

Brussels, 29th May 2009

State aid: Commission endorses rescue aid for German HSH Nordbank

The European Commission has endorsed, under EC Treaty state aid rules, a €3 billion recapitalisation and €10 billion risk shield for the German bank HSH Nordbank. Germany notified the measures as urgent rescue aid to preserve financial stability. The Commission authorised the measures as temporary rescue aid because they constitute an adequate means to rescue a bank whose failure would have been likely to provoke a serious disturbance in the German financial sector. The Commission therefore concluded that the measures were in line with its Communications on state aid for financial institutions during the current financial crisis (see [IP/08/1495](#) and [IP/08/1901](#)) and as such compatible with EC Treaty rules that allow state aid necessary to remedy a serious disturbance of a Member State's economy (Article 87.3.b). Within three months, Germany has to submit a viable plan for the future of HSH Nordbank.

Competition Commissioner Neelie Kroes said: "The capital injection and the risk shield are necessary to avoid HSH Nordbank's insolvency and to preserve financial stability. However, over the next three months, some hard work needs to be done to establish a viable concept for the future of HSH Nordbank. This could lead in turn to a wider restructuring and consolidation of the German Landesbanks sector."

HSH Nordbank, with head offices in Hamburg, is the fifth biggest Landesbank in Germany. In its capacity as a Landesbank, HSH Nordbank acts as central bank to the savings banks. In its core region of Northern Germany HSH Nordbank acts as a commercial bank with the main focus on shipping, transportation and renewable energy.

The support measures are provided by two major shareholders of HSH, the city of Hamburg and the state of Schleswig-Holstein. The public owners would inject €3 billion into HSH (€1.5 billion each) in the form of ordinary shares with voting rights to keep the bank afloat. They would also provide a €10 billion guarantee, shielding a broad asset portfolio of about €172 billion. A first-loss-tranche of €3.2 billion would be covered by HSH. The second loss tranche of up to €10 billion would be covered by Hamburg and Schleswig-Holstein (50% each).

HSH Nordbank has been hit badly by the recent turmoil on the financial markets and its capital base has suffered. The recapitalisation and risk shield would increase the capital ratio of the bank.

The Commission authorised the measures on a temporary basis for reasons of financial stability. However, some conditions of the risk shield will be subjected to further analysis, in particular regarding the valuation of assets and remuneration of the public support. These will be examined in the context of the restructuring plan, which the bank has to submit within three months.

The non-confidential version of the decision will be made available under the case number N 264/2009 in the [State Aid Register](#) on the [DG Competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).