

HSH NORDBANK AG

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

December 2014

Public Section

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

1. Introduction

US resolution plan rules

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

HSH Nordbank AG (also referred to hereafter as the **Bank** and, together with its subsidiaries, the **HSH Group**) is a foreign bank organized under the law of the Federal Republic of Germany that has a branch office in the State of New York, HSH Nordbank AG, New York Branch (**HSH NY**). As a result, HSH Nordbank AG is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)). HSH Nordbank AG meets all of the requirements of 12 CFR § 243.4(a)(3)(i) of the SIFI Rule, including having provided notice to the FRB and the FDIC of its intent to submit a tailored resolution plan, and has received a letter from the FRB and the FDIC, dated August 14, 2014 (the **August letter**) that it is required to file a tailored resolution plan for the 2014 submission. Under the SIFI Rule and the terms of the August letter, a U.S. Resolution Plan shall be divided into a Public Section and a Confidential Section. This is the Public Section of the Bank's tailored resolution plan.

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

1.1 Overview of the business of HSH Nordbank AG

Global operations

As a commercial bank organized under the law of the Federal Republic of Germany, HSH Nordbank AG is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (**BaFin**) and, since November 4, 2014, by the European Central Bank (**ECB**) as the supervisory authority. From January 1, 2015, onwards HSH Nordbank AG will be under the supervision of the Bundesanstalt für Finanzmarktstabilisierung (**FMSA**) as the resolution authority. It has twin headquarters in Germany located in Hamburg and Kiel

(these offices, collectively, the *Head Office*) and operates from offices in Berlin, Düsseldorf, Hanover, Frankfurt and Stuttgart. Outside Germany, it operates offices in Athens, Hong Kong, Luxembourg, New York, Singapore and the Cayman Islands.

As at December 31, 2013, HSH Nordbank AG had consolidated total assets of approximately EUR 109 billion (approximately USD 149.4 billion)¹ and employed 2833.5 full-time employees worldwide (of which 78 were employed in New York by HSH NY; as of November 5, 2014, HSH NY had 54.8 full-time employees).

Firmly entrenched in Northern Germany, HSH Nordbank AG primarily focuses on corporate banking largely as a provider and adviser to upper medium-sized businesses in various financial and business matters relating to commercial loans, structured financings, export financings, payment transaction services, hedging products for commodity, currency and interest rate risks, specialized financings for real estate projects and M&A consultancy. In addition, HSH Nordbank AG also conducts private banking for entrepreneurs and high-net worth individuals and serves as a partner to the German savings bank association (*Deutscher Sparkassen- und Giroverband*), an association of German savings banks (*Sparkassen*). On an international scale, HSH Nordbank AG focuses on the corporate clients of its Shipping and Energy & Infrastructure units by offering various financial products and services related to structured financings, foreign trade financings, payment transactions, commodity, currency and interest rate hedging products, M&A consultancy as well as other private banking products for corporate clients.

In 2009, HSH Nordbank AG underwent a global strategic realignment, forming two separate internal units, *i.e.*, the "Core Bank" and the "Restructuring Unit".² The Core Bank consists of all business activities of HSH Nordbank AG that are relevant to its revised global business strategy and that are to be continued on a long-term basis. The Restructuring Unit consists of the internal unit established by the Bank to manage the winding down of all of its portfolios, business areas and equity investments that do not fit within the business strategy of HSH Nordbank AG or that it was required to cease in accordance with undertakings and conditions imposed by the EU Commission in state aid proceedings resulting from the financial assistance received by HSH Nordbank AG in 2009. Consequently, all portfolios, business areas and equity investments which are to be ceased have been internally transferred to the Restructuring Unit, which manages the winding-down and the sale of non-strategic portfolios and business lines that have been separated organizationally from the core business of HSH Nordbank AG and are not continued in the Core Bank.

¹ All projections in this report have been converted at the exchange rate of 1.3 USD to 1 EUR, unless otherwise stated.

² It should be noted that, as described further in this U.S. Resolution Plan and as used in the context of the Bank's business, the term "Restructuring Unit" deviates from typical nomenclature in that it is not limited to refer to only troubled assets. Rather, the term also captures, among other things, certain profitable portfolios, business areas and equity investments that do not fit within the overall business strategy of HSH Nordbank AG, as described further below.

Core Bank

The Core Bank's core fields of business relate to Corporates (including Industry, Commerce, Healthcare, Food, Services, Energy/Utilities and Logistics), Real Estate Clients, Shipping, Energy & Infrastructure Finance, Wealth Management, Savings Bank & Institutional Clients, and Capital Markets & Products.

These strategic divisions combine into segments of activity. The Core Bank's segments were reconfigured at the beginning of 2013. There are now three segments, which reflect the strategic business areas of HSH Nordbank AG: (i) the Shipping, Project and Real Estate Financing segment (formerly Corporate and Private Clients segment); (ii) the Corporates and Markets segment (formerly Products, Capital Markets and Corporate Center segment) and (iii) the Corporate Center segment.

The Shipping, Project and Real Estate Financing segment now includes the asset- and project-based business conducted with shipping clients, real estate clients and clients in the energy and infrastructure industry.³ Activities include the following:

- providing commercial loans, structured financings, payment transaction services, hedging products for commodity, currency and interest rate risks and advising and supporting clients in the logistics & transportation and energy industries with their strategic positioning, the optimization of their assets and capital structures and risk and liquidity management;
- providing a range of structured finance products in connection with global finance transactions, including assisting with any concurrent risk hedging involved in cross-border exchanges of goods and services;
- advising clients ranging from local to foreign investors, project developers and property developers in the German real estate industry, with a focus on Germany's real estate market in metropolitan regions;
- assisting with financings of various projects in the field of renewable energies, such as on- and offshore wind and photovoltaic farms;
- assisting with project financings in the field of transportation and logistics, with a concentration on European air- and seaports (including related infrastructure, such as railways) and a smaller focus on financings of pipelines, fuel depots and electrical networks; and
- providing support to clients within the shipping industry in various regions and market segments by offering long-term ship mortgage loans, construction period financings and structured ship financings (including products and services in

³ Until the end of 2012 the former Corporate and Private Clients segment included the Corporate Clients, Real Estate Clients, Private Clients, Shipping Clients and Energy & Infrastructure divisions.

connection with (i) M&A consultancy, (ii) all aspects of domestic and foreign payments or cash management and (iii) hedging against various risks including interest, currency and oil price risks, and freight cost risks in container shipping).

The Corporates & Markets segment now includes business conducted with corporate clients and wealthy private clients in the area of Wealth Management, which emerged from a reconfiguration of private banking and the discontinuation of other private client business as at July 1, 2013. Since June 1, 2013 the relationship management of savings banks, banks, insurance companies and other institutional clients has been the responsibility of the newly formed Savings Banks & Institutional Clients division within this segment. The Capital Markets and Products divisions remain assigned to this segment. Activities include the following:

- supporting corporate clients, savings banks, banks and insurance companies by offering various financial products and solutions such as the arranging of syndicated loans;
- providing a combination of traditional loan products with other services addressing any special financing requirements;
- offering private banking services to high net-worth individuals;
- assisting non-profit organizations and other foundations throughout Germany with their formation, strategy, fundraising, public relations and management, with a focus on advisory services in the areas of social investment and venture philanthropy;
- arranging large-volume transactions with HSH Nordbank AG acting as a bookrunner or arranger in connection with financing of foreign trade (in particular, in commodities trading); and
- servicing various savings banks and financial institutions in the development and sales of capital market-oriented products such as bonds, certificates and risk management products.

The administrative and service divisions as well as the overall Bank's positions and equity holdings not assigned to the two foregoing segments are included in the Corporate Center.

Restructuring Unit

As part of the strategic realignment of the Bank, the Restructuring Unit has been managing the winding-down of non-strategic activities. These generally consist of capital market portfolios such as the credit investment portfolio and the loan commitments provided in connection with the business areas that HSH Nordbank AG has decided to discontinue, a large portion of which are non-German loan portfolios. The

material loan portfolios of the Restructuring Unit are international real estate loans, ship loans and corporate clients/leveraged buyout business. The capital market portfolios consolidated in the Restructuring Unit primarily include the public sector financing business, the cover pool portfolios for Pfandbrief issues and the credit investment portfolio that mainly contains ABS structures as well as government bonds and bank bonds of individual issuers.

The task of the Restructuring Unit is to efficiently wind-down all non-strategic portfolios and business areas that have been separated from the core business of the bank (such as asset-based aircraft financings and additional portfolio sections from the shipping, real estate and corporate areas that were transferred from the Core Bank to the Restructuring Unit), while at the same time safeguarding their value and profitability and minimizing their risk. The guiding principles behind this process have been limiting losses, recovering fundamental value, preserving liquidity and guarantees, ensuring cost efficiency, taking pressure off of our capital and strengthening the forward looking Core Bank.

Global Head principle (management of branches)

HSH Nordbank AG adheres to a Global Head principle to ensure a worldwide uniform business management across individual offices. The concept, which has been revised in 2014, determines the responsibility and tasks of each of the Global Heads and General Managers and determines decision-making competences, reporting duties and escalation options. The Global Head is responsible both from a professional and disciplinary perspective for the staff working in his field of competence in the branch. Within the scope of his professional responsibility, he also sets strategic guidelines and is responsible for their implementation. The Global Head involves the General Manager in those technical and disciplinary decisions that affect the daily organizational and operational structure of the branch. He can also assign operative and disciplinary tasks to the General Manager. The General Manager is HSH Nordbank AG's on-site representative appointed by the Board of Directors. He supports the Global Head in the exercise of his professional and disciplinary responsibilities, provided that the separation of functions according to the minimum requirements for risk management established by BaFin (*Mindestanforderungen für das Risikomanagement (MaRisk)*) is maintained. The General Manager is responsible for compliance with local statutory and regulatory requirements. The framework to the Global Head concept is articulated in detail in the written rules of HSH Nordbank AG.

U.S. operations

HSH Nordbank AG predominantly conducts its U.S. operations through HSH NY. It is licensed by the New York State Department of Financial Services (the *NYDFS*) and regulated by the FRB and BaFin. HSH NY is not insured by the FDIC. It primarily engages in traditional commercial lending and deposit-taking activities and enters into derivatives (primarily interest rate swaps and foreign exchange swaps) and forwards (a)

with swap dealers for the Bank's own macro hedging purposes and (b) in connection with loans to customers as a hedging product provided in connection with such loan.

HSH NY books several types of transactions, each within parameters established by HSH Nordbank AG, including the following:

- loans
- deposits (subject to regulatory limitations);
- currency transactions;
- investments in U.S. Treasuries;
- repurchase agreements and reverse repurchase agreements generally over U.S. Treasuries and other high quality, liquid U.S. corporate securities and U.S. asset backed securities; and
- derivatives as described above.

In 2013 HSH NY booked loan origination transactions. It should be noted, however, that (as described below) in 2013 the management board of HSH Nordbank AG decided to discontinue the addition of any Core Bank loans by HSH NY.⁴

In addition to the operations conducted through HSH NY, HSH Nordbank AG as at December 31, 2013 held economic and voting rights in various subsidiaries domiciled in the U.S. In each case, their valuation (as of December 31, 2013) is below any level that could be considered material to any business line of HSH Nordbank AG.

Resolution planning

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

⁴ Effective September 2013, therefore, loans and extensions of credit which are originated in HSH NY are booked in HSH Nordbank AG.

2. *Material entities*

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

3. *Core business lines and critical operations*

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

COs are defined under the SIFI Rule as those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the FRB and the FDIC, could pose a threat to the financial stability of the U.S. For non-U.S. covered companies, such as HSH Nordbank AG, the SIFI Rule limits the U.S. Resolution Plan requirements to those operations conducted in whole or in material part in the U.S.

HSH Nordbank AG has not been informed by the FRB or FDIC of any designation by the FRB and FDIC of an operation of HSH Nordbank AG as a CO. HSH Nordbank AG has independently performed its own analysis of whether any operation conducted by HSH Nordbank AG in whole or material part in the U.S. would be a CO. Based on its analysis, HSH Nordbank AG determined that there are no COs conducted in whole or in material part in the U.S.

4. *Summary financial information regarding assets, liabilities, capital and major funding sources*

Assets and liabilities

The following is a consolidated balance sheet for HSH Nordbank AG as at December 31, 2013, prepared in accordance with IFRS:⁵

⁵ Also listed separately as Appendix 1.

HSH NORDBANK AG		
As at December 31, 2013	EUR in millions	USD in millions⁶
Assets		
Cash reserve	4,851	6,651
Loans and advances to banks	5,156	7,069
Loans and advances to customers	69,079	94,707
Loan loss provisions	-3,804	-5,215
Positive fair value hedging derivatives	1,287	1,764
Positive adjustment item from portfolio fair value hedges	151	207
Trading assets	9,049	12,406
Financial investments	21,255	29,141
Financial investments accounted for under the equity method	-	-
Intangible assets	45	62
Property, plant and equipment	215	295
Investment property	68	93
Non-current assets held for sale and disposal groups	25	34
Current tax assets	59	81
Deferred tax assets	1,222	1,675
Other assets	364	499
Total Assets	109,022	149,469
Liabilities		
Liabilities to banks	18,212	24,969
Liabilities to customers	40,697	55,796
Securitized liabilities	28,561	39,157
Negative fair values of hedging derivatives	934	1,281
Negative adjustment item from portfolio fair value hedge	961	1,318
Trading liabilities	7,102	9,737
Provisions	1,360	1,865
Liabilities relating to disposal groups	-	-
Current tax liabilities	202	277
Deferred tax liabilities	27	37
Other liabilities	1,154	1,582
Subordinated capital	5,288	7,250
Total Liabilities	104,498	143,267
Equity		
Share capital	3,018	4,138
Capital reserve	594	814

⁶ Please note that the figures in USD have not been audited. They derive from the currency conversion of the EUR figures at the December 31, 2013 exchange rate of 1.371 USD to 1 EUR.

Retained earnings	1,768	2,424
Revaluation reserve	27	37
Currency conversion reserve	-64	-88
Group net loss/profit	-812	-1,113
Other net income from financial investments accounted for	3	4
Other net income from non-current assets held for sale and	3	4
Total before non-controlling interests	4,537	6,220
Non-controlling interests	-13	-18
Total Equity	4,524	6,202
Total Equity and Liabilities	109,022	149,469

Capital

The following summarizes the regulatory capital ratios of HSH Nordbank AG as at December 31, 2013 (after adoption of the 2013 financial statements), prepared in accordance with IFRS as published by the IASB and adopted as European law by the European Union:⁷

Ratios	
Equity ratio (solvency coefficient)	26.8%
Total ratio/Regulatory capital ratio	23.8%
Tier 1 capital ratio	17.5%
Tier 1 capital ratio (including market risk position)	15.3%
Core Tier 1 capital ratio (including market risk position)	11.7%

Major Funding sources

HSH Nordbank AG funds its operations through a diversified deposit base, by issuing short-term and long-term debt, by borrowing under secured and unsecured financing facilities, issuing preferred equity in certain entities and, as necessary, through a guarantee facility from a special vehicle guarantor granted by certain of its parent entities and capital contributions from its parent entities.

Funding within the HSH Group is mainly sourced through HSH Nordbank AG on the basis of individual contractual credit relationships between HSH Nordbank AG and the other HSH Group entities. HSH Nordbank AG funds its U.S. operations through a deposit base, by issuing short-term debt, by borrowing under secured short-term facilities and through deposits of funds by Head Office.

5. *Derivative and hedging activities*

⁷ Also listed separately as Appendix 2.

HSH Nordbank AG enters into swap agreements with third party swap dealers in order to hedge its interest rate and foreign exchange exposures. These swap agreements are based on the ISDA standard form Master Agreement and include a credit support annex (CSA) that provides for bi-lateral collateral posting of variation margin against exposure to the pledgor. The Collateral Management desk in Head Office is responsible for monitoring and satisfying all collateral requirements under the CSA, including transfers of collateral between HSH Nordbank AG and counterparty. HSH NY is not involved in the administration of the CSA or any matters relating to collateral thereunder. Swaps with external swap dealers are fully collateralized, subject to exposures that may arise between collateral calls.

HSH NY also enters into swap agreements with loan customers in connection with the applicable loan and as a service to such customer, but such swap agreements do not include a CSA and HSH NY does not pledge collateral to its loan customers.

6. Memberships in material payment, clearing and settlement systems

Based on the analysis that there are no material entities, core business lines or critical operations that, as required pursuant to 12 CFR § 243.4(a)(2)(i), are domiciled or conducted in whole or material part in the U.S., only payment, clearing and settlement systems of HSH NY are described below, on the basis of its interconnections and interdependencies with HSH Nordbank AG.

HSH NY uses the following payment, clearing and settlement systems:⁸

PAYMENT, CLEARING AND SETTLEMENT SYSTEMS		
Type of system	Name of system	Membership/License owner
Payment System	SWIFT Alliance Access	HSH NY
Payment System	FedLine Advantage	HSH NY
Capital Markets Settlements	K+TP; Calypso (for securities/derivatives)	HSH Nordbank AG
Messaging system	Bloomberg	HSH NY
Clearing system	DTC	Bank of New York Mellon
Pledged and Funds Held Accounts	SAP Deposit Manager	HSH Nordbank AG
Customer Account	SAP Business Partner	HSH Nordbank AG

⁸ Also listed separately as Appendix 3.

Information		
Accounting System General Ledger Entries	SAP FI	HSH Nordbank AG

7. Foreign operations

See Section 1 (*Introduction*) for a description of HSH Nordbank AG's foreign operations.

8. Material supervisory authorities

The HSH Group is subject to regulation in the U.S. under U.S. federal and New York State law, and other applicable state law, in addition to applicable laws in the other countries in which it conducts its business. HSH NY, as the sole branch of HSH Nordbank AG that is domiciled in the U.S., is licensed by the NYSDFS and regulated by the FRB and BaFin. HSH NY is not insured by the FDIC. In Germany, HSH Nordbank AG is licensed and partially regulated by the BaFin, and is mainly regulated by the ECB and FMSA.

9. Principal officers

The senior management team of HSH NY consists of:

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

The Management Board of HSH Nordbank AG consists of:

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

10. Corporate governance structure and processes related to resolution planning

HSH Nordbank AG and HSH NY support the Financial Stability Board's and national regulators' aim of ensuring banking groups are resolvable and are fully committed to the recovery and resolution planning process. To foster a consistent global approach to recovery and resolution planning, the internal Strategy unit and the internal Finance unit of HSH Nordbank AG coordinate in close cooperation with the Legal, Risk and Treasury units the recovery and resolution planning processes within the Bank. The continuous

work of the members of the Strategy and Finance units on the recovery and resolution planning process has been coordinated within a project structure that was established on the basis of a corresponding resolution of the Management Board of HSH Nordbank AG.

However, it is also recognized that recovery and resolution planning requirements vary from jurisdiction to jurisdiction and, consequently, each country has its own recovery and resolution planning team that is responsible for its own plan and for satisfying its respective regulatory requirements (with respect to HSH NY, the **U.S. RP Team**). The members of the internal Strategy unit as well as the members of the Legal unit and the Finance unit at Head Office worked with and supported the U.S. RP Team to satisfy the U.S. requirements during the preparation of this U.S. Resolution Plan.

Pursuant to the German Banking Act, HSH Nordbank AG is required to file a recovery plan (the **German Recovery Plan**) with BaFin. This German Recovery Plan provides for a strategic analysis of HSH Nordbank AG, including its key branches and key subsidiaries, as well as an assessment of various options for recovery actions in the event of financial distress of the Bank, which (in accordance with German law) focus on the rehabilitation, rather than the resolution, of the entity. This analysis includes an evaluation of six particular stress scenarios and provides for recovery indicators and an escalation process which collectively establish a corporate governance structure that allows for a timely response to various crisis situations. By providing for effective options for recovery actions that enable HSH Nordbank AG to respond to a crisis scenario and thus sustain its viability, the German Recovery Plan also takes into account the interests of HSH NY (as a branch office of HSH Nordbank AG). The German Recovery Plan, however, does not include a strategy for the resolution of HSH Nordbank AG and HSH NY due to the fact that, according to § 47 para. 2 of the KWG (old version), BaFin, as HSH Nordbank AG's previous lead regulator, was solely responsible for any resolution planning. From January 1, 2015 onwards, the FMSA will be HSH Nordbank AG's resolution authority, which itself will be integrated into BaFin later in 2015.

Following the final delivery of the German Recovery Plan to BaFin, HSH Nordbank AG has developed policies and procedures related to general maintenance, implementation and revision of both the German Recovery Plan and the U.S. Resolution Plan and has updated the internal governance structure regarding recovery situations (**Recovery Governance or Sanierungsgovernance**). Those policies assign core responsibilities for the ongoing review, revision and maintenance of the plans. The policies and procedures ensure that the U.S. Resolution Plan is reviewed and updated annually as required to account for material changes in (a) the business and operations of HSH Nordbank AG that are conducted in whole or material part in the U.S., (b) HSH NY, (c) the U.S. Resolution Plan's business descriptions, strategy, determinations of MEs, CBLs, and COs and (d) applicable law and regulations.

The objective of the Recovery Governance is to enable the management of HSH Nordbank AG to continually assess the bank's financial situation correctly and – in the event of a deteriorating situation – to implement swift, efficient, and successful recovery

and communication measures in order to maintain or restore financial solidity. The Recovery Governance sets out in detail and defines the fields of responsibility and the procedures relevant to the recovery plan. For this purpose, the existing organizational structure, facilities and procedures served as a basis for the recovery plan. The plan defines the procedures, information requirements and channels that are essential for Recovery Governance as well as the responsibilities and organizational structure and facilities of HSH Nordbank AG.

11. Material management information systems

Material management information systems used by HSH Nordbank AG with respect to its US operations include various systems/applications specifically designed for accounting, reporting, and recordkeeping purposes.

In addition, HSH NY relies on various internal reports that senior management of HSH NY use to monitor the financial health, risks and operations of HSH NY and its businesses, including: profit & loss and balance sheet reports; risk management reports; credit reports; product reports; and various other reports prepared in connection with particular issues or events.

12. Resolution plan summary

The resolution strategy for HSH NY in the event of its failure would be for the orderly wind-down of HSH NY. Pursuant to Section 606(4) of the New York State Banking Law (*NYSBL*), the Superintendent (*Superintendent*) of the NYSDFS would have the authority to take possession and control of the business and property of HSH Nordbank AG in the State of New York, and would be expected to do so on or before the failure of HSH Nordbank AG. This includes (i) all of the property of HSH Nordbank AG wherever situated if it constitutes part of the business of HSH NY or if it appears on HSH NY's books and (ii) all property of HSH Nordbank AG situated in New York, whether or not it constitutes part of the business of HSH NY or appears on its books. Possession by the Superintendent would act as a stay and an injunction which would protect assets that would be used to satisfy the claims of HSH NY's creditors. The Superintendent would be expected to exercise its authority pursuant to Article XIII of the NYSBL to dispose of the assets of HSH NY in an orderly wind-down and liquidation and distribute the proceeds thereof to the creditors of HSH NY.

HSH NORDBANK AG

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

APPENDICES OF FINANCIAL DATA AND TABULATED DATA IN NATIVE FORMAT – PUBLIC SECTION

December 2014

Public Section

Appendix 1

The following is a consolidated balance sheet for HSH Nordbank AG as at December 31, 2013, prepared in accordance with IFRS:

[table begins on next page]

HSH NORDBANK AG		
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Positive adjustment item from portfolio fair value hedges	151	207
Trading assets	9,049	12,406
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Financial investments accounted for under the equity method	-	-
Intangible assets	45	62
Property, plant and equipment	215	295
Investment property	68	93
Non-current assets held for sale and disposal groups	25	34
Current tax assets	59	81
Deferred tax assets	1,222	1,675
Other assets	364	499
Total Assets	109,022	149,469
Liabilities		
Liabilities to banks	18,212	24,969
Liabilities to customers	40,697	55,796
Securitized liabilities	28,561	39,157
Negative fair values of hedging derivatives	934	1,281
Negative adjustment item from portfolio fair value hedge	961	1,318
Trading liabilities	7,102	9,737
Provisions	1,360	1,865
Liabilities relating to disposal groups	-	-
Current tax liabilities	202	277
Deferred tax liabilities	27	37
Other liabilities	1,154	1,582
Subordinated capital	5,288	7,250
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Appendix 2

The following summarizes the regulatory capital ratios of HSH Nordbank AG as at December 31, 2013 (after adoption of the 2013 financial statements), prepared in accordance with IFRS as published by the IASB and adopted as European law by the European Union:

	Ratios
Equity ratio (solvency coefficient)	26.8%
Total ratio/Regulatory capital ratio	23.8%
Tier 1 capital ratio	17.5%
Tier 1 capital ratio (including market risk position)	15.3%
Core Tier 1 capital ratio (including market risk position)	11.7%

Appendix 3

HSH NY uses the following payment, clearing and settlement systems:

PAYMENT, CLEARING AND SETTLEMENT SYSTEMS		
Type of system	Name of system	Membership/License owner
Payment System	SWIFT Alliance Access	HSH NY
Payment System	FedLine Advantage	HSH NY
Capital Markets Settlements	K+TP; Calypso (for securities/derivatives)	HSH Nordbank AG
Messaging system	Bloomberg	HSH NY
Clearing system	DTC	Bank of New York Mellon
Pledged and Funds Held Accounts	SAP Deposit Manager	HSH Nordbank AG
Customer Account Information	SAP Business Partner	HSH Nordbank AG
Accounting System General Ledger Entries	SAP FI	HSH Nordbank AG