UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
NEW YORK, NEW YORK

Written Agreement by and among HSH NORDBANK AG Hamburg, Germany HSH NORDBANK AG NEW YORK BRANCH New York, New York FEDERAL RESERVE BANK OF NEW YORK New York, New York and NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES New York, New York	Docket Nos.

WHEREAS, HSH Nordbank AG, Hamburg, Germany (the "Bank") is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7));

WHEREAS, the Bank conducts operations in the United States through a branch in New York, New York (the "Branch") for which the Board of Governors of the Federal Reserve System (the "Board of Governors") is the appropriate federal supervisor;

WHEREAS, the New York State Department of Financial Services ("NYSDFS") is the appropriate state supervisor for the Branch;

WHEREAS, the Bank and the Branch are taking steps to address deficiencies relating to the Branch's risk management and compliance with applicable federal and state laws, rules, and regulations relating to anti-money laundering ("AML") compliance, including the Bank Secrecy Act ("BSA") (31 U.S.C. § 5311 *et seq.*); the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Chapter X); and the requirements of Regulation K of the Board of Governors to report suspicious activity and maintain an adequate BSA/AML compliance program (12 C.F.R. §§211.24(f) and 211.24(j)) (collectively, the "BSA/AML Requirements"); the regulations of the NYSDFS (3 N.Y.C.R.R Parts 116 and 300) (the "State Regulations"); and the economic sanctions laws and regulations administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") (31 C.F.R. § 500 *et seq.*) (the "OFAC Requirements");

WHEREAS, it is the common goal of the Board of Governors, the Federal Reserve Bank of New York (the "Reserve Bank"), the NYSDFS, the Bank, and the Branch that the Branch operates in compliance with all applicable federal and state laws, rules, and regulations; and

WHEREAS, on February 26, 2013, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Mr. Torsten Temp, Mr. Edwin Wartenweiler and Mr. Charles Lansdown to enter into this Written Agreement (the "Agreement") on behalf of the Bank and the Branch, respectively, and consenting to compliance with each and every applicable provision of this Agreement by the Bank, the Branch, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (the "FDI Act"), 12 U.S.C. §§ 1813(u) and 1818(b)(4)).

NOW, THEREFORE, the Reserve Bank, the NYSDFS (together, the "Supervisors"), the Bank, and the Branch agree as follows:

Primary Contact

1. Within 10 days of this Agreement, the Bank and the Branch shall designate an officer to be responsible for coordinating and submitting to the Supervisors the written programs, plans, and engagement letters required under the terms of this Agreement.

BSA/AML Compliance Review

2. Within 30 days of this Agreement, the Bank and the Branch shall retain an independent consultant acceptable to the Supervisors (the "Compliance Review Consultant") to: (i) conduct a comprehensive review of the Branch's compliance with the BSA/AML Requirements and State Regulations (the "Compliance Review"), and (ii) prepare a written report of findings, conclusions, and recommendations (the "Compliance Report"). The Compliance Review shall, at a minimum, address, consider, and include:

(a) A comprehensive assessment of the Branch's BSA/AML compliance program, policies, and procedures;

(b) the duties, responsibilities, and authority of officers responsible for the Branch's compliance with the BSA/AML Requirements; and

(c) a review of policies, procedures, and processes, including, but not limited to, those for customer due diligence and enhanced due diligence, customer risk rating, identifying and investigating suspicious activity, and for filing suspicious activity reports.

3. Within 45 days of this Agreement, the Bank and Branch shall submit an engagement letter to the Supervisors for approval (the "Engagement Letter"). The terms of the engagement shall require that:

(a) The Compliance Review to be completed within 60 days of the Supervisors' approval of the engagement letter;

(b) the Compliance Report to be submitted simultaneously to the Bank, the Branch, and the Supervisors no later than 30 days after completion of the Compliance Review;

(c) the Compliance Review Consultant shall assist the Branch in developing and implementing appropriate policies, procedures, internal controls, and a comprehensive risk assessment to ensure compliance with the BSA/AML Requirements and this Agreement; and

(d) a commitment that supporting materials associated with the Compliance Review will be made available to the Supervisors upon request.

BSA/AML Compliance Program

4. Within 60 days of the submission of the Compliance Report, the Bank and the Branch shall jointly submit to the Supervisors an acceptable written enhanced BSA/AML compliance program for the Branch. The program shall provide for enhanced internal controls and provisions for updates on an ongoing basis as necessary to incorporate amendments to the BSA/AML Requirements and State Regulations. The enhanced program, at minimum, shall provide for:

(a) The required elements of a BSA/AML compliance program described in section 208.63 of Regulation H of the Board of Governors (12 C.F.R. § 208.63), which are required for U.S. branches and representative offices of foreign banks under section 211.24(j) of Regulation K of the Board of Governors;

(b) oversight and effective management of the BSA/AML compliance functions, including those provided by third-party vendors;

(c) enhancements to the internal control framework to ensure compliance with all aspects of the BSA/AML Requirements, including, at a minimum, customer due diligence, customer risk rating methodology, and suspicious activity monitoring;

(d) policies that provide for effective, ongoing training for all personnel, including targeted training for personnel with compliance-related responsibilities, in all aspects of the BSA/AML Requirements and applicable internal policies and procedures; and

(e) a compliance monitoring program.

Management Oversight

5. Within 60 days of the submission of the Compliance Report, the Bank and the Branch shall jointly submit to the Supervisors a written plan to improve and enhance management oversight of the Branch's BSA/AML compliance program ("Management Oversight Plan"). The Management Oversight Plan shall address all relevant matters identified in the Compliance Report, and provide for a sustainable governance framework that, at a minimum, addresses, considers, and includes:

(a) Measures to improve the Management Information Systems reporting of the Branch's BSA/AML compliance programs to senior management of the Bank and the Branch and appropriate committees;

(b) measures to establish compliance testing and quality assurance reviews of the Branch's BSA/AML and OFAC compliance programs, particularly with respect to the quality and accuracy of the Branch's customer due diligence information and customer risk assessments;

(c) measures to implement a governing policy and structure that clearly delineates the respective roles, responsibilities, and accountability of the Bank's and Branch's respective management, BSA/AML compliance personnel, and internal audit staff in relation to the Branch's BSA/AML compliance program;

(d) measures to ensure that both Bank and Branch management maintain ongoing, effective oversight of all actions taken by Branch personnel to correct the deficiencies addressed in the Compliance Report and this Agreement;

(e) measures to ensure that there is proper oversight of the Branch's BSA/AML independent testing function; and

(f) measures to ensure that there is proper oversight of third party vendor engagements.

Customer Due Diligence

6. Within 60 days of the submission of the Compliance Report, the Bank and the Branch shall jointly submit to the Supervisors an acceptable written program to improve and enhance customer due diligence. At a minimum, the program shall include:

(a) Policies, procedures and controls to ensure that the Branch collects, analyzes and retains complete and accurate customer information for all account holders, as well as a plan, with timelines, to remediate deficient due diligence for existing customers accounts;

(b) a methodology for assigning risk ratings to account holders that considers factors such as type of customer, type of products and services, and geographic location;

(c) appropriate risk-based customer due diligence with respect to all customers, and as applicable, enhanced due diligence procedures;

(d) policies and procedures, including appropriate documentation, for identification, due diligence and reporting of politically exposed persons;

(e) periodic reviews and evaluations of customer and account information for the entire customer base to ensure that information is current, complete, and that the risk rating

reflects the current information, and if applicable, documenting rationales for any revisions made to the customer risk rating; and

(f) policies and procedures for identifying and evaluating, on an ongoing basis, the impact of adverse information on the customer's risk rating.

Suspicious Activity Monitoring and Reporting

7. Within 60 days of the submission of the Compliance Report, the Bank and the Branch shall jointly submit to the Supervisors an acceptable written program to reasonably ensure the identification and timely, accurate, and complete reporting by the Branch of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations. At a minimum, the program shall include:

(a) A timetable to implement improvements to the Branch's suspicious activity monitoring systems and processes, including but not limited to:

(i) policies and procedures for identifying suspicious activity, including standards for determining when an alert or case should be generated and escalated for further analysis, or waived;

(ii) policies and procedures governing alerts or cases generated through manual transaction monitoring, as in the case of e-mail alerts;

(iii) policies and procedures to ensure appropriate analysis is conducted when a monitoring alert or case is generated;

(iv) policies and procedures to ensure that the SAR decision process appropriately considers all available customer due diligence and enhanced due diligence maintained in the bank's systems; and

(v) policies and procedures for documenting decisions on the completion of a SAR, and for ensuring appropriate access to and distribution of SAR information.

(b) measures to ensure that transaction monitoring and suspicious activity reporting functions that are performed manually meet regulatory requirements.

BSA/AML Independent Testing

8. Within 60 days of the submission of the Compliance Report, the Bank and the Branch shall engage a qualified independent consultant acceptable to the Supervisors (the "Independent Testing Consultant"), which shall be different from the Compliance Review Consultant engaged pursuant to Paragraph 2, to assist the Branch in developing a comprehensive, risk-based BSA/AML audit program, and to conduct the first independent test of the Branch's compliance with the BSA/AML Requirements, including a test of the Branch's implementation of enhancements and improvements required by this Agreement.

9. Within 15 days of the engagement of the Independent Testing Consultant, the Bank and the Branch shall submit for the Supervisors' acceptance an engagement letter that sets forth, at a minimum:

(a) A commitment by the Independent Testing Consultant to assist the Branch in developing a plan to enhance its independent testing of the Branch's compliance with the BSA/AML Requirements (the "BSA/AML Audit Plan"). At a minimum, the BSA/AML Audit Plan shall provide for:

(i) procedures to evaluate the adequacy and effectiveness of the Branch's compliance with the BSA Requirements, including monitoring of customer activity to ensure reporting of suspicious activity;

(ii) a review of the Branch's BSA/AML risk assessment for reasonableness given the risk profile (products, services, customers, entities, and geographic locations);

(iii) provisions for independent testing to be performed on a regular basis by qualified parties (which may include internal audit) who are independent of the Bank's and the Branch's business lines and compliance function;

(iv) procedures for the review of independent testing results by senior Bank and Branch management and escalation to the board of directors of the Bank in appropriate circumstances;

(v) a review of staff training for adequacy, accuracy, and completeness; and

(vi) an evaluation of management's efforts to resolve violations and deficiencies noted in audits and regulatory examinations, including progress in addressing outstanding supervisory action items.

(b) A commitment that supporting materials associated with the review will be made available to the Supervisors upon request.

10. The BSA/AML Audit Plan shall be completed and submitted to the Supervisors for their acceptance within 60 days of the date that the Supervisors accept the terms of the engagement of the Independent Testing Consultant.

11. The Independent Testing Consultant shall complete the first independent test of the Branch's BSA/AML compliance program, including a test of the Branch's implementation of BSA/AML enhancements and improvements required by this Agreement (the "Independent Review"), within 180 days following the Supervisors' acceptance of the BSA/AML Audit Plan.

12. The Independent Testing Consultant shall simultaneously submit to the Supervisors, the Bank, and the Branch a written report detailing its findings, conclusions, and recommendations immediately upon completion of the Independent Review.

13. Within 60 days following the submission of the written report by the Independent Testing Consultant, management should provide to the Supervisors its response and corrective action plan that is responsive to the Independent Testing Consultant's findings and recommendations.

Office of Foreign Assets Control Compliance

14. Within 60 days of this Agreement, the Bank and the Branch shall jointly submit to the Supervisors an acceptable written plan to enhance the Branch's compliance with the OFAC Requirements. At a minimum, the written plan shall include:

(a) Procedures for the establishment and maintenance, including timely updates, of the Branch's OFAC exclude list;

(b) procedures to regularly update and test the Branch's OFAC filters;

(c) training for all appropriate Bank and Branch employees in OFAC-related issues appropriate to the employee's job responsibilities that is provided on an ongoing, periodic basis; and

(d) an audit program designed to test for compliance with the OFAC Requirements.

Approval, Implementation, and Progress Reports

15. (a) The Bank and the Branch shall jointly submit the written plans and programs that are acceptable to the Supervisors within the applicable time periods set forth in paragraphs 4, 6, 7, 10, and 14 of this Agreement. Independent Consultants acceptable to the

Supervisors shall be retained by the Bank and the Branch within the time periods set forth in paragraphs 2 and 8 of this Agreement. Engagement letters shall be submitted to the Supervisors within the time periods set forth in paragraphs 3 and 9 of this Agreement.

(b) Within 10 days of acceptance by the Supervisors, the Bank and the Branch shall adopt the plans and programs. Upon adoption, the Bank and the Branch shall implement the plans and programs and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans, programs, and engagement letters shall not be amended or rescinded without the prior written approval of the Supervisors.

16. Within 30 days after the end of each calendar quarter following the date of this Written Agreement, the Bank and the Branch shall submit to the Supervisors written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof. The Supervisors may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

Notices

17. All communications regarding this Agreement shall be sent to:

(a) Ms. Zahra El-Mekkawy
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

(b) Ms. Regina Stone
Deputy Superintendent
New York State Department of Financial Services
One State Street
New York, New York 10004

(c) Mr. Constantin von Oesterreich
Chief Executive Officer and
Chairman of the Management Board
HSH Nordbank AG
Gerhard – Hauptmann – Platz 50
20095 Hamburg
Germany

(d) Mr. Charles J. Lansdown
General Manager
HSH Nordbank AG
New York Branch
230 Park Avenue
New York, New York 10169-0005

Miscellaneous

18. The provisions of this Agreement shall be binding on the Bank and the Branch and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.

19. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Supervisors.

20. Notwithstanding any provision of this Agreement, the Supervisors may, in their sole discretion, grant written extensions of time to the Bank and the Branch to comply with any provision of this Agreement.

21. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Supervisors, or any other federal or state agency from taking any further or other action affecting the Bank and the Branch or any of their current or former institution-affiliated parties or their successors or assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 25 day of March, 2013.

HSH NORDBANK AG

By: _____

By: _____

FEDERAL RESERVE BANK OF NEW YORK

By: _____

HSH NORDBANK AG
NEW YORK BRANCH

By: _____

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

By: _____