

Information Regarding the Financial Statements of HSH N Funding II for the Year Ended 31 December 2011

HSH N Funding II

Incorporated on 26 May 2005 as an exempted company with limited liability under the laws of the Cayman Islands

Registered Office: P.O. Box 309
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Grand Cayman KY1-1104
Cayman Islands

17 October 2012

The Netherlands Authority for the Financial Markets (AFM) has reviewed the financial reporting of HSH N Funding II ("the company") for the year ending 31 December 2011 in the course of the regular thematic review of the separate financial statements of debt issuers in 2011 and has addressed a Notification to the company.

Based on this Notification and the view of the AFM expressed herein, HSH N Funding II is required to issue, and file with the AFM, this press release and to explain the following:

The 2011 financial report does not comply with IAS 39.9 condition (c) of the definition of loans and receivables, as the Silent Contribution, which is held by the HSH N Funding II, was classified as a loan and receivable instead of an available for sale financial instrument.

In addition to this explanation, which is based on specific contractual terms that may become relevant in particular cases, the company is also required to provide a description of the impact on the 2011 financial report:

The fair values of the Silent Contribution as of 31 December 2011 and 2010 of 246 mill. USD and 337 mill. USD respectively had already been presented in the Notes of the Financial Statements of the company. Now the Silent Contribution would have to be shown with these fair values within the statements of financial position. Correspondingly, the book values of the Silent Contribution as presented before would have to be removed (2011: 563 mill. USD, 2010: 560 mill. USD).

For 2011 such replacement would cause a reduction of equity from 696 mill. USD to 379 mill. USD due to the recognition of a revaluation reserve of -317 mill. USD. Equity of 2010 would decrease from 693 mill. USD to 470 mill. USD (-223 mill. USD) accordingly. Cumulated results from net changes in revised discounted cash flows, which were recognized in the statement of comprehensive income and retained earnings, are kept unchanged (2011: -29 mill. USD, 2010: -32 mill. USD). The adjustments outlined would cause respective amendments of the further components of the financial statements respectively the introduction of a statement of other comprehensive income.

The impact of the described amendments will be recognized in the 2012 financial report of HSH N Funding II.

Measurement effects of the Class B-Shares, which were issued by the company, will remain to be recognized in the statement of comprehensive income, and the related fair value will continue to be presented in the notes.

The required change in the accounting policy has no impact on the terms and conditions of the instruments held or issued. Also the past, actual or estimated cash flows of HSH N Funding II remain unchanged.