and/or financial accounting scope of consolidation are listed. The entities are allocated to entity types for the purposes of the regulatory consolidation on the basis of the definitions in accordance with Article 4 (1) CRR.

In principle, own funds and capital can be transferred within the holding-group pursuant to Article 436 subparagraph (c) CRR. The feasibility can be restricted due to existing supervisory requirements or other legal obligations or restrictions to the holding, the holding-group or the single legal entities of the holding-group.

With regard to the regulatory capital adequacy of subsidiaries in which there are other shareholders in addition to the HSH Nordbank, a change in capital and/or own funds requires the approval of the co-shareholders and their respective bodies. In the case of subsidiaries which are also institutions, changes in capital must be approved where necessary by the appropriate banking supervisory authorities.

There are no cases where the actual own funds are less than required in relation to subsidiaries within the meaning of Article 436 subparagraph (d) CRR. A capital shortfall is the amount by which the actual capital is lower than the regulatory capital required.

Material, propriety or confidential information

Under Article 432 (1) CRR institutions may omit one or more of the disclosures listed in Part Eight Title II CRR, if the information provided by such disclosures is not regarded as material. In general, HSH Nordbank fully meets all disclosure requirements with one exception where the aggregation option is used due to immateriality. Credit Risk Standardised Approach exposure classes, which account for an immaterial proportion of the total exposure value, are aggregated to meet the requirements under Article 442 subparagraphs (d) to (f) CRR. For this purpose, HSH Nordbank defines a proportion of a maximum of 8% as immaterial. This corresponds to the regulatory ceiling for the permanent use of the Standardised Approach for credit risk (permanent partial use).

Under Article 432 (2) institutions may also omit one or more items of information included in the disclosures listed in Part Eight Title II and III CRR, if those items include information which is regarded as proprietary or confidential. HSH Nordbank has not made use of this option in this report and also does not currently consider that this will be required in the future.

Frequency of disclosure

HSH Nordbank discloses the information required under Part 8 CRR in accordance with Article 433 CRR fully annually at the reporting date.

For information that need to be disclosed more frequently than once a year, HSH Nordbank adheres to the BaFin's circular 05/2015 dated 8 June 2015 on the implementation of the EBA guideline on disclosure of materiality, propriety and confidentiality and on disclosure frequency (circular 05/2015 (BA)) and hence, complies with the EBA guideline regarding Articles 432 (1) and (2) and Article 433 CRR (EBA/GL/2014/14). The consolidated total assets of HSH Nordbank exceed € 30 billion. In accordance with the criterion set forth in Title VI (18) subparagraph (b) in conjunction with Title VIII (26) of this circular, HSH Nordbank provides disclosures semi-annually, in line with the frequency of the publication of its financial statements. The content of the semi-annual disclosure report complies with the requirements laid down in Title VIII (26) subparagraph (b) of the circular 05/2015 (BA). With respect to Article 451, Article 452 subparagraph (d) and (e) CRR as well as to other information that may rapidly change, and to information that change significantly during the reporting period, HSH Nordbank follows the wording of Title VII (26) subparagraph (b) CRR (EBA/GL/2014/14) of the broader descriptions of the original English version.

Means of disclosures

The Disclosure Report is published on HSH Nordbank's website under "Investor Relations" in accordance with Article 434 (1) CRR. The timing and medium of publication are notified to the supervisory authorities.

Further source of disclosure

Provided that equivalent disclosures are made under other requirements, these may be deemed compliant in accordance with Article 434 (2) CRR. HSH Nordbank uses this provision for the representations listed below:

- Under Article 435 (1) institutions shall disclose their risk management objectives and policies for each separate category of risk, including counterparty default risk, market risk incl. interest rate risk and operational risk. Other material risk types of HSH Nordbank include transformation risk and reputation risk. These are disclosed as part of the information provided in the Group Management Report (Risk Report) in HSH Nordbank's Annual Report. The information flow to the management body regarding risk issues is described there in accordance with Article 435 (2) subparagraph (e) CRR.
- The number of management or supervisory posts held by members of the management body as well as the recruitment policy and policy on diversity for the selection of members of the management body in accordance with Article 435 (2) subparagraphs (a) to (c) is disclosed as part of the information provided in the Corporate Governance report in HSH Nordbank's Annual Report. Information regarding the Risk Committee in accordance with Article 435 (2) subparagraph (d) CRR can be found in the Supervisory Board Report in HSH Nordbank's Annual Report.
- Under Article 438 subparagraph (a) CRR an institution shall disclose a qualitative summary of the approach used to assess the adequacy of its internal (economic) capital to support current and future activities. The internal procedures used to assess capital adequacy in relation to the risk profile as well as the strategy for maintaining the equity capital level must therefore be described. Details regarding this are set out in the Group Management Report (Risk Report) in HSH Nordbank's Annual Report.
- A description of the approaches and methods adopted for determining specific and general credit risk adjustments in accordance with Article 442 subparagraph (b) CRR takes place in the information provided in the Group Management Report and Group Financial Statements (Group notes, Note 8 "Accounting policies") in HSH Nordbank's Annual Report.
- The requirements laid down in Article 450 CRR in conjunction with Section 16 (1) of the German Ordinance on the Remuneration of Financial Institutions (Institutsvergütungsverordnung – InstitutsVergV) are met by HSH Nordbank by means of a separate remuneration report. This report will be published on HSH Nordbank's website at the same place as the disclosure report under "Investor Relations"
- Additional information under section 26a of the German banking act

The Group's legal and organisational structure as well as principles of proper management are presented in the Group Management Report (Basis of the Group and Risk Report) in HSH Nordbank's Annual Report in accordance with Section 26a (1) Sentence 1 KWG.

Additional disclosure requirements under Section 26a (1) Sentence 2 KWG are set out as an appendix to the Group Financial Statements ('Country by country reporting') in HSH Nordbank's Annual Report.

Non-relevance and negative declarations

In principle, HSH Nordbank discloses all information laid down in Part Eight Titles II and III CRR. However, some of the requirements are irrelevant for the Bank and accordingly not disclosed. For ensuring unambiguity of disclosure, HSH Nordbank explicitly makes a negative declaration for the information listed below:

- HSH Nordbank does not make use of Articles 7 and 9 CRR. Therefore, disclosure is not made in accordance with Article 436 subparagraph (e) CRR.
- The capital ratios are determined solely on the basis of the principles laid down in the CRR. Accordingly, an explanation according to Article 437 subparagraph (f) CRR is not provided.
- Equity holdings, to which grandfathering provisions apply regarding capital requirements, are not held in HSH Nordbank's portfolio. Therefore, disclosure in accordance with Article 438 subparagraph (d) (iv) CRR does not apply.
- HSH Nordbank uses the mark-to-market method for determining counterparty credit risk in accordance with Article 274 CRR. Methods based on internal models pursuant to Articles 276 to 282 CRR are not used. Accordingly, no information according to Article 439 subparagraphs (c) and (i) CRR regarding correlation risk pursuant to Article 291 CRR and/or the estimate for value α pursuant to Article 284 CRR is disclosed.
- Information pursuant to Article 441 CRR is not disclosed, as HSH Nordbank was not classified as a bank of a global systemic importance.
- HSH Nordbank does not hold any securitisation positions in the trading book. For this reason, no information is provided on the specific interest rate risk pursuant to Article 445 CRR and trading book securitisation positions under Article 449 CRR.
- Hedging transactions for other retained re-securitisation and securitisation positions were not in place as at the reporting date and are also not planned. No disclosure according to Article 449 subparagraph (g) CRR is therefore made.
- An internal measurement approach for securitisations pursuant to Part Three Title II Chapter 5 (3) is currently not applied by HSH Nordbank. Accordingly, no information is disclosed with regard to Article 449 subparagraph (l) CRR.
- No securitised facilities subject to early amortisation treatment are held in HSH Nordbank's portfolio. Therefore, no disclosure according to Article 449 subparagraph (n) (iv) CRR is made.
- HSH Nordbank has not provided any support as defined in Article 248 (1) CRR. A disclosure pursuant to Article 449 (r) is therefore not made.
- HSH Nordbank only uses own estimates of the LGD and conversion factors for exposures to central governments, central banks, institutions and corporates. Accordingly, separate disclosure pursuant to Article 452 subparagraph (d) CRR and Article 452 subpara-

graph (j) (ii) CRR is not made for exposures, to which own estimates of the above-mentioned parameters are not applied.

- HSH Nordbank only uses the Standardised Approach for credit risk for the retail exposure class. As a result, no information pursuant to Article 452 subparagraph (f) CRR is disclosed.
- HSH Nordbank does not use Advanced Measurement Approaches for the calculation of capital requirements for operational risk. Information pursuant to Article 454 CRR is therefore not presented.
- Information is not disclosed under Article 455 CRR, as an internal market risk model is not used.

2. OWN FUNDS AND CAPITAL REQUIREMENTS

2.1. OWN FUNDS

2.1.1. STRUCTURE OF OWN FUNDS

For disclosures relating to own funds of the sub-group and the holding pursuant to Article 437 (1) subparagraphs (a), (b), (d) and (e) CRR HSH Nordbank follows the Commission Implementing Regulation (EU) No. 1423/2013 of 20 December 2013 laying down implementing technical standards with regard to disclosure of capital requirements for institutions according to CRR.

Disclosure of the nature and amounts of the specific components of own funds during the transitional period

The template for the disclosure of own funds during the transitional period contained in Annex VI of the Commission Implementing Regulation (EU) No. 1423/2013 will be used until 31 December 2017 for disclosures pursuant to Article 437 (1) subparagraphs (d) and (e)

CRR. Full disclosure of this information is made in Table 62 (Appendix, Section 9.2). In addition, the own funds structure as well as regulatory adjustments and capital ratios are shown in Table 1 and Table 2 in aggregated form.

The core capital ratio significantly improved as at 31 December 2016 and remains on a solid level of 13.9%. The decrease of CET1 in contrast to the previous year results primarily from the increase of exposure amount which qualify for a RW of 1250% (see line 20a of the above mentioned Table 62 and Chapter 4. Securitisations).

The reduction of the AT1 results predominately from the application of transitional provisions pursuant to Article 484 (4) CRR in connection with Article 486 (3) and (5) CRR as well as § 31 SolvV. Due to the defined maximum in these Articles the chargeable silent partnerships decrease.

[TAB. 1] STRUCTURE OF OWN FUNDS AND REGULATORY ADJUSTMENTS OF THE SUB-GROUP IN € M

	2016	2015
Common Equity Tier 1 capital (CET1) before regulatory adjustments	4,882	4,800
Common Equity Tier 1 capital (CET1)	3,972	4,363
Additional Tier 1 capital (AT1) before regulatory adjustments	1,324	1,544
Additional Tier 1 capital (AT1)	1,319	1,535
Tier 1 capital (T1 = CET1 + AT1)	5,292	5,899
Tier 2 capital (T2) before regulatory adjustments	1,629	1,653
Tier 2 capital (T2)	1,629	1,653
Total capital (TC = T1 + T2)	6,921	7,551
Total regulatory adjustments to Tier 1 capital (CET1)	- 910	- 436
Total regulatory adjustments to Additional Tier 1 capital (AT1)†	- 5	- 9
Total regulatory adjustments to Tier 2 capital (T2)	-	-

[TAB. 2] CAPITAL RATIOS OF THE SUB-GROUP IN %

	2016	2015
Common Equity Tier 1 capital (as a percentage of the total debt)	13.9 %	11.6%
Tier 1 capital (as a percentage of the total debt)	18.5 %	15.7%
Total capital ratio (as a percentage of the total debt)	24.2 %	20.1%

Full reconciliation of components of own funds with the audited financial statements

A full reconciliation of components of own funds with the audited financial statements pursuant to Article 437 (1) subparagraph (a) CRR in conjunction with Article 2 of the Commission Implementing Regulation (EU) no. 1423/2013 is shown in Table 63 (Appendix, Section 9.2).

The reconciliation is performed in three steps. In the first step, the consolidation group under commercial law is reconciled to the regula-

tory consolidation group as at 31 December 2015. The components of own funds of the consolidation group under commercial law correspond to the equity capital information originally published in HSH Nordbank's Annual Report as at 31 December 2015, as they form the basis for the regulatory own funds. In the second step, the components of own funds are extended and effects arising during the year are included. Lastly, the components of own funds are assigned to the own funds items in the regulatory report of the sub-group as at 31 December 2016.

A reconciliation of the changes in reported equity between 31 December 2015 and 31 December 2016 is not provided, as it is disclosed in detail in the Group Financial Statements (Group explanatory notes, Note 50 "Equity") in HSH Nordbank's Annual Report as at 31 December 2016.

Description of the main features of own funds instruments issued

The main features of the Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments issued by HSH Nordbank are described in Table 66 (Appendix, Section 9.4) in accordance with Article 437 (1) subparagraph (b) CRR in conjunction with Article 3 of the Commission Implementing Regulation (EU) no. 1423/2013.

Transitional provisions for disclosure of own funds

Common Equity Tier 1 capital and Tier 1 capital exceed the requirements laid down in Article 92 CRR by € 2,686 million (previous year: € 2,670 million) and € 3,577 million (previous year: € 3,642 million), respectively.

Pursuant to Article 492 (4) CRR € 1,324 million (previous year: € 1,544 million) and € 53 million (previous year: € 62 million) are credited in the transitional period as Additional Tier 1 capital and Tier 2 capital, respectively, by virtue of applying Article 484 CRR.

2.1.2. TERMS AND CONDITIONS OF OWN FUNDS INSTRUMENTS

Pursuant to Article 437 (1) subparagraph (c) CRR the regulatory own funds instruments of HSH Nordbank as at the reporting date mainly comprise the following:

- The subscribed capital amounts to € 3,018 million.
- The reserves of € 1,804 million consist of capital reserves (€ 175 million), other retained earnings (€ 533 million) as well as Group retained earnings (€ 1,096 million).

- Silent partner contributions of € 1,324 million are credited to Additional Tier 1 capital during the transitional periods in accordance with Article 484 (4) CRR in conjunction with Article 486 (3) and (5) CRR and Section 31 SolvV, taking account of the ceilings mentioned therein. Moreover, € 506 million of these silent participations can be considered as Additional Tier 2 capital due to the exceedance of the previously named ceilings. Some of these silent partner contributions thereby meet the requirements of Article 63 CRR; the remaining silent participations are subject to the transitional provisions pursuant to Article 487 CRR. For the most part, the silent participations are for an indefinite period and cannot be terminated by the investors. HSH Nordbank regularly has the right to terminate after the expiry of an agreed minimum period of time that is subject to the approval of the ECB.
- The Tier 2 capital amounts to € 1,629 million and comprises long-term subordinated liabilities (€ 1,050 million), the above mentioned contribution to the silent participations of € 506 million and a considerable eligible portion of the loan loss provision excess for IRBA positions in accordance with Article 62 (1) subparagraph (d) CRR in the amount of € 62 million.
- Subordinated liabilities were issued in the form of loan notes, registered or bearer bonds and are denominated in euro, US dollar and Japanese yen. The registered bond issued in Japanese yen meets the conditions laid down in Article 484 (5) CRR in conjunction with Article 486 (4) and (5) CRR as well as Section 31 SolvV and is thereby eligible for inclusion as Tier 2 capital during the transitional period taking account of the ceilings specified therein. The original maturities range from ten to 40 years. The interest rates payable range between 0.02% p.a. and 6.5% p.a.

More detailed information on the terms and conditions on the allocable components of own funds are set out in Table 3.

[TAB. 3] TERMS AND CONDITIONS OF OWN FUNDS INSTRUMENTS

	Allocable total amount in € m			Remaining maturity < 5 years in € m	Remaining maturity >= 5 years in € m	Avg. remaining maturity in years	Avg. interest rate in % ¹⁾
	of which CET1	of which AT1	of which T2				
Ordinary shares of HSH Nordbank AG	3,018	-	-	-	-	-	-
Allocable share capital of other entities included in the regulatory scope of consolidation	-	-	-	-	-	-	-
Silent participations with limited allocability, subject to transitional rules, indefinite and without payment triggers	-	1,300	495	-	-	-	-
Silent participations with limited allocability, subject to transitional rules, limited or with payment triggers	-	24	11	-	35	6	-
Profit participation certificates	-	-	-	-	-	-	-
Permanently eligible subordinated liabilities	-	-	1,050	105	945	16	1.2
Subordinated liabilities subject to a transitional rule	-	-	11	11	-	1	6.4

¹⁾ Information on interest rates relates to interest payments actually made

2.1.3. STRUCTURE OF OWN FUNDS

The holding fulfills the same regulatory requirements as set out for the sub-group in chapter 2.1.1. As the holding-structure was established in 2016, no figures for the previous year are shown in the following tables.

The common equity tier 1 capital – in comparison to the sub-group – is much lower. This results from consolidation-effects and the consideration of guarantee obligations of the HSH Beteiligungs Management GmbH on the holding level as a consequence of the EU decision.

The principal owner of HSH Nordbank AG as at the 2016 year end is HSH Beteiligungs Management GmbH with a shareholding of 94.9 %. Private investors advised by J.C. Flowers & Co. LLC also have a shareholding of 5.1 %. Pursuant to CRR, this is a minority shareholding of private investors which can only partly be recognized in the common equity tier 1 capital on holding-level. In addition due to the minority shareholding own funds of the additional tier 1 capital and the tier 2 capital are just partly eligible. Therefore, these parts of own funds are significantly reduced.

The structure of own funds and regulatory adjustments as well as capital ratios are shown in Table 4 and 5. More detailed information is set out in Table 64 (chapter 9.3).

[TAB. 4] STRUCTURE OF OWN FUNDS AND REGULATORY ADJUSTMENTS OF THE HOLDING IN € M

	2016	2015
Common Equity Tier 1 capital (CET1) before regulatory adjustments	2,882	–
Common Equity Tier 1 capital (CET1)	1,804	–
Additional Tier 1 capital (AT1) before regulatory adjustments	888	–
Additional Tier 1 capital (AT1)	883	–
Tier 1 capital (T1 = CET1 + AT1)	2,687	–
Tier 2 capital (T2) before regulatory adjustments	1,070	–
Tier 2 capital (T2)	1,070	–
Total capital (TC = T1 + T2)	3,757	–
Total regulatory adjustments to Tier 1 capital (CET1)	– 1,078	–
Total regulatory adjustments to Additional Tier 1 capital (AT1)†	– 6	–
Total regulatory adjustments to Tier 2 capital (T2)	–	–

[TAB. 5] CAPITAL RATIOS OF THE HOLDING IN %

	2016	2015
Common Equity Tier 1 capital (as a percentage of the total debt)	6.5 %	–
Tier 1 capital (as a percentage of the total debt)	9.7 %	–
Total capital ratio (as a percentage of the total debt)	13.6 %	–

Full reconciliation of components of own funds with the audited financial statements

A full reconciliation of components of own funds with the audited financial statements pursuant to Article 437 (1) subparagraph (a) CRR in conjunction with Article 2 of the Commission Implementing Regulation (EU) no. 1423/2013 is shown in Table 65 (Appendix, Section 9.3).

The reconciliation is performed in three steps. In the first step, the consolidation group under commercial law is reconciled to the regulatory consolidation group as at 31 December 2016, as there is no data for the previous year. In the second step, the components of own funds are extended and effects arising during the year are included. Lastly, the components of own funds are assigned to the own funds items in the regulatory report of the holding as at 31 December 2016.

Description of the main features of own funds instruments issued

Beside the ordinary share capital the holding has no own funds instruments issued. The capital instruments issued by HSH Nordbank (sub-group) are described in Table 66 (Appendix, Section 9.4).

Transitional provisions for disclosure of own funds

Common Equity Tier 1 capital exceeds the requirements laid down in Article 92 CRR by € 558 million and Tier 1 capital by €1,026 million.

Pursuant to Article 492 (3) subparagraph (b) CRR € 51 million, € 290 million and € 373 million are credited in the transitional period

as Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, respectively, by virtue of applying Article 480 CRR.

2.1.4. TERMS AND CONDITIONS OF OWN FUNDS INSTRUMENTS

Pursuant to Article 437 (1) subparagraph (c) CRR the regulatory own funds instruments of the holding as at the reporting date mainly comprise the following:

- The subscribed capital amounts to € 0,1 million.
- The reserves of € 2,672 million consist of capital reserves (€ 71 million), other retained earnings (€ 663 million) as well as Group retained earnings (€ 1,938 million).
- The minority shareholding as part of the CET1 capital amounts to € 176 million.
- The eligible AT1 capital during the transitional period (see Section 2.1.2) adds up to € 888 million.
- The T2 capital amounts to € 1070 million.

2.2. CAPITAL REQUIREMENTS

2.2.1. CAPITAL REQUIREMENTS OF THE SUB-GROUP

The capital requirements relevant for HSH Nordbank pursuant to Article 438 subparagraphs (c) to (f) CRR are explained below and disclosed in Table 6.

Credit risk

Following approval by the competent authorities the risk parameters required to determine the risk weight are generally calculated internally by HSH Nordbank (see Section 3.5.1). Consequently, the risk-weighted exposure amounts for credit risk are generally calculated using the IRB approach in accordance with Part Three Title II Chapter 3 CRR.

However, as part of the temporary or permanent partial use, the Standardised Approach for credit risk pursuant to Part Three Title II Chapter 2 CRR is applied to individual exposures and companies to be consolidated. For this reason, information on capital requirements for credit risk is provided in accordance with both the advanced IRB Approach and Standardised Approach for credit risk, broken down in each case into separate exposure classes by the approach applied. Furthermore, capital requirements determined since 1 January 2014 for risks arising from contributions to the default fund of a central counterparty (CCP) are disclosed pursuant to Articles 307 to 309 CRR.

In the case of equity holdings under the IRB approach, HSH Nordbank determines the capital requirements using the PD-LGD approach and the simple risk weight method. In addition, significant investments in financial sector entities pursuant to Article 48 CRR have been separately backed by equity since 1 January 2014, provided that these are not deducted from own funds. Furthermore, the equity holdings already held prior to 1 January 2008 and consequently “grandfathered” (portfolio protection) according to Article 495 (1) CRR are excluded from the Advanced IRB Approach until 31 December 2017 and are treated in accordance with the rules applicable to the CRSA.

In total, the capital requirements for credit risk decreased as at the reporting date compared to the previous year – from € 2,139 million to € 1,871 million. The decrease can mainly be referred to the sale of a

non-performing shipping loan portfolio, mainly denominated in US \$, to the hsh portfoliomanagement AöR as at 30 June 2016, the Horizon securitisation transaction (see Section 2.3.3) as well as an ongoing wind-down strategy for portfolios held in the Non-core bank.

In contrary, the development of main risk-parameters especially in the shipping business caused negative impacts.

Further details on business performance are presented in the Group Management Report (Economic report, Business performance) in HSH Nordbank's Annual Report.

Market risk

HSH Nordbank uses standardised methods for determining capital requirements for market risk in accordance with Part Three Title IV Chapters 2 to 4 CRR.

The significant reduction of capital requirement for market risk from € 678 million 2015 to € 255 million as at 31 December 2016 results from effects explained under Credit risk as well as a changed consideration of foreign currency risk in the sunrise portfolio (see Section 5.1).

Operational risk

HSH Nordbank applies the Standardised Approach pursuant to Article 317 CRR for purposes of determining the capital requirement for operational risk.

In total, there is a capital requirement for the sub-group of € 135 million (see Section 5.2).

Overall capital requirements

In addition to credit risk, market risk and operational risk HSH Nordbank has also backed the credit valuation adjustment risk (CVA risk) with own funds since 1 January 2014 in accordance with Part Three Title VI CRR. The capital requirements for this risk amount to € 25 million. There were no capital requirements for settlement risk pursuant to Part 3 Title VI CRR as at the reporting date.

This results in total capital requirements of € 2,286 million as of the reporting date.

[TAB. 6] CAPITAL REQUIREMENTS OF THE SUB-GROUP IN € M

	2016	2015
Credit risk		
Standardised Approach (CRSA)		
Central governments or central banks	–	–
Regional governments or local authorities	0	0
Public sector entities	1	3
Multilateral development banks	–	–
International organisations	–	–
Institutions	3	3
Corporates	21	35
Retail exposures	1	2
Exposures secured by mortgages on immovable property	0	0
Exposures in default	15	8
Exposures associated with particularly high risk	0	2
Covered bonds	–	–
Securitisations	7	5
Exposures to institutions and corporates with a short-term credit assessment	–	–
Shares in collective investment undertakings	–	–
Equity holdings based on the continued use of the old methodology/grandfathering (CRSA)	12	20
Equity holdings excluded from the IRBA on a permanent basis or for a limited period (CRSA)	–	–
Other items	0	0
Advanced Internal Rating Based Approach (IRBA)		
Central governments and central banks	32	36
Institutions	73	116
Corporates	1,095	1,227
Retail exposures	–	–
Significant equity holdings in a financial sector entity (250%)	–	–
Equity holdings using the simple risk weight approach	17	13
of which: private equity exposures in sufficiently diversified portfolio (190%)	–	–
of which: Exchange traded equity exposures (290%)	1	–
of which: Other equity exposures (370%)	16	13
Equity holdings using the PD-LGD approach (IRBA)	10	11
Equity holdings using internal models	–	–
Securitisations	478	542
Other non credit-obligation assets	106	116
Risk arising from default fund contributions to a central counterparty	0	0
Subtotal capital requirements for credit risks	1,871	2,139
Market risk in accordance with the Standardised Approach	255	678
Operational risk in accordance with the Standardised Approach	135	157
Credit valuation adjustment risk	25	35
Settlement risk	–	–
Total	2,286	3,009

2.2.2. CAPITAL REQUIREMENTS OF THE HOLDING

The capital requirements relevant for HSH Nordbank pursuant to Article 438 subparagraphs (c) to (f) CRR are explained below and disclosed in Table 7.

Credit risk

The lower RWA for credit risk in the holding results from lower deferred taxes. The lower own funds implicate a lower threshold for the deduction of deferred taxes. This leads to a higher amount to be deducted directly from the CET1 and a lower RWA requirement (other assets without credit obligations).

In total, the capital requirements for credit risk add up to € 1,830 million.

Market risk

The capital requirements for market risk are identical for holding and sub-group and amount to € 255 million (see Section 5.1).

Operational risk

HSH Nordbank applies the Standardised Approach pursuant to Article 317 CRR for purposes of determining the capital requirement for operational risk.

In total, there is a capital requirement for the holding of € 317 million (see Section 5.2).

Overall capital requirements

The CVA risk amounts to € 25 million. There were no capital requirements for settlement risk pursuant to Part 3 Title VI CRR as at the reporting date.

This results in total capital requirements of € 2,214 million as of the reporting date. Since the holding was set up in 2016 no data exists for 2015.

[TAB. 7] CAPITAL REQUIREMENTS OF THE HOLDING IN € M

	2016	2015
Credit risk		
Standardised Approach (CRSA)		
Central governments or central banks	–	–
Regional governments or local authorities	0	–
Public sector entities	1	–
Multilateral development banks	–	–
International organisations	–	–
Institutions	3	–
Corporates	21	–
Retail exposures	1	–
Exposures secured by mortgages on immovable property	0	–
Exposures in default	15	–
Exposures associated with particularly high risk	0	–
Covered bonds	–	–
Securitisations	7	–
Exposures to institutions and corporates with a short-term credit assessment	–	–
Shares in collective investment undertakings	–	–
Equity holdings based on the continued use of the old methodology/grandfathering (CRSA)	12	–
Equity holdings excluded from the IRBA on a permanent basis or for a limited period (CRSA)	–	–
Other items	0	–
Advanced Internal Rating Based Approach (IRBA)		
Central governments and central banks	32	–
Institutions	73	–
Corporates	1,095	–
Retail exposures	–	–
Equity holdings (IRBA)	27	–
Securitisations	478	–
Other non credit-obligation assets	65	–
Risk arising from default fund contributions to a central counterparty	0	–
Subtotal capital requirements for credit risks	1,830	–
Market risk in accordance with the Standardised Approach	255	–
Operational risk in accordance with the Standardised Approach	104	–
Credit valuation adjustment risk	25	–
Settlement risk	–	–
Total	2,214	–

2.3. PROVISION OF A GUARANTEE FACILITY

2.3.1. SECOND LOSS GUARANTEE OF HSH FINANZFONDS AÖR

Basics of the effect of the second loss guarantee

On 2 June 2009, the Federal State of Schleswig Holstein and the Free and Hanseatic City of Hamburg granted HSH Nordbank AG a guarantee facility in the amount of € 10 billion via the HSH Finanzfonds AöR as the guarantor in order to secure the future of the Bank. This agreement on the provision of a guarantee facility as well as a related recapitalization of the Bank are subject to approval by the European Commission in accordance with the law regarding state aid. The EU Commission concluded these state aid proceedings at the end of September 2011 and entered into an agreement on commitments with all the parties involved and imposed conditions. The conditions include a prohibition on the payment of dividends until and including the financial year 2014, among other things. The guarantee of the federal states is split into two partial guarantees for financial reporting purposes. Partial guarantee One is recognized in the Group financial statements as a financial guarantee contract in accordance with IAS 39.9. Partial guarantee Two is recognized as a credit derivative.

The guarantor guarantees actual rating-related defaults on financial instruments selected based on certain defined criteria that form part of the assets of HSH Nordbank AG.

The amount of default on a specific commitment is determined by the amount outstanding, taking into account the specific loan loss provision existing as at 31 March 2009. The amount outstanding is at the most the amount repayable as at 31 March 2009, plus all interest owed and other ancillary payments. Losses may only be allocated under the guarantee once the guarantee case has been examined and approved by the guarantor.

The guarantee expires when it is returned to the guarantor after the last reference commitment in the hedged portfolio has been met irrevocably and in full or has resulted in a guarantee case for the full amount. Since 2014 it is possible for HSH Nordbank AG to terminate the guarantee in full.

2011 the guarantee was reduced by a total of € 3 billion to € 7 billion. The guarantee facility was replenished as at 30 June 2013 by € 3 billion to the original amount of € 10 billion. The guarantee agreement was adjusted by way of an appropriate amendment agreement. Under this agreement the fee provisions for the replenished guarantee remain essentially unchanged. A one-off payment of € 275 million became payable, however, for the re-increased amount on the coming into force of the amendment agreement. Through this the guarantor is put in a position as if the guarantee had never been reduced. The one-off payment represents a fee for a time-related service and is amortized over the period of the expected benefit. In 2016, € 22 million was

recognized through profit or loss in the Expenses for government guarantees line item (previous year: € 69 million).

The amendment agreement also included new stipulations concerning the capital protection clause which took effect on 1 January 2014. Insofar as the obligation to pay the additional premium would have the effect of decreasing the Tier 1 capital ratio (both from an ex post and ex ante perspective) excluding hybrid capital (common equity ratio) of HSH Nordbank to below 10% (minimum common equity ratio) or of increasing an already existing shortfall, the guarantor is obliged to waive the portion of the entitlement that would result in the ratio falling below the minimum common equity ratio against the issue of a debtor warrant (so-called capital protection clause).

Since January 2014, HSH Nordbank calculates the supervisory capital ratio on the basis of IFRS data (until 31 December 2013 HGB data were used). To cover a scenario in which the common equity ratio fell below 10%, a waiver by the guarantor HSH Finanzfonds AöR was recognized to income from the additional premium. However, under the new provisions of the capital protection clause, a debtor warrant was no longer issued immediately upon declaration of the debt waiver but was subject to certain conditions. Only when these conditions are met did the obligation from the debtor warrant arise.

In exchange for the guarantee HSH Nordbank AG paid a contractually agreed base premium of 4% p.a. on the guarantee volume outstanding at the time up until 31 December 2015. Draw downs did not reduce the calculation basis. The recurring base premium payable was recognized through profit or loss on an accrual basis in the Expenses for government guarantees line item.

As long as and insofar as a cash drawdown of the guarantee is not yet made through the invoicing of losses that in total exceed the first loss piece of € 3.2 billion to be borne by the Bank, a claim for compensation against HSH Finanzfonds AöR cannot be recognized. Against this background the hedging effect of partial guarantee One recognized in the balance sheet is accounted for on a net basis. The Bank initially determines specific and general loan loss provisions without taking the hedging effect of the second loss guarantee into account and then records the balance sheet hedging effect through the use of a compensation item that reduces the loan loss provision amount disclosed on the balance sheet accordingly. The specific and general loan loss provisions recognized are not changed by the accounting applied to the hedging effect. The hedging effect of partial guarantee Two is not disclosed separately as a compensation item in Loan loss provisions but in a separate line item in the statement of financial position and the statement of income within the framework of accounting for the credit derivative at fair value.

The compensation item was reduced by the additional premium imposed by the EU Commission in the amount of 3.85% p.a. This additional premium was only to be paid to HSH Finanzfonds AöR in the case of an actual drawdown of the guarantee. The additional

premium was payable at the latest until 31 December 2019 and was to cease to apply retroactively in the event that the guarantee was not drawn down. The current hedging effect of the second loss guarantee was used as the measurement basis for calculating the additional premium (ex post). The anticipated total loss payable by the guarantor was the measurement basis for the calculation of the additional premium (ex ante).

Insofar as it was more likely than not that the guarantee would be drawn down, the premiums to be paid in the future also needed to be recognized (on a present value basis) as loan collateral expense, as, according to the guarantee agreement, draw downs did not reduce the basis for calculating the guarantee premiums. The future premiums resulted in a reduction of the compensation item as does the additional premium. The present value calculation gave rise to an interest effect, which was disclosed under Net interest income.

If, during the restructuring and workout program, measures consistent with the guarantee are implemented in respect of hedged commitments that conflict with recognition of the hedging instrument in the financial statements as a financial guarantee under IAS 39.9, commitments may be transferred to the partial guarantee Two under the framework agreement that falls under the definition of a credit derivative under IFRS, subject to approval from the trustee appointed by the guarantor. The maximum guarantee amount is not altered by the revival of partial guarantee Two and the respective partial amounts offset each other.

Decision made by the European Commission in the EU state aid proceedings

On 2 May 2016 the EU Commission issued a formal decision in the current EU state aid proceedings and thereby approved the replenishment of the second loss guarantee provided by the federal states from € 7.0 billion to € 10.0 billion. The decision is based on a catalogue of conditions and commitments provided by the Federal Republic of Germany to the EU Commission. Based on this catalogue, HSH Nordbank has to provide the holding with liquidity in the amount of € 50 million to ensure its operations and make a one-off payment of € 210 million to the holding company.

The holding company was set up as HSH Beteiligungs Management GmbH on 20 May 2016 and was entered in commercial register B of the Local Court (Amtsgericht) of Hamburg on 13 June 2016. The abovementioned payments were made on 30 June 2016. They had already been included in the compensation item "Remaining payment obligations for guarantee premiums" as at 31 December 2015, meaning that they were utilized in the financial year.

In exchange for the guarantee HSH Nordbank AG has been paying a contractually agreed base premium of 2.2% p.a. on the guarantee volume that has not yet been drawn down since 1 January 2016. The recurring base premium payable is recognized through profit or loss

on an accrual basis in the Expenses for government guarantees line item. The guarantee premium expense that is attributable to partial guarantee Two (credit derivative) is taken into account when calculating the market value of the credit derivative. The other fee components of the guarantee (base premium on the utilized portion of the guarantee, base premium of 1.8% p.a. on the nominal amount of the guarantee, additional premium) were assumed by the newly established holding company.

Due to a binding statement of the Free and Hanseatic City of Hamburg and the Federal State of Schleswig-Holstein vis-à-vis HSH Nordbank AG already existing as at the reporting date 31 December 2015 with regard to the assumption of guarantee obligations (additional premium and parts of the base premium), it had become unlikely that future premium payments excluding those payments still to be expected after the decision of the EU Commission (one-off payment of € 210 million and provision of liquidity of € 50 million to the holding company) would be made by HSH Nordbank. As a result, the obligations recognized in the compensation item in the past, as well as the debt waiver, had already been derecognized through profit or loss as at 31 December 2015.

Accounting impact of the second loss guarantee in the 2016 financial year

The hedging effect of the financial guarantee granted by the Free and Hanseatic City of Hamburg and the Federal State of Schleswig-Holstein via HSH Finanzfonds AöR, which was reported on the face of the balance sheet for the first time as at 31 December 2010, amounted to € 7,854 million as at 31 December 2016 (previous year: € 7,422 million).

As at 31 December 2016 a compensation item disclosed on the balance sheet of € 7,854 million (31 December 2015: € 7,162 million) results from the hedging effect of partial guarantee One which is offset under the Loan loss provisions item. An amount of € 2,284 million (previous year: € 3,077 million) has been taken into account, with a positive effect, under loan loss provisions in the statement of income.

The compensation item on the balance sheet includes compensation claims of HSH Nordbank AG vis-à-vis the guarantor in the total amount of € 409 million, as the settled payment defaults under the guarantee exceeded the first loss piece to be borne by the Bank of € 3.2 billion as at 31 December 2016. This means that HSH Nordbank AG now has a contractual entitlement to loss compensation with regard to the main claims in default and the interest accrued. The payments already made amount to € 1.9 billion as at 31 December 2016.

The partial guarantee Two is disclosed as a credit derivative under the "Credit derivative under the second loss guarantee" line item. Changes in the measurement of the credit derivative at fair value are disclosed under the "Hedging effect of the credit derivative second loss guarantee" line item in the statement of income. The fair value of the partial guarantee Two was € 199 million as at 31 December 2016 (previous

year: € 663 million). Expense of € –475 million (previous year: income of € 658 million) has been recognized under the “Hedging effect of credit derivative under the second loss guarantee” line item in the statement of income.

The drop in the fair value of the credit derivative as at 31 December 2016 is due to the sale of the loan receivable portfolio that is secured under partial guarantee Two to hsh portfoliomanagement AöR. The reduction in the positive market value of the credit derivative resulting from the settlement of losses associated with the transactions hedged using the second loss guarantee and the associated expense entry under the “Hedging effect of credit derivative under the second loss guarantee” line item in the statement of income is offset by the capitalization, affecting income, of a compensatory claim under partial guarantee Two vis-à-vis the guarantor in the compensation item in the balance sheet in the amount of € 32 million, as well as payments already made in the amount of € 740 million (previous year € 0 million).

In addition, transactions had to be reallocated from partial guarantee One to partial guarantee Two because they no longer met the requirements for recognition under the financial guarantee.

Taking into account the compensation payments of HSH Finanzfonds AöR already received for credit losses in the hedged portfolio of € 1,852 million (previous year: € 0 million) and the hedging effect resulting from the credit derivative measured on the reporting date (protection leg) in the amount of € 204 million, the utilization of the guarantee as at 31 December 2016 comes to € 9,911 million (previous year: € 7,422 million). Since the 2009 reporting year the Bank has recorded premium expense totaling € 3,706 million for the provision of the second loss guarantee. € 3,659 million has been paid to date, of which € 2,624 million is attributable to the current base premium and € 1,035 million to one-off payments (thereof € 260 million to HSH Beteiligungs Management GmbH).

2.3.2. EFFECTS OF THE CAPITAL MEASURES ON THE CAPITAL REQUIREMENTS

HSH Nordbank has classified the guarantee facility issued by hsh finanzfonds AöR as eligible unfunded credit protection in accordance with Article 213 CRR in conjunction with Article 215 CRR. As it possesses the necessary characteristics, such as for example division into tranches and ranking (waterfall), it is treated as a securitized position under the Advanced IRB Approach. The risk weight of the senior tranche is determined using the Supervisory Formula Approach in accordance with Article 262 CRR.

This secondary, loss-based, risk-shielding function of the guarantee facility is designated within HSH Nordbank as Sunrise or the Sunrise transaction. This risk shield is structured as a synthetic securitisation transaction which is recognized by the supervisory authorities so that assets remain on HSH Nordbank's balance sheet.

Due to its structure, a corresponding easing of the strain on capital requirements may be achieved through the hsh finanzfonds AöR guarantee facility starting on 30 June 2009.

Based on the securitisation regulations in CRR, there is a choice for the first loss piece between a capital deduction and an allowance with a risk weight of 1,250%. At the reporting date the first loss piece was already fully utilized, thus neither option could be used.

The risk weight for the second loss piece is 0%. The risk weight for the senior tranche is 24% at the reporting date.

Since 31 December 2016 HSH Nordbank uses the option pursuant to Article 266 (3) subparagraph (c) to split the senior tranche into two (virtual) tranches of whom a sub-tranche, receiving a risk weight of 1.250%, is deducted from regulatory capital pursuant to Article 36 (1) subparagraph (k). The other tranche receives the risk weight of the senior tranche.

Pursuant to Article 92 CRR HSH Nordbank determines capital requirements taking the guarantee facility into account. Consequently, disclosures made in this report generally reflect the effect of the guarantee. Exceptions are explicitly stated.

Additional information on the features of the Sunrise transaction (e.g. treatment of currency mismatches) is set out in Chapter 4.

3. DEFAULT RISK

Definition

The default risk information is based on the sub-group. Main difference to the holding is lower RWA due to lower deferred taxes (see Section 1.1.2). Therefore, a separate presentation of the holding is expendable.

HSH Nordbank breaks down its default risk into credit, settlement, country and equity holding risk.

In addition to the traditional credit risk, credit risk also includes counterparty and issuer risk. The conventional credit risk is the risk of complete or partial loss in the lending business as a result of deterioration in the counterparty's credit standing. A counterparty default risk exists in the case of derivatives and refers to the risk that a counterparty defaults during the term of a transaction and HSH Nordbank must cover the shortfall for the residual term by means of a new contract on the market at the price prevailing at that time which might be less favourable. Issuer risk denotes the risk that a loss is incurred on a financial transaction as a result of the default or deterioration in the creditworthiness of the issuer.

Settlement risk consists of clearing risk and advance performance risk. Clearing risk arises in the case of possible loss of value if delivery or acceptance claims pertaining to a transaction that is already due, have not been met by both parties. Advance performance risk arises where HSH Nordbank has performed its contractual obligations but consideration from the contracting party is still outstanding.

HSH Nordbank understands country risk as the risk that agreed payments are not made or are only made in part or delayed due to government-imposed restrictions on cross-border payments (transfer risk). The risk is not related to the debtor's credit rating.

The equity holding risk is the danger of financial loss due to the impairment of equity holdings.

All elements of default risk referred to are taken into account within the context of equity capital management. For risk concentrations and equity holding risks additional management measures are in place.

Risk management objectives and policies

The risk management objectives and policies for default risk pursuant to Article 435 (1) CRR are set out in the information provided in the Group Management Report (Risk Report) in HSH Nordbank's Annual Report.

3.1. CREDIT RISK ADJUSTMENTS

3.1.1. TOTAL AMOUNT OF EXPOSURES

The total amount of exposures held in HSH Nordbank's portfolio, broken down into exposure classes, geographic areas, distribution of the exposures by economic sectors and remaining maturities, is disclosed below in accordance with Article 442 subparagraphs (c) to (f). CRSA exposure classes, which account for an immaterial proportion of the total amount of exposures, are aggregated into a total CRSA amount for the purposes of presenting information in accordance with Article 442 subparagraphs (d) to (f) in Table 9 to Table 11. For this purpose, HSH Nordbank defines a proportion of a maximum of 8% as immaterial. This corresponds to the regulatory ceiling for the permanent use of the Standardized Approach for credit risk (permanent partial use).

The exposure values are calculated after the application of CCFs in accordance with Article 111 (1) CRR and Article 166 to 168 CRR. However, with respect to the requirements stipulated in Article 442 subparagraph (c) CRR, in Table 8 to Table 11 credit risk minimization techniques are not included in the calculation. The credit equivalent value is shown for derivative instruments. IRBA and CRSA exposure values are combined. The breakdown does not include equity holdings and securitizations. Securitizations are presented in Chapter 4 and equity holdings are presented in Section 3.4.

The total amount of exposures is € 53 billion as at the reporting date (previous year: € 57 billion). The average amount calculated as the arithmetic mean of the quarterly amounts is € 54 billion for the reporting period (previous year: € 59 billion).

The decrease of exposure values between 31 December 2015 and the reporting date mainly results from the portfolio sold to the Länder and the ongoing wind-down strategy in the Non-core bank.

[TAB. 8] EXPOSURE VALUES BY EXPOSURE CLASS IN € M

	Exposure value			
	Reporting date		Avg. during the reporting period ¹⁾	
	2016	2015	2016	2015
Credit Risk Standardised Approach (CRSA)				
Central governments or central banks	27	34	24	25
Regional governments or local authorities	0	0	0	0
Public sector entities	300	406	246	258
Multilateral developments banks	-	-	-	-
International organisations	226	285	242	266
Institutions	860	1,558	746	1,893
Corporates	234	420	305	464
Retail exposures	9	31	24	34
Exposures secured by mortgages on immovable property	7	14	12	18
Exposures in default	127	77	98	77
Exposures associated with particularly high risk	3	16	11	16
Covered bonds	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-
Shares in collective investment undertakings	-	-	-	9
Other items	0	0	0	0
Advanced Internal Rating Based Approach (IRBA)				
Central governments and central banks	15,586	15,420	15,054	16,902
Institutions	5,807	6,957	6,359	7,965
Corporates	29,099	31,002	30,726	30,888
Other non credit-obligation assets	353	386	459	539
Total	52,638	56,606	54,306	59,354

¹⁾ Arithmetic mean of the quarterly amounts

[TAB. 9] EXPOSURE VALUES BY GEOGRAPHICAL AREAS IN € M

	CRSA				IRBA					
	Total		Central governments/ central banks		Institutions		Corporates		Other non-credit- obligation assets	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Germany	1,134	2,032	14,202	13,743	2,692	3,082	17,010	18,513	178	206
Western Europe (without Germany)	377	456	798	797	3,068	3,722	8,673	8,499	-	-
North America	3	4	76	61	28	67	1,369	1,989	72	82
Asia Pacific Region	3	15	43	285	10	11	1,160	1,125	-	-
Latin America	40	38	-	-	-	-	34	35	-	-
Central and Eastern Europe	0	0	-	-	7	69	640	595	-	-
Middle East	9	9	-	-	0	4	129	157	-	-
African countries	0	0	-	-	2	2	85	89	-	-
International organisations	226	285	466	535	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	102	98
Total	1,792	2,839	15,586	15,420	5,807	6,957	29,099	31,002	353	386

[TAB. 10] EXPOSURE VALUES BY ECONOMIC SECTORS IN € M

	CRSA		IRBA							
	Total (including: SME ¹⁾)		Central governments/ central banks		Institutions		Corporates (including: SME ¹⁾)		Other non-credit- obligation assets	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Credit institutions	677	1,416	1,705	1,624	5,106	5,302	68	55	4	3
Other financial institutions	294	347	-	-	610	588	813	1,173	54	55
Public sector	555	727	13,881	13,797	14	23	257	382	-	-
Private households	19	35	-	-	-	0	193	206	19	11
Properties and flats	118	119	-	-	1	611	8,300	7,784	-	-
Shipping	10	25	-	-	-	27	4,162	5,206	-	-
Industry	23	24	-	-	-	61	6,631	7,438	12	12
Trade and transport	6	15	-	-	76	324	2,888	2,666	15	23
Other services	89	133	-	-	1	20	5,708	6,009	2	9
Other	1	0	-	-	-	-	79	81	248	272
Total	1,792	2,839	15,586	15,420	5,807	6,957	29,099	31,002	353	386
	43	76	-	-	-	-	797	722	-	-

¹⁾ Small and medium size companies

[TAB. 11] EXPOSURE VALUES BY CONTRACTUAL REMAINING MATURITY IN € M

	CRSA		IRBA							
	Total		Central governments/ central banks		Institutions		Corporates		Other non-credit- obligation assets	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
≤ 1 day ¹	52	78	3,386	2,706	184	192	1,532	1,459	5	7
> 1 day ≤ 3 months	660	1,431	943	636	419	236	1,288	808	-	-
> 3 months ≤ 6 months	80	211	509	598	51	311	469	520	-	-
> 6 months ≤ 1 year	181	149	423	284	694	287	1,957	1,449	-	-
> 1 year ≤ 5 years	273	250	6,137	5,428	2,641	3,381	12,189	13,850	15	23
> 5 years ²	546	719	4,188	5,767	1,817	2,549	11,664	12,916	332	356
Total	1,792	2,839	15,586	15,420	5,807	6,957	29,099	31,002	353	386

¹⁾ The residual maturity of "1 day" includes all transactions due within one day, which also means transactions callable daily with indefinite maturity

²⁾ Receivables which generally do not have fixed terms to maturity, like investment shares, are included in the last maturity range with a flat residual maturity of 10 years

3.1.2. DEFINITIONS OF "PAST DUE" AND "IMPAIRED" FOR ACCOUNTING PURPOSES

For accounting purposes an impairment test is to be performed for financial instruments held in the Loans and Receivables category in accordance with IAS 39, as soon as there is objective evidence of impairment. The value adjustment required, which is recognized as an

individual valuation allowance, is calculated as the difference between the present value of the cash flows still expected to be received from the loan, discounted using the original effective interest rate of the loan, and the current carrying amount. Provisions are also recognized for imminent draw downs under irrevocable commitments made to customers in default. The loans are then divided into the following categories depending on the creditworthiness of the borrower:

[TAB. 12] DIVISION OF RECEIVABLES INTO PAST DUE AND IMPAIRED

No individual valuation allowances or reserves created	Loans without identifiable default risks. As at the reporting date these loans do not show any risk; no individual valuation allowances or reserves are created for these credits, only portfolio valuation allowances.	
	A loan is past due when the counterparty has not made a contractually agreed-upon payment. For this purpose, even a single day past due is taken into account.	past due
Creation of individual valuation allowances, reserves or direct write-offs	Impaired On the basis of objective criteria, for these loans (partial) default is expected; hence the creation of an adequate individual valuation allowances or provision is required. No (additional) portfolio valuation allowances are created for these loans.	impaired
	Non-recoverable loans Such receivables can no longer be collected. No recoverable collateral available. These loans need to be written-off.	

3.1.3. DESCRIPTION OF THE APPROACHES AND METHODS ADOPTED FOR DETERMINING SPECIFIC AND GENERAL CREDIT RISK ADJUSTMENTS

HSH Nordbank pays the utmost attention to default risk in the risk management process. Impairment losses incurred on a loan commitment are covered by the recognition of individual valuation allowances for loans and advances and provisions for contingent liabilities in the amount of the potential default in accordance with uniform Group-wide standards. HSH Nordbank also recognizes portfolio valuation allowances for latent default risks, which have already materialized but have not yet been identified by the Bank.

The approaches and methods adopted for determining specific and general credit risk adjustments in accordance with Article 442 subparagraph (b) CRR are set out in the information provided in the Group Management Report and Group Financial Statements (Group explanatory notes, Note 8 "Accounting Policies") in HSH Nordbank's Annual Report.

3.1.4. DEVELOPMENT OF LOAN LOSS PROVISIONS IN THE LENDING BUSINESS

Consistent with Article 442 subparagraph (i) CRR, Table 13 lists the overall portfolio as well as the changes in loan loss provision types in the reporting.

Individual valuation allowances, provisions and portfolio valuation allowances total € 6,822 million as at the reporting date. Loan loss provisions recognized in particular for legacy portfolios were largely compensated by the hedging effect of the second loss guarantee (compensation item). The compensation item amounts to € 7,854 million. Detailed information on changes in loan loss provisions and on the hedging effect of the guarantee facility is set out in the Group Management Report (Economic Report) and Group Financial Statements (Group explanatory notes, Note 3 "Provision of a guarantee facility") in HSH Nordbank's Annual Report.

[TAB. 13] DEVELOPMENT OF LOAN PROVISIONS IN € M

	Individual valuation allowances		Provisions		Portfolio valuation allowances	
	2016	2015	2016	2015	2016	2015
Portfolio at the beginning of the reporting year	7,615	5,791	57	47	663	395
Addition	2,590	3,714	77	36	34	252
Reversal	908	892	63	26	281	1
Utilisation	2,877	1,269	5	1	-	-
Interest income	- 162	- 207	-	-	-	-
Changes due to exchange rate fluctuations and other changes	80	479	0	1	3	17
Portfolio at the closing date	6,336	7,615	67	57	419	663

3.1.5. IMPAIRED AND PAST DUE RECEIVABLES IN THE LENDING BUSINESS BY ECONOMIC SECTORS AND GEOGRAPHICAL AREAS

Table 14 and Table 15 show the non-performing and past due receivables broken down by economic sectors and geographical areas consistent with Article 442 subparagraphs (g) and (h) CRR.

As at the reporting date, receivables from nonperforming loans (needing value adjustments, i.e. individual value reserves or loan loss provisions) totaled € 10,182 million, and receivables of past due loans (not needing value adjustments) totaled € 2,082 million.

[TAB. 14] IMPAIRED OR PAST RECEIVABLES BY ECONOMIC SECTORS IN € M

Main branch	Portfolio							
	Impaired ¹⁾		Individual valuation allowance		Provisions		Portfolio valuation allowance	
	2016	2015	2016	2015	2016	2015	2016	2015
Credit institutions	-	-	-	14	-	0	3	3
Other financial institutions	106	618	34	106	-	0	6	17
Public sector	10	90	10	40	0	0	4	10
Private households	124	145	95	104	-	-	7	15
Properties and flats	1,127	2,113	484	958	3	3	53	117
Shipping	6,841	10,016	4,787	5,386	39	21	244	294
Industry	1,045	955	567	509	20	23	50	112
Trade and transport	313	353	185	176	4	3	21	41
Other services	616	815	174	321	1	6	33	54
Other	-	-	-	-	-	-	-	-
Total	10,182	15,105	6,336	7,614	67	56	421	663

¹⁾ Total receivables from impaired loans (with need for valuation allowances; i.e. need for individual valuation allowances or provisions)

Main branch	Net additions/reversals of											
	Individual valuation allowances		Provisions		Portfolio valuation allowance		DW ²⁾		Receipts ³⁾		Total receivables past due ⁴⁾	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Credit institutions	-	- 1	-	-	- 1	2	-	-	-	-	-	-
Other financial institutions	2	4	0	0	- 4	7	-	-	-	-	11	25
Public sector	- 18	- 20	0	1	- 2	5	-	-	-	-	1	8
Private households	4	22	-	-	- 4	7	-	-	-	-	10	32
Properties and flats	- 151	172	- 3	3	- 34	59	-	-	-	-	404	390
Shipping	1,628	2,549	22	12	- 137	120	-	-	-	-	1,594	352
Industry	181	93	2	2	- 32	- 3	-	-	-	-	40	133
Trade and transport	39	20	1	2	- 13	23	-	-	-	-	3	26
Other services	- 1	- 18	- 5	- 2	- 19	30	-	-	-	-	19	83
Other	-	-	-	-	-	-	187	86	60	149	-	-
Total	1,684	2,821	13	10	- 246	250	187	86	60	149	2,082	1,049

²⁾ Direct write-offs

³⁾ Recoveries on receivables written off

⁴⁾ Total receivables from past due loans (without need of valuation allowances)

[TAB. 15] IMPAIRED OR PAST DUE RECEIVABLES BY GEOGRAPHICAL AREAS IN € M

Main region	Impaired ¹⁾		Individual valuation allowance portfolio		Provisions portfolio		portfolio valuation allowance		Total receivables past due ²⁾	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Germany	4,748	8,289	3,277	4,460	42	53	167	334	853	453
Western Europe (without Germany)	3,586	4,800	1,913	2,074	14	3	146	210	1,010	480
North America	51	80	26	59	-	-	18	25	0	9
Asia Pacific Region	1,085	873	865	557	11	0	35	32	115	29
Latin America	22	164	27	149	0	0	6	5	-	-
Central and Eastern Europe	337	541	92	207	0	0	37	33	104	78
Middle East	273	299	90	81	-	-	7	19	-	-
African countries	80	59	46	27	-	-	2	4	-	-
International organisations	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	10,182	15,105	6,336	7,614	67	56	418	662	2,082	1,049

¹⁾ Total receivables from impaired loans (with need for valuation allowances; i.e. need for individual valuation allowances or provisions)

²⁾ Total receivables from of past due loans (without need for valuation allowances)

3.2. USE OF ECAI

3.2.1. NAMES OF THE NOMINATED ECAI AND ECA

Under the Standardised Approach for credit risk the required risk weight for the calculation of own capital backing is stipulated by the supervisory authority. The risk weight depends on the type of receivable, its external rating and any collateral. HSH Nordbank uses external credit assessments provided by external credit assessment institutions (ECAI) recognised by the supervisory authorities for the determination of risk weights in accordance with Article 138 and 269 CRR. Different rating agencies (ECAI) or export insurance agencies (ECA) can be appointed for each category of receivables. The CRSA or IRBA exposure class Securitisations allows rating agencies to be appointed at the transaction level; for all other CRSA exposures they are appointed per receivables category related to credit assessment.

If an external credit assessment of a recognised rating agency is used, the assessment is to be transferred into a credit assessment according to the rating master scale. It needs to be checked for each approved ECAI whether an external rating exists or not. If there is more than one external rating available, of the two ratings leading to the lowest

CRSA risk weights, the rating with the higher CRSA risk weight is decisive. HSH Nordbank generally uses the issuer rating for exposures that are not part of the trading book, except for ABS transactions where the external rating for the transaction is used.

HSH Nordbank has admitted only the ECAIs listed in Table 16 to be used with respect to Article 444 subparagraph (a) CRR and makes use of these for the exposure classes listed pursuant to Article 444 subparagraph (b) CRR. Export credit agencies are not used in this context. ECAIs are only nominated for the sovereign and securitisation receivables categories. Whilst only the Standardised Approach for credit risk is involved for sovereign receivables, external ratings are used for securitisation positions under both the Standardised and IRB approaches. The external rating of the respective central government is relevant for transactions as defined in Articles 115 and 116 CRR as well as Article 119 in connection with Article 121 CRR and applied in determining the risk weight. Transactions assigned to the regional or local authority, public sector entity and institutions exposure classes are affected by this. These continue to be disclosed in the above-mentioned exposure classes.

[TAB. 16] RATING AGENCIES BY RECEIVABLES CATEGORY

Receivables category	Exposure class	Rating agency
States	Central governments and central banks	Fitch, Moody's, S & P
Securitisations	CRSA securitisation exposures IRBA securitisation exposures	Fitch, Moody's, S & P

3.2.2. TRANSFER OF ISSUER AND ISSUE OF CREDIT ASSESSMENTS

The process used by HSH Nordbank to transfer credit assessments of issuers and issues in accordance with Article 444 subparagraph (c) CRR is described below.

Issuer credit assessments are necessary to determine the CRSA and IRBA risk weight for securitisations as well as the eligibility of collaterals for CRSA and IRBA exposures. HSH Nordbank uses issue credit assessments provided by the rating agencies Fitch, Moody's and S & P. The listed rating agencies were designated to the regulatory authorities by HSH Nordbank.

3.2.3. CRSA AND IRBA EXPOSURE VALUES UNDER REGULATORY RISK WEIGHTS

In order to determine the capital requirements, both the Standardized Approach for credit risk and the Advanced IRB Approach require risk-weighted exposures (the product of risk weight and exposure value) to be created. For the Standardized Approach for credit risk the risk weights depending on exposure classes and the published standard assignments of external ratings in accordance with Article 444

subparagraph (d) CRR. Table 17 shows the CRSA exposure values before and after credit risk reduction measures in accordance with Article 444 subparagraph (e) CRR. Substitution effects mean that exposure values with risk weights that were originally higher are replaced with those with a lower risk weight.

In contrast, the Advanced IRB Approach always calculates the risk weights using parameters assessed internally. The IRBA exposure class Equity exposure and IRBA Special Financing positions are exceptions. In these cases it is possible to determine risk weight using the "simple risk weight" methodology. Risk weighting is set by the supervisory authorities depending on fixed criteria. However, HSH Nordbank currently only partially uses the simple risk weight approach for equity exposures. Depending on whether the equity exposure is not quoted on the stock exchange but is diversified sufficiently, or represents a quoted or another equity exposure, a risk weight of 190%, 290% and/or 370% in accordance with Article 155 (2) CRR is allocated. Significant equity holdings in a financial sector entity receive a risk weight of 250% subject to Article 155 (1) CRR in conjunction with Article 48 (4) CRR. The exposure values of the above-mentioned equity exposures are also listed in Table 17 in accordance with Arti-

cle 438 sentence 2 CRR. This classification does not include securitizations since they are separately disclosed in Chapter 4.

[TAB. 17] CRSA/ IRBA EXPOSURE VALUES BY REGULATORY RISK WEIGHT IN € M

Risk weight in %	CRSA before credit risk reduction		CRSA after credit risk reduction		Advanced IRBA	
	2016	2015	2016	2015	2016	2015
0	253	319	253	319	-	-
2	728	1,417	175	182	-	-
4	-	-	-	-	-	-
10	-	-	-	-	-	-
20	392	546	150	299	-	-
35	-	-	5	12	-	-
50	-	0	36	2	-	-
70	-	-	-	0	-	-
75	26	41	8	29	-	-
100	381	640	362	640	-	-
150	113	74	112	71	-	-
190	-	-	-	-	-	-
250	1	2	0	0	-	-
290	-	-	-	-	3	-
370	-	-	-	-	55	43
1,250	-	-	-	-	-	-
Capital deduction	-	-	-	-	-	-
Other risk weights	49	55	40	49	-	-
Total	1,943	3,094	1,141	1,603	58	43

3.3. COUNTERPARTY CREDIT RISK

3.3.1. METHODOLOGY UNDER WHICH INTERNAL CAPITAL AND CEILINGS FOR COUNTERPARTY CREDIT RISK EXPOSURES ARE ASSIGNED

The usual credit approval procedures must be complied with when creating counterparty credit risk exposures within the meaning of Part Three Title II Chapter 6 CRR. The risk classification, limitation and monitoring processes of the classic lending business apply accordingly. Information, which complies with the requirements as defined in Article 435 (1) CRR, is set out in the Group Management Report (Risk Report) in HSH Nordbank's Annual Report, supplemented by the daily monitoring of derivative/issuer exposures in accordance with MaRisk requirements. As part of the monitoring of trading lines the potential future exposure on currency, interest rate and commodity derivatives is recalculated daily for each customer on the basis of a 95% quantile and compared to the respective trading limit. The eligible sums for counterparty credit risk exposures are included in the Bank-wide economic management, capital allocation and limitation together with the other exposures subject to credit risk.

3.3.2. RULES FOR SECURING COLLATERAL AND ESTABLISHING CREDIT RESERVES

In connection with counterparty credit risk exposures HSH Nordbank uses the rules described below for securing collateral and establishing credit reserves in accordance with Article 439 subparagraph (b) CRR.

Policies for securing collateral

Derivative transactions for hedging interest rate, foreign exchange and other similar risks are generally concluded with single counterparties and governed by OTC master agreements, namely either the German Master Agreement for Financial Derivate Transactions or the international Master Agreement of the International Swaps and Derivatives Association (ISDA) in the 1992 or 2002 versions respectively.

In addition, collateral agreements supplementing a number of master agreements were concluded, mostly with banks in Germany and abroad, but also with non-banks in individual instances. This involves the Credit Support Annex to the German Master Agreement and the ISDA Credit Support Annex to the ISDA Master Agreement. The following information applies equally to both Master Agreement types and the associated collateral agreements.

The collateral agreements include agreements on thresholds which are unsecured, eligible collateral, other collateral arrangements and the scope of the collateral agreement. Agreed collateral is generally cash, plus in several cases as an exception interest-bearing securities from G10 nations or other EU Member States with good ratings, which may be received or delivered through (generally daily) margining.

The cash collateral agreed consists of amounts in a convertible and freely transferable currency (normally euro or US dollar).

The Master Agreements and the collateral agreements are entered in the Legal Database Information System (LeDIS), in which a daily review is conducted for each individual derivative transaction as to eligibility for netting under supervisory law, the inclusion in a collateral agreement as well as the legal basis for use as collateral as to each individual derivative transaction.

For central clearing of OTC derivatives HSH Nordbank has joined the London Clearing House (LCH). A Client-clearing-procedure is used via two renowned client-broker. Moreover, HSH Nordbank has been authorized as a registered customer for the clearing of OTC derivatives on EUREX.

Policies for value adjustments for counterparty credit risks

HSH Nordbank uses the mark-to-market method for determining counterparty credit risk in accordance with Article 274 CRR.

Derivative financial instruments are accounted for and measured in accordance with the IFRS rules. More detailed information on the recognition and measurement inclusive value adjustments for counterparty credit risk is set out in the Group Financial Statements (Group explanatory notes, Note 8 "Accounting Policies") in HSH Nordbank's Annual Report.

3.3.3. POLICIES WITH RESPECT TO WRONG-WAY RISK

Methods based on internal models pursuant to Articles 276 to 282 CRR are not used. Accordingly, no information according to Article 439 subparagraphs (c) and (i) CRR regarding Wrong-Way risk pursuant to Article 291 CRR and/or the estimate for value a pursuant to Article 284 CRR is disclosed.

3.3.4. CHANGES IN THE AMOUNT OF COLLATERAL GIVEN A DOWNGRADE IN THE CREDIT RATING

The collateral agreements to these Master Agreements occasionally include individual clauses which could require the HSH Nordbank to supply collateral or additional collateral in the event that one of the external ratings of the Bank is downgraded. As at the reporting date, a ratings downgrade of one notch by the rating agencies Moody's and/or Fitch would result in additional collateral of € 25 million to be disclosed in accordance with Article 439 subparagraph (d) CRR, which would not materially affect HSH Nordbank's risk bearing capacity.

3.3.5. GROSS POSITIVE FAIR VALUE AND NET CREDIT EXPOSURES

The extent to which HSH Nordbank is involved in different contract types and to what extent netting is used is set out in Table 18 in accordance with Article 439 subparagraph (e) CRR. Eligible collateral and net default exposures are also disclosed. Only collateral eligible in the Standardized Approach for credit risk directly reduces the credit exposures, whereas collateral disclosed is incorporated in the determination of LGD under the Advanced IRB Approach (see also Section 3.7.6). Derivatives in connection with securitizations are not shown in the following table as they are described separately in Chapter 4.

[TAB. 18] NET DERIVATIVES CREDIT EXPOSURE IN € M

	Gross positive fair value		Netting benefits		Netted credit exposure		Collateral held		Net credit exposure	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Interest-related contracts	5,381	5,816		-		-		-		-
Currency-related contracts	150	283		-		-		-		-
Shares/index-related contracts	128	104		-		-		-		-
Loan derivatives	41	47		-		-		-		-
Goods-related contracts	-	46		-		-		-		-
Other contracts	475	601		-		-		-		-
Total	6,176	6,897	3,659	3,676	2,517	3,221	781	878	1,736	2,343

Parameters for the exposure to counterparty credit risk based on the approach used (regulatory market assessment approach) are given in

Table 19 in accordance with Article 439 subparagraph (f) CRR. Exposures forming part of securitizations are not shown in the following

table as they are described separately in Chapter 4.

[TAB. 19] COUNTERPARTY CREDIT RISK IN € M

	Exposure value for counterparty credit risk	
	2016	2015
Mark-to-Market Method	2,936	3,749

3.3.6. CREDIT DERIVATIVES

Credit derivatives purchased to hedge the loan portfolio of HSH Nordbank are shown in accordance with Article 439 subpara-

graph (g) CRR in Table 20. The nominal amount of the hedging with credit derivatives remained unchanged at zero as at the reporting date. Default risk exposures are accordingly not broken down by type.

[TAB. 20] NOMINAL VALUE OF CREDIT DERIVATIVES ELIGIBLE FOR COLLATERAL IN € M

	Nominal value of collateral	
	2016	2015
Credit derivatives (secured party)	-	-

HSH Nordbank acts as both buyer and seller of credit derivatives (see Table 21 in accordance with Article 439 subparagraph (h) CRR). There were still no brokerage transactions as at the reporting date.

Positions held as part of securitisation transactions are not included in the presentation, as they are addressed separately in Chapter 4.

[TAB. 21] NOMINAL VALUES OF CREDIT DERIVATIVES IN € M

	Use for own credit portfolio				Brokerage activity	
	bought		sold		2016	2015
	2016	2015	2016	2015		
Credit Default Swaps	160	171	96	135	-	-
Total Return Swaps	-	-	-	-	-	-
Credit Options	-	-	-	-	-	-
Other contracts	-	-	-	-	-	-
Total	160	171	96	135	-	-

3.4. EQUITY HOLDINGS IN THE BANKING BOOK

The regulatory authorities state that equity holdings must be consolidated, deducted from equity or backed with equity capital in the exposure class Equity holdings. In this context regulatory law considers equity holding risk to be a sub-class of the counterparty credit risk.

A key objective of the Bank is to wind down the equity holdings not relevant to the core business. In the reporting year, the equity holding portfolio has been reduced. A further marginal decrease is to be expected in the financial year 2017.

The equity holdings from the banking book are explained below.

3.4.1. OBJECTIVES OF EQUITY HOLDINGS

The equity holding portfolio of the HSH Nordbank is divided essentially into five sub-portfolios. Each sub-portfolio has a different objective.

Strategic equity holdings

Strategic equity holdings are all those which have a strategic importance for the Group and/or promote the economic interests of the region.

Equity holdings to support business segments

Equity holdings to support business segments are oriented towards expanding existing customer relationships or creating new ones.

Wind-down equity holdings

Wind-down equity holdings are former strategic equity holdings and/or equity holdings which must be wound-down in light of the decision of the EU Commission.

Bail-out purchases

Bail-out purchases are equity exposures which are entered into as part of the restructuring of a loan.

Other equity holdings

In contrast to the financial accounting regulations all items that contain a subordinated residual claim to the assets or income of the issuer are classified as equity holding under supervisory law. Equity holdings which are considered as an equity holding under supervisory aspects (in accordance with CRR) but mostly are allocated to the item "Shares and other non-fixed-income securities" (in accordance with IFRS) do

not therefore belong to the divisions described above and instead are treated as other equity holdings.

Equity holdings contained in investment funds or funds-like certificates

HSH Nordbank did not have equity holdings contained in investment funds or funds-like certificates as at the end of the reporting year 2015 and 2016.

3.4.2. ACCOUNTING POLICIES FOR EQUITY HOLDINGS

Regular business valuations represent an important instrument for monitoring and managing equity holding risks in the case of both strategic and business segment relevant and wind-down equity holdings and bail-out purchases. The processes have been designed to ensure that the recoverability of all HSH Nordbank's direct equity holdings and relevant indirect equity holding are assessed at least once a year. Significant equity holdings are subject to a detailed assessment using the relevant standards of the Institute of Public Auditors in Germany ("Institut der Wirtschaftsprüfer"). All other equity holdings undergo a risk-oriented assessment.

Equity holdings which are allocated to the sub-portfolio "Other equity holdings" also represent a long-term commitment due to their allocation to the Bank's investment portfolio.

Assets disclosed under the position financial investments are generally classified as AFS under IAS 39. Assets in the AFS category are generally measured initially at fair value. This also applies to the subsequent measurement of financial investments such as securities that are normally traded on an exchange. Equity instruments for which there is no active market and a fair value cannot be determined by other methods, are recognised at cost in the subsequent measurement by way of exception.

A permanent diminution in the value of the respective equity holding in terms of the difference between the carrying amount and fair value forms the basis for impairment.

3.4.3. OVERVIEW OF EQUITY HOLDINGS IN THE BANKING BOOK

The equity holding portfolio of the banking book of HSH Nordbank as defined by Article 447 subparagraph (b) and (c) CRR is shown in Table 22.

[TAB. 22] VALUATION OF EQUITY HOLDING INSTRUMENTS IN € M

Equity holding portfolio	Carrying amount		Fair value		Stock market value	
	2016	2015	2016	2015	2016	2015
Strategic equity holdings	5	5	5	5	-	-
Items traded on the stock exchange	-	-	-	-	-	-
Not listed on the stock exchange but belonging to a sufficiently diversified equity holding portfolio	-	-	-	-	-	-
Other equity holding exposures	5	5	5	5	-	-
Business field-related equity holdings	1	1	1	1	-	-
Items traded on the stock exchange	-	-	-	-	-	-
Not listed on the stock exchange but belonging to a sufficiently diversified equity holding portfolio	-	-	-	-	-	-
Other equity holding exposures	1	1	1	1	-	-
Wind-down equity holdings	134	121	134	121	-	-
Items traded on the stock exchange	1	1	1	1	1	1
Not listed on the stock exchange but belonging to a sufficiently diversified equity holding portfolio	-	-	-	-	-	-
Other equity holding exposures	133	120	133	120	-	-
Bail-out purchases	0	0	0	0	-	-
Items traded on the stock exchange	0	0	0	0	0	0
Not listed on the stock exchange but belonging to a sufficiently diversified equity holding portfolio	-	-	-	-	-	-
Other equity holding exposures	0	0	0	0	-	-
Other equity holdings	118	228	118	228	-	-
Items traded on the stock exchange	30	17	30	17	30	17
Not listed on the stock exchange but belonging to a sufficiently diversified equity holding portfolio	-	-	-	-	-	-
Other equity holding exposures	87	211	87	211	-	-
Total	258	355	258	355	-	-

3.4.4. REALISED PROFITS AND LOSSES AND UNREALISED REVALUATION GAINS AND LOSSES FOR EQUITY HOLDINGS

In accordance with Article 447 subparagraph (d) CRR cumulative realized gains or losses arising from sales and liquidations in the reporting period are disclosed in Table 23 on the basis of IFRS accounting standards; this also applies to the information as at 31 December 2015. They do not include any impairment losses on equity holdings still held in the portfolio. The amount of unrealized revalua-

tion gains (or losses), which represent unrealized gains (or losses) that are recognized directly in equity but not through profit or loss, is also shown in accordance with Article 447 subparagraph (e) CRR. It is also stated whether these are included in the regulatory Common Equity Tier 1 capital. Latent revaluation gains (or losses) are not disclosed, as HSH Nordbank applies IFRS accounting standards for determining capital adequacy and consequently also uses the IFRS accounting standards for disclosure purposes.

[TAB. 23] REALISED AND UNREALISED GAINS OR LOSSES FROM EQUITY HOLDING INSTRUMENTS IN € M

	Realized gains or losses from sales and liquidations		Unrealized revaluation gains/losses			
	2016	2015	Overall		of which amounts included in Tier 1 or Tier 2 capital	
			2016	2015	2016	2015
Equity holding exposures	1	17	-20	9	-4	9
Total	1	17	-20	9	-4	9

3.5. INFORMATION ON THE USE OF IRB APPROACH FOR CREDIT RISK: METHODS & RATING SYSTEMS

3.5.1. PERMISSION FROM THE COMPETENT AUTHORITIES TO USE THE IRB APPROACH OR ACCEPTED TRANSITIONAL ARRANGEMENTS

HSH Nordbank determines all parameters required to determine the risk-weighted exposure amount internally, i.e. probability of default (PD), loss given default (LGD), exposure at default (EaD), credit conversion factor (CCF) and maturity (M), and hence, complies with the requirements of the Advanced IRB Approach for credit risks. HSH Nordbank had already received the necessary permission from the competent authorities in 2007 to use this approach in accordance with Article 452 sub-paragraph (a) CRR. The implementation phase was completed as at 31 December 2012 by achieving the exit threshold in accordance with Section 10 (3) SolvV.

HSH Nordbank does not currently apply any transitional arrangements with respect to the use of the IRB Approach. Exposure classes, to which the Standardised Approach for credit risk is permanently applied, and any relevant exemptions or transitional arrangements for these exposure classes are presented at appropriate points in the following sections.

An exit threshold of over 92% is achieved for all coverage ratios of regulatory relevance - i.e. based on IRBA exposure values pursuant to Section 11 (1) SolvV and on risk-weighted IRBA exposure values pursuant to Section 11 (2) SolvV - as at the reporting date at both the institution, sub-group and holding level.

3.5.2. STRUCTURE OF THE INTERNAL RATING SYSTEMS AND RELATIONSHIP BETWEEN INTERNAL AND EXTERNAL CREDIT ASSESSMENTS

The rating systems for the individual portfolio segments were developed early on in cooperation with nine Landesbanks (Landesbank project) based on scorecard and simulation approaches. This cooperation between the Landesbanks led to the founding of RSU Rating Service Unit GmbH & Co. KG (RSU) in 2003. Since 2004, this company has assumed responsibility for the methodological maintenance

and development of the rating systems. The individual Landesbanks provide their expertise in the form of competence or support centers. Currently, 11 of the rating modules developed by the participating banks and provided by RSU are used in HSH Nordbank. In addition, RSU has integrated two rating modules from SR und Risikosysteme GmbH (SR), a subsidiary of Deutscher Sparkassen- und Giroverband (DSGV), into the central LB-Rating application. These rating modules are all rating systems recognized at HSH Nordbank for the purposes of reporting under CRR.

The structure of the internal rating systems and relationship between internal and external credit assessments pursuant to Article 452 sub-paragraph (b) (i) CRR are explained below.

Rating methods

The rating systems distinguish between scorecard and cash flow approaches. The scorecard approach identifies characteristics and factors that are able to differentiate between good and bad borrowers. Their validity is first verified with a single factor model. Subsequently, several characteristics, which each have high significance in a single factor model, are combined to create a multi-factor model. The scores determined using the multi-factor model are translated to default probabilities. A precondition for the application of a scorecard approach is that a sufficient number of relatively homogeneous borrowers are available.

The cash flow approach simulates cash flows of one asset in various scenarios. These vary depending on macro-economic and sector-based conditions. A simulation engine (SimEngine) is used to create numerous scenarios which differ according to macro-economic conditions. Additionally, sector-based models calculate scenarios for future changes in sector-related factors such as rents, vacancies or charter rates. The values are then fed into the calculation of scenarios for the cash flow of the corresponding asset. Subsequently scenarios are selected where the borrower must be considered to be defaulting. The default probability is calculated as a ratio from the number of scenarios where a default was recorded to the total number of scenarios.

Both the scorecard and the cash flow approaches include quantitative as well as qualitative factors. Once these factors have been taken into

consideration, warning signals and the company background are examined. There are also override opportunities, allowing ratings to be moved up to a limited extent and down to an unlimited extent. The rating result, the local currency rating or LCR, is only finalised once all these aspects have been taken into consideration. As a result, an individual PD is obtained for each borrower, enabling assignment to a specific credit rating class. When measuring borrower risk, the risk of foreign currency transfer restrictions has to be considered, as well as default risk.

The rating result is calibrated on a standard rating master scale. This master scale is the DSGV master scale from which HSH Nordbank

implemented 22 live and 3 default categories. Each rating class on the rating master scale is assigned a one-year default probability. This standard rating scale allows for immediate comparison of exiting ratings separately from the portfolio segment. The scale also includes mapping of external ratings to the internal categories.

The rating modules and methods used at HSH Nordbank as at the reporting date for the purposes of reporting under CRR are shown in Table 24. Capital backing is calculated using the Advanced IRB Approach.

[TAB. 24] RATING MODULES OF HSH NORDBANK APPROVED BY THE SUPERVISORY AUTHORITIES

Borrower, bearer of economic risk, asset or project	Rating module	Rating method
Corporates	Corporates Sparkassen-Standard Rating	Scorecard
Real estate	Sparkassen-Immobilien­geschäftsRating Internationale Immobilienfinanzierungen	Cash flow and scorecard
Ships	Ship financing	Cash flow
Banks, savings banks	Banks and DSGV guarantee system	Scorecard
Insurance companies	Insurance companies	Scorecard
International regional authorities	International regional authorities	Scorecard
Leasing companies, real estate lessees	Leasing	Scorecard with cash flow component
Projects	Project financing	Cash flow
Single-airline-financing	Aircraft financing	Cash flow
LBO financing	Leveraged finance	Scorecard
Individuals, self-employed, craftsmen, corporate clients	Sparkassen-StandardRating or Sparkassen-Immobilien­geschäftsRating (depending on the primary origin of capital)	Scorecard or cash flow
States, national authorities	Country and transfer risk	Scorecard

The Landesbanks participating in the further development of the RSU-rating systems are divided into competence and support centers and participants. The competence centre bank assumes a leading role in the development and maintenance of modules where it can offer special expertise. It is supported by experts from the support banks.

HSH Nordbank has the main responsibility for the rating modules ship financing and leveraged finance. HSH Nordbank is also co-

responsible for the modules international real estate financing and country and transfer risk.

In addition, during the year 2009 the LGD and CCF methodology developed by HSH Nordbank and approved by supervisory authorities was transferred to RSU. HSH Nordbank now plays the role of centre of competence for LGD-validation for all rating systems except aircraft- and project finance.

[TAB. 25] CONNECTION BETWEEN INTERNAL AND EXTERNAL CREDIT ASSESSMENTS

Rating classification by master scale rating	Moody's	S & P	Fitch
1(AAAA)	-	-	-
1(AAA)	Aaa, Aa1	AAA, AA+	AAA
1(AA+)	Aa2, Aa3	AA, AA-	AA+, AA
1(AA)	A1	A+	AA-
1(AA-)	-	-	-
1(A+)	A2	A	A+
1(A)	A3	A-	A
1(A-)	-	-	-
2	Baa1	BBB+	A-
3	Baa2	BBB	BBB+
4	Baa3	-	BBB
5	-	BBB-	-
6	Ba1	BB+	BBB-
7	Ba2	BB	BB+
8	-	-	BB
9	Ba3	BB-	BB-
10	B1	B+	-
11	-	-	B+
12	B2	B	B
13	-	-	-
14	B3	B-	B-
15	Caa1 – Caa3	CCC+ - C	CCC+ - C
16 – 18	Default Rating	Default Rating	Default Rating

LGD method

The LGD calculation method was developed successively by HSH Nordbank for each rating segment, and is continuously reviewed and refined in the course of the annual validation process. Since the transition to the RSU association in 2009, validation has been done jointly with other Landesbanks. The result are estimation methods for the determination of the risk of secured and unsecured exposures under consideration of recovery rates regarding specific collateral and specific borrowers (proceeds of the assets in bankruptcy). The secured exposure is not totally free of risk and has a basic risk. LGD calculation takes into account the current data in the legacy systems.

When determining LGD (overall LGD) three possible default scenarios are considered. In addition to winding down, restructuring of the defaulted commitment is possible. In the best case scenario recovery is possible. LGD estimation is based on observation of the workout case. In order to draw up a forecast for the loss ratio, the proceeds of the sale of collateral (the product of the market value of the collateral asset and a recovery rate specific to that asset) and proceeds from the bankruptcy estate (the product of non-collateralised exposure and a borrower-specific recovery rate) are used.

Modeling is based on historical losses, which are collected together with other Landesbanks and analysed using statistical and econometric techniques.

CCF method

In contrast to assets on the balance sheet, where future exposure can be calculated from the loan agreements, receivables from the classic off-balance-sheet business must have the exposure at default (EaD) calculated using a credit conversion factor (CCF). The CCF is assessed annually on a joint basis as part of the RSU association together with other Landesbanks. For transactions with unlimited future absorption, different product categories are used.

3.5.3. USE OF INTERNAL ESTIMATES FOR PURPOSES OTHER THAN FOR CALCULATING THE RISK-WEIGHTED EXPOSURES UNDER THE IRB APPROACH

HSH Nordbank uses parameters determined internally within the meaning of Article 452 subparagraph (b) (ii) CRR in many areas of the Group. For example, all risk parameters EaD, PD, LGD and CCF are used actively for the overall management of the Bank. The risk parameters in particular are embedded into risk-adjusted pricing of loan applications, the procedure to create loan loss provisions as well as into the profit centre calculation. The rating systems are used with

the corresponding risk parameters in the following steering systems of the Bank:

- loan approval procedures/determination of competences
- a priori and ex-post calculation of individual transactions
- limit setting
- reporting
- commitment monitoring
- intensified loan management/ restructuring

In addition, the parameters are used for on-going scenario calculations and in the planning and strategy process.

3.5.4. CONTROL MECHANISMS FOR RATING SYSTEMS

In accordance with Article 452 subparagraph (b) (iv) CRR the control mechanisms for the rating systems are described below. In particular, the independence and accountability of the rating systems and review of these systems are described.

Description of the rating process including independence and accountability

The rating process is divided into a creation process and determination process and is subject to the dual control principle. The determination of the rating is set by back office processing and control divisions.

The rating guidelines in the Credit Manual specify for all exposure amounts (except the retail portfolio and risks with total lending less than € 750,000 per group of connected clients or less than € 75,000 at business partner level) that internal rating systems recognised under supervisory law must be used. An individual credit assessment must be prepared,

- for borrowers, bearers of economic risk, rating issuers (this applies also to the purchase of receivables without recourse);
- for persons who act exclusively as support in the rating modules;
- as a precondition in order to include specific collateral (e.g. personal collateral) provided as a risk reduction to the benefit of HSH Nordbank.

Each borrower subject to rating is given only one rating for local currency rating (LCR) and, if need be, foreign currency rating (FCR). The LCR determines the counterparty default risk without considering a foreign currency transfer risk. The foreign currency transfer risk is incorporated when the FCR is determined.

The exact triggers for the rating are also specified in the Credit Manual. Each rating must be updated according to risk aspects – but at the latest within twelve months – and verified and confirmed by the back office department. Special risk aspects which require updating before the end of the 12 month period are specifically:

- significant expansion of the counterparty default risk
- knowledge of significant new risk-related information
- commitments where a currency transfer risk exists if the risk country migrates to rating class 9 or worse
- defaults and recoveries according default guidelines.

As long as the person or entity to be assessed is classified in a default class (rating level 16-18), regular re-rating is not necessary. The default reasons are however to be updated in the rating, if there is a change within the default rating classes based on new information received. This does not apply to the rating systems for ship, aviation and project financings, for which ratings – also in the case of default - are to be generally updated at least once within 12 months.

The guidelines in the Credit Manual explain the requirements for creating a rating unit. It sets out when the rating of the legal borrower is waived as part of the rating and the loan decision process and the rating of the bearer of economic risk and/or the rating donor is to be applied instead.

The rating process is regulated in the Credit Manual. In addition the respective specialised rating manuals are to be observed with the regard to the specific module requirements.

To ensure comprehensive rating for the exposure for which risk classification is required by CRR, the Bank has process quality controlling (PQC).

Rating systems review

A validation of all rating modules and of the LGD and CCF models of HSH Nordbank is performed annually within the meaning of Article 144 (1) subparagraph (e) CRR and Article 185 CRR. This includes the following steps:

- analysis of portfolio and market performance (e.g. description of the portfolio according to region and relevant customer types)
- analysis of rating distributions
- backtesting (comparison with actual default rates) and/or benchmarking (comparison with external ratings)
- calibration (verification of the extent of allocated default probabilities)
- examination of selectivity (ability of the rating module to differentiate between good and bad borrowers)
- review of the model structure and design (e.g. significance and weighting of individual factors and partial models, inclusion of supporters, analysis of the frequency with which data were overwritten and the reasons for this, inclusion of the transfer risk)
- examination of the application of ratings (e.g. analysis of data quality, verification of standard application by carrying out duplicate analyses).

The process of validation involves two steps:

- The first step involves validation based on the pooled data of all Landesbanks and/or Landesbanks and savings banks under the lead management of RSU and/or SR. Data are pooled specifically to create the largest possible and hence statistically most significant database. In cooperation with the relevant competence centre and support centre, RSU performs the validation and, if necessary, the recalibration and further development of the modules on the basis of the pooled data. For the modules of SR, pooling is carried out on the basis of data from participating savings banks and participating Landesbanks. Updates are made by SR.
- As the validation is done on the basis of the pooled data, it is necessary to demonstrate that the results can also be applied to HSH Nordbank. This is done in a second step in cooperation with RSU and/or SR. In addition further internal analyses to complete the validation and proof that the rating modules are suitable for use at HSH Nordbank are performed.

The role of HSH Nordbank during the updating phase on the basis of the pooled data within the scope of the RSU depends on whether it has assumed one of the functions of competence and/or support centre in respect of the module in question.

The LGD and CCF methods are also validated annually jointly with other Landesbanks, similar to validation of the rating modules.

3.5.5. A DESCRIPTION OF THE INTERNAL RATINGS PROCESS BY EXPOSURE CLASSES

Positions which could not have been rated using a recognised IRBA rating system but have an internal expert rating are treated as Standardised Approach for credit risk (Section 3.2.1). The internal valuation methods applied to exposure classes under the IRB Approach as laid down in Article 452 subparagraph (c) CRR are as described below.

The IRBA exposures are distributed across the internal rating systems shown in Section 3.5.2 according to their scope of application. The scope of application is based on the borrowers, bearers of economic risk, assets or projects listed in Table 24.

Exposures are assigned to exposure classes irrespective thereof on a basis of a customer classification key that codes the business partner according to various attributes.

HSH Nordbank's definition of a default does not differ from that contained in Article 178 CRR.

Retail exposures

For retail exposures HSH Nordbank only uses the Standardized Approach for credit risk.

Equity exposures

For equity holdings covered by the grandfathering provisions of Article 495 (1) CRR, which are given a risk weight of 100% in Standardized Approach for credit risk, no rating is required under supervisory

law before 31 December 2017. However, ratings are required for positions entered into since 1 January 2008. The rating systems are used for these default risks. If none of the rating modules recognized under supervisory law can be used for an equity holding, the simple risk weighting method is used, i.e. the risk weight specified in supervisory law is assigned.

3.6. INFORMATION ON THE USE OF IRB APPROACH FOR CREDIT RISK: QUANTITATIVE PART

3.6.1. EXPOSURE VALUES BROKEN DOWN BY EXPOSURE CLASSES AND BY RATING LEVELS UNDER THE IRB APPROACH

The requirements under Article 452 subparagraphs (d), (e) and (j) are provided in Table 26 to Table 29. HSH Nordbank only uses own estimates of the LGD and conversion factors to central governments, central banks, institutions and corporates. Accordingly, separate disclosure is not made for risk exposures pursuant to Article 452 subparagraph (d) CRR and Article 452 subparagraph (j) (ii) CRR, to which own estimates of the above-mentioned parameters are not applied. Securitisation positions are not included in the values listed, as these are separately disclosed (see Chapter 4). Retail exposures are also not included, as HSH Nordbank treats these under the Standardized Approach for credit risk; accordingly, information pursuant to Article 452 subparagraph (f) is not provided. In the case of equity holdings, only equity holdings under the PD-LGD approach are shown. The overall long-term equity holding portfolio is described in more detail in Section 3.4. The exposure value for the other assets exposure class without obligations as a borrower amounted to € 353 million as at the reporting date (previous year: € 386 million).

The rating results determined using the rating modules described above are calibrated to a standard rating scale, whereby rating classes 16 to 18 represent default classes. The individual rating classes are summarized in seven Rating ranges for greater clarity. As most of the receivables have a good rating and there are relatively few receivables in the poorer rating ranges, the assignment of rating ranges for better grades has been refined.

The following table shows the exposure values in accordance with Part Three Title I Chapter 3 Section 5 CRR allowing for credit risk reduction techniques. It also shows the average probability of default (average PD), average LGD and average risk weight within a rating range for the individual exposure classes. All disclosures made in accordance with Article 452 subparagraphs (d) and (e) CRR are based on the figures in the reports prepared in accordance with Annex I of the Commission Implementing Regulation (EU) No. 680/2014 of 16 April 2014 defining the implementation of technical standards with regard to supervisory reporting of institutions.

As part of the credit risk mitigation the second loss piece is migrated into the central governments exposure class as a financial guarantee

under the substitution principle. As a result, the figures include the second loss piece totaling € 7.5 billion of the Sunrise Transaction, but exclude the first loss piece and senior tranche.

[TAB. 26] AVG. PD, AVG. LGD, AVG. RW AND EXPOSURE VALUES IN € M BY RATING RANGES

IRBA exposure class	Avg. PD in %		Avg. LGD in %		Avg. RW in %		Exposure value	
	2016	2015	2016	2015	2016	2015	2016	2015
Rating range 1: 1(AAAA) – 1(AA+)								
Central governments and central banks	0.0	0.0	22.8	21.6	0.1	0.1	15,004	24,763
Institutions	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	–	–	–
Equity holding exposures ¹⁾	–	–	–	–	–	–	–	–
Subtotal	–	–	22.8	21.6	0.1	0.1	15,004	24,763
Rating range 2: 1(AA) – 1(A-)								
Central governments and central banks	0.0	0.0	30.1	28.9	18.3	22.0	396	443
Institutions	0.1	0.0	14.9	17.2	10.1	13.4	4,018	4,436
Corporates	0.1	0.1	27.0	27.7	14.4	15.7	5,359	4,681
Equity holding exposures ¹⁾	–	–	–	–	–	–	–	–
Subtotal	0.1	0.1	22.2	22.9	12.8	14.9	9,774	9,560
Rating range 3: 2 – 5								
Central governments and central banks	0.2	0.1	100.0	97.2	146.3	120.2	136	160
Institutions	0.1	0.2	22.9	21.8	28.2	25.7	1,781	2,164
Corporates	0.2	0.3	32.3	32.2	35.7	39.5	11,425	12,621
Equity holding exposures ¹⁾	–	–	–	–	–	–	–	–
Subtotal	0.2	0.2	31.7	31.3	35.8	38.3	13,342	14,945
Rating range 4: 6 – 9								
Central governments and central banks	0.7	0.9	100.0	100.0	181.0	227.6	0	0
Institutions	1.2	1.3	50.1	31.9	115.4	93.0	8	318
Corporates	1.0	1.0	32.5	31.9	63.3	66.3	7,804	9,946
Equity holding exposures ¹⁾	1.3	2.0	90.0	90.0	283.0	309.6	43	40
Subtotal	1.0	1.0	32.9	32.1	64.6	68.1	7,854	10,304
Rating range 5: 10 – 12								
Central governments and central banks	6.7	–	50.0	–	230.1	–	49	–
Institutions	–	6.7	–	3.1	–	13.6	–	25
Corporates	4.5	4.8	22.2	17.0	72.0	56.3	988	1,136
Equity holding exposures ¹⁾	4.4	4.4	90.0	90.0	369.5	369.5	2	2
Subtotal	4.6	4.9	23.7	16.8	80.0	56.0	1,039	1,163
Rating range 6: 13 – 15								
Central governments and central banks	–	10.0	–	50.0	–	261.4	–	54
Institutions	–	–	–	–	–	–	–	–
Corporates	15.8	14.9	29.8	31.2	141.8	163.0	1,572	712
Equity holding exposures ¹⁾	20.0	15.5	90.0	89.9	559.0	536.4	0	0
Subtotal	15.8	14.6	29.8	32.5	141.8	169.9	1,572	766
Rating range 7:(Default): 16 – 18								
Central governments and central banks	100.0	100.0	73.9	73.8	48.8	47.5	0	0
Institutions	–	100.0	–	100.0	–	22.0	–	14
Corporates	100.0	100.0	42.9	53.3	49.1	64.1	1,951	1,906
Equity holding exposures ¹⁾	100.0	100.0	93.9	93.8	48.7	47.5	4	14
Subtotal	100.0	100.0	43.0	53.9	49.1	63.7	1,956	1,934

Total (without Default)								
Central governments and central banks	0.0	0.0	23.7	22.3	2.6	1.8	15,586	25,420
Institutions	0.1	0.2	17.4	19.2	15.8	20.9	5,807	6,943
Corporates	1.5	1.0	30.8	30.7	46.9	48.5	27,148	29,096
Equity holding exposures ¹⁾	1.5	2.1	90.0	90.0	287.0	312.9	45	42
Total	0.8	0.5	27.0	26.0	29.2	26.2	48,585	61,501

¹⁾ Only equity holdings under the PD-LGD approach; with regulatory LGD of 65 % or 90 % and default incl. surcharge for unexpected risks; CCF = 100 %

3.6.2. EXPOSURE-WEIGHTED AVERAGE LGD AND PD FOR EACH RELEVANT GEOGRAPHICAL LOCATION

The exposure-weighted average LGD and PD are shown in Table 27 for each geographical area in accordance with Article 452 subparagraph (j) (i). Information is provided in accordance with the defini-

tion in Article 452 (3) CRR for the EU Member States Germany, Greece and Luxembourg, as well as the third countries USA and Singapore. This relates on the one hand to the countries of domicile of the debtors included and on the other hand takes into account that HSH Nordbank is either licensed in these countries or conducts its business activities there through a branch or subsidiary.

[TAB. 27] AVG. PD, AVG. LGD, AVG. RW AND EXPOSURE VALUE IN € M BY GEOGRAPHICAL LOCATION

IRBA exposure class	Avg. PD in %		Avg. LGD in %		Avg. RW in %		Exposure value	
	2016	2015	2016	2015	2016	2015	2016	2015
Germany								
Central governments and central banks	0.0	0.0	22.1	21.9	0.0	0.0	14,202	13,743
Institutions	0.1	0.1	20.4	22.4	20.2	20.3	2,692	2,982
Corporates	4.9	6.8	34.8	37.2	47.5	55.7	16,213	17,510
Equity holding exposures ¹	1.9	3.4	90.0	90.0	285.9	309.5	45	43
Subtotal	2.4	3.5	28.3	29.8	25.3	30.6	33,152	34,278
Greece								
Central governments and central banks	100.0	100.0	73.9	73.8	48.8	47.5	0	0
Institutions	-	-	-	-	-	-	-	-
Corporates	17.2	3.3	28.3	11.8	72.3	32.7	185	201
Equity holding exposures ¹	-	-	-	-	-	-	-	-
Subtotal	17.2	3.4	28.3	11.9	72.3	32.7	185	201
Luxembourg								
Central governments and central banks	-	-	20.0	20.0	-	-	11	12
Institutions	0.1	0.6	33.3	23.1	8.8	50.1	0	611
Corporates	1.4	1.4	24.7	27.4	37.1	43.8	2,151	1,423
Equity holding exposures ¹	100.0	100.0	94.0	94.0	50.0	50.0	0	0
Subtotal	1.4	1.2	24.7	26.1	36.9	45.4	2,162	2,046
Singapore								
Central governments and central banks	-	-	20.0	20.0	1.5	1.5	43	285
Institutions	-	0.0	-	26.5	-	8.1	-	0
Corporates	14.8	3.8	21.6	17.9	45.3	28.6	567	564
Equity holding exposures ¹	-	-	-	-	-	-	-	-
Subtotal	13.7	2.5	21.5	18.6	42.2	19.5	610	849
USA								
Central governments and central banks	0.0	0.0	40.0	40.0	5.2	8.6	76	61
Institutions	0.1	0.1	30.9	30.9	39.5	29.2	0	0
Corporates	1.9	2.9	20.1	18.6	18.7	15.9	1,215	1,748
Equity holding exposures ¹	-	-	-	-	-	-	-	-
Subtotal	1.8	2.8	21.2	19.3	18.0	15.7	1,291	1,809
Total								
Central governments and central banks	0.0	0.0	22.2	22.0	0.0	0.1	14,332	14,101
Institutions	0.1	0.2	20.4	22.5	20.2	25.4	2,692	3,592
Corporates	4.8	6.0	32.4	34.3	44.8	50.8	20,330	21,446
Equity holding exposures ¹	1.9	3.4	90.0	90.0	285.9	309.5	45	43
Total	2.6	3.3	27.7	28.8	26.2	30.5	37,399	39,182

¹ Only equity holdings under the PD-LGD approach; with regulatory LGD of 65 % or 90 % and default incl. surcharge for unexpected risks; CCF = 100 %

3.6.3. UNDRAWN LOAN COMMITMENTS AND AVERAGE EXPOSURE VALUES UNDER THE IRB APPROACH

Based on the rating level ranges listed in Section 3.5.6 the assessment basis for undrawn loan commitments and the average exposure values

weighted by commitment for each exposure class are given in Table 28 in accordance with Article 452 subparagraph (e) (i) and (iii) CRR.

[TAB. 28] ASSESSMENT BASIS AND AVG. EXPOSURE VALUE IN € M

IRBA exposure class	Central governments and central banks		Institutions		Corporates		Equity holding exposures ¹⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rating range 1: 1(AAAA) – 1(AA+)										
Basis for evaluation of loan commitments	2	2	–	–	–	–	–	–	2	2
Basis for evaluation of non-derivative and off-balance assets	0	0	–	–	–	–	–	–	0	0
Avg. exposure value of loan commitments	0	0	–	–	–	–	–	–	0	0
Avg. exposure value of non-derivative and off-balance assets	0	0	–	–	–	–	–	–	0	0
Rating range 2: 1(AA) – 1(A-)										
Basis for evaluation of loan commitments	–	–	1,071	1,066	1,071	1,001	–	–	2,141	2,068
Basis for evaluation of non-derivative and off-balance assets	–	–	25	55	221	121	–	–	246	176
Avg. exposure value of loan commitments	–	–	178	176	26	15	–	–	102	98
Avg. exposure value of non-derivative and off-balance assets	–	–	6	10	7	4	–	–	7	6
Rating range 3: 2 – 5										
Basis for evaluation of loan commitments	–	–	–	107	3,994	3,694	–	–	3,994	3,801
Basis for evaluation of non-derivative and off-balance assets	–	–	4	68	946	1,042	–	–	950	1,110
Avg. exposure value of loan commitments	–	–	–	15	11	11	–	–	11	11
Avg. exposure value of non-derivative and off-balance assets	–	–	2	37	11	11	–	–	11	12
Rating range 4: 6 – 9										
Basis for evaluation of loan commitments	–	–	–	24	3,444	3,158	–	–	3,444	3,182
Basis for evaluation of non-derivative and off-balance assets	–	–	2	0	534	897	–	–	536	897
Avg. exposure value of loan commitments	–	–	–	4	15	11	–	–	15	11
Avg. exposure value of non-derivative and off-balance assets	–	–	0	0	8	13	–	–	8	13
Rating range 5: 10 – 12										
Basis for evaluation of loan commitments	–	–	–	–	105	183	–	–	105	183
Basis for evaluation of non-derivative and off-balance assets	–	–	–	–	121	16	–	–	121	16
Avg. exposure value of loan commitments	–	–	–	–	2	21	–	–	2	21
Avg. exposure value of non-derivative and off-balance assets	–	–	–	–	11	2	–	–	11	2
Rating range 6: 13 – 15										
Basis for evaluation of loan commitments	–	–	–	–	79	32	–	–	79	32
Basis for evaluation of non-derivative and off-balance assets	–	–	–	–	25	39	–	–	25	39
Avg. exposure value of loan commitments	–	–	–	–	2	1	–	–	2	1
Avg. exposure value of non-derivative and off-balance assets	–	–	–	–	2	2	–	–	2	2

Rating range 7 (Default): 16 - 18										
Basis for evaluation of loan commitments	-	-	-	-	48	60	-	-	48	60
Basis for evaluation of non-derivative and off-balance assets	-	-	-	-	30	25	-	-	30	25
Avg. exposure value of loan commitments	-	-	-	-	1	1	-	-	1	1
Avg. exposure value of non-derivative and off-balance assets	-	-	-	-	6	1	-	-	6	1
Total										
Basis for evaluation of loan commitments	2	2	1,071	1,198	8,740	8,128	-	-	9,813	9,328
Basis for evaluation of non-derivative and off-balance assets	0	0	31	124	1,878	2,139	-	-	1,908	2,263
Avg. exposure value of loan commitments	0	0	178	158	14	12	-	-	32	31
Avg. exposure value of non-derivative and off-balance assets	0	0	5	25	10	11	-	-	9	12

1) Only equity holdings under the PD-LGD approach; with regulatory LGD of 65 % or 90 % and default incl. surcharge for unexpected risks; CCF = 100 %

3.6.4. ACTUAL SPECIFIC CREDIT RISK ADJUSTMENTS AND ESTIMATES OF LOSSES (IRB APPROACH)

The actual realised specific credit risk adjustments in the lending business (actual losses) in the current reporting period, the previous reporting period as well as changes between the periods are disclosed in Table 29 in accordance with Article 452 subparagraph (g) CRR. Table 30 shows a comparison of loss estimates with actual losses in the lending business in accordance with Article 452 subparagraph (i) CRR. Loss estimates correspond to the expected loss (EL) after minimisation of the credit risk. The EL for non-defaulting risk assets in the traditional lending business is shown (e.g. excluding securities in the banking book and derivatives). Actual loss is defined as follows:

- Utilization of SSLP (for balance sheet transactions)
- + Utilization of reserves (for loan commitments and off-balance sheet assets)
- + direct write-offs
- ./. recoveries on receivables written off
- = actual loss in the lending business

The actual losses in the lending business (IRB approach) in the reporting period decreased from € 491 million to € 318 million compared to the previous year. The figures in the following tables take into account the Sunrise transaction. For this reason, EL from this transaction and actual losses which have been reported to the guarantor for review and approval or already have been settled are not included in the figures.

[TAB. 29] ACTUAL LOSSES IN THE LENDING BUSINESS IN € M

Exposure class	Actual loss		
	2016	2015	Difference
	01.01.2016 to 31.12.2016	01.01.2015 to 31.12.2015	
Central governments and central banks	-	-	-
Institutions	-	-	-
Corporates	318	491	- 173
Equity holding exposures ¹⁾	-	-	-
Total	318	491	- 173

¹⁾ Only equity holdings under the PD-LGD approach; with regulatory LGD of 65% or 90% and default incl. surcharge for unexpected risks; CCF = 100%

[TAB. 30] EXPECTED LOSSES AND ACTUAL LOSSES IN THE LENDING BUSINESS IN € M

Exposure class	2016		2015		2014		2013	
	Expected loss (EL) as at 31.12.2016	Actual loss 01.01.2016 to 31.12.2016	Expected loss (EL) as at 31.12.2015	Actual loss 01.01.2015 to 31.12.2015	Expected loss (EL) as at 31.12.2014	Actual loss 01.01.2014 to 31.12.2014	Expected loss (EL) as at 31.12.2013	Actual loss 01.01.2013 to 31.12.2013
Central governments and central banks	2	–	3	–	3	–	3	–
Institutions	0	–	2	–	2	60	1	–
Corporates	90	318	67	491	53	537	59	447
Equity holding exposures ¹⁾	0	–	0	–	0	–	1	–
Total	92	318	72	491	58	597	64	447

¹⁾ Only equity holdings under the PD-LGD approach; with regulatory LGD of 65 % or 90 % and default incl. surcharge for unexpected risks; CCF = 100 %

3.7. USE OF CREDIT RISK MITIGATION TECHNIQUES

3.7.1. POLICIES AND PROCESSES AS WELL AS THE EXTENT OF ON- AND OFF-BALANCE SHEET NETTING

Banks are able to utilise netting agreements when determining their required equity capital which lead to a reduction in the evaluation basis and hence the equity capital required. Policies, processes for and the extent of on- and off-balance sheet netting are to be disclosed in accordance with Article 453 subparagraph (a) CRR.

In contrast to balance sheet netting which is not used by HSH Nordbank, off-balance sheet netting within the framework of netting agreements for derivatives is applied (see Section 3.3.3). The market assessment method is used to determine the required net assessment basis. As at the reporting date HSH Nordbank recorded a counterparty risk exposure to the amount of approximately € 3 billion (see Table 19).

3.7.2. PROCESS FOR MANAGING AND RECOGNISING CREDIT RISK MITIGATION

The Collateral Guideline incl. Valuation Guideline as well as the LGD method issued by the Management Board defines the collateral approved by HSH Nordbank as recoverable and hence minimising default risk as well as the qualitative requirements for such collateral. Hence, it also defines the benchmarks for managing credit risk mitigation at HSH Nordbank. Disclosure is made in accordance with Article 452 subparagraph (b) (iii) CRR. The guidelines are supplemented by detailed instructions in the process regulations for the lending business in order to ensure comprehensive collateral management. The CRR requirements are an integral part of the Collateral Guideline.

Qualitative requirements for collaterals are, first and foremost, legal enforceability (especially for foreign collateral), an adequate consideration of a correlation between the creditworthiness of the borrower

and the value of the collateral, matching maturities of loan and collateral agreement and the existence of an objective market value.

For these collaterals, the Bank has identified collateral-specific recovery rates based on historical recovery cases, which are used with recognised collateral in calculating the LGD. The collateral guidelines establish what assets (e.g. real estate, moveable assets, receivables) and which collateral instruments (e.g. mortgage, land charge, assignment) are recognised. In addition, the responsible back office processing and control department must ensure on a case by case basis that the individual collateral and associated collateral agreement meet requirements in terms of enforceability and recoverability. In the risk-relevant lending business, the recoverability of the individual collateral is reviewed for plausibility as part of the loan decision process.

The decision whether a new asset or new collateral instrument can be recognised as minimising risk is taken by a team of specialists from the divisions Credit Risk Management, Group Risk Management and Legal department.

3.7.3. POLICIES AND PROCESSES FOR COLLATERAL VALUATION AND MANAGEMENT

Valuation and administration of collateral is integrated into the process of managing and recognising credit risk reduction techniques in accordance with Article 453 subparagraph (b) CRR. As the CRR is the basis for the collateral guidelines, collateral is only treated as reducing risk for the purpose of calculating capital requirements if all CRR requirements are satisfied.

For each item of collateral to be offset against risk, an objective market value is determined. This is done on the basis of HSH Nordbank's Valuation Guideline through experts or entities that are independent of the Market departments of the Bank. The recoverability of an item of collateral is ensured by recognising it as reducing risk only up to the specific recovery rate for that collateral. The legal validity and enforceability of the collateral is ensured in the loan and collateral agreements.

There is a standard instruction on regular monitoring and revaluation of collateral. Besides the annual review of collateral, there is a reevaluation of the market value of the individual items of collateral every three years. The results of the annual monitoring can lead to a direct revaluation of the individual collateral in individual cases or for a segment. For individual collateral objects, there is an annual monitoring and reevaluation of the value (e.g. ships). Recognised collateral is documented and maintained in a central collateral system. This enables regular reporting to monitor and evaluate collateral. The recoverability of and options for realising an item of collateral are regularly reviewed as part of the regular credit monitoring process, and more frequently in the event of wide fluctuations in market value.

In the event of permanent impairment of collateral rights, e.g. impairment in value or a change in the legal position, additional collateral is sought and/or a monitoring file may be opened in accordance with the guidelines for exposure monitoring in order to initiate the necessary measures. In the event of a borrower's default, all collateral and possibly further collateral of a group of connected clients involved are revalued. All relevant information on an item of collateral is documented and updated in the IT system. Only collateral which is recognised as compliant with the guidelines and accordingly maintained are used in the steering systems of HSH Nordbank.

Back office specialists are available for prompt and competent realisation of security in the event of a borrower's default. Experience with realising security is incorporated into optimising collateral management.

3.7.4. MAIN TYPES OF COLLATERAL AS WELL AS INFORMATION ABOUT MARKET OR CREDIT RISK CONCENTRATIONS WITHIN THE CREDIT MITIGATION TAKEN

In principle, HSH Nordbank takes into account all collateral listed in the CRR (financial collateral, guarantees, physical collateral, other IRBA collateral) and netting agreements. Due to the portfolio and customer structure, HSH Nordbank essentially assumes the following types of collateral within the meaning of Article 453 subparagraph (c) CRR:

- Real estate and movable assets, e.g. ships, aircraft, railway wagons
- Receivables and rights
- Guarantees.

In addition, securities, shareholder rights, gold and some credit derivatives serve as collateral.

In the above-mentioned collateral types there are concentrations within the context of credit risk mitigation as described below in accordance with Article 452 subparagraph (e) CRR as well as instruments for managing these risks.

The proportion of real estate and ships to total collateral amounts to three quarters. More than a quarter account for the remaining collateral types. Commercial properties in turn account for about four fifths of the real estate collateral. Ship collateral is dominated by container ships which account for more than 40%. Other collateral is composed primarily of cash collateral and guarantees.

Management of cluster risks from eligible collaterals is done for portfolios at the level of the Bank as a whole, e.g. by reporting and monitoring these risks in the MaRisk report to the Risk Committee. In addition, it is integrated into strategic planning and limiting by adding a further limit on the collateral typically associated with the business areas involved to the planning and limiting for typical business area related collateral (specifically tangible assets e.g. ships).

Collateral can only be taken into account in calculating LGD if its risk-reducing effect has not been taken into account in establishing a rating (PD). This means, for example, that a guarantee or assigned receivable which has already been taken into account in a rating tool or through the rating of the guarantor as the bearer of economic risk or third party debtor cannot in addition be netted against risk as collateral.

3.7.5. GUARANTORS AND CREDIT DERIVATIVE COUNTERPARTY AND THEIR CREDITWORTHINESS

For a guarantee (or credit derivative) to be recognized as reducing risk there must be a current internal rating for the guarantor comparable with at least a Fitch or S & P BB- or Moody's Ba3.

Within HSH Nordbank, the main types of guarantors within the meaning of Article 453 subparagraph (d) CRR are guarantees by central governments, German local and regional administrative authorities, banks and parent companies with first class ratings. The main counterparties for credit derivatives are internationally active banks.

3.7.6. COLLATERALISED CRSA AND IRBA EXPOSURE VALUES

The two following tables in accordance with Article 453 subparagraph (f) and (g) CRR show the credit risk reduction techniques for the Standard Approach for credit risk and Advanced IRBA, broken down by exposure class. Securitizations are omitted as they are shown separately (see Chapter 4). In the case of the Standard Approach for credit risk, both financial and tangible security and guarantees are taken into account. Under advanced IRBA financial, tangible and other collateral is included in LGD calculation. Guarantees and credit derivatives can be taken into account either in LGD calculation or through PD substitution. Here, the secured part of the receivables is given the guarantor's PD. However, collateral taken into account in calculating the PD is not shown here. Life insurance is accounted for in accordance with Article 232 CRR.

[TAB. 31] TOTAL AMOUNT OF COLLATERALISED CRSA EXPOSURE VALUES (WITHOUT SECURITISATIONS) IN € M

Exposure class	Financial collateral		Other and physical collateral		Guarantees/ derivatives		Life insurance	
	2016	2015	2016	2015	2016	2015	2016	2015
Central governments or central banks	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-
Public sector entities	246	248	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-
Institutions	554	1,234	-	-	-	-	-	-
Corporates	2	10	-	-	27	0	0	0
Retail exposures	0	0	-	-	13	0	-	0
Exposures secured by mortgages on immovable property	-	-	7	14	-	-	-	-
Exposures in default	-	0	2	5	-	-	-	-
Exposures associated with particular high risk	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-
Equity holdings	-	-	-	-	-	-	-	-
Total	802	1,492	9	19	40	0	0	0

[TAB. 32] TOTAL AMOUNT OF COLLATERALISED IRBA EXPOSURE VALUES (WITHOUT SECURITISATIONS) IN € M

Exposure class	Financial collateral		Other and physical collateral		Guarantees/ derivatives		Life insurance	
	2016	2015	2016	2015	2016	2015	2016	2015
Central governments and central banks	-	-	-	-	-	-	-	-
Institutions	613	712	-	423	107	122	-	-
Corporates	1,005	1,538	10,656	10,901	801	549	11	8
Retail exposures	-	-	-	-	-	-	-	-
Other non credit-obligation assets	-	-	-	-	-	-	-	-
Equity holdings	-	-	-	-	-	-	-	-
including: equity exposures using the simple risk weight approach	-	-	-	-	-	-	-	-
including: equity exposures using the PD-LGD approach	-	-	-	-	-	-	-	-
including: equity exposures using internal models	-	-	-	-	-	-	-	-
Total	1,618	2,250	10,656	11,324	908	671	11	8

4. SECURITISATIONS

4.1. NATURE AND EXTENT OF SECURITISATION ACTIVITIES AND RISKS INVOLVED

4.1.1. OBJECTIVES, ROLLES AND EXTENT OF SECURITISATION ACTIVITIES

Securitisations are an important instrument for banks in refinancing, capital relief and risk management. Companies in the financial sector can play different roles in a securitisation transaction, transferring credit risk themselves as originators, managing the portfolio to be securitised as sponsors in the function of servicers respectively managers, or acquiring securities from the securitisation as investors. HSH Nordbank is involved in various activities which have securitisation structures. In this process, HSH Nordbank can take on the roles of originator, investor and sponsor. Thereby, HSH Nordbank performs one or more of the four roles mentioned on a case-by-case basis.

Securitisation transactions in which HSH Nordbank acts as originator are used for risk management as well as to obtain liquidity. Overall risk is managed through strategic sales of selected receivables (traditional or true sale securitisation) by eliminating or reducing cluster risk. Furthermore, HSH Nordbank in its role as originator performs advisory and administrative functions amongst other things for the special purpose vehicles Carrera as well as tasks concerning the asset liability control in the function of a manager and also provides credit lines for this entity. In the reporting period, the new securitisation of corporate loans Horizon was completed. HSH Nordbank acts as originator in this transaction.

In addition, HSH Nordbank acted as investor in securitisations sponsored by third parties by investing in tranches of securitisations issued by third parties (e.g. residential mortgage backed securities, commercial mortgage backed securities, collateralised debt obligations). As part of a strategic reorientation HSH Nordbank enters into any new business in this business field operated as credit substitution business only in exceptional cases.

HSH Nordbank assumes the role of sponsor in order to satisfy the demand for financing alternatives in the small- and medium-sized customer segment.

As part of its securitisation program HSH Nordbank assumes the role of sponsor for the special purpose vehicle, Smartfact. HSH Nordbank undertakes activities of an advisory and administrative nature in this connection and acts as an intermediary for the receivables purchased by Smartfact. Furthermore, HSH Nordbank supports the special purpose vehicle through the provision of funding required for the purchase by means of a credit line or bearer debenture respectively.

In calculating the exposure values in this chapter, credit risk minimisation techniques involving substitution are generally ignored. Therefore, the exposure values include the second loss piece of the Sunrise Transaction. After the deduction of losses as at 31 December 2016

there remains an amount of € 7.5 billion of the initial € 10 billion second loss piece. Taking into account the at the reporting date not yet deducted losses the unutilized guarantee amounts to € 6.1 billion.

In the course of credit risk minimisation, the second loss piece as a financial guarantee is substituted in the IRBA exposure class Central governments. This guarantee is presented in Table 40.

The securitised portfolio which underlies the Sunrise Transaction includes foreign currency positions with a share of around 59% in the total portfolio. This means that there is a mismatch in currencies between the guarantee in Euro and part of the hedged portfolio. The currency fluctuation factor is been applied to the entire Sunrise Transaction in accordance with Article 223 (1) sentence 2 CRR and the second loss piece is measured based on the nominal value of the guarantee. As at the reporting date the Sunrise Transaction has an exposure value of € 30.3 billion. This is divided into the senior tranche (€ 24.2 billion) and the second loss piece (€ 6.1 billion). Furthermore, HSH Nordbank separates a virtually existing sub-senior tranche of € 0.6 billion from the senior tranche as an option pursuant to Article 266 (1) and (3) CRR.

Overall, the CRSA and IRBA exposure value of all securitisation positions retained or sold by HSH Nordbank (including Sunrise) as at the reporting date total € 33.8 billion. Receivables securitised where the Bank acts as originator account for the largest proportion at € 33.3 billion, whereas the share of receivables securitised where the Bank is the investor and sponsor amounts to € 0.4 billion, respectively.

HSH Nordbank held no securitisations in its trading book as at the reporting date.

4.1.2. TYPES AND EXTENT OF RISKS

Credit risk

HSH Nordbank's securitisation transactions are subject to the credit monitoring processes (in addition to market risk monitoring by Group Risk Management) with regard to their credit risks (change in performance and composition of the underlying transactions). By far the largest share of securitisation transactions are found within divestment portfolio of BU Treasury & Markets. The external service provider BlackRock, Inc ("BlackRock") supports the responsible business units in performing the credit analysis of the positions. BlackRock acts as the supplier for monitoring required documentation and models the intrinsic values of the individual positions. The documents made available by BlackRock are reviewed and subject to quality assurance in the subsequent process. Finally, decisions are made with respect to the completed monitoring forms on the basis of the dual control principle pursuant to loan competences which have been fixed and which have been published in the Credit Manual.

For purposes of calculating intrinsic values, the cash flow structure of the underlying assets is first modeled and then applied to the contrac-

tual payment system of the securitisation transactions. These values are calculated quarterly.

The process described for credit monitoring is likewise suitable for re-securitisations and securitisations, which is why no further differentiation is made. By means of regularly updating repayment cash flows and on-going loan monitoring, changes in value of the underlying receivables are generally reflected directly in the value of the securitisation positions.

Market risk

HSH Nordbank's securitisation transactions are subject to market risk monitoring with regard to their interest rate risks (changes in interest rates and credit spreads) and foreign exchange risks. The same applies in the case of the small number of HSH Nordbank's own securitisations in the BU Treasury & Markets. The repayment structure of the securitisation transactions taking into account termination rights is first modeled for purposes of determining market risks. Interest rate and foreign exchange risks are then calculated using the same method applicable to all trading transactions after taking into account hedge transactions. The credit spread risks are determined on the basis of credit spread curves which are purchased from providers of market data and which are broken down by asset class, rating class and country.

The process described for market risk monitoring is likewise suitable for re-securitisations and securitisations, which is why no further differentiation is made. By means of regularly updating repayment cash flows and credit spread curves, changes in value of underlying receivables are generally reflected directly in the value of the securitisation positions to the extent there are no other hedge relationships.

Liquidity risk

The following distinction is made for purposes of liquidity risk monitoring in relation to securitisations:

- Accounting-related liquidity risks may arise in the form of time lags (mismatch) between incoming and outgoing cash flows.
- Market-related liquidity risks may arise, for example in cases where issued bonds cannot be fully placed on the market or where price losses are realised on the liquidation of assets.

Accounting-related liquidity risks are avoided by coordinating the fixed / determinable payments over the course of the transactions. If this cannot be accomplished (e.g. via short-term refinancing via asset backed commercial paper (ABCP) programs), the market-related liquidity risks are hedged via liquidity facilities.

Risks due to the ranking of re-securitised receivables

The synthetic securitisation transaction Sunrise meets the requirements for classification as a re-securitisation as the reference portfolio underlying the transaction comprises some securitisation transactions. The primary securitisation transactions underlying the Sunrise trans-

action mainly involve securitisations of corporate financings in Europe and the US, of student loans in the US and residential and commercial property in Europe and the US which are allocated to the divestment portfolio.

HSH Nordbank has invested primarily in senior and/or high-ranked tranches of securitisations. The underlying assets likewise consist primarily of senior loans.

For example, the student loans in the US are largely backed by government guarantee of at least 97%. In the case of the residential properties in the US, investments were made almost exclusively, and in the case of European residential properties a significant but not predominant share, in loans which are characterised by borrowers with low creditworthiness.

In addition, there are small re-securitisation portfolios including the first loss tranche of the Carrera transaction.

Furthermore, HSH Nordbank holds re-securitisation positions as an investor which is not secured under Sunrise.

4.2. RISK WEIGHTING AND ACCOUNTING OF SECURITISATION TRANSACTIONS

Determination of risk-weighted exposure amounts for securitisation transactions

The methods to be used in calculating the regulatory capital for securitisation positions are stated in the CRR. Under the IRB securitisation rules, HSH Nordbank uses the ratings-based approach in accordance with Article 261 CRR, if credit assessments by external providers are available in the market. The Bank uses the external ratings from S&P, Moody's or Fitch. For securities positions which do not have an eligible external rating HSH Nordbank partially applies the alternative approaches established in (Article 253 CRR for CRSA securitisation positions and Article 259 (1) subparagraphs (b) and (c) CRR for IRBA securitisation positions).

In accordance with Article 266 (3) CRR, there is the option for CRSA or IRBA securitisation positions for which a risk weight of 1,250% has been calculated of making a capital deduction or applying this risk weight to determine the total counterparty risk capital charge. In the context of the Sunrise Transaction this option is particularly important for the treatment of the first loss piece and calculating capital ratios. From 31 December 2016 on HSH Nordbank deducts the sub-senior tranche from CET1 in compliance with the option pursuant to Article 266 (3) CRR. An internal measurement approach for securitisations pursuant to Part 3 Title Two Chapter 5 (3) CRR is currently not used by HSH Nordbank. Accordingly, no information is disclosed with regard to Article 449 subparagraph (l) CRR.

The Carrera transaction is a re-securitisation. A look through at the pool assets is carried out.

By the securitization transactions named Ocean Funding, Stratus and Castellum, no significant and effective transfer of risk under Article 243 CRR is achieved and there is consequently no reduction in capital requirements. A look-through to the pool assets was performed. The goal of the transactions is to generate collateral objects

eligible for refinancing with the European Central Bank and/or the generation of liquidity.

The securitisation Promise – shown in Table 33 in 2015 - was terminated. The securitisation activity Horizon is new.

[TAB. 33] DETERMINATION OF RISK-WEIGHTED EXPOSURE FOR RECEIVABLES SECURITISED AS ORIGINATORS

Securitisation activity	Type of securitisation	Approach	Procedure to determine the risk-weighted exposure amounts
Carrera (ABCP-Programme) ¹⁾	Traditional securitisation	IRBA	Ratings Based Method (Article 261 CRR)
Castellum	Traditional securitisation	IRBA	Backing of pool assets
Horizon	Synthetic securitisation	IRBA	Formula approach under supervisory law (Article 262 CRR)
Nausola ²⁾	Synthetic securitisation	IRBA	Formula approach under supervisory law (Article 262 CRR)
Neptora ²⁾	Synthetic securitisation	IRBA	Formula approach under supervisory law (Article 262 CRR)
Ocean	Traditional securitisation	IRBA	Backing of pool assets
Stratus	Traditional securitisation	IRBA	Backing of pool assets
Sunrise	Synthetic securitisation	IRBA	Formula approach under supervisory law (Article 262 CRR)

¹⁾ Fully hedged as part of the Sunrise transaction

²⁾ Partly hedged as part of the Sunrise transaction

Accounting policies for securitisation activities

Accounting methods

Acquired securitisation positions which meet the definition of securities in the German Ordinance on the Accounting System for Banks (RechKredV) are recognised and measured in accordance with the standard methods for securities.

Primary receivables of HSH Nordbank which the Bank allocates to securitisations without a significant transfer of risk or with regard to which a transfer is made to Special Purpose Vehicles (SPV) still included in the consolidated financial statements, continue to be reported under the original exposure class. Assumption of risks by third parties is taken into account as collateral when calculating impairments. If the risk has not been transferred through securitisation or if the guarantee is impaired, the receivable is written down.

Receivables transferred under securitisations are shown as disposals in the balance sheet.

Sales proceed from reference assets (e.g. loans, promissory notes, securities) which are a component of a securitisation are accounted for corresponding to the balance sheet item of the reference asset. In this manner, sales proceeds are accounted for independent of their inclusion in a securitisation.

Financial backing for securitisation transactions is provided in the form of liquidity facilities or guarantees. In the event a draw down is likely, the risk is covered by creating a provision for contingent losses.

Table 34 illustrates the treatment under supervisory law and the corresponding accounting treatment with regard to a true sale disposal.

[TAB. 34] ACCOUNTING POLICIES FOR RECEIVABLES SECURITISED AS ORIGINATORS

Securitisation transaction	Treatment under supervisory law		Treatment under financial accounting
	True-Sale: Yes/No	Approach	True Sale Disposal: Yes/No
Carrera (ABCP programme) ¹⁾	-	IRBA	-
Castellum	Yes	-	No
Horizon	No	IRBA	-
Nausola ²⁾	No	IRBA	-
Neptora ²⁾	No	IRBA	-
Ocean	Yes	IRBA	No
Stratus	Yes	IRBA	No
Sunrise	No	IRBA	-

¹⁾ Fully hedged as part of the Sunrise transaction.

²⁾ Partly hedged as part of the Sunrise transaction

Valuation methods

The fair value of securitisation transactions booked to the Restructuring Unit is calculated at least on a monthly basis using market prices. However, because the securitisation portfolio is almost exclusively classified as “Loans and receivables,” amortised cost is used for accounting purposes whereas the fair value is merely used in general for purposes of the explanatory notes to the statement of financial position. In the event loan loss provision would be needed, write-downs are performed to the fair value of the securitisation.

Various market data providers and quotes from other market participants are used as sources of data. Models are used in cases where no valid market data is available. If price information is available from several providers, a procedure for selecting a valid market price is

applied. For quality assurance purposes, all valuation results are validated by experts.

In addition, HSH Nordbank holds a small number of shares in own securitisations. Valuation of such holdings is generally performed on the basis of spread curves.

ECAI used for securitisation

The securitisations issued by the HSH Nordbank in the market are rated externally on a regular basis. The rating agencies used and the type of receivables underlying the securitisation portfolio are shown in Table 35 in accordance with Article 449 subparagraph (k) CRR. The rating agencies used for investment in third party securitisation transactions are shown in Table 16.

[TAB. 35] SECURITISATION TRANSACTIONS INITIATED BY HSH NORDBANK

Securitisation transaction	Type of securitisation	Type of receivable	Rating agency
Carrera (ABCP program) ¹¹	Traditional securitisation	ABS	Moody's

¹¹ Fully hedged as part of the Sunrise transaction.

4.3. EXPOSURE VALUES AND CAPITAL REQUIREMENTS OF SECURITISED RECEIVABLES

Exposure values of securitised receivables

For securitisations, a distinction must be made between securitisations with transfer of receivables (traditional or true sale securitisations) and securitisations without transfer of receivables (synthetic securitisations). Depending on the nature of the securitised receivables, securitisations are also allocated to different product classes, which have the characteristics of specific receivables.

In accordance with Article 449 subparagraph (n) (i) CRR, Table 36 shows the exposure value at the reporting date of the securitised receivables at HSH Nordbank, broken down by securitisation transaction with or without transfer of receivables and the nature of the securitised receivables. In connection with Article 449 subparagraph (i) CRR the sponsor exposures of € 315 million comprise on- and off-balance sheet exposures of € 203 million and € 112 million, respectively.

[TAB. 36] EXPOSURE VALUES OF SECURITISED RECEIVABLES IN € M

Securitisation portfolio	Exposure value			
	Originators		Sponsors	
	2016	2015	2016	2015
Traditional securitisations				
Real estate	-	-	-	-
Ships	-	-	-	-
Retail banking	-	-	315	311
ABS	-	-	-	-
Other	-	-	-	-
Subtotal	-	-	315	311
Synthetic securitisations				
Real estate	-	-	-	-
Ships	0	29	-	-
Retail banking	-	-	-	-
Corporates	3,011	-	-	-
ABS	-	-	-	-
Other	-	-	-	-
Sunrise	30,296	44,566	-	-
Subtotal	33,307	44,595	-	-
Total	33,307	44,595	315	311

Exposure values of retained or purchased securitisation positions

In accordance with Article 449 subparagraph (n) (ii), Table 37 shows a list of the securitisation positions held by the Bank. This includes retained tranches from the Bank's own securitisation transactions (e.g.

for the purpose of credit enhancement), liquidity facilities provided by the Bank for securitisation transactions and investments in third party securitisation transactions. The reduction in the exposure value of the Sunrise securitisation results from sales and principal repayments.

[TAB. 37] EXPOSURE VALUES OF RETAINED OR PURCHASED SECURITISATION POSITIONS IN € M

Securitisation items	CRSA exposure value		IRBA exposure value	
	2016	2015	2016	2015
Balance-sheet items				
Credit Enhancements ¹⁾	-	-	-	-
Participations in ABS transactions	28	62	99	100
Other balance-sheet items	321	318	3,011	29
Sunrise	-	-	30,296	44,566
Subtotal	349	380	33,406	44,695
Off-balance sheet items				
Liquidity facilities	-	-	-	-
Derivatives	-	-	-	-
Other off-balance sheet items	-	-	-	-
Subtotal	-	-	-	-
Total	349	380	33,406	44,695

¹⁾ Measures to improve credit quality

Risk weight ranges and exposure values of securitisations

In accordance with Article 449 subparagraph (o) (i) CRR, Table 38 shows the Bank's individual securitisation positions (see Table 37) allocated to risk weight ranges, and the resulting capital requirements. As at the reporting date, all securitisation positions held by HSH Nordbank as an investor and which would be risk weighted with 1,250% are deducted from Common Equity Tier 1 capital. This is

equivalent to exercising the option pursuant to Article 266 (3) CRR. The Sunrise transaction is treated accordingly.

Changes in the securitisation positions are attributable to sales and repayments, especially in the Sunrise portfolio. In addition, the Sunrise Transaction is classified as re-securitisation transaction since 31 December 2011 and hence a minimum risk weight of 20% has to be applied. The risk weight of the senior tranche determined in accordance with Article 262 CRR was 24% as at the reporting date.

[TAB. 38] EXPOSURE VALUES AND CAPITAL REQUIREMENTS FOR RETAINED OR PURCHASED SECURITISATION ITEMS ACC. TO RISK WEIGHT RANGES IN € M

Risk weight range in %	Securitisations retained/ purchased							
	Exposure value ¹				Capital requirements			
	Securitisation	Re-securitisation	Total		Securitisation	Re-securitisation	Total	
	2016	2016	2016	2015	2016	2016	2016	2015
CRSA								
0 ≤ 10	–	–	–	–	–	–	–	–
> 10 ≤ 20	320	–	320	316	5	–	5	5
> 20 ≤ 50	–	–	–	–	–	–	–	–
> 50 ≤ 100	–	–	–	1	–	–	–	0
> 100 ≤ 350	8	–	8	1	2	–	2	0
> 350 ≤ 650	–	–	–	–	–	–	–	–
> 650 < 1.250	–	–	–	–	–	–	–	–
1.250 or capital deduction	18	2	21	61	18	2	21	61
Total CRSA	346	2	349	379	25	2	28	66
IRBA								
0 ≤ 10	2,981	6,113	9,094	10,000	15	–	15	–
> 10 ≤ 20	–	–	–	34,566	–	–	–	528
> 20 ≤ 50	0	23,549	23,549	29	0	449	449	1
> 50 ≤ 100	–	–	–	–	–	–	–	–
> 100 ≤ 350	59	–	59	54	14	–	14	12
> 350 ≤ 650	–	–	–	–	–	–	–	–
> 650 < 1.250	–	–	–	–	–	–	–	–
1.250 or capital deduction	65	638	704	46	40	637	678	20
Total IRBA	3,105	30,300	33,406	44,695	69	1,086	1,156	561
Total	3,451	30,302	33,755	45,074	94	1,088	1,184	627

¹ Exposure values and capital requirements for retained or purchased securitisation items acc. to risk weight ranges in € m

Securitisation positions to be deducted from own funds or to be taken into account with a risk weight of 1,250 %

Consistent with Article 449 subparagraph (n) (v) CRR, Table 39 presents the total of securitisation positions to be deducted from own funds or to be taken into account with a risk weight of 1,250%.

[TAB. 39] SECURITISATION POSITIONS TO BE DEDUCTED FROM OWN FUNDS OR TO BE TAKEN INTO ACCOUNT WITH A RISK WEIGHT OF 1,250 % IN € M

Securitisation portfolio	Exposure value ¹⁾	
	2016	2015
Real estate	20	69
Ships	–	–
Retail banking	–	–
ABS	6	6
Other	33	33
Sunrise	634	1,551
Total	693	1,659

¹⁾ Prior to exercise of the election under Article 266 (1) and (2) CRR

Hedge transactions

Consistent with Article 449 subparagraph (o) (ii) CRR, hedge transactions related to re-securitisations are presented in Table 40. In doing so, as part of credit risk minimisation, the secondary loss tranche is sub-

stituted as a financial guarantee contract in the IRBA exposure class Central governments. At the reporting date there are no hedge transactions relating to other securitised positions in accordance with Article 449 subparagraph (g) CRR and none are planned.

[TAB. 40] RE-SECURITISATION RELATED HEDGE TRANSACTIONS IN € M

	Exposure value	
	2016	2015
Re-securitisation positions prior to hedge	30,302	44,577
Hedge via guarantee	6,113	10,000
Of which: guarantors with ratings AAAA through A	6,113	10,000
Of which: guarantors with s rating below A	–	–
Hedging using other collateral	–	–
Re-securitisation positions post-hedge	24,189	34,577

Securitized trading book risk positions

The values depicted in Table 41 in accordance with Article 449 subparagraph (q) CRR represent securitised trading book positions

which were taken into account as trading book risk positions for purposes of measuring required regulatory capital. These positions are securitised exclusively under Sunrise.

[TAB. 41] SECURITISED TRADING BOOK RISK POSITIONS IN € M

Securitisation portfolio	Exposure value			
	Traditional securitisation		Synthetic securitisation	
	2016	2015	2016	2015
Real estate	-	-	-	-
Ships	-	-	-	-
Retail banking	-	-	-	-
ABS	-	-	-	-
Other	-	-	-	-
Sunrise	-	-	-	-
Total	-	-	-	-

Impaired and past due securitisations and actual losses

In accordance with Article 449 subparagraph (p) CRR, Table 42 shows those parts of securitised receivables which are non-performing or in default and the actual losses in the period under review. The securiti-

sation positions shown are those for which HSH Nordbank acts as originator. To ensure comparability of data, the definitions of receivables and actual losses are based on those for general recognition of non-performing and past due receivables (see Section 3.1.2) and actual losses (see Section 3.6.4).

[TAB. 42] IMPAIRED AND PAST DUE SECURITISATIONS, ACTUAL LOSSES ON SECURITISED RECEIVABLES IN € M

Securitisation portfolio	Total impaired or past due ¹⁾		Actual losses	
	2016	2015	01.01.2016 to 31.12.2016	01.01.2015 to 31.12.2015
Real estate	-	-	-	-
Ships	-	-	-	-
Retail banking	-	-	-	-
ABS	-	-	-	-
Other	-	-	-	-
Sunrise ²⁾	10,642	15,100	3,823	541
Total	10,642	15,100	3,823	541

¹⁾ Total impaired securitisations (needing value adjustment) or past due securitisations (not needing value adjustment)

²⁾ The actual losses in the Sunrise transaction are loss allocations under the guarantee which have already been reported to the guarantor for review and approval or have already been settled.

4.4. SECURITISATION ACTIVITIES IN THE REPORTING YEAR AND IMPORTANT CHANGES

Securitisation activities in the reporting year

In the reporting year, HSH Nordbank newly organised the synthetic securitisation transaction Horizon and administrated the transactions Ocean Funding, Castellum and Stratus.

Synthetic securitisation transaction

In the fourth quarter of 2016, largely for capital management reasons, HSH Nordbank AG securitized loan receivables from the Corporate Clients and Real Estate Clients areas accounting for a volume of € 3 billion in total. These are solely non-sunrise assets, which are not part of the sunrise guarantee. By way of a financial guarantee, this involves

the transfer of the default risk associated with a mezzanine tranche (with an initial amount of € 235 million) to an unconsolidated structured entity in Luxembourg (Horizon 2016 S.A.), which has, in turn, passed the default risk on to an investor. The financial resources that the investor received from the structured entity were deposited as cash collateral for the guarantee at HSH Nordbank AG. HSH Nordbank AG in turn provides the structured entity with securities as collateral for this cash deposit.

A vertical tranche approach is used in accordance with Art. 405 (1a) CRR. This means that loan receivables are included in the reference portfolio at a maximum of 95% of their nominal value. The resulting first loss piece of at least 5% is not treated as an additional retained tranche, but rather as unsecuritized outside of the Horizon transaction

and as ranking pari passu with the securitized share regarding the allocation of losses.

The use of the financial guarantee allows the risk weighting of the secured loan portfolio to be reduced. This allows the two following objectives to be achieved:

- Risk management (reduction of credit risks in the portfolio)
- Relief on equity capital (reduction in regulatory equity capital requirements)

HSH Nordbank AG pays an annual premium on the respective outstanding mezzanine tranche. The premium to be paid in each case is determined primarily by the extent to which the guarantee has actually been utilized. The premium is recognized through profit or loss in commission expense. In 2017, the Bank expects to incur premium expense totaling a maximum of around € 26 million. The contractual term of the guarantee is 9 years.

As long as and insofar as the cash drawdown of the guarantee is not yet made through the invoicing of losses that in total exceed the first loss piece to be borne by HSH Nordbank AG (on the securitized portfolio) in an initial amount of € 30 million (the aforementioned first loss piece comprises a first loss tranche of € 22.5 million and an initial excess spread, i.e. a loss buffer to be determined on an annual basis, of € 7.5 million), then there is no claim for compensation against the guarantor that is eligible for capitalization. Against this background the hedging effect of the financial guarantee recognized in the balance sheet is accounted for on a net basis. The Bank initially determines specific and general loan loss provisions without taking the hedging effect of the financial guarantee into account and then records the hedging effect (if the first loss piece is exceeded by the specific and general loan loss provisions) on the face of the balance sheet through the use of a compensation item, which reduces the amount recognized under loan loss provisions in the lending business in the balance sheet accordingly.

The specific and general loan loss provisions recognized are not changed by the accounting applied to the hedging effect. At the end of the year, no compensation item was recognized because the specific and general loan loss provisions did not exceed the initial first loss piece of € 30 million. The maximum possible hedging/compensation effect of the guarantee is limited to the volume of the mezzanine tranche in the amount of € 235 million.

Significant changes to quantitative disclosures

Under Article 449 subparagraph (m) CRR significant changes to quantitative disclosures since the last reporting period are to be explained. The significant changes since the last reporting period are mainly attributable to the Sunrise transaction. There were also changes affecting sponsor as well as investment positions.

The reduction in the exposure value of the senior tranche is attributable to the reduction in the high risk legacy portfolios in the Restructuring Unit. Furthermore, the increases in the loan loss provisions and losses invoiced had an impact on the quantitative information.

The increase in the exposure values calculated under the Standardised Approach for credit risk for securitised transactions where the Bank acts as sponsor is attributable to the increase in the credit lines granted for the Smartfact special purpose entity. Despite the offsetting net reduction in investments in securitisations sponsored by third parties the exposure values under the CRSA increased in total as a result.

Planned securitisation activities

According to the business plan for the year 2017, no securitisation transactions for purposes of a reduction in capital requirements are planned at present.

5. MARKET RISK, OPERATIONAL RISK AND LIQUIDITY RISK

5.1. MARKET RISK AND INTEREST RATE RISK

Definition

Market risk represents the potential loss that can arise as a result of adverse changes in market values on positions held in the trading and banking book. Market movements relevant to the Bank are changes in interest rates and credit spreads (interest rate risk), exchange rates (foreign exchange risk), stock prices, indices and fund prices (equity risk) as well as until the end of 2016 commodity prices (commodity risk) including their volatilities.

Risk management objectives and policies

The risk management objectives and policies for operational risk pursuant to Article 435 (1) CRR are described in the information provided in the Group Management Report (Risk Report) in HSH Nordbank's Annual Report.

Capital requirements

HSH Nordbank uses standardised methods for determining capital requirements for market risk for regulatory purposes in accordance with Part Three Title IV Chapters 2 to 4. An internal risk model as

defined in Part Three Title IV Chapter 5 CRR is not used and a correlation trading portfolio is not maintained.

Capital requirements as at the reporting date resulting from trading book activities are shown in Table 43 in accordance with Article 445 sentence 1 CRR. Capital requirements are not determined for the specific interest rate risk on securitised positions, as these are solely held in the banking book. There are no capital requirements for large exposures pursuant to Article 92 (3) subparagraph (b) (ii) CRR and for settlement risk pursuant to Article 92 (3) subparagraph (c) (ii) CRR as at the reporting date.

During the reporting period, the interest rate risk has decreased from € 114 million to € 78 million. In the same period, the foreign exchange risk has also decreased from € 559 million to € 177 million. The main reasons for these changes are primarily non-performing loans mainly denominated in US\$ to the hsh portfoliomanagement AöR (Länder) as at 30 June 2016, as well as the changed consideration of foreign currency risk from exposures of the sunrise portfolio. Changes in option risk and interest rate movements also had an effect on market values of derivatives.

[TAB. 43] CAPITAL REQUIREMENTS FOR MARKET RISK IN € M

	2016	2015
Market risk		
Interest rate risk	78	114
Including a partial weighting for general price risk	65	94
Including a partial weighting for specific price risk	4	7
Equity price risk	0	5
Foreign-exchange risk	177	559
Commodities risk	-	-
Settlement risk	-	-
Large exposure risk	-	-
Total	255	678

Interest rate risk on positions not held in the trading book

Management of the interest rate risk in the banking book is part of market risk management. Interest rate risk is the potential loss of an open interest rate position as a result of a possible change in market or net present value of a stream of payments due to a potential change in yields or discount factors. Discount factors are taken from the corresponding interest rate curve. For single name bonds and Credit Default Swaps (CDS) credit spreads are also taken into account.

The interest rate risk in the banking book is modeled from the strategic holdings in the HSH Nordbank bank book. There is no modeling of early loan repayments due to special repayment or termination rights or investor behavior with deposits from customers. Where

loans are agreed with optional components, existing termination rights are reported by the front office to Treasury & Markets for entry in the trading system. Risk measurement and stress testing are done by the unit Group Risk Management based on the transactions entered in the trading and inventory systems.

The interest rate risk for the bank book arising out of the Bank's client business is additionally managed by the business unit Treasury & Markets. This consists of aggregating the interest rate risk and transferring it directly to the trading book for the most part in order to manage this risk within the specified market price risk limits.

The interest rate risks on the banking book are measured daily. To calculate the VaR, a confidence level of 99%, a holding period of one day and a data history of 250 trading days are used.

Besides daily calculation of the interest rate risk in the course of the VaR calculation, HSH Nordbank also measures the interest rate risk for the group as a whole in the event of an interest rate shock. For the specific analysis of interest rate risks on banking book positions, the Bank uses net present value analysis, i.e. the net present value change due to defined changes in interest rates. The figures for the year under review have shown that HSH Nordbank would lose significantly less than 20% of liable capital in the event of an interest rate shock of +200 and -200 basis points.

The effects of an interest rate shock of +200 and -200 basis points as at the reporting date 31 December 2016 in accordance with Article 448 subparagraph (b) CRR are shown in Table 44.

The total amount of € -29/-35 million represents the balance of changes in present value from the interest rate shocks in the case of the parallel move in yield curves in all currencies. The interest rate risk in the banking book is broken down by currency as at the reporting date in order to provide greater transparency.

The EUR net present value change results mainly from the new mapping of pension obligations to the measuring of market price risks.

The USD net present value change results mainly from the integration of market risks of the inventory of credit value adjustments of derivatives.

[TAB. 44] INTEREST RATE RISK IN THE BANKING BOOK IN € M

Currency	Change in net present value			
	+200 bp		-200 bp	
	2016	2015	2016	2015
EUR	-135	-287	-107	79
USD	89	-24	59	216
CHF	-1	-3	1	-
JPY	8	5	7	13
GBP	12	3	5	12
DKK	-2	-2	-	1
Other	-	-1	-	-1
Total	-29	-309	-35	320

5.2. OPERATIONAL RISK

Definition

HSH Nordbank defines operational risk (OpRisk) as the risk of direct or indirect losses caused by the inappropriateness or failure of the internal infrastructure, internal procedures or staff or as a result of external factors (risk categories). This definition thereby refers to threats of damages resulting from legal risk and compliance risk.

Risk management objectives and policies

The risk management objectives and policies for default risk pursuant to Article 435 (1) CRR are described in the information provided in

the Group Management Report (Risk Report) in HSH Nordbank's Annual Report. This definition includes legal risk and compliance risk.

Capital requirements

HSH Nordbank applies exclusively the Standardised Approach in order to determine the capital requirements for operational risk. A description of the method according to Article 312 (2) CRR is therefore not provided. On the date of reporting, the sub-group had a regulatory capital requirement to the amount of € 135 million and the holding to the amount of € 104 million.

[TAB. 45] CAPITAL REQUIREMENTS FOR OPERATIONAL RISK FOR THE SUB-GROUP IN € M

Operational risk	2016	2015
According to Standardised Approach	135	157
Total	135	157

[TAB. 46] CAPITAL REQUIREMENTS FOR OPERATIONAL RISK FOR THE HOLDING IN € M

Operational risk	2016	2015
According to Standardised Approach	104	-
Total	104	-

5.3. LIQUIDITY RISK

Definition

HSH Nordbank divides its liquidity risk into risk of insolvency and liquidity maturity transformation risk.

The risk of insolvency refers to the risk that present or future payment obligations cannot be met in part or in full. This is referred to as liquidity risk in the narrower sense. The key driver of this liquidity risk is the cash flow structure in the liquidity development report which is determined by the assets (maturity/currency structure) and liabilities (funding structure by maturity/currency/investor). In this regard the market liquidity risk, i. e. the danger that transactions cannot be sold or only at unfavourable conditions because of a lack of market depth, is reflected in the liquidity development report as a component of the insolvency risk. Another component of insolvency risk is the refinancing risk, i. e. the danger of not being able to obtain liquidity or not at the expected conditions if required.

The refinancing risk is determined by the refinancing structure. Information on the refinancing structure can be found in Note 54 of the consolidated notes "Residual maturity breakdown of financial instruments".

Liquidity maturity transformation risk refers to the risk that a loss will result from a mismatch in the contractual maturities of assets and liabilities, the so-called liquidity maturity transformation position, and from the change in the Bank's refinancing surcharge.

Risk management objectives and policies

The risk management objectives and policies for default risk pursuant to Article 435 (1) CRR are described in the information provided in the Group Management Report (Risk Report) in HSH Nordbank's Annual Report.

6. UNENCUMBERED ASSETS

Definition

HSH Nordbank follows the guidelines on disclosure of encumbered and unencumbered assets (EBA/GL/2014/03) dated 27 June 2014 and the circular regarding the implementation of the EBA guidelines on disclosure of encumbered and unencumbered assets (BA 06/2016) dated 30 August 2016 for the disclosure of unencumbered assets in accordance with Article 443 CRR.

Pursuant to Article 100 CRR in conjunction with the Implementing Technical Standards on Asset Encumbrance Reporting (EBA/ITS/2013/04/rev1) dated 24 July 2014 HSH Nordbank is also required to report all forms of encumbrance of assets as part of CoRep since 31 December 2014.

According to the EBA definition, assets are considered to be encumbered or committed if they are not available to the institution for further fundraising. This is always the case if they are pledged or lent, i.e. are used to safeguard own loans and securities or collateralize potential obligations arising in the derivatives business (netting and collateral arrangements) as part of on- or off-balance sheet transactions.

The median of the encumbrance ratio is 33% for the regulatory Group within the reporting year. The figures for encumbered and unencumbered assets do not vary significantly between the sub-group and the holding. Therefore only the sub-group data will be shown in this chapter.

Information on the level of encumbrance

The encumbrance ratio in accordance with Article 100 CRR in the first instance fell but stabilised in the course of the year. Covered as well as uncovered liabilities similarly fell during the year, whereas the share of encumbered assets was stable during the last three quarters of the year.

Most (approximately 84%) of the encumbered assets and collateral received result from the provision of collateral and netting agreements relating to derivative transactions as well as from issuing covered bonds (cover pool), development bank transactions and ABF transactions as well as the provision of collateral and netting agreements related to derivative transactions.

The other encumbered assets are distributed between the provision of collateral for payment transaction lines and collateral for repurchase agreements and securities lending transactions. As at 31 December 2016 the financial assets of derivatives in consideration of balance sheet netting with securities are considered.

Over 88% of all encumbered assets at Group level are allotted to transactions of HSH Nordbank AG.

An overcollateralisation of covered bonds, ABF transactions und repurchase agreements concerning the refinancing exists on a considerable scale.

The provision and acceptance of collaterals is based essentially on standardized contracts of repo transactions and on collateralisation of future contracts. Moreover, the bank concludes individual collateral agreements within the framework of ABF transactions or within deals with state development banks.

HSH Nordbank provides different types of collateral for several business purposes, the majority of which consists of cash collateral of € 3 billion for the derivative as well as in part of the development bank business. Furthermore, beside € 1 billion of (commercial) loans an additional € 1 billion of securities are pledged as collateral for payment transaction lines and trading lines. The cover pools and the rating-related surplus as well as the issuable free surplus are disclosed as encumbered assets as part of the Pfandbrief business (public sector Pfandbriefe register, mortgage and ship Pfandbriefe register).

Unencumbered other assets are disclosed in table 47 in addition to unencumbered debt and equity instruments.

Besides the Sunrise-compensation the disclosed amount of other unencumbered assets of in the median approx. € 13 billion divides mainly into the following categories: 54% receivables arising from the derivatives business, 12% for the up for sale portfolio and 6% latent tax claims. At the year end, this position increased by the up for sale portfolio.

[TAB. 47] ASSETS IN € M

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value unencumbered assets	
	010		040		060		090	
	2016	2015	2016	2015	2016	2015	2016	2015
010 Assets of the reporting institution	29,466	34,534	-	-	60,565	74,301	-	-
030 Equity instruments	-	-	-	-	170	306	212	367
040 Debt instruments	2,680	3,614	2,738	3,702	15,305	16,040	15,035	15,516
120 Other assets	4,212	4,954	-	-	13,365	10,330	-	-

[TAB. 48] COLLATERAL RECEIVED IN € M

	Fair value of encumbered collateral received and own debt instruments issued		Fair value of collateral received and own debt instruments issued that are eligible for encumbrance	
	010		040	
	2016	2015	2016	2015
130 Collateral received from the reporting institution	528	875	295	1,108
150 Equity instruments	-	-	-	-
160 Debt instruments	528	875	295	1,108
230 Other collateral received	-	-	-	-
240 Other own debt instruments issued as Pfandbriefe or ABS	-	-	1,349	1,066

[TAB. 49] ENCUMBERED ASSETS/ COLLATERAL RECEIVED AND ASSOCIATED LIABILITIES IN € M

	Coverage of liabilities, contingent liabilities or securities lent		Assets, collateral received and other own debt instruments issued as encumbered Pfandbriefe and ABS	
	010		030	
	2016	2015	2016	2015
010 Carrying amount of selected liabilities	24,034	27,023	26,350	30,141

7. LEVERAGE RATIO

Definition

According to Article 451 CRR in connection with Title VII no. 23 subparagraph (c) and no. 26 subparagraph b of the guideline on disclosure frequency (EBA/GL/2014/14), information on the leverage ratio are to be disclosed. The calculation of the leverage ratio is performed in accordance with Article 429 CRR in connection with the commission implementing regulation (EU) 2016/200 of 15 February 2016 laying down implementing technical standards regarding the disclosure of the leverage ratio for institutions according to the Regulation (EU) No. 575/2013 of the European Parliament and of the Council.

In the frame of the Basel III framework (CRR/CRD IV), the leverage ratio complements the risk based capital requirements as a non-risk based debt ratio. The leverage ratio is the quotient of the Tier 1 capital and the overall risk measurement position and is indicated as a percentage. The overall risk measurement position consists of the nominal value of the asset and off-balance sheet business (incl. derivatives) under special consideration of relevant valuation approaches especial-

ly for leverage ratio. At the present time, the leverage ratio is an observation parameter. As a reference value, the Basel Committee of Banking Regulation determined a minimum leverage ratio of 3% in the Basel III leverage ratio framework and disclosure requirements of January 2014. At the earliest from 2019 onwards the leverage ratio will be implemented as an additional minimum capital ratio.

Information on the level of leverage ratio

The following tables derive the leverage ratio separately for the sub-group and the holding pursuant to the above mentioned legal basis. In accordance with Article 499 (2) CRR, the option was utilised in order to determine the Tier 1 capital on the basis of the Basel III transitional regulations according to Article 499 (1) subparagraph b CRR.

Information on the level of leverage ratio for the sub-group

As at the reporting date, the leverage ratio of the sub-group amounts to 6.9%.

[TAB. 50] LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES IN € M FOR THE SUB-GROUP

		Applicable Amounts
		2016
1	Total assets as per published financial statements	84,365
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	843
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR") framework but excluded from the leverage ratio exposure measure according to Article 429(11) of Regulation (EU) NO. 575/2013	-
4	Adjustments for derivative financial instruments	- 3,147
5	Adjustments for securities financing transactions "SFTs"	- 265
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	4,734
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	- 9,559
8	Total leverage ratio exposure	76,971

[TAB. 51] LRCOM: LEVERAGE RATIO COMMON DISCLOSURE IN € M FOR THE SUB-GROUP

		CRR leverage ratio exposures
		2016
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	70,132
2	(Asset amounts deducted in determining Tier 1 capital)	- 955
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	69,177
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	1,850
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	769
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 348
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	76
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	- 23
11	Total derivatives exposures (sum of lines 4 to 10)	2,324
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	368
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	Counterparty credit risk exposure for SFT assets	368
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013 Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	736
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	12,643
18	(Adjustments for conversion to credit equivalent amounts)	- 7,909
19	Other off-balance sheet exposures (sum of lines 17 and 18)	4,734
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
	Capital and total exposures	
20	Tier 1 capital	5,292
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	76,971
	Leverage ratio	
22	Leverage ratio	6.9%
	Choice on transitional arrangements and amount of derecognised fiduciary items	
EU-23	Choice on transitional arrangements for the definition of the capital measure	transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	-

[TAB. 52] LRSPL: SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES) IN € M FOR THE SUB-GROUP

		CRR leverage ratio expo sures
		2016
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	68,007
EU-2	Trading book exposures	368
EU-3	Banking book exposures, of which:	67,639
EU-4	Covered bonds	214
EU-5	Exposures treated as sovereigns	19,221
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	521
EU-7	Institutions	1,001
EU-8	Secured by mortgages of immovable properties	8,885
EU-9	Retail exposures	60
EU-10	Corporate	20,752
EU-11	Exposures in default	8,719
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	8,266

[TAB. 53] LRQUA: FREE FORMAT TEXT BOXES FOR DISCLOSURE ON QUALITATIVE ITEMS FOR THE SUB-GROUP

Row		Free format
1	Description of processes used to manage the risk of excessive leverage	On the one hand, an ongoing supervision of the leverage ratio as at the reporting date (current state) and on the other hand, on a proactive perspective (forecast) is ensured. Moreover, in the frame of the stress tests, the development of the leverage ratio for various crisis scenarios is analysed. As a constraint, the compliance with the leverage ratio is considered in the annual corporate planning. The control of the leverage ratio can be adjusted inter alia with a balance limitation as required. The current amount of the leverage ratio, however, leads to expect that with the introduction of a compulsory leverage ratio that has to be met, there are no adjustments needed for the core capital and overall risk measurement position.
2	Description of factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	The leverage ratio amounts to 6.9 % and falls by 0.3 percentage points short of the value as of 30.06.2016 (7.2 %). The slight decrease can be referred to a reduction of the Tier 1 capital, which was higher than the decrease of the denominator of the leverage ratio. The denominator fall due to a portfolio reduction. For information on the numerator see section 2.1. Own funds. There existed no important external factors in connection with the economic and financial environment that had influence on the leverage ratio.

Information on the level of leverage ratio for the holding

As at the reporting date, the leverage ratio of the holding amounts to 3.5%.

[TAB. 54] LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES IN € M FOR THE HOLDING

		Applicable Amounts
		2016
1	Total assets as per published financial statements	82,869
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	843
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR") framework but excluded from the leverage ratio exposure measure according to Article 429(11) of Regulation (EU) NO. 575/2013	-
4	Adjustments for derivative financial instruments	- 3,147
5	Adjustments for securities financing transactions "SFTs"	- 265
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	4,734
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	- 7,992
8	Total leverage ratio exposure	77,042

[TAB. 55] LRCOM: LEVERAGE RATIO COMMON DISCLOSURE IN € M FOR THE HOLDING

		CRR leverage ratio exposures
		2016
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	70,345
2	(Asset amounts deducted in determining Tier 1 capital)	- 1,097
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	69,248
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	1,850
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	769
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 348
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	76
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	- 23
11	Total derivatives exposures (sum of lines 4 to 10)	2,324
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	368
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	Counterparty credit risk exposure for SFT assets	368
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013 Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	736
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	12,643
18	(Adjustments for conversion to credit equivalent amounts)	- 7,909
19	Other off-balance sheet exposures (sum of lines 17 and 18)	4,734
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
	Capital and total exposures	
20	Tier 1 capital	2,687
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	77,042
	Leverage ratio	
22	Leverage ratio	3.5%
	Choice on transitional arrangements and amount of derecognised fiduciary items	
EU-23	Choice on transitional arrangements for the definition of the capital measure	transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	-

[TAB. 56] LRSPL: SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES) IN € M FOR THE HOLDING

		CRR leverage ratio expo sures
		2016
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	68,220
EU-2	Trading book exposures	368
EU-3	Banking book exposures, of which:	67,852
EU-4	Covered bonds	214
EU-5	Exposures treated as sovereigns	19,221
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	521
EU-7	Institutions	1,214
EU-8	Secured by mortgages of immovable properties	8,885
EU-9	Retail exposures	60
EU-10	Corporate	20,752
EU-11	Exposures in default	8,719
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	8,266

[TAB. 57] LRQUA: FREE FORMAT TEXT BOXES FOR DISCLOSURE ON QUALITATIVE ITEMS FOR THE HOLDING

Row	Free format
1	<p>Description of processes used to manage the risk of excessive leverage</p> <p>On the one hand, an ongoing supervision of the leverage ratio as at the reporting date (current state) and on the other hand, on a proactive perspective (forecast) is ensured. Moreover, in the frame of the stress tests, the development of the leverage ratio for various crisis scenarios is analysed. As a constraint, the compliance with the leverage ratio is considered in the annual corporate planning. The control of the leverage ratio can be adjusted inter alia with a balance limitation as required.</p>
2	<p>Description of factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers</p> <p>The leverage ratio was 3.5%. For information on the numerator see section 2.1. Own funds. There existed no important external factors in connection with the economic and financial environment that had influence on the leverage ratio.</p>

8. COUNTERCYCLICAL CAPITAL BUFFER

8.1. GEOGRAPHICAL BREAKDOWN OF RELEVANT CREDIT EXPOSURES

Pursuant to Article 440 CRR the geographical break down of relevant credit exposures and the amount of the countercyclical capital buffer (CCB) will be disclosed in this report.

The disclosure of the geographical breakdown of credit exposures pursuant to Article 440 (1) subparagraph a CRR in connection with Article 2 of the delegated act (EU) 2015/1555 is shown in Table 58. The breakdown by countries is based on the jurisdiction of the business partners in the HSH Nordbank portfolio. The breakdown of the relevant exposure does not include the public sector or institutions. This applies for both Standard- and IRB-Approach.

The exposure is disclosed in columns 010 to 065 divided into general credit exposure, trading book exposure and securitisation exposure. The corresponding own funds requirements are displayed in columns 070 to 100. In column 110 the own funds requirements weights are shown, which apply to every country specific ratio for the CCB. The

ratio results from the sum of own funds per country divided by the sum of all own funds requirements of the relevant credit exposures. In column 120 the CCB-rate of each country is shown. These have to be published by the countries themselves and apply for one year.

The CCB disclosure of HSH Nordbank differs from the table shown in annex 1 of delegated act (EU) 2015/1555:

- Column 040 is not disclosed, since HSH Nordbank does not use any internal models for market risk
- In order to achieve compliance of regulatory disclosure and regulatory reporting on the CCB, columns 065 and 095 for “other assets, without credit obligations” are added.

Geographical breakdown of relevant credit exposures for the calculation of the CCB

The geographical breakdown is identical for the sub-group and the holding.

[TAB. 58] GEOGRAPHICAL BREAKDOWN OF RELEVANT CREDIT EXPOSURES FOR THE CALCULATION OF THE CCB

Break-down by country:	general credit exposures		trading book exposures	securitisation exposures		other	own funds requirements						
	general credit exposures (SA)	general credit exposures (IRB)	Sum of long and short positions of trading book exposures	Securitisation exposures (SA)	Securitisation exposures (IRB)	other assets, without credit obligations	general credit exposures	trading book exposures	Securitisation exposures	other assets, without credit obligations	total	own funds requirements weights	CCB rate
(AT)	–	140	0	–	–	–	8	0	–	–	8	0.01	0.00%
(AU)	0	0	–	–	–	–	0	–	–	–	0	0.00	0.00%
(BE)	0	191	0	–	–	–	6	0	–	–	6	0.00	0.00%
(BM)	0	83	0	–	–	–	2	0	–	–	2	0.00	0.00%
(CH)	0	329	1	–	–	–	25	0	–	–	25	0.01	0.00%
(DE)	162	16,285	332	–	26,561	178	649	1	464	14	1,127	0.67	0.00%
(DK)	0	171	2	–	–	–	5	0	–	–	5	0.00	0.00%
(ES)	0	312	2	–	3	–	13	0	–	–	13	0.01	0.00%
(FI)	0	315	0	–	–	–	8	0	–	–	8	0.00	0.00%
(FR)	1	1,137	22	–	–	–	22	1	–	–	23	0.01	0.00%
(GB)	59	1,020	9	12	–	–	27	0	2	–	29	0.02	0.00%
(IE)	21	163	1	–	–	–	5	0	–	–	5	0.00	0.00%
(IT)	62	193	1	–	–	–	11	0	–	–	11	0.01	0.00%
(LU)	162	2,152	2	320	57	–	80	0	19	–	98	0.06	0.00%
(NL)	0	1,107	9	–	–	–	23	1	–	–	24	0.01	0.00%
(NO)	–	295	1	–	–	–	9	0	–	–	9	0.01	1.50%
(PT)	–	13	–	–	–	–	1	–	–	–	1	0.00	0.00%
(QA)	–	22	–	–	0	–	0	–	0	–	0	0.00	0.00%
(SE)	0	94	2	–	–	–	7	0	–	–	7	0.00	1.50%
(US)	11	1,217	6	17	39	72	20	0	0	1	20	0.01	0.00%
Other	–	–	–	–	–	102	–	–	–	8	8	0.00	0.00%
(AE)	0	3	–	–	–	–	0	–	–	–	0	0.00	0.00%
(AG)	0	–	–	–	–	–	0	–	–	–	0	0.00	0.00%
(BH)	9	–	–	–	–	–	1	–	–	–	1	0.00	0.00%
(BR)	–	22	–	–	–	–	6	–	–	–	6	0.00	0.00%
(CY)	0	321	–	–	–	–	17	–	–	–	17	0.01	0.00%
(DZ)	–	–	–	–	–	–	–	–	–	–	–	–	0.00%
(EE)	–	34	–	–	–	–	1	–	–	–	1	0.00	0.00%
(GI)	0	–	–	–	–	–	0	–	–	–	0	0.00	0.00%
(GR)	0	185	–	–	–	–	11	–	–	–	11	0.01	0.00%
(HK)	1	74	–	–	–	–	4	–	–	–	4	0.00	0.63%
(HR)	–	60	–	–	–	–	4	–	–	–	4	0.00	0.00%
(IM)	0	73	–	–	–	–	3	–	–	–	3	0.00	0.00%
(IS)	–	–	–	–	–	–	–	–	–	–	–	–	0.00%
(JE)	–	392	–	–	–	–	21	–	–	–	21	0.01	0.00%
(KN)	0	–	–	–	–	–	0	–	–	–	0	0.00	0.00%
(KR)	–	7	–	–	–	–	0	–	–	–	0	0.00	0.00%
(KY)	40	36	–	–	–	–	10	–	–	–	10	0.01	0.00%
(LR)	0	540	–	–	–	–	27	–	–	–	27	0.02	0.00%
(MH)	0	866	–	–	–	–	73	–	–	–	73	0.04	0.00%

(MT)	0	20	-	-	-	-	1	-	-	-	1	0.00	0.00%
(PA)	0	28	-	-	-	-	2	-	-	-	2	0.00	0.00%
(PL)	-	2	-	-	-	-	0	-	-	-	0	0.00	0.00%
(SD)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
(SG)	0	567	-	-	-	-	21	-	-	-	21	0.01	0.00%
(TH)	0	6	-	-	-	-	0	-	-	-	0	0.00	0.00%
(TN)	0	-	-	-	-	-	0	-	-	-	0	0.00	0.00%
(TR)	0	326	-	-	-	-	22	-	-	-	22	0.01	0.00%
(TW)	-	0	-	-	-	-	0	-	-	-	0	0.00	0.00%
(VG)	0	140	-	-	-	-	4	-	-	-	4	0.00	0.00%
(VN)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
(CA)	0	-	-	-	-	-	0	-	-	-	0	0.00	0.00%
(EG)	0	-	-	-	-	-	0	-	-	-	0	0.00	0.00%
(PH)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
(IN)	-	38	-	-	-	-	2	-	-	-	2	0.00	0.00%
(JP)	-	14	-	-	-	-	1	-	-	-	1	0.00	0.00%
(MY)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
(BS)	-	23	-	-	-	-	1	-	-	-	1	0.00	0.00%
(CN)	-	4	-	-	-	-	0	-	-	-	0	0.00	0.00%
(CW)	-	0	-	-	-	-	0	-	-	-	0	0.00	0.00%
(HU)	-	72	-	-	-	-	8	-	-	-	8	0.00	0.00%
(IL)	-	37	-	-	-	-	2	-	-	-	2	0.00	0.00%
(SA)	-	50	-	-	-	-	5	-	-	-	5	0.00	0.00%
(BB)	-	29	-	-	-	-	3	-	-	-	3	0.00	0.00%
(BG)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
(CL)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
(CZ)	-	0	-	-	-	-	0	-	-	-	0	0.00	0.00%
(GG)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
(JO)	-	0	-	-	-	-	0	-	-	-	0	0.00	0.00%
(KW)	-	0	-	-	-	-	0	-	-	-	0	0.00	0.00%
(MA)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
(NG)	-	1	-	-	-	-	0	-	-	-	0	0.00	0.00%
(NZ)	-	3	-	-	-	-	0	-	-	-	0	0.00	0.00%
(OM)	-	0	-	-	-	-	0	-	-	-	0	0.00	0.00%
Total	528	29,206	391	349	26,660	353	1,171	4	485	23	1,683	1.00	-

8.2. AMOUNT OF COUNTERCYCLICAL CAPITAL BUFFER

The following tables show the CCB for the sub-group and the holding.

[TAB. 59] CCB SUB-GROUP

Total risk exposure amount (€ million)	28,579.6
Institution specific countercyclical capital buffer rate (%)	0.016
Institution specific countercyclical capital buffer requirement (€ million)	4.6

[TAB. 60] CCB HOLDING

Total risk exposure amount (€ million)	27,675.8
Institution specific countercyclical capital buffer rate (%)	0.016
Institution specific countercyclical capital buffer requirement (€ million)	4.5

9. NOTES

9.1. CONSOLIDATION MATRIX

[TAB. 61] CONSOLIDATION MATRIX

Type of company / company	Treatment under supervisory law				Consolidation under IFRS	
	Consolidation			Risk-weighted (equity holding/ SPV)	full	at-equity
	full	proportional	Deduction method			
FI HSH Beteiligungs Management GmbH	X					
CI HSH Nordbank Securities S.A.	X				X	
FI 4Wheels Management GmbH				X		
FI Asian Capital Investment Opportunities Limited	X					
FI Avia Management S.à.r.l				X	X	
FI BINNENALSTER-Beteiligungsgesellschaft mbH	X				X	
FI BRINKHOF Holding Deutschland GmbH	X					
FI Bu Wi Beteiligungsholding GmbH	X				X	
FI CAPCELLENCE Dritte Fondsbeteiligung GmbH	X				X	
FI CAPCELLENCE Erste Fondsbeteiligung GmbH	X				X	
FI Capcellence Holding GmbH & Co. KG	X				X	
FI Capcellence Vintage Year 06/07 Beteiligungen GmbH & Co. KG	X				X	
FI Capcellence Vintage Year 07/08 Beteiligungen GmbH & Co. KG	X				X	
FI Capcellence Vintage Year 11 Beteiligungen GmbH & Co. KG	X				X	
FI CAPCELLENCE Vintage Year 13 Beteiligungen GmbH & Co. KG	X				X	
FI CAPCELLENCE Vintage Year 16 Beteiligungen GmbH & Co. KG	X				X	
FI CAPCELLENCE Zweite Fondsbeteiligung GmbH	X				X	
FI European Capital Investment Opportunities Limited	X					
FI FSL Holdings Pte. Ltd.	X				X	
FI GmbH Altstadt Grundstücksgesellschaft	X				X	
FI GODAN GmbH	X				X	
FI HSH Auffang- und Holdinggesellschaft mbH & Co. KG	X				X	
FI HSH N Finance (Guernsey) Limited	X				X	
FI HSH N Funding II	X				X	
FI HSH Private Equity GmbH	X				X	
FI Ilex Integra GmbH	X				X	
FI Kontora Kapitalverwaltungs GmbH	X					
FI Kontora Verwaltungs GmbH				X		
FI Lyceum Capital Fund 2000 (Number Five) GmbH & Co. KG				X		
FI Neptune Finance Partner S.à.r.l.	X				X	
FI Neptune Finance Partner II S.à.r.l.	X				X	
FI RESPARCS Funding Limited Partnership I	X				X	
FI RESPARCS Funding II Limited Partnership	X				X	
FI Solar Holdings S.à.r.l.				X	X	
IU HSH N Residual Value Ltd.				X	X	
ASU FSL Asset Management Pte. Ltd.	X				X	
ASU FSL Trust Management Pte. Ltd.	X				X	

Type of company / company	Treatment under supervisory law				Consolidation under IFRS	
	Consolidation		Deduction method	Risk-weighted (equity holding/ SPV)	full	at-equity
	full	proportional				
ASU HSH Facility Management GmbH	X				X	
ASU Unterstützungs-Gesellschaft d. Hamburgischen Landesbank mit beschränkter Haftung	X				X	
Oth 2200 Victory LLC				X	X	
Oth Adessa Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG				X	X	
Oth Amentum Aircraft Leasing No. Five Limited				X	X	
Oth Amentum Aircraft Leasing No. Seven Limited				X	X	
Oth Amentum Aircraft Leasing No. Six Limited				X	X	
Oth Castellum ABF S.A.				X	X	
Oth DEERS Green Power Development Company, S.L.				X	X	
Oth First Ship Lease Trust				X		X
Oth FSP CAPCELLENCE Beteiligungs GmbH				X		
Oth FSP Fluid System Partners Holding AG				X		
Oth HSH Care+Clean GmbH				X	X	
Oth HSH Gastro+Event GmbH				X	X	
Oth HSH Move+More GmbH				X	X	
Oth ISM Agency, LLC				X	X	
Oth Kontora Family Office GmbH				X		X
Oth Life Insurance Fund Elite LLC				X	X	
Oth Life Insurance Fund Elite Trust				X	X	
Oth Mitco Real Estate A S.à.r.l.				X	X	
Oth Mitco Resolution 1 S.à.r.l.				X	X	
Oth Mitco Resolution 2 S.à.r.l.				X	X	
Oth Mitco Resolution 3 S.à.r.l.				X	X	
Oth Mitco Resolution 4 S.à.r.l.				X	X	
Oth Mitco Resolution 5 S.à.r.l.				X	X	
Oth Next Generation Aircraft Finance 2 S.à.r.l.				X	X	
Oth Next Generation Aircraft Finance 3 S.à.r.l.				X	X	
Oth OCEAN Funding 2013 GmbH				X	X	
Oth RDM Limited				X	X	
Oth Senior Assured Investment S.A..				X	X	
Oth Senior Preferred Investments S.A.				X	X	
Oth Stratus ABF S.A.				X	X	

Abbreviations:

CI: Credit institution in accordance with Article 4 (1) CRR

FI: Financial institution in accordance with Article 4 (1) No. 26 CRR

IU: Insurance undertaking in accordance with Article 4 (1) No. 1 CRR

ASU: Ancillary services undertaking in accordance with Article 4 (1) No. 18 CRR

Oth: Other companies

9.2. OWN FUNDS IN ACCORDANCE WITH ARTICLE 437 (1) CRR – SUB-GROUP

[TAB. 62] DISCLOSURE OF THE TYPE AND AMOUNTS OF THE SPECIFIC COMPONENTS OF OWN FUNDS DURING THE TRANSITIONAL PERIOD SUB-GROUP IN € M

	(A) Amount at disclosure date	(B) regulation (EU) NO 575/2013 article reference	(C) Amounts subject to pre- regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
Common Equity Tier 1 capital: instruments and reserves			
		26 (1), 27, 28, 29, Verzeichnis der EBA gemäß Artikel 26	
1	3,193	Absatz 3	
	3,193		
2	1,629	26 (1) (c)	
3	- 61	26 (1)	
3a		26 (1) (f)	
4		486 (2)	
		483 (2)	
5		84, 479, 480	
5a	122	26 (2)	
6	4,882	Sum of rows 1 to 5a	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	- 73	34, 105	
		36 (1) (b), 37,	
8	- 7	472 (4)	- 5
9			
		36 (1) (c), 38,	
10	- 20	472 (4)	- 13
11		33 (a)	
		36 (1) (d), 40,	
12	- 6	159, 472 (6)	- 3
13		32 (1)	
14	- 3	33 (b)	
		36 (1) (e), 41,	
15		472 (7)	
		36 (1) (f), 42 ,	
16		472 (8)	
		36 (1) (g), 44,	
17		472 (9)	

18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) bis (3), 79, 470, 472 (11)	
20	Empty Set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	- 668	36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 bis 91	
20c	of which: securitisation positions (negative amount)	- 668	36 (1) (k) (iii), 243 (1) (b), 244 (1) (b), 258	
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	- 175	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	- 123
22	Amount exceeding the 15% threshold (negative amount)		48 (1)	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	
24	Empty Set in the EU			
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a), 470, 472 (11)	
25a	Losses for the current financial year (negative amount)		36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	41		
	Of which: unrealised loss	84	467	
	Of which: ...filter for unrealised loss 2		472	
	Of which: unrealised gain	- 43	468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481	
	Of which: ...			
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)	
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	- 910	Sum of rows 7 to 20a, 21, 22 plus row 25a to 27	- 143
29	Common Equity Tier 1 (CET1) capital	3,972	Row 6 minus row 28	
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52	
31	of which: classified as equity under applicable accounting standards			

32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	1,324	486 (3)	- 1,324
	Public sector capital injections grandfathered until 1 January 2018		486 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480	
35	of which: instruments issued by subsidiaries subject to phase out		486 (3)	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	1,324	Sum of rows 30, 33 and 34	- 1,324
	Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)	
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)	
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	- 5		5
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	- 5	472, 472 (3) (a), 472 (4) (a), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	5
	Of which: Intangible assets	- 5		5
	Of which: shortfall of provisions to expected losses			
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)	
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc			
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
	Of which: ...possible filter for unrealised losses			
	Of which: ...possible filter for unrealised gains			
	Of which: ...			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	- 5	Sum of rows 37 to 42	5
44	Additional Tier 1 (AT1) capital	1,319	Row 36 minus row 43	
45	Tier 1 capital (T1 = CET1 + AT1)	5,292	Sum of rows 29 to 44	
	Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	1,514	62, 63	975
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	53	486 (4)	- 53
	Public sector capital injections grandfathered until 1 January 2018		483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88, 480	

49	of which: instruments issued by subsidiaries subject to phase out		486 (4)
50	Credit risk adjustments	62	62 (c) und (d)
51	Tier 2 (T2) capital before regulatory adjustments	1,629	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)
54a	Of which new holdings which are not subject to transitional arrangements		
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
			472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		
	Of which: shortfall of provisions to expected losses		475, 475 (2) (a), 475 (3), 475 (4) (a)
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		
	Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR		467, 468, 481
	Of which: ...possible filter for unrealised losses		
	Of which: ...possible filter for unrealised gains		
	Of which: ...		
57	Total regulatory adjustments to Tier 2 (T2) capital		Sum of rows 52 to 56
58	Tier 2 (T2) capital	1,629	Row 51 minus row 57
59	Total capital (TC = T1 + T2)	6,921	Sum of rows 45 and 58
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
	davon: von der künftigen Rentabilität abhängige latente Steueransprüche, verringert um entsprechende Steuerschulden		
	Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)		
	Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)		

	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)			
60	Total risk weighted assets	28,580		
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	13.9%	92 (2) (a), 465	
62	Tier 1 (as a percentage of risk exposure amount)	18.5%	92 (2) (b), 465	
63	Total capital (as a percentage of risk exposure amount)	24.2%	92 (2) (c)	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	183	CRD 128, 129, 130	
65	of which: capital conservation buffer requirement	179		
66	of which: countercyclical buffer requirement	5		
67	of which: systemic risk buffer requirement			
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		CRD 131	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9.4%	CRD 128	
69	[non relevant in EU regulation]			
70	[non relevant in EU regulation]			
71	[non relevant in EU regulation]			
	Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	69	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2	36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty Set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	415	36 (1) (c), 38, 48, 470, 472 (c)	
	Applicable caps on the inclusion of provisions in Tier 3			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		62	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	62	62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	136	62	3
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) und (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) und (5)	
82	Current cap on AT1 instruments subject to phase out arrangements	1,324	484 (4), 486 (3) und (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	- 630	484 (4), 486 (3) und (5)	

			484 (5), 486 (4) und (5)
84	Current cap on T2 instruments subject to phase out arrangements	53	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	- 124	484 (5), 486 (4) und (5)

[TAB. 63] FULL RECONCILIATION OF COMPONENTS OF OWN FUNDS WITH THE AUDITED FINANCIAL STATEMENTS IN € M SUB-GROUP

STEP 1) COMPARISON OF OWN FUNDS ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS BETWEEN THE SCOPE OF CONSOLIDATION UNDER THE GERMAN COMMERCIAL CODE (HGB) AND THE REGULATORY SCOPE OF CONSOLIDATION

Position	Own funds items financial statement under IFRS per 12-31-2015		Cause of the difference
	Balance Sheet Scope of Consolidation	Regulatory Scope of Consolidation	
Share capital	3,018	3,018	
Capital reserve	175	175	
Retained earnings	1,464	1,511	Consolidation and/or reinvestment of profits/losses
Revaluation reserve	103	103	
Currency conversion reserve	41	49	Effects due to different scope of consolidation
Other net income from financial investments accounted for under the equity method	0	0	
Other income from non-current assets held for sale and disposal groups	0	0	
Group net profit/loss	99	14	Effects due to different scope of consolidation
Non-controlling interests	-16	-16	
Equity	4,885	4,855	
Subordinated liabilities	2,109	2,109	
Silent participations	1,330	1,330	
Profit participation capital	13	13	
Subordinated capital	3,452	3,452	
Other assets on the balance sheet/ P&L positions relevant for regulatory reporting			
Intangible assets	16	16	Effects due to different scope of consolidation
Deferred tax assets	2,223	2,211	Effects due to different scope of consolidation
Deferred tax liabilities	1,475	1,475	
Valuation result	-67	-75	Effects due to different scope of consolidation

STEP 2) EXPANSION OF OWN FUNDS ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS USING THE REGULATORY SCOPE OF CONSOLIDATION TAKING INTRA-YEAR REGULATORY ADJUSTMENTS AND UPDATES INTO ACCOUNT

Position	Expanded own funds items (IFRS per 12-31-2015) of the regulatory scope balance sheet	Updates and regulatory adjustments in fiscal year 2016	Reason for adjustment	Expanded own funds items (IFRS per 12-31-2015) of the regulatory scope balance sheet including updates and regulatory adjustments in 2016	Component
Share capital	3,018	0		3,018	a
Capital reserve	175	0		175	b
Retained earnings	1,511	-107		1,404	
of which: other retained earnings	519	0		519	c
of which: cumulative gains and losses arising on the revaluation of pensions and similar obligations recognised in OCI	-152	-156	Valuation changes in 2015	-308	j
of which: deferred taxes on cumulative gains and losses arising on the revaluation of pension and similar obligations recognised in OCI	48	49	Valuation changes in 2015	97	k
of which: group reserves	1,096	0		1096	d
Revaluation reserve	103	5	Valuation changes in 2015	108	f
Currency conversion reserve	49	-8	Valuation changes in 2015	41	e
Other net income from financial investments accounted for under the equity method	0	0		0	g
Other net income from non-current assets held for sale and disposal groups	0	0		0	Not considered in regulatory reporting
Group net profit/loss	14	0		14	i
Non-controlling interests	-16	16		0	Not considered in regulatory reporting
Equity	4,855			4,761	
Subordinated liabilities	2,109	-1,049	Amortization due to Art. 64 CRR and deduction of non-eligible instruments	1061	o
including: Instruments not eligible in the future	87	-76		11	p
Silent participations	1,330	624	Addition of silent participations which are treated as securitisations in the balance sheet	1954	n
Profit participation capital	13	-13	Amortization due to Art. 64 CRR	0	q
Subordinated Capital	3,452			3014	

Intangible assets	16	-2	Valuation changes in 2015	14	ma
Deferred tax assets	2,211	0		2211	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences	99	0		99	ra
of which: deferred tax assets arising from temporary differences	2,112	0		2112	sa
Deferred tax liabilities	1,475	0		1475	
including: deferred tax assets that rely on future profitability excluding those arising from temporary differences	66	0	Allocation due to Art. 38 (5) CRR	66	rb
including: deferred tax assets arising from temporary differences	1,406	0	Allocation due to Art. 38 (5) CRR	1406	sb
including: deferred taxes on intangible assets	3	0		3	mb
Valuation result	-67	-8		-75	
including: own credit risk asset class interest rates	2	1	Valuation changes in 2015	3	ha
including: own credit risk asset class equity	0	0	Valuation changes in 2015	0	hb
including: own credit risk asset class credit derivatives	1	0	Valuation changes in 2015	0	hc
Interim profit/loss	0	122	Interim profit 2015	122	I

STEP 3) ALLOCATION OF OWN FUNDS ITEMS TO EQUITY ITEMS OF THE SUB-GROUP

	(A) Amount at disclosure date	(C) Amounts subject to pre- regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013	Component mapping to step 2
Common Equity Tier 1 capital: instruments and reserves			
1	3,193		a+b
2	1,629		c+d+i
3	-61		e+f+g+(j+k)
5a	122		l
6	4,882		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	-73		only regulatory value
8	-7	-5	ma - mb
10	-20	-13	rb-ra
12	-6	-3	only regulatory value
14	-3		ha+hb+hc
20a	-668		only regulatory value
21	-175	-123	sb-sa, and after consideration of Art. 48 CRR thresholds
26a	41		
	84		(j + k) * 40%
	-43		f * 40%
26b	0	0	
28	-910	-143	
29	3,972		
Additional Tier 1 (AT1) capital: instruments			
33	1,324	-1,324	n
Additional Tier 1 (AT1) capital: regulatory adjustments			
41a	-5	5	Residual intangible assets (row 8): EUR 5 million
44	1,319		
45	5,292		
Tier 2 (T2) capital: instruments and provisions			

46	Capital instruments and the related share premium accounts	1,514	975	o+q+n (proportionally)
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	53	-53	p+n (proportionally)
50	Credit risk adjustments	62	0	only regulatory value
51	Tier 2 (T2) capital before regulatory adjustments	1,629		
	Tier 2 (T2) capital: regulatory adjustments en			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	0	
58	Tier 2 (T2) capital	1,629		
59	Total capital (TC = T1 + T2)	6,921		

9.3. OWN FUNDS IN ACCORDANCE WITH ARTICLE 437 (1) CRR – HOLDING

[TAB. 64] DISCLOSURE OF THE TYPE AND AMOUNTS OF THE SPECIFIC COMPONENTS OF OWN FUNDS DURING THE TRANSITIONAL PERIOD HOLDING IN € M

	(A) Amount at disclosure date	(B) REGULATION (EU) NO 575/2013 ARTICLE REFERENCE	(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
Common Equity Tier 1 capital: instruments and reserves			
1	71	26 (1), 27, 28, 29, Verzeichnis der EBA gemäß Artikel 26 Absatz 3	
	71		
2	2,601	26 (1) (c)	
3	34	26 (1)	
3a		26 (1) (f)	
4		486 (2)	
5	176	84, 479, 480	- 13
5a		26 (2)	
6	2,882	Sum of rows 1 to 5a	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	- 73	34, 105	
8	- 9	36 (1) (b), 37, 472 (4)	- 6
9			
10	- 30	36 (1) (c), 38, 472 (4)	- 20
11		33 (a)	
12	- 6	36 (1) (d), 40, 159, 472 (6)	- 3
13		32 (1)	

14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	- 13	33 (b)	
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) bis (3), 79, 470, 472 (11)	
20	Empty Set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	- 668	36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 bis 91	
20c	of which: securitisation positions (negative amount)	- 668	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258	
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	- 292	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	- 201
22	Amount exceeding the 15% threshold (negative amount)		48 (1)	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	
24	Empty Set in the EU			
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a), 470, 472 (11)	
25a	Losses for the current financial year (negative amount)		36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	

26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	14		
	Of which: unrealised loss	62	467	
	Of which: ...filter for unrealised loss 2		472	
	Of which: unrealised gain	- 48	468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481	
	Of which: ...			
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)	
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	- 1,078	Sum of rows 7 to 20a, 21, 22 plus row 25a to 27	- 229
29	Common Equity Tier 1 (CET1) capital	1,804	Row 6 minus row 28	
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52	
31	of which: classified as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)	
	Public sector capital injections grandfathered until 1 January 2018		486 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	888	85, 86, 480	- 888
35	of which: instruments issued by subsidiaries subject to phase out	888	486 (3)	- 888
36	Additional Tier 1 (AT1) capital before regulatory adjustments	888	Sum of rows 30, 33 and 34	
	Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	

39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)	
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)	
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	- 6		6
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	- 6	472, 472 (3) (a), 472 (4) (a), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	6
	Of which: Intangible assets	- 6		6
	Of which: shortfall of provisions to expected losses			
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)	
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc			
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
	Of which: ...possible filter for unrealised losses			
	Of which: ...possible filter for unrealised gains			
	Of which: ...			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	- 6	Sum of rows 37 to 42	6
44	Additional Tier 1 (AT1) capital	883	Row 36 minus row 43	
45	Tier 1 capital (T1 = CET1 + AT1)	2,687	Sum of rows 29 to 44	
	Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts		62, 63	

47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)	
	Public sector capital injections grandfathered until 1 January 2018		483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	1,008	87, 88, 480	355
49	of which: instruments issued by subsidiaries subject to phase out	34	486 (4)	- 34
50	Credit risk adjustments	62	62 (c) und (d)	-
51	Tier 2 (T2) capital before regulatory adjustments	1,070		
	Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)	
54a	Of which new holdings which are not subject to transitional arrangements			
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements			
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79	
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
	Of which: shortfall of provisions to expected losses			

56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)
	Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR		467, 468, 481
	Of which: ...possible filter for unrealised losses		
	Of which: ...possible filter for unrealised gains		
	Of which: ...		
57	Total regulatory adjustments to Tier 2 (T2) capital		Sum of rows 52 to 56
58	Tier 2 (T2) capital	1,070	Row 51 minus row 57
59	Total capital (TC = T1 + T2)	3,757	Sum of rows 45 and 58
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013(i.e. CRR residual amounts)		
	davon: von der künftigen Rentabilität abhängige latente Steueransprüche, verringert um entsprechende Steuerschulden		
	Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)		
	Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)		
	Items not deducted from T2 items (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)		
60	Total risk weighted assets	27,684	
	Capital ratios and buffers		

61	Common Equity Tier 1 (as a percentage of risk exposure amount)	6.5%	92 (2) (a), 465
62	Tier 1 (as a percentage of risk exposure amount)	9.7%	92 (2) (b), 465
63	Total capital (as a percentage of risk exposure amount)	13.6%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	178	CRD 128, 129, 130
65	of which: capital conservation buffer requirement	173	
66	of which: countercyclical buffer requirement	4	
67	of which: systemic risk buffer requirement		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	2.0%	CRD 128
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	69	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2	36 (1) (i), 45, 48, 470, 472 (11)
74	Empty Set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	210	36 (1) (c), 38, 48, 470, 472 (c)
	Applicable caps on the inclusion of provisions in Tier 3		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62

78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	62	62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	133	62	3
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) und (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) und (5)	
82	Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) und (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) und (5)	
84	Current cap on T2 instruments subject to phase out arrangements		484 (5), 486 (4) und (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) und (5)	

**[TAB. 65] FULL RECONCILIATION OF COMPONENTS OF OWN FUNDS WITH THE AUDITED FINANCIAL STATEMENTS IN € M
HOLDING**

STEP 1) COMPARISON OF OWN FUNDS ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS BETWEEN THE SCOPE OF CONSOLIDATION UNDER THE GERMAN COMMERCIAL CODE (HGB) AND THE REGULATORY SCOPE OF CONSOLIDATION

Position	Own funds items financial statement under IFRS per 12-31-2016		Cause of the difference
	Balance Sheet Scope of Consolidation	Regulatory Scope of Consolidation	
Share capital	0	0	
Capital reserve	71	71	
Retained earnings	2,486	2,446	Consolidation and/or reinvestment of profits/losses
Revaluation reserve	121	121	
Currency conversion reserve	57	67	Effects due to different scope of consolidation
Other net income from financial investments accounted for under the equity method	0	0	
Other income from non-current assets held for sale and disposal groups	0	0	
Group net profit/loss	321	375	Effects due to different scope of consolidation
Non-controlling interests	239	239	
Equity	3,295	3,320	
Subordinated liabilities	2,110	2,110	
Silent participations	1,412	1,412	
Profit participation capital	14	14	
Subordinated capital	3,536	3,536	
Other assets on the balance sheet/ P&L positions relevant for regulatory reporting			
Intangible assets	14	14	Effects due to different scope of consolidation
Deferred tax assets	1,767	1,746	Effects due to different scope of consolidation
Deferred tax liabilities	1,008	1,000	
Valuation result	496	487	Effects due to different scope of consolidati on

STEP 2) EXPANSION OF OWN FUNDS ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS USING THE REGULATORY SCOPE OF CONSOLIDATION TAKING INTRA-YEAR REGULATORY ADJUSTMENTS AND UPDATES INTO ACCOUNT

Position	Expanded own funds items (IFRS per 12-31-2016) of the regulatory scope balance sheet	Updates and regulatory adjustments in fiscal year 2016	Reason for adjustment	Expanded own funds items (IFRS per 12-31-2016) of the regulatory scope balance sheet including updates and regulatory adjustments in 2016	Component
Share capital	0	0		0	a
Capital reserve	71	0		71	b
Retained earnings	2,446	0		2,446	
of which: other retained earnings	663	0		663	c
of which: cumulative gains and losses arising on the revaluation of pensions and similar obligations recognised in OCI	-227	0	Valuation changes in 2015	-227	j
of which: deferred taxes on cumulative gains and losses arising on the revaluation of pension and similar obligations recognised in OCI	72	0	Valuation changes in 2015	72	k
of which: group reserves	1,938	0		1,938	d
Revaluation reserve	121	0	Valuation changes in 2015	121	f
Currency conversion reserve	67	0	Valuation changes in 2015	67	e
Other net income from financial investments accounted for under the equity method	0	0		0	g
Other net income from non-current assets held for sale and disposal groups	0	0		0	Not considered in regulatory reporting
Group net profit/loss	375	-375		0	i
Non-controlling interests	239	-63		176	t
Equity	3,320			2,882	
Subordinated liabilities	2,110	-1,428	Amortization due to Art. 64 CRR and deduction of non-eligible instruments	682	o
including: Instruments not eligible in the future	87	-80		7	p
Silent participations	1,412	-198	Addition of silent participations which are treated as securitisations in the balance sheet	1214	n
Profit participation capital	14	-14	Amortization due to Art. 64 CRR	0	q
Subordinated Capital	3,536			1896	
Intangible assets	14	0		14	ma
Deferred tax assets	1,746	0		1746	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences	107	0		107	ra

of which: deferred tax assets arising from temporary differences	1,638	0		1638	sa
Deferred tax liabilities	1,000	0		1000	
including: deferred tax assets that rely on future profitability excluding those arising from temporary differences	57	0	Allocation due to Art. 38 (5) CRR	57	rb
including: deferred tax assets arising from temporary differences	941	0	Allocation due to Art. 38 (5) CRR	941	sb
including: deferred taxes on intangible assets	2	0		2	mb
Valuation result	496	-9		487	
including: own credit risk asset class interest rates	13	0		13	ha
including: own credit risk asset class equity	0	0		0	hb
including: own credit risk asset class credit derivatives	0	0		0	hc
Interim profit/loss	0	0		0	I

STEP 3) ALLOCATION OF OWN FUNDS ITEMS TO EQUITY ITEMS OF THE HOLDING

		(A) Amount at disclosure date	(C) Amounts subject to pre- regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013	Component mapping to step 2
Common Equity Tier 1 capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	71		a+b
2	Retained earnings	2,601		c+d+i
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	34		e+f+g+(j+k)
5	Independently reviewed interim profits net of any foreseeable charge or dividend	176		t
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,882		
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-73		only regulatory value
8	Intangible assets (net of related tax liability) (negative amount)	-9	-6	ma - mb
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-30	-20	rb-ra
12	Negative amounts resulting from the calculation of expected loss amounts	-6	-3	only regulatory value
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-13		ha+hb+hc
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-668		only regulatory value
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-292	-201	sb-sa, and after consideration of Art. 48 CRR thresholds
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	14		
	Of which: unrealised loss	-48		(j + k) * 40%
	Of which: unrealised gain	62		f * 40%
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	0	0	
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	-1,078	-229	
29	Common Equity Tier 1 (CET1) capital	1,804		
Additional Tier 1 (AT1) capital: instruments				
34	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	888	-888	ⁿ (proportionally)
Additional Tier 1 (AT1) capital: regulatory adjustments				
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-6	6	Residual intangible assets (row 8): EUR 5 million
44	Additional Tier 1 (AT1) capital	883		
45	Tier 1 capital (T1 = CET1 + AT1)	2,687		
Tier 2 (T2) capital: instruments and provisions				

48	Capital instruments and the related share premium accounts	1,008		o+n (proportionally)
49	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	34	-34	p+n (proportionally)
50	Credit risk adjustments	62	0	only regulatory value
51	Tier 2 (T2) capital before regulatory adjustments	1,070		
	Tier 2 (T2) capital: regulatory adjustments en			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	0	
58	Tier 2 (T2) capital	1,070		
59	Total capital (TC = T1 + T2)	3,757		

9.4. MAIN FEATURES OF EQUITY INSTRUMENTS

[TAB. 66] DESCRIPTION OF THE MAIN FEATURES OF OWN FUNDS INSTRUMENTS ISSUED

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	RESPARCS Funding II L.P.
2	Unique Identifier ¹	DE0003303996	XFHSH0002533	DE0009842542
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	(Sub-)Consolidated
7	Instrument type	Share capital	Silent participations	Silent participations
8	Amount recognised in regulatory capital	3018.2	441.5	392.8
9	Nominal amount of instrument (CUR of issuance)	3018.2 (EURm)	500 (EURm)	500 (EURm)
9	Nominal amount of issuance (Euro)	3018.2	500	500
9a	Issue price	0.0	100,0	100,0
9b	Redemption price	0.0	100.0	100.0
10	Accounting classification	Shareholders' equity/Share capital	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	02.06.2003	30.06.2014	28.05.2003
12	Perpetual or dated	N/A	Perpetual	Perpetual
13	Original maturity date	N/A	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	No	yes, securities cannot be called; but through a termination of silent participation because of significant changes in tax or regulatory treatment the silent partnership can be terminated by HSH	yes, securities cannot be called; but through an annual termination right as at 30th of June, in case a repayment of the notional amount plus accrued interest by Resparc SPV is secured, the silent partnership can be terminated by HSH
16	Subsequent call dates, if applicable	N/A	Notice Periods of 2 years	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Floating	Fixed
18	Coupon rate and any related index	N/A	2.10%	7.50%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	Yes	No, capital market instruments cannot be written down but silent participations held by SPV can be written down
31	If write-down, write-down trigger(s)	N/A	Net loss	Net loss
32	If write-down, full or partial	N/A	Always partially	Always partially
33	If write-down, permanent or temporary	N/A	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	N/A	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	N/A	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	Banque de Luxembourg fiduciary for HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018899	XS0221141400	XFNAM0019061
3	Governing law(s) of the instrument	German Law	English Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo	(Sub-)Consolidated	Solo
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	390.9	350.0	342.3
9	Nominal amount of instrument (CUR of issuance)	500 (EURm)	500 (USDm)	500 (USDm)
9	Nominal amount of issuance (Euro)	500	474.3	474.3
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	28.05.2003	17.06.2005	17.06.2005
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	no maturity	no maturity	30.06.2036
14	Issuer call subject to prior supervisory approval	Yes	No	No
15	Optional call date, contingent call dates and redemption amount	yes, from the 31st of december 2013 onward termination right with Notice Periods of 2 years as at 31st of december, and a permission of the regulatory authority and a solvency quota of >9% on an individual level	yes, securities cannot be called; but from 31 of december 2015 onward with a 2 year termination period and a permission of the regulatory authority and a solvency quota of >9% on an individual level, the silent partnership can be terminated by HSH	yes, securities cannot be called; but from 31 of december 2015 onward with a 2 year termination period and a permission of the regulatory authority and a solvency quota of >9% on an individual level, the silent partnership can be terminated by HSH
16	Subsequent call dates, if applicable	Notice Periods of 2 years	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	7.65%	7.25%	7.25%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	No, capital market instruments cannot be written down but silent participations held by SPV can be written down	No, capital market instruments cannot be written down but silent participations held by SPV can be written down
31	If write-down, write-down trigger(s)	Net loss	Net loss, whereby it is special that the coupon payment/distribution is measured by the annual loss/deficit	Net loss, whereby it is special that the coupon payment/distribution is measured by the annual loss/deficit
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves. But restorage is subordinated to the restorage demand of participation certificates.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	RESPARCS Funding L.P. I	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0159207850	XFNAM0019079	XFNAM0018600
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Tier 2	Tier 2	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	(Sub-)Consolidated	Solo	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	220.0	216.8	86.0
9	Nominal amount of instrument (CUR of issuance)	300 (USDm)	300 (USDm)	100 (EURm)
9	Nominal amount of issuance (Euro)	284.6	284.6	100
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	19.12.2002	19.12.2002	24.07.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	yes, securities cannot be called; but through an annual termination right as at 30th of June, in case a repayment of the notional amount plus accrued interest by Resparc SPV is secured, the silent partnership can be terminated by HSH	yes, from the 31st of December 2012 onward termination right with Notice Periods of 2 years as at 31st of December, and a permission of the regulatory authority and a solvency quota of >9% on an individual level	Notice Periods of 2 years
16	Subsequent call dates, if applicable	N/A	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related inxnd	8.00%	8.45%	4.98%
19	Existence of a dividend stopper	No	No	No (potential replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No, capital market instruments cannot be written down but silent participations held by SPV can be written down	Yes	Yes
31	If write-down, write-down trigger(s)	Net loss	Net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage of repayment demands and catch up on omitted distributions precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far as no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0024178	XFNAM0018493	XFNAM0018618
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Tier 2	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	35.3	27.3	27.3
9	Nominal amount of instrument (CUR of issuance)	25.6 (EURm)	30 (EURm)	30 (EURm)
9	Nominal amount of issuance (Euro)	25.6	30	30
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	30.12.1997	03.07.2000	24.07.2000
12	Perpetual or dated	Dated	Perpetual	Perpetual
13	Original maturity date	01.06.2023	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Extraordinary/Special right of cancellation/option to call/call option; period: 2 Years	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	N/A	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	7.02%	3.16%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves. But restorage is subordinated to the restorage demand of participation certificates.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018576	XFNAM0018998	XFNAM0018568
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	27.3	26.5	22.7
9	Nominal amount of instrument (CUR of issuance)	30 (EURm)	30 (EURm)	25 (EURm)
9	Nominal amount of issuance (Euro)	30	30	25
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	24.07.2000	12.10.2001	04.08.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related index	3.16%	4.11%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018790	XFNAM0018808	XFNAM0018550
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	22.2	22.2	18.2
9	Nominal amount of instrument (CUR of issuance)	25 (EURm)	25 (EURm)	20 (EURm)
9	Nominal amount of issuance (Euro)	25	25	20
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	19.02.2001	01.06.2001	14.07.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice Periods of 2 years	Notice Periods of 2 years	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	3.93%	3.98%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018584	XFNAM0018774	XFNAM0018642
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	18.2	17.7	13.6
9	Nominal amount of instrument (CUR of issuance)	20 (EURm)	20 (EURm)	15 (EURm)
9	Nominal amount of issuance (Euro)	20	20	15
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	24.07.2000	01.02.2001	02.08.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice Periods of 2 years	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	3.16%	3.98%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018519	XFNAM0018766	XFNAM0018758
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	9.5	9.1	9.1
9	Nominal amount of instrument (CUR of issuance)	10 (EURm)	10 (EURm)	10 (EURm)
9	Nominal amount of issuance (Euro)	10	10	10
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	29.05.2000	22.11.2000	22.11.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice Periods of 2 years	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Fixed	Fixed
18	Coupon rate and any related indexed	1.49%	3.16%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018725	XFNAM0018634	XFNAM0018477
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	9.1	9.1	9.1
9	Nominal amount of instrument (CUR of issuance)	10 (EURm)	10 (EURm)	10 (EURm)
9	Nominal amount of issuance (Euro)	10	10	10
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	18.09.2000	02.08.2000	05.06.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice Periods of 2 years	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	3.16%	3.16%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018659	XFNAM0018485	XFNAM0018592
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	9.1	9.1	9.1
9	Nominal amount of instrument (CUR of issuance)	10 (EURm)	10 (EURm)	10 (EURm)
9	Nominal amount of issuance (Euro)	10	10	10
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	02.08.2000	14.06.2000	24.07.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice Periods of 2 years
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	3.16%	3.16%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018816	XFNAM0018824	XFNAM0018626
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	8.9	8.9	6.8
9	Nominal amount of instrument (CUR of issuance)	10 (EURm)	10 (EURm)	7.5 (EURm)
9	Nominal amount of issuance (Euro)	10	10	7.5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	03.07.2001	03.07.2001	02.08.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	4.00%	4.00%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018956	XFNAM0018741	XFNAM0018733
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	6.5	4.5	4.5
9	Nominal amount of instrument (CUR of issuance)	7.2 (EURm)	5 (EURm)	5 (EURm)
9	Nominal amount of issuance (Euro)	7.2	5	5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	16.08.2000	18.09.2000	18.09.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice Periods of 2 years	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice Periods of 2 years
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	3.16%	3.16%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018543	XFNAM0018675	XFNAM0018667
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	4.5	4.5	4.5
9	Nominal amount of instrument (CUR of issuance)	5 (EURm)	5 (EURm)	5 (EURm)
9	Nominal amount of issuance (Euro)	5	5	5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	14.07.2000	16.08.2000	16.08.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	3.16%	3.16%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018865	XFNAM0018782	XFNAM0018832
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	4.4	4.4	4.4
9	Nominal amount of instrument (CUR of issuance)	5 (EURm)	5 (EURm)	5 (EURm)
9	Nominal amount of issuance (Euro)	5	5	5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	10.09.2001	01.02.2001	03.07.2001
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice Periods of 2 years	Notice Periods of 2 years	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	3.95%	3.98%	4.00%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018840	XFNAM0018857	XFNAM0018972
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	4.4	4.4	4.4
9	Nominal amount of instrument (CUR of issuance)	5 (EURm)	5 (EURm)	5 (EURm)
9	Nominal amount of issuance (Euro)	5	5	5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	23.07.2001	23.07.2001	02.11.1999
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	4.03%	4.03%	4.46%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018949	XFNAM0018683	XFNAM0018931
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	4.3	3.6	2.5
9	Nominal amount of instrument (CUR of issuance)	5 (EURm)	4 (EURm)	2.8 (EURm)
9	Nominal amount of issuance (Euro)	5	4	2.8
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	01.08.2000	16.08.2000	16.08.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice Periods of 2 years
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	4.98%	3.16%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends	No (potential Replenishment precedes/overrides distribution of dividends
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018923	XFNAM0018717	XFNAM0018709
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	2.4	2.3	2.3
9	Nominal amount of instrument (CUR of issuance)	2.5 (EURm)	2.5 (EURm)	2.5 (EURm)
9	Nominal amount of issuance (Euro)	2.5	2.5	2.5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	15.12.1999	16.08.2000	16.08.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Fixed	Fixed
18	Coupon rate and any related indexed	1.42%	3.16%	3.16%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Is to restore till deposit's nominal value, yet only if no new annual loss/deficit increases or emerges by this, restorage precedes/overrides remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018873	XFNAM0018691	XFNAM0018907
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	2.2	0.9	0.5
9	Nominal amount of instrument (CUR of issuance)	2.5 (EURm)	1 (EURm)	0.5 (EURm)
9	Nominal amount of issuance (Euro)	2.5	1	0.5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	10.09.2001	16.08.2000	15.12.1999
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Floating
18	Coupon rate and any related indexed	3.95%	3.16%	1.42%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	nein ⁷	nein ⁷	nein ⁷
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0018915	XFNAM0018527	XFNAM0018535
3	Governing law(s) of the instrument	German Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Silent participations	Silent participations	Silent participations
8	Amount recognised in regulatory capital	0.5	0.5	0.5
9	Nominal amount of instrument (CUR of issuance)	0.5 (EURm)	0.5 (EURm)	0.5 (EURm)
9	Nominal amount of issuance (Euro)	0.5	0.5	0.5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	15.12.1999	29.05.2000	19.07.2000
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)	Notice period of 2 years (extraordinary/special right of cancellation in case of significant changes in tax ro regulatory treatment)
16	Subsequent call dates, if applicable	Notice Periods of 2 years	Notice Periods of 2 years	Notice Periods of 2 years
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Floating	Floating
18	Coupon rate and any related indexed	1.42%	1.49%	1.44%
19	Existence of a dividend stopper	No (potential Replenishment precedes/overrides distribution of dividends)	nein ^o	No (potential Replenishment precedes/overrides distribution of dividends)
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Annual deficit/net loss	Annual deficit/net loss	Annual deficit/net loss
32	If write-down, full or partial	Always partially	Always partially	Always partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves.
35	Position in subordination hierarchy in liquidation	Share	Share	Share
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0126551695	XS0122667230	XS0104723266
3	Governing law(s) of the instrument	English Law	English Law	English Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	bearer bond	bearer bond (floating rate note)	bearer bond
8	Amount recognised in regulatory capital	135.7	92.0	85.9
9	Nominal amount of instrument (CUR of issuance)	143 (USDm)	92 (EURm)	86 (EURm)
9	Nominal amount of issuance (Euro)	135.7	92	86
9a	Issue price	100.5	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	21.03.2001	22.01.2001	25.11.1999
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	21.03.2031	22.01.2041	25.11.2039
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Floating	Floating
18	Coupon rate and any related indexed	1.40%	0.07%	0.07%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0119502994	XS0119368222	XS0105720881
3	Governing law(s) of the instrument	English Law	English Law	English Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	bearer bond (floating rate note)	bearer bond (floating rate note)	bearer bond
8	Amount recognised in regulatory capital	80.0	70.0	63.8
9	Nominal amount of instrument (CUR of issuance)	80 (EURm)	70 (EURm)	64 (EURm)
9	Nominal amount of issuance (Euro)	80	70	64
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	30.10.2000	25.10.2000	17.01.2000
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	30.10.2040	25.10.2030	17.01.2030
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities
16	Subsequent call dates, if applicable	N/A	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Floating	Floating
18	Coupon rate and any related inxed	0.07%	0.07%	0.17%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0096688881	XS0120017974	XS0120635809
3	Governing law(s) of the instrument	English Law	English Law	English Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	bearer bond	bearer bond (floating rate note)	bearer bond (floating rate note)
8	Amount recognised in regulatory capital	50.0	50.0	50.0
9	Nominal amount of instrument (CUR of issuance)	50 (EURm)	50 (EURm)	50 (EURm)
9	Nominal amount of issuance (Euro)	50	50	50
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	26.04.1999	08.11.2000	28.11.2000
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	26.04.2038	08.11.2030	28.11.2030
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Floating	Floating
18	Coupon rate and any related index	5.38%	0.18%	0.07%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0119368495	XS0119436326	XS0120117170
3	Governing law(s) of the instrument	English Law	English Law	English Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	bearer bond (floating rate note)	bearer bond (floating rate note)	bearer bond (floating rate note)
8	Amount recognised in regulatory capital	49.9	49.8	47.3
9	Nominal amount of instrument (CUR of issuance)	50 (EURm)	50 (EURm)	60 (EURm)
9	Nominal amount of issuance (Euro)	50	50	60
9a	Issue price	99.7	99.3	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	25.10.2000	30.10.2000	11.12.2000
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	25.10.2030	30.10.2030	11.12.2020
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Floating	Floating
18	Coupon rate and any related inxed	0.05%	0.02%	0.14%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0121146137	XS0124807099	XS0119807674
3	Governing law(s) of the instrument	English Law	English Law	English Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	bearer bond	bearer bond	bearer bond
8	Amount recognised in regulatory capital	35.0	23.7	23.2
9	Nominal amount of instrument (CUR of issuance)	35 (EURm)	25 (USDm)	30 (EURm)
9	Nominal amount of issuance (Euro)	35	23.7	30
9a	Issue price	100.6	100.5	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	06.12.2000	19.02.2001	13.11.2000
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	06.12.2030	19.02.2031	13.11.2020
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Floating	Fixed
18	Coupon rate and any related index	6.44%	1.32%	6.45%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0122825754	XS0133159227	XS0098835761
3	Governing law(s) of the instrument	English Law	English Law	English Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	bearer bond	bearer bond (floating rate note)	bearer bond
8	Amount recognised in regulatory capital	21.6	19.9	19.3
9	Nominal amount of instrument (CUR of issuance)	22.7 (USDm)	20 (EURm)	20 (EURm)
9	Nominal amount of issuance (Euro)	21.6	20	20
9a	Issue price	100.0	99.5	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	22.01.2001	18.07.2001	29.06.1999
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	05.01.2040	18.07.2031	29.06.2029
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Floating	Fixed
18	Coupon rate and any related inxed	1.30%	0.10%	5.00%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0122546442	XFNAM0009724	XS0121531122
3	Governing law(s) of the instrument	English Law	German Law	English Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	bearer bond	registered bond	bearer bond (floating rate note)
8	Amount recognised in regulatory capital	17.5	17.3	16.0
9	Nominal amount of instrument (CUR of issuance)	18.4 (USDm)	18 (EURm)	16 (EURm)
9	Nominal amount of issuance (Euro)	17.5	18	16
9a	Issue price	100.0	100.0	99.9
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	29.12.2000	23.10.2006	05.02.2001
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	29.12.2030	22.10.2021	05.02.2031
14	Issuer call subject to prior supervisory approval	Yes	No	Yes
15	Optional call date, contingent call dates and redemption amount	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	No	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Fixed	Floating
18	Coupon rate and any related index	1.42%	4.55%	0.05%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0021687	XFNAM0010284	XFNAM0023378
3	Governing law(s) of the instrument	English Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Ineligible	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Yen bond	Promissory notes	Promissory notes
8	Amount recognised in regulatory capital	10.6	9.5	7.7
9	Nominal amount of instrument (CUR of issuance)	10000 (JPYm)	9.5 (EURm)	10 (EURm)
9	Nominal amount of issuance (Euro)	81	9.5	10
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - fair value option	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	26.08.1997	07.02.2007	02.11.2000
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	26.08.2017	07.02.2022	02.11.2020
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Extraordinary/Special right of cancellation/option to call/call option at/in case of tax changes; notice period of 2 years at the end of the financial year	No	No
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Fixed	Fixed	Fixed
18	Coupon rate and any related indexed	6.42%	4.75%	6.51%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	Restorage in the subsequent year till the deposit's nominal value, as far no new deficit emerges. Restorage on silent participations after downgrading precede/override restorage of share capital and remuneration of reserves. But restorage is subordinated to the restorage demand of participation certificates.
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG	HSH Nordbank AG	HSH Nordbank AG
2	Unique Identifier ¹	XS0123007279	XFNAM0009815	XFNAM0009757
3	Governing law(s) of the instrument	English Law	German Law	German Law
Regulatory Treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type	bearer bond (floating rate note)	registered bond	registered bond
8	Amount recognised in regulatory capital	5.0	4.9	4.8
9	Nominal amount of instrument (CUR of issuance)	5 (EURm)	5 (EURm)	5 (EURm)
9	Nominal amount of issuance (Euro)	5	5	5
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	12.01.2001	07.11.2006	27.10.2006
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	01.12.2030	08.11.2021	27.10.2021
14	Issuer call subject to prior supervisory approval	Yes	No	No
15	Optional call date, contingent call dates and redemption amount	Possibility of termination in case of a change in taxation leading to additional payments to the owner of the debt securities	No	No
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / dividends				
17	Fixed or floating dividend / coupons	Floating	Fixed	Fixed
18	Coupon rate and any related index	0.05%	4.48%	4.61%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative oder cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A

1	Issuer	HSH Nordbank AG
2	Unique Identifier ¹	XFNAM0010292
3	Governing law(s) of the instrument	German Law
Regulatory Treatment		
4	Transitional CRR rules	Tier 2
5	Post-transitional CRR rules	Tier 2
6	Eligible at solo/(sub-)consolidated /solo & (sub-)consolidated	Solo and (Sub-)Consolidated
7	Instrument type	Promissory notes
8	Amount recognised in regulatory capital	0.2
9	Nominal amount of instrument (CUR of issuance)	10 (EURm)
9	Nominal amount of issuance (Euro)	10
9a	Issue price	100.0
9b	Redemption price	100.0
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	08.02.2007
12	Perpetual or dated	Dated
13	Original maturity date	08.02.2017
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	No
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		
17	Fixed or floating dividend / coupons	Fixed
18	Coupon rate and any related index	4.62%
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative oder cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation	participation certificate/participation paper/trust preferred
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

10. LIST OF ABBREVIATIONS

ABCP	Asset Backed Commercial Paper
ABF	Asset Backed Funding
ABS	Asset Backed Securities
AöR	Anstalt öffentlichen Rechts
Avg.	Average
ASU	Ancillary services undertaking in accordance with Article 4 (18) CRR
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)
Basel II / Basel III	Baseler Framework Agreement
CCB	Countercyclical Capital Buffer
CCF	Credit Conversion Factor
CDS	Credit Default Swaps
CI	Credit institution in accordance with Article 4 (1) CRR
CoRep	Common solvency ratio reporting
CRD	Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directive)
CRR	Regulation (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credits institutions and investment firms as amended on 30 November 2013 (Capital Requirements Regulation)
CRSA	Credit Risk Standardised Approach
CVA	Credit Valuation Adjustments
DA	Direct write-downs
DSGV	Deutscher Sparkassen- und Giroverband (German Association of Savings Banks and Giro Banks)
EaD	Exposure at Default (gross loan volume at the date of default)
EBA	European Banking Authority (Europäische Bankenaufsichtsbehörde)
ECA	Export Credit Agency
ECAI	External Credit Assessment Institutions
EL	Expected Loss
EMIR	European Market Infrastructure Regulation
EU-Commission	European Commission
ECB	European Central Bank
FCR	Foreign Currency Rating
FI	Financial institution in accordance with Article 4 (26) CRR
Fitch	Fitch Ratings
FV	Total receivables
GuV	Income statement
HGB	Handelsgesetzbuch (German Commercial Code)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
InstitutsVergV	Institutsvergütungsverordnung (German Ordinance on the Remuneration of Financial Institutions) as amended on 16 December 2013
IRB	Internal Rating Based
IRBA	Internal Rating Based Approach
ISDA	International Swaps and Derivatives Association
KWG	Gesetz über das Kreditwesen/Kreditwesengesetz (German Banking Act) as amended on 23 December 2016

LBO	Leveraged Buyout
LCH	London Clearing House
LCR	Local Currency Rating
LeDIS	Legal Database Information System
LGD	Loss Given Default
LLC	Limited Liability Company
Ltd.	Limited
M	Maturity
MaRisk	Mindestanforderungen an das Risikomanagement (Minimum Requirements for Risk Management)
Moody's	Moody's Investors Service
OpRisk	Operational Risk
OTC	Over the counter
PD	Probability of Default
PoWB	Portfolio valuation allowances
PQC	Process quality controlling
RechKredV	Kreditinstituts-Rechnungslegungsverordnung
RSU	RSU Rating Service Unit GmbH & Co. KG
RW	Risk Weight
SFA	Supervisory Formula Approach
SME	Small and medium-sized enterprises
SolvV	Solvabilitätsverordnung (German Solvency Regulation)
S & P	Standard & Poor's
SPV	Special Purpose Vehicle
SR	S Rating und Risikosysteme GmbH
TWR	Bearer of economic risk
VaR	Value-at-Risk
IU	Insurance undertaking in accordance with Article 4 (5) CRR

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