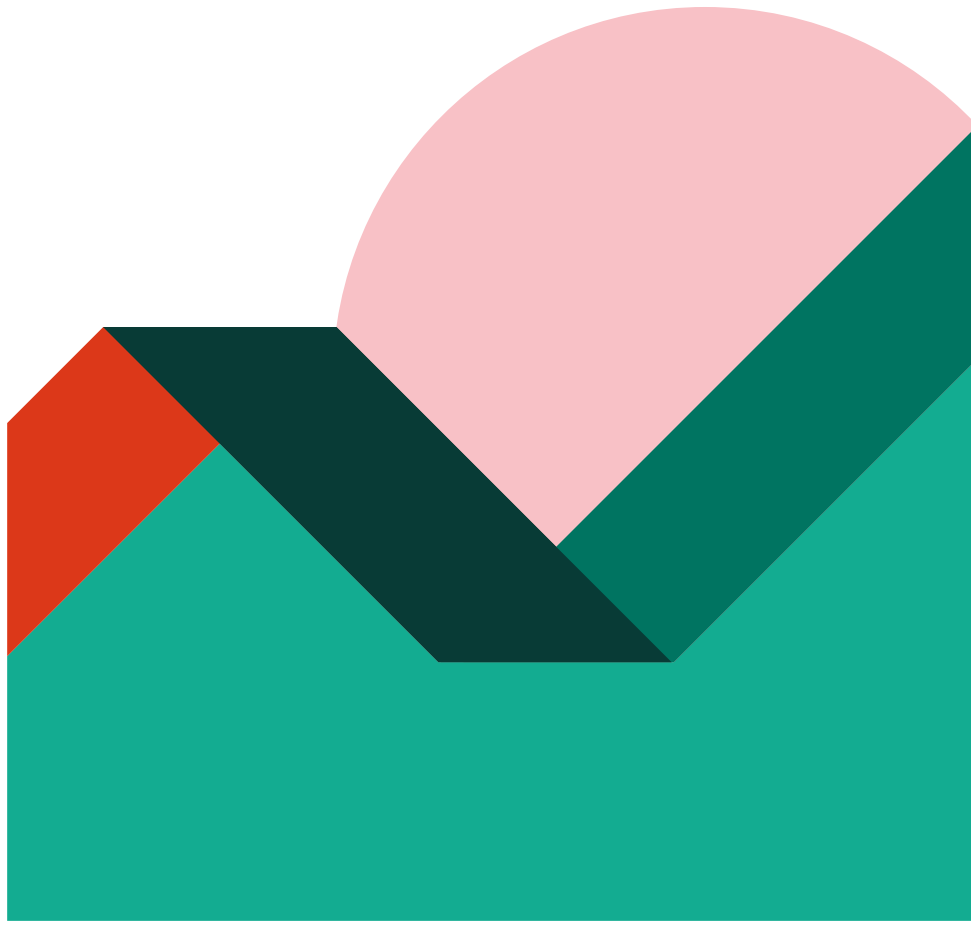


**Hamburg
Commercial
Bank**



Investor Presentation

Ship Pfandbrief

May 2022

Ship Pfandbrief Benchmark – Proposed Transaction and Issuance Rationale

Offering Summary

- Ship Pfandbrief issued by Hamburg Commercial Bank AG (“HCOB”)
- EUR 500mn RegS with a 3-year tenor, WNG
- Issued out of HCOB’s EUR 15bn debt issuance program (DIP)
- Expected issue rating A2 by Moody’s
- Expected ECB and CBPP3 eligibility as well as LCR Level 2A compliance

Transaction Rationale

- Broadening of existing credit investor base
- Refinancing of one of HCOB’s key business lines
- Diversification of funding sources
- Cost efficient funding secured by shipping assets

HCOB Highlights

- Specialized German lender with expanding track record of sustainable profitability, driven by focused new business, b/s optimization and significantly lower funding costs
- Expanding franchise – backed by improved profitability, robust capital and solid liquidity – and strengthened rating position
- Regular issuer in the capital market in coming years with Senior unsecured and Pfandbrief benchmark issues
- Long-standing expertise in Ship finance focused on European and selected Asian shipping companies
- Ship covered bonds based on conservative German Pfandbrief Act, additionally supported by prudent valuation principles for assets in cover pool

Agenda

1.

HCOB AT A GLANCE

A private commercial bank and specialist financier

2.

CAPITAL AND LIQUIDITY

YE 2021

3.

SHIP PFANDBRIEF

OVERVIEW

4.

APPENDIX

1. HCOB AT A GLANCE

A private commercial bank and specialist financier

Management Board and Shareholder Structure – Experienced international management team & strong ownership



Stefan Ermisch
CEO

- Born in 1966 in Bonn, Germany
- Chief Executive Officer (CEO) since June 2016
- More than eighteen years of leading management board positions as CEO, CFO and COO at private commercial banks and in the public sector, in Germany, Austria and Italy



Ulrik Lackschewitz
CRO and Deputy CEO

- Born in 1968 in Bro, Sweden
- Chief Risk Officer (CRO) since October 2015 and deputy CEO since December 2018
- Before that, Ulrik Lackschewitz was Group Head of Financial and Risk Control at NordLB (2011) and reported directly to the Management Board



Ian Banwell
CFO

- Born 1963 in Uganda
- Chief Financial Officer (CFO) since September 2020, before (since April 2019) Chief Operating (COO)
- Earlier, Ian Banwell was Senior Managing Director at Cerberus and is currently Chief Executive Officer (CEO) and owner of Round Table Investment Management Company, LP.



Christopher Brody
CIO

- Born 1968 in the US
- Chief Investment Officer (CIO) since July 2019
- From 2012 to June 2019 Christopher Brody was President and Chief Investment Officer of a US family office and from 2008 to 2011, he held the position of Chief Investment Officer at the Austrian bank BAWAG P.S.K.

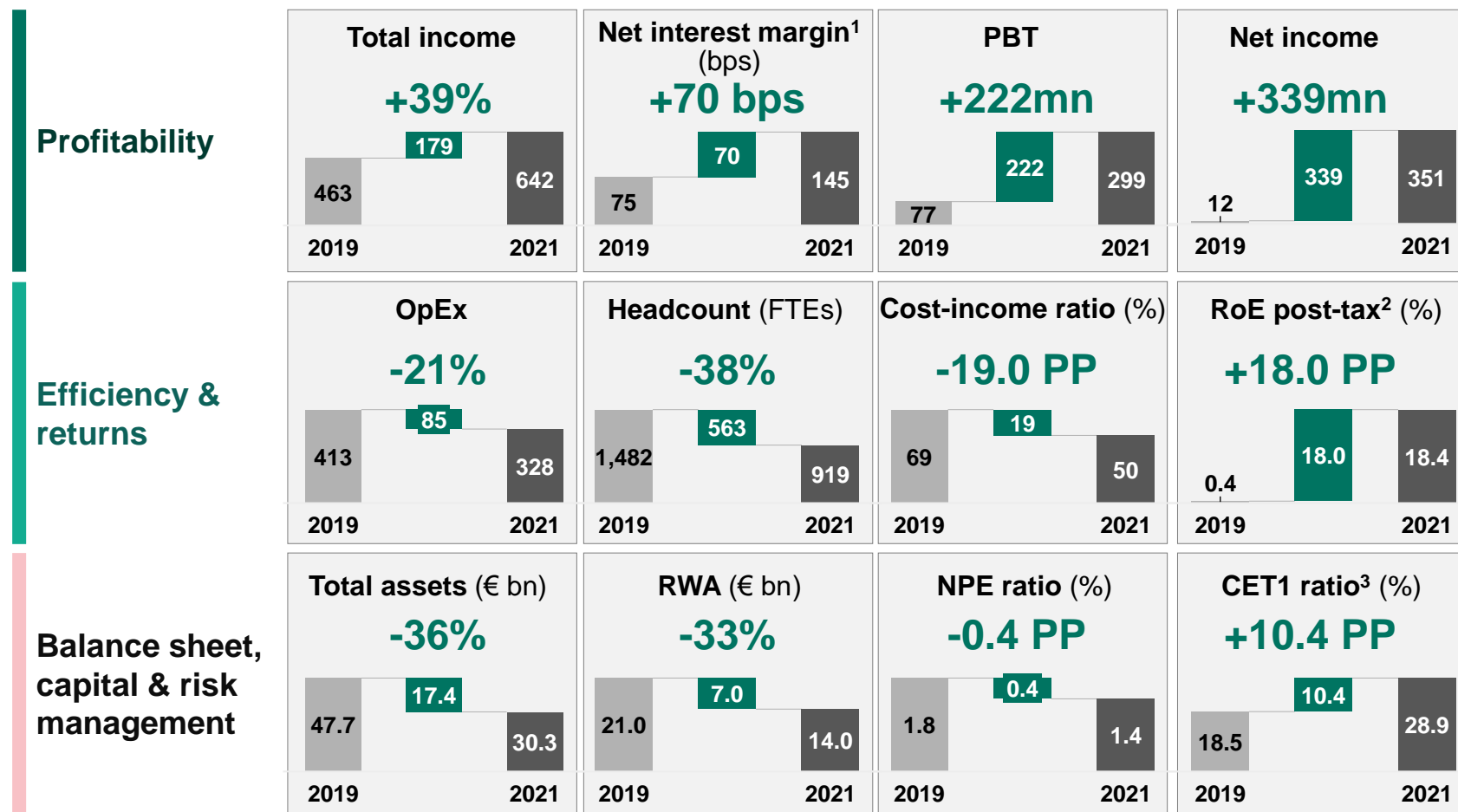
Ownership Structure¹

Several funds initiated by Cerberus Capital Management, L.P.			One fund advised by J.C. Flowers & Co. LLC	One fund initiated by GoldenTree Asset Management LP	Centaurus Capital LP	BAWAG P.S.K. <i>(inkl. P.S.K. Beteiligungsverwaltung GmbH)</i> <i>Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft</i>	HCOB Current and former Management Board Members <i>(who are or were in office from November 2018)</i>
Promontoria Holding 221 B.V. 9.87%	Promontoria Holding 231 B.V. 13.87%	Promontoria Holding 233 B.V. 18.71%	JCF IV Neptun Holdings S.à r.l.	GoldenTree Asset Management Lux S.à r.l.	Chi Centauri LLC		
42.41%			34.93%	12.47%	7.48%	2.49%	0.20%

HCOB transformation delivers one of the top performing banks in Germany

Top KPIs 2021 vs. 2019⁴

(Figures in € mn, unless stated)



1) Net interest margin equals core net interest income divided by avg balance sheet | 2) RoE after taxes based on CET1 ratio of 13% |

3) CET1 ratio 2021 reported as not in period, thus w/o FY 2021 net income (NI) in CET1 capital | 4) Covering the three-year transformation

Guidance: Moderate growth, expanding track record of strong profitability while maintaining sound capital & asset quality

(Figures in € mn, unless stated)

	2020	2021	2024 ⁴	Key levers / highlights	
Increasing Revenues and Profitability	Total income	656	642	>800	<ul style="list-style-type: none"> Well positioned for revenue growth following repositioning
	Net interest margin¹ (bps)	117	145	~200	<ul style="list-style-type: none"> Improved asset allocation & b/s productivity with lower funding costs
	PBT	257	299	>400	<ul style="list-style-type: none"> Increasingly diversified earnings profile while maintaining core franchises
	Net income	102	351	>300	<ul style="list-style-type: none"> Net income in '21 benefitted from tax effects, normalized tax rate starting '23
	RoE post-tax² (%)	4.3	18.4	~11	<ul style="list-style-type: none"> Strong profitability metrics, covering cost of capital, underpin strengthening of ratings and funding franchise
Operating Efficiency	Cost-income ratio (%)	42	50	40-42	<ul style="list-style-type: none"> Strict cost management while investing in capabilities and people as growth enablers, continued investment in IT transformation in 2022/2023
Strong Balance Sheet & Risk Management	Total assets (€ bn)	33.8	30.3	~35	<ul style="list-style-type: none"> Shift towards selective growth
	NPE ratio (%)	1.8	1.4	1.6	<ul style="list-style-type: none"> Strong risk management reduced NPE volume in 2021, conservative projection
	CET1 ratio (%)	27.0	28.9	>20 ³	<ul style="list-style-type: none"> Capital usage from b/s growth & higher RWA from A-IRB to F-IRB models. F-IRB RWA uplift temporary, will be largely offset by B4

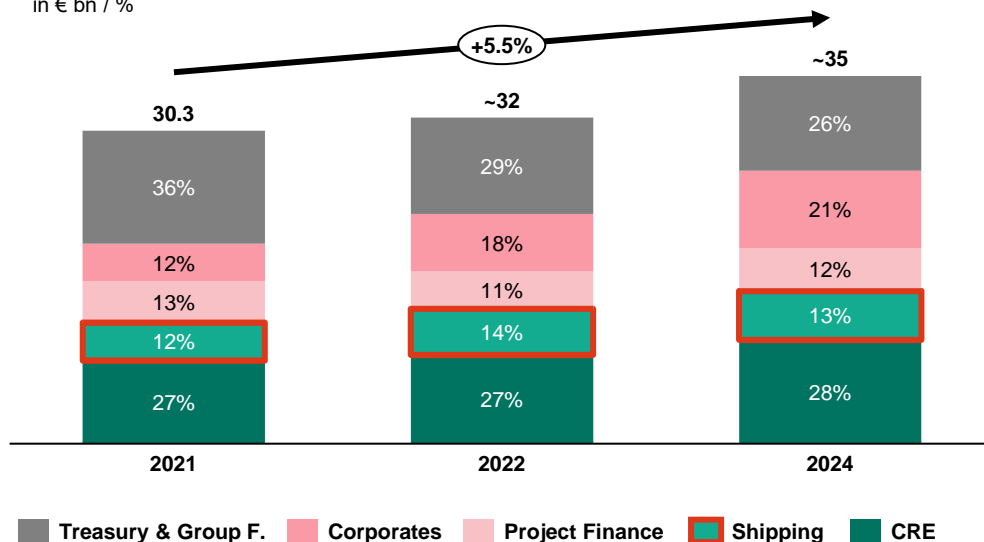
7 1) Net interest margin equals core net interest income divided by avg balance sheet | 2) RoE after taxes based on CET1 ratio of 13% | 3) CET1 guidance without dividend assumptions and subject to development of dividend policy prior to YE22 | 4) Corporate targets for 2024

Maintaining strong position in asset-based finance, growth and diversification through granular international corporate exposures



Asset allocation on b/s¹

in € bn / %



- Business model based on strong expertise being further enhanced by allowing for higher diversification while growing the b/s
- Constant share of asset-based finance CRE, Shipping and Project Finance at approx. 53%, each with mix of subsectors and moderate correlation
- Corporates driven by expansion of International Corporates exposures while maintaining strong position in Northern German home region
- Streamlined Treasury with high quality investment portfolio and liquidity buffer

Strong business model of enhanced sector specialist approach combining profitable niches with diversification

1) Rounding differences possible

Rating position reflects strong capital position, de-risked portfolio and strong profitability trajectory

Key Credit Strengths

- ✓ Robust and resilient capitalization well above regulatory requirements and peers, with increasing capital generation capacity
- ✓ Substantially de-risked and simplified asset portfolio underpinned by legacy disposals and conservative new business with prudent risk appetite and improving diversification, amid macroeconomic uncertainty
- ✓ Strong coverage of credit risks²
- ✓ Significant progress towards diversifying the funding base, extending the maturity profile & maintaining substantial liquidity buffer
- ✓ Demonstrated expertise of owners drives best practices

Upside Drivers

- Demonstrating underlying franchise strength, while lengthening track record for risk-adjusted profitability
- Continued diversification by reducing concentration risks from cyclical assets
- Further maturity extension and diversified funding

Ratings Overview ¹	Moody's	S&P
Issuer Ratings		
Deposit Rating	Baa1	–
Issuer Credit Rating (Long-Term)	Baa1 / positive	BBB / stable
Short-term Debt	P-2	A-2
Stand-alone Rating	ba1	bbb
Instrument Ratings (Unsecured Issuances)		
“Preferred” Senior Unsecured Debt	Baa1	–
“Non-Preferred” Senior Unsecured Debt	Baa2	–
Subordinated Debt (Tier 2)	Ba2	–
Instrument Ratings (Secured Issuances)		
Mortgage Pfandbrief	Aa1	–
Ship Pfandbrief	A2	–

Benchmarking – HCOB with excellent metrics for capital and profitability

in %

Key Metrics	Ratios (in %)	HCOB		GER	Peer 1	Peer 2	Peer 3	Peer 4	Peer 5	Peer 6	EU
		YE 2021	Target 2024								
Capital	CET1 ratio	28.9 ⁴	> 20 ⁵	15.2	13.2	13.6	18.2	17.1	18.4	14.8	15.4
	Leverage ratio	12.7 ⁴	~10	5.8	4.9	5.2	5.5	6.0	8.0	7.5	6.0
Asset Quality	NPE / NPL ratio	1.4 ¹	1.6 ¹	1.0	2.7	0.9	5.2	1.0	2.5	1.8	1.8
Liquidity	LCR	164	~140	159	133		>>100	>150	184	205	175
Profitability	CIR	50	40-42	74	85	74	44	40	48	60	63
	RoE ²	18.4	~11	4.1	3.8	1.0	1.9	7.0	10.8	8.8	7.3
	NIM	1.4	~2.0	0.9	0.8	0.9	1.3	0.8	1.9	1.3	1.3
Long-Term Rating	Moody's / S&P	Baa1 / BBB	A3 / BBB+		A2 / A-	A1 / BBB+	A3 / -	- / BBB+	- / BBB+	Baa1 / -	

Profitability	✓ Key profitability metrics (CIR, RoE, NIM) well above peers, due to selective new business, NIM expansion, B/S optimization & decreasing funding costs – expanding successfully started track record will be major rating driver
Capital	✓ Excellent capitalization, well above average for higher-rated peers, excess capital will be managed over time
Asset Quality	✓ De-risked, sound, well-performing portfolio with manageable exposure in key Covid-19 impacted sectors & strong loss coverage
Liquidity	✓ Substantial liquidity buffer provide robust cushion for adverse scenarios, funding structure increasingly diversified

Source: Peer's data from company reports and EBA Risk Dashboard, for GER and EU comparisons based on 2021-Q4 | 1) NPE for HCOB | 2) RoE after taxes based on a 13%-ratio of invested CET 1 capital as reported for HCOB (7.7% RoE after taxes based on reported average IFRS capital as of 31.12.2021) | 3) As of 30.06.2021 | 4) Capital ratios 2021 reported as not in period, thus w/o NI FY 2021 | 5) CET1 guidance without dividend assumptions and subject to development of dividend policy prior to YE22

Further operationalizing ESG in our commercial and risk management processes

Key Achievements 2021

- ✓ **Industry blacklist and investment policy** in place
- ✓ **ESG Scoring for entire portfolio completed**, including transitions risks
- ✓ **Sustainability Governance & Roadmap** established
- ✓ **External reporting** improved e.g., CSR Report, ESG Factbook
- ✓ **Best in class in ECB's assessment** of bank's **adequacy of ESG plans vs. supervisory expectations**

Outlook on key milestones 2022+

- **Strategic ESG customer dialogue on transition financings** including **incentives** for meeting green standards
- Complete **ECB climate risk stress test**
- **Further embed ESG targets** in business planning
- **Collection of CO2 emissions data** for GHG accounting in accordance with PCAF
- New business mapping to **Sustainable Development Goals**

HCOB's ESG Targets - 2025

<p>Green new business production</p> <p>> 10% of net new business (vs. 8% 2020¹)</p>	<ul style="list-style-type: none"> ▪ Reliable partner for our clients on their ESG transition path ▪ >10% of total new business production in green assets on a projected increasing b/s
<p>GHG emissions of scope 1 & 2</p> <p>> 20% reduction (vs. 683t CO2 emissions 2020)</p>	<ul style="list-style-type: none"> ▪ Relatively small footprint as a commercial bank ▪ Further reduction driver to come with move to new HQ building & smaller sqm footprint
<p>Female share in Senior Positions & Management Level²</p> <p>33% (vs. 26% 2020)</p>	<ul style="list-style-type: none"> ▪ HCOB strongly promotes equality and diversity ▪ Target anchored in managers' goals and objectives

HCOB'S ESG Ratings



Legend: ● HCOB [dashed box] Average range of peers rating results

1) Initial validation in accordance with economic criteria of EU Taxonomy | 2) Including BU Heads, Department Heads and Senior Experts | 3) Next rating result by ISS expected in 2Q22 | More information on ESG available in the sustainability section at www.hcob-bank.com

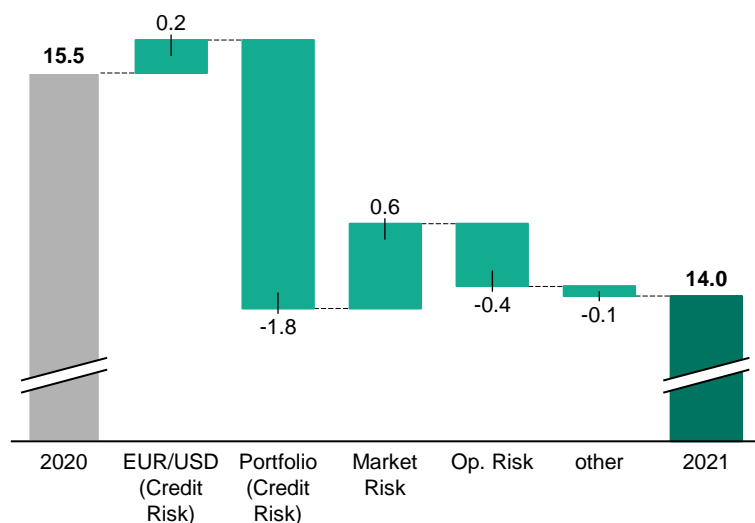
2. CAPITAL AND LIQUIDITY

YE 2021

Capital position further strengthened by rigorous de-risking and de-leveraging activities

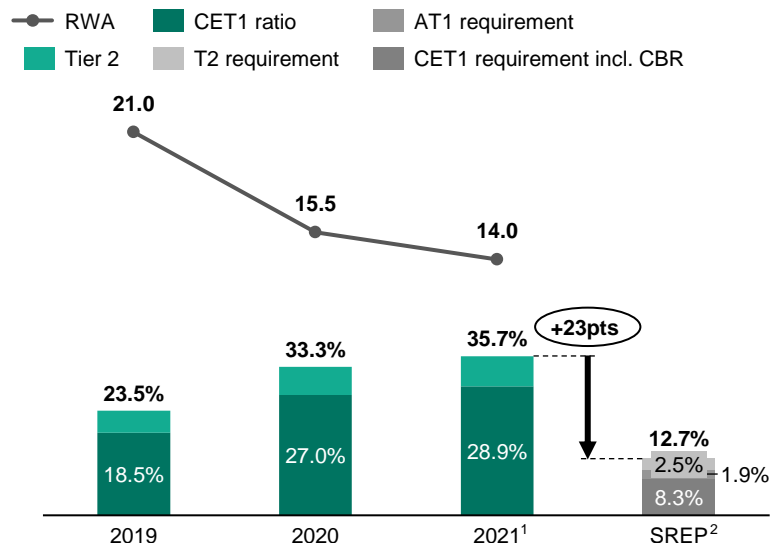
Drivers of RWA development

in € bn



Development of RWA / capital ratios

in € bn



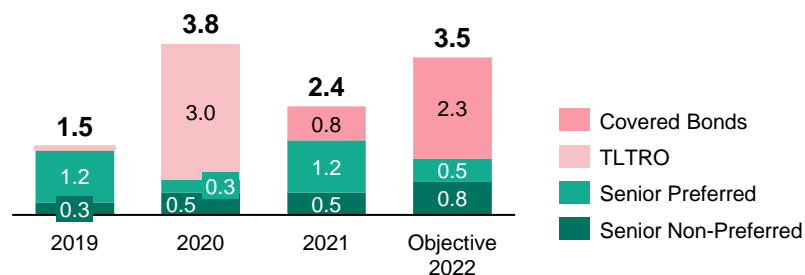
- Further increased CET1 ratio of rd. 29% underlines strong capital position with capital surplus well above regulatory requirements
- Leverage ratio further strengthened to very strong 12.7% (12.2%)
- RWA significantly reduced by de-risking and de-leveraging started in 2019 and careful new business selection

Liability strategy linked to core business – 62% of funding sources are organic funding from clients & deliver franchise value

in € bn	YE 2021	YE 2020	Δ
Capital	4.7	4.4	+0.3
Development Banks	2.6	3.8	-1.2
Mortgage covered bonds	2.9	2.9	-
Shipping covered bonds	0.3	0.1	+0.2
Franchise deposits	8.4	7.3	+1.1
Organic funding	18.9	18.4	+0.5
Other deposits ¹	0.2	1.9	-1.7
Public covered bonds ²	0.9	1.2	-0.3
Unsecured Funding (SP/SNP)	5.2	5.4	-0.2
Tier 2	0.9	0.9	-
Unsecured / public covered	7.1	9.5	-2.4
TLTRO	1.8	3.0	-1.2
Other liabilities ³	2.5	2.9	-0.4
HCOB Group	30.3	33.8	-3.5

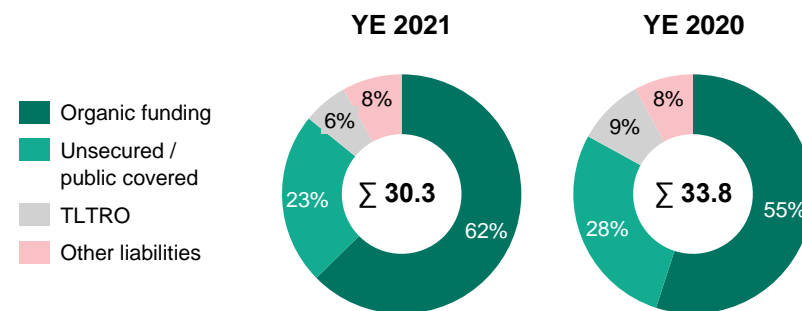
Long-term funding issuance

in € bn



Funding Composition HCOB

in € bn



- Funding strategy of HCOB focusses on increasing the organic funding as it leverages on banks core business and leads to increased franchise value
- TLTRO has been actively reduced by €1.25bn and replaced by organic funding (deposits and covered bonds). As a result of this strategy, organic funding significantly increased from 55% to 62% during 2021
- Going forward, share of organically sourced liabilities will be expanded further (e.g., by lower TLTRO, further leveraging of covered bond franchise and increase of deposits)

Rounding differences possible 1) Non-core deposits, mainly to non BdB eligible clients | 2) Public financing is not part of HCOB's core business | 3) Derivatives, received cash collaterals, provisions

3. SHIP PFANDBRIEF Overview

Shipping Segment Overview – Strong results due to significant increase in total income and lower risk costs

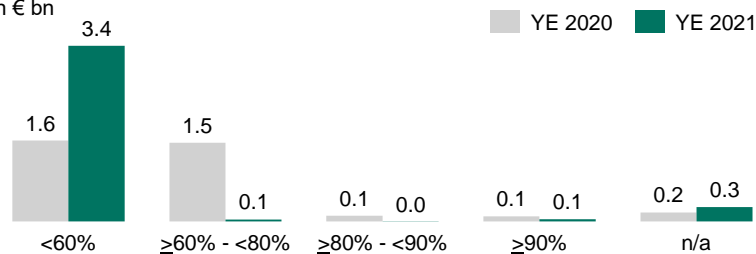
Financials

in € mn

	YE 2021	YE 2020
Net interest income	102	112
Net commission income	11	12
Other income ¹⁾	29	(23)
Total income	142	101
Risk costs (expected loss)	(12)	(25)
Administrative expenses	(59)	(57)
Net income before taxes	71	19
Net income after taxes	62	17
RoE after taxes (%) ²⁾	25	4
Net Interest Margin (bps) ³⁾	196	177
Cost-Income-Ratio (CIR in %)	38	50
Risk costs (expected loss - bps) ⁴⁾	35	59
Gross new business (bn)	1.9	0.9

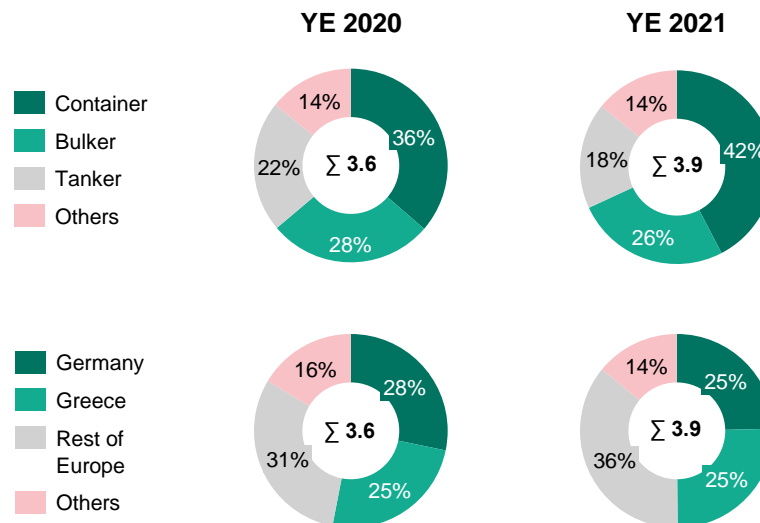
Portfolio LTV⁵⁾

in € bn



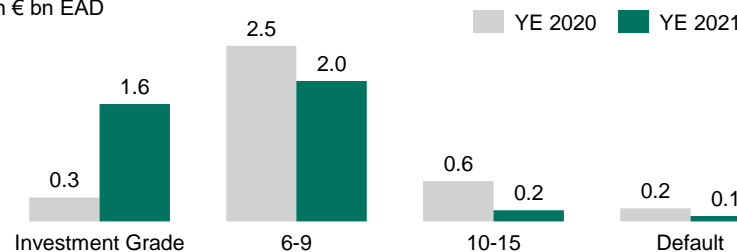
Portfolio by segment and region

in € bn EAD / %



Rating

in € bn EAD



HCOB's Shipping Franchise – Prudent Risk Approach and focused on sound risk/return profile

Parameters

Deal size	▶	Up to 150\$m per deal
Portfolio diversity	▶	Higher diversification towards tankers/ bulkers
Term	▶	Focus on maturities with 3-5 years
Initial LTV	▶	Financing up to 60% LTV
Vessel age	▶	Focus on vintage built (~8-12-year-old vessels)
Amortization	▶	9-25% annual amortization
Collateral structure	▶	Focus on deals incl. corporate recourse
Charter contracts	▶	Focus on vessels w. long-term TC, esp. in container segment

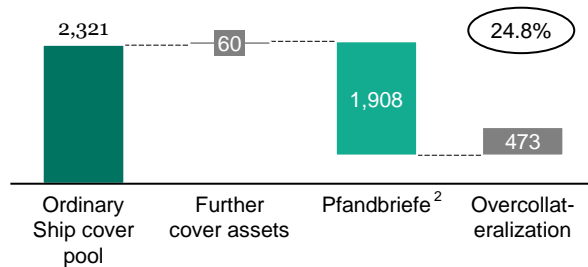
Market approach

- HCOB as niche player with strong capabilities and brand
- Profitable business model with focus on vintage vessels with high scrap-value coverage
- Significantly reduced exposure risk to market price volatility
- Long standing customers relationships with a strong client base, mainly in Greece, Germany and Europe
- Financing approach has become more focused on the corporate and its track record
- Business is being pursued on sound risk/return profile
- Sound risk parameters of current portfolio, which benefitted from de-risking and stringent lending criteria
- New business more often with recourse structures and additional collateral / guarantees in place

Ship Pfandbrief Cover Pool¹ (1/2)

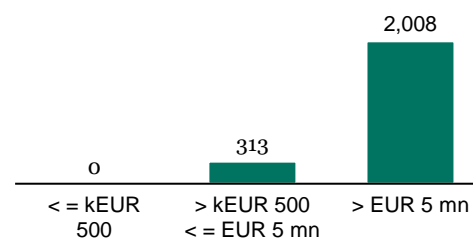
Cover pool – nominal value

in € mn



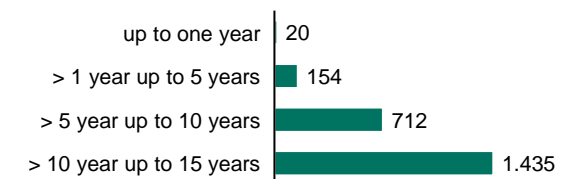
Breakdown by average loan size

in € mn; total: €2,321



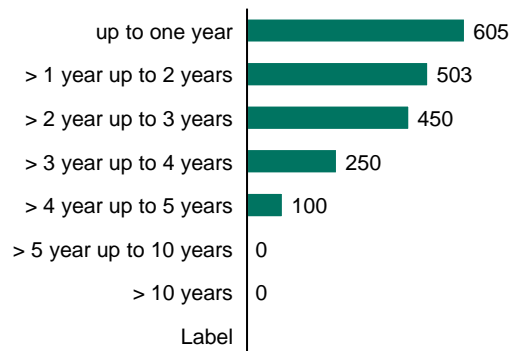
Breakdown by age of ships

in € mn; total: € 2,321



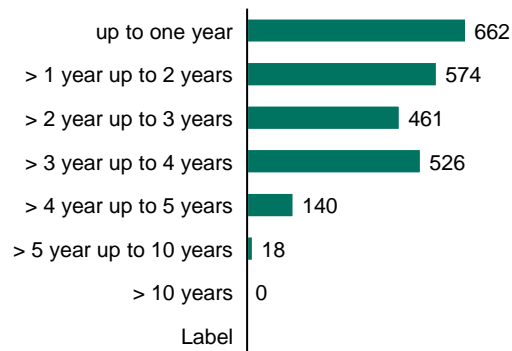
Breakdown Pfandbriefe by maturity

in € mn; total: € 1,908mn



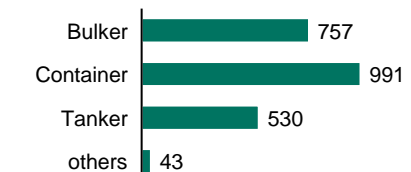
Breakdown assets by maturity

in € mn; total: € 2,381mn



Breakdown by type of ships

in € mn; total: € 2,321mn



1) As of 31 March 2022; source: §28 PfandBG and according to Extended vdp-Template incl. HTT; deviations may occur due to rounding | 2)

Outstanding Ship Pfandbriefe of which €1,630 mn are retained

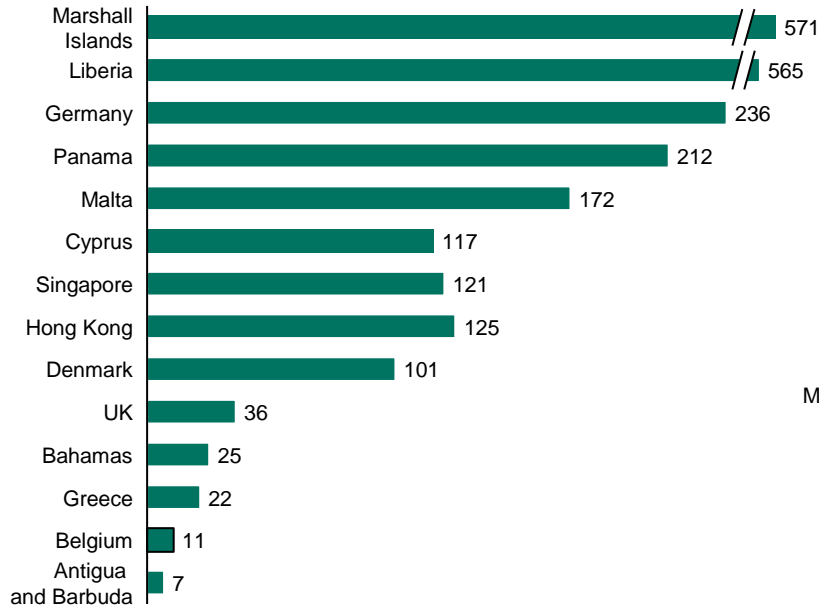
https://www.hcob-bank.de/media/pdf_3/investorrelations/funding/pfandbriefe/28pfanbg/2022_q1/firstspirit_16522685005742023103_angaben_gem_28_pfanbg_schiffe_-_englisch.pdf?lang=en&fsId=12986176

https://www.hcob-bank.de/media/pdf_3/investorrelations/funding/pfandbriefe/28pfanbg/2022_q1/firstspirit_1652337161776templateerw_hcob_202203-s-korrektur.xlsx?lang=de&fsId=12986182

Ship Pfandbrief Cover Pool - Customers economic domicile predominantly in Germany and Greece (2/2)

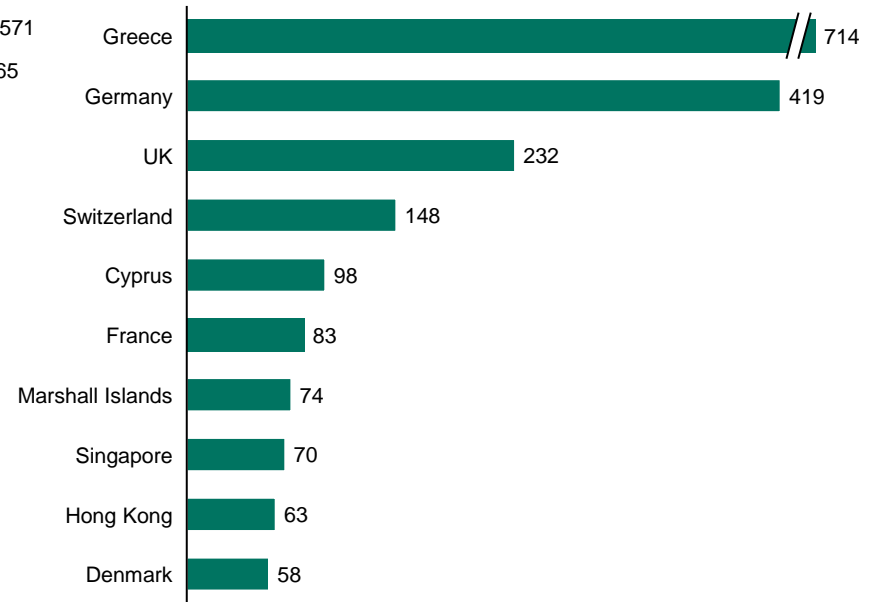
Breakdown by county of registration¹

in € mn; total: €2,321



Breakdown by county of the customers

in € mn; Top 10 as per YE 2021



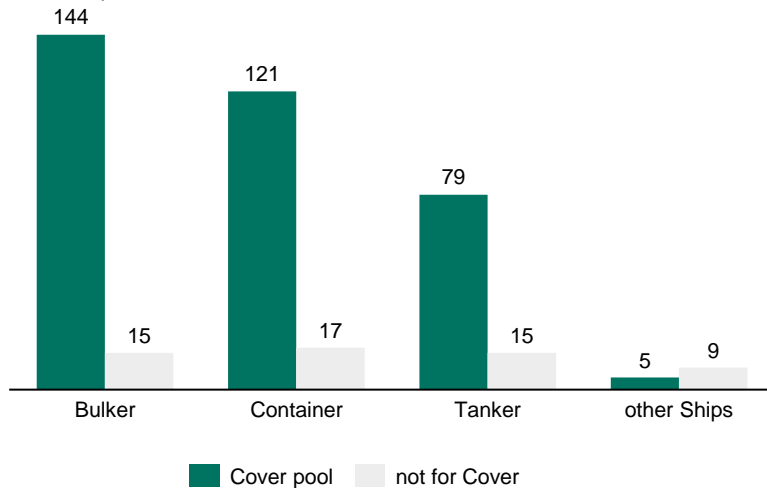
Enforcement on foreign ship mortgages in accordance with the German Pfandbrief Act

- Ships registered abroad may be lent on if, under the laws of the state in whose register the ship is recorded
 - a right in rem can be created on ships which are recorded in a public register
 - the right in rem grants the creditor a security comparable to a shipping mortgage under German law, in particular the right to seek satisfaction of the secured loan claim from the ship
 - legal action is not made significantly more difficult for creditors belonging to another state compared to nationals of that state

Ship Pfandbrief Pool: Prudent Selection Criteria

Circa 2/3 of the loan portfolio is in the cover pool

in # of Ships as of YE2021



Statutory provisions of the German Pfandbrief Act (PfandBG)

- Cover pool eligible loan amount not to exceed 60% of the Ship mortgage lending value
- Register countries must meet strict criteria comparable to German law
- Repayment obligation to compensate for losses of values with increasing age
- Maximum age of the ship at repayment should not exceed 20 years of age

Additional internal selection criteria

- First-ranking lien
- Standard ships
- Rating must be at least equivalent of B+/B1 S&P/Moody's to be eligible for inclusion in the cover pool and maintain at least an equivalent of CCC+-C/Caa1-Caa3 S&P/Moody's to stay in the cover pool
- No ships under construction

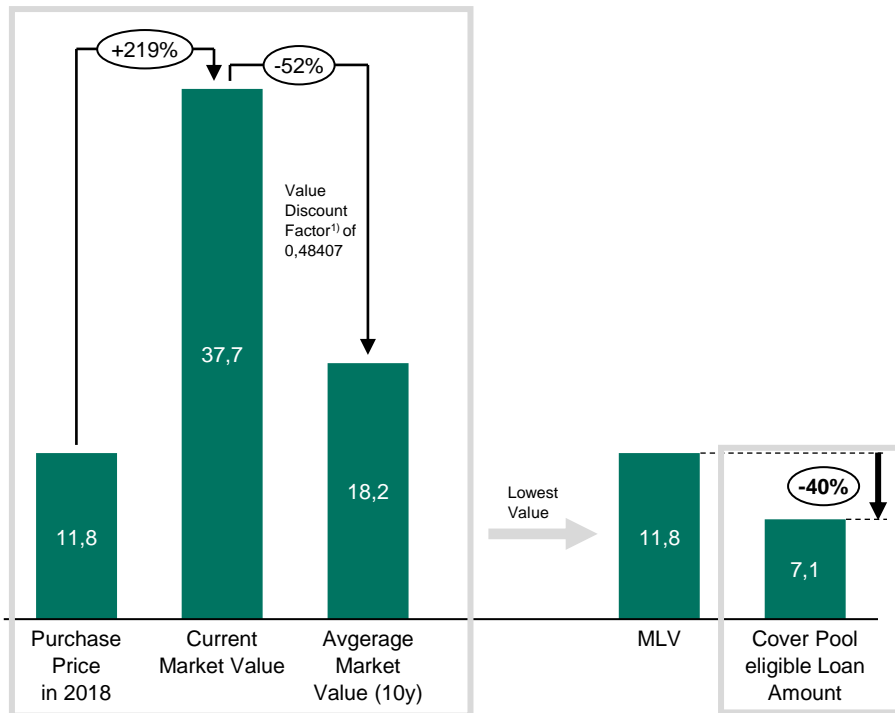
Independent team managing the Ship Pfandbrief Pool

- Daily cover pool monitoring and steering
- Checks every single ship and deal for the cover pool
- Calculates and documents the mortgage-lending-value
- Teamwork with the people who coordinate the market values
- Daily monitoring, to ensure that the cover amount is less than 60 % of the MLV and compliance of OC
- Monthly monitoring of the development of the markets of the individual ship submarkets

High standards for HCOB's shipping loan business and German Pfandbrief Act ensure high quality cover pool

Ship Mortgage Lending Value (MLV)²

Example: Cover Pool eligible loan amount calculation



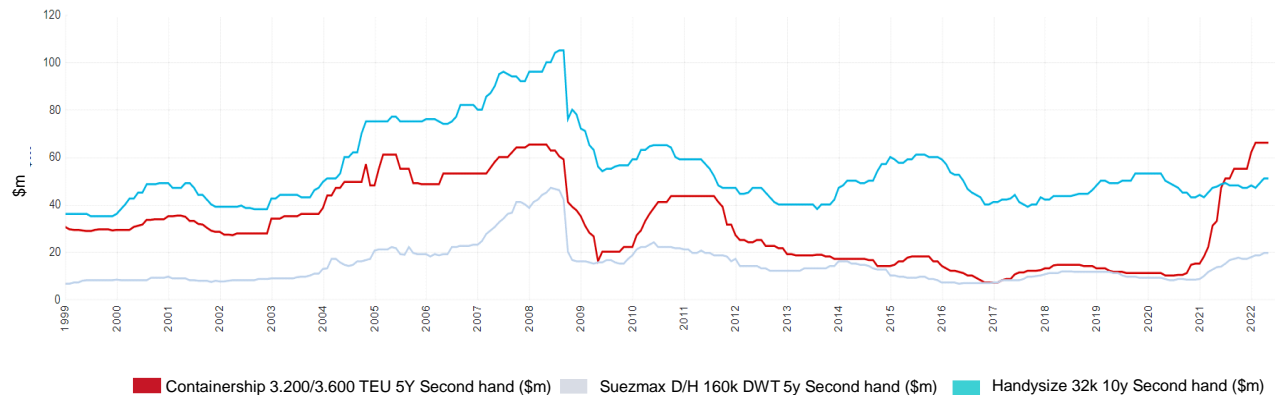
Segment	▶ Cont. Sub-Panamax (2000-2999 TEU)
Purchased in	▶ 2018
Purchase Price	▶ 11,8 \$m
Current Age	▶ 16,5 years
Valuation Date	▶ Jan 2022
Desktop Valuation	▶ 37,5 \$m
Scrap Value	▶ 5,7 \$m

PfandBG requests an upper limit model for MLV

- Loan valuation regulations (SchiffsBelWertV) determine the mortgage lending value of the shipping assets, recorded in a public register following an upper limit model underpinning an exceptional conservative approach
- The ship MLV must be the lowest of either
 - the current market value
 - the purchase price or
 - the average market value of the last ten years
- Where market values are available only for a shorter time period (e.g., new ship types), the current market value is to be reduced:
 - less than 10 years → by 15 %
 - three years or less → by 25 %
- The estimated scrap values of HCOB's Ship Pfandbrief pool assets currently equal the cover pool eligible loan amount

Ship Valuation and Inspections – Market Value

Relative constant long-term development of market values over the past 30 years



Source: Clarkson

Ship valuation

- HCOB currently finances 570 ships
- 1.736 valuations have been performed in 2021 equivalent to 3 valuations per ship
- Desktop-valuations are done by external panel brokers (e.g., Clarksons, Howe Robinson, Arrow)
- Internal plausibility check and documentation for every valuation
- Very timely valuations provide an up-to-date view of the shipping market
- Very high transparency, nearly every transaction is online

Ship inspection

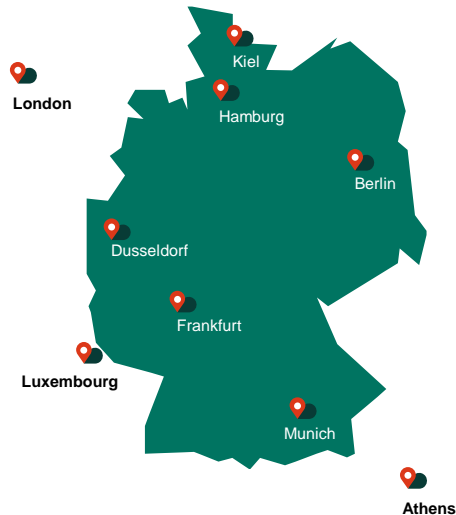
- Annual inspection of 10% of the fleet by external specialists to regularly check the condition of the fleet. The criteria for these visits are set by an independent valuation team
- An independent department is responsible for all valuations, plausibility checks and surveys of the ships as well as for contact with the external brokers in order to ensure a high degree of objectivity and independence

4. APPENDIX

Providing specialized financial solutions in selected segments

What we offer

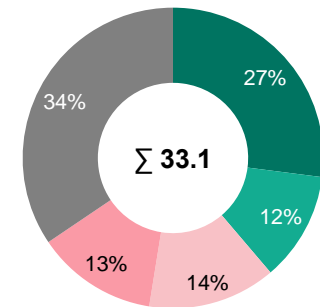
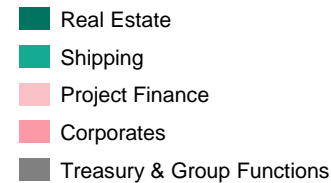
- HCOB is a private commercial bank that works with and supports its clients at eye level while offering efficient solutions to complex challenges
- We are characterized by our experience and sector knowledge in our client businesses, which is supported by our focused capital markets products and services
- Business areas: Commercial project finance in the real estate, renewable energies and infrastructure segments; Shipping; Tailored finance for medium-sized businesses; Structured Finance, including syndications; Payment services and transaction banking products as well as expert advice in corporate finance



HCOB is engaged in & across various segments & countries

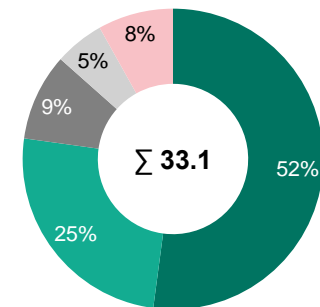
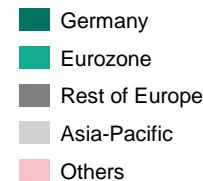
EAD by Asset Classes

in € bn



EAD by Region

in € bn



Pure-play commercial bank with clearly defined strategies in all core businesses

Lending Functions				Investment Functions
Real Estate	Shipping	Project Finance	Corporates	Treasury & Group Functions
<ul style="list-style-type: none"> Core and well-known franchise in the sizeable German CRE market Expanding new business with appropriate risk-return requirements Substantial structuring expertise for tailor-made financing Selective expansion of international business in neighbouring European countries 	<ul style="list-style-type: none"> Sound quality new business origination within a strict margin and risk framework Advanced underwriting standards Portfolio diversification through domestic and international counterparties with good credit ratings Structural tailwinds, with increasing demand following years of consolidation and discipline on supply 	<ul style="list-style-type: none"> Sustainability-anchored corporate vision Key focus sectors digital infrastructure, renewables, and power & energy – playing into growing ESG-related demand Leveraging strong market position and growing further within greenfield projects Domestic & international project focus 	<ul style="list-style-type: none"> Focused sales approach with mid-sized to large corporates Long-standing expertise in working capital, factoring and cash & trade finance Growing scale in Smart platforms via enhanced partnership approach Selective international diversification across European and North-American markets underpinned by attractive risk-return profiles 	<ul style="list-style-type: none"> Treasury and active liability management focused on providing stable liquidity and funding structure at competitive costs Liquidity buffer forms major part of asset base, supplemented by strategic investment portfolio Group functions include all other central functions such as risk control, legal etc.
<ul style="list-style-type: none"> Payment services for all client segments, leveraging new technology platform 				
➔ Segment assets: € 8.0bn	➔ Segment assets: € 3.7bn	➔ Segment assets: € 3.9bn	➔ Segment assets: € 3.7bn	➔ Segment assets: € 10.9bn
➔ RWA: € 2.9bn	➔ RWA: € 1.7bn	➔ RWA: € 2.1bn	➔ RWA: € 3.3bn	➔ RWA: € 4.1bn
➔ Net Income: € 85mn	➔ Net Income: € 62mn	➔ Net Income: € 27mn	➔ Net Income: € 21mn	➔ Net Income: € 6mn
➔ RoE ¹ : 20%	➔ RoE ¹ : 25%	➔ RoE ¹ : 10%	➔ RoE ¹ : 5%	➔ RoE ¹ : 1%
<p>HCOB is a specialized lender with balanced asset allocation focused on attractive risk-return assets, backed by strong and risk-controlled underwriting and well-positioned to grow in selected asset classes where we have expertise</p>				

All figures are as at YE21 1) RoE after taxes based on CET1 ratio of 13%

HCOB – Our strategy and value proposition



Growth in our core markets

We leverage our deep asset expertise and strong market knowledge for profitable growth in Germany, selected European and international markets that provide sufficient room to grow. Our focus is on attractive niche segments and client situations that play to our strengths and expertise.



Focus on delivering customer solutions

We provide tailored solutions to our clients and apply an entrepreneurial view on transactions throughout the value chain. As a result, we strengthen long term and reliable client relationships and accompany our clients on their evolving needs (e.g., ESG). We are active in key trending areas and meet our client's requirements.



Efficiency in everything we do

We are committed to continuously optimize our processes, technology, and organization to increase customer satisfaction and to ensure our organization's competitiveness in a challenging banking environment. We aim to leverage data and speed as a differentiator to serve our customers and for own operational excellence.



Sound risk profile

Our strong capital position provides strategic flexibility. A balanced risk profile, selective portfolio growth and high degree of diversification within and across asset classes ensures high resilience and is the basis for our risk-adjusted business strategy.

Keys to executing our strategy

- **Growth following b/s repositioning:** Strengthening core franchises in Commercial Real Estate, Shipping, Project Finance & Corporates by investing in the quality of our teams and the efficiency of our processes
- **Recurring profitability:** Continuous pricing discipline & competitive funding costs to increase net interest margins without increasing risk
- **Income diversification:** Expand complementary offerings (working capital solutions, payment services, etc.)
- **HR & culture:** Investing and developing capabilities and people as growth enablers
- **Cost management:** Disciplined cost management while continuing to invest in IT transformation & process efficiency in line with growth and CIR targets

Ship Pfandbriefe are imbedded in the statutory provisions of the German Pfandbrief Act (PfandBG) (1/2)

Ship Pfandbrief – §21 Cover Assets

- The PfandBG codifies strict requirements for issuing Ship Pfandbriefe
- Section 21 et seq. PfandBG sets special provisions concerning ships and ships under construction
- The provisions are supplemented by loan valuation regulations (SchiffsBelWertV), to determine the mortgage lending value of ships

Ship Mortgage Lending Value - §22 Lending limit

- Loan valuation regulations (SchiffsBelWertV) determine the mortgage lending value of the shipping assets, recorded in a public register
- An upper-limit model uses the lowest of three maximum limits for determining the mortgage lending value, underpinning an exceptional conservative approach:
 - ship's current market value
 - ship's average market value over the previous 10 years
 - new construction/ship purchase price

Ship Valuation – strict and high standards...

- The same high standards apply for Ship Pfandbriefe as well as for Mortgage Pfandbriefe
- Valuation is subject to a separate legal regime, the German Regulation on the determination of the mortgage lending value of Ships
- The application of its provisions is mandatory when determining the shipping mortgage lending values pursuant to section 24 (1) to (3) PfandBG and collecting the data needed for determining its value

Enforcement on foreign shipping mortgages...

- Ships registered abroad may be lent on if, under the laws of the state in whose register the ship is recorded
 - a right in rem can be created on ships which are recorded in a public register
 - comparable to a shipping mortgage under German law, in particular the right to seek satisfaction of the secured loan claim from the ship the right in rem grants the creditor a security
 - legal action is not made significantly more difficult for creditors belonging to another state compared to nationals of that state

Ship Pfandbriefe are imbedded in the statutory provisions of the German Pfandbrief Act (PfandBG) (2/2)

Ship Pfandbrief – Key Criteria for Cover Assets

- Loan claims secured by ship mortgages of which a maximum of 60% of the mortgage lending value can be used for the cover pool
- Ships must be recorded in a public register. For ships registered abroad may be lent on if, under the laws of the state in whose register the ship is recorded,
 - a right in rem can be created on ships which is recorded in a public register
 - the right in rem grants the creditor a security comparable to a ship mortgage under German law, in particular the right to seek satisfaction of the secured loan claim
 - legal action is not made significantly more difficult for creditors belonging to another state compared to nationals of that state
- Total volume of loans in non-European Union states for which it is not ensured that the preferential right of the Ship Pfandbrief creditors extends to the Pfandbrief bank's claims deriving from these loans, may not exceed 20 percent of the total volume of the claims in the case of which the preferential right is ensured (Trennungsprinzip)
- Repayment obligation (§ 22 (2) Pfandbrief Act, to compensate for the loss of value with increasing age
- Maximum age of the ship at the time when the loan is repaid as scheduled, the vessel must not be older than 20 years
- The recorded cover assets shall range over all claims that are held by the Pfandbrief bank and that are based on the economic substance of the ship, in particular claims which the ship mortgage would range over in the case of ships recorded in the German Shipping Register, as well as claims from lease or charter, claims in respect of the transfer of the ship or ship and claims to payment of the proceeds from realization.
- The ship must be insured throughout the duration of the loan at least in the amount of 110 percent of the loan claims outstanding at any given time

Comparing the German Pfandbrief and Danish Ship covered bond (1/2)

The key structural and legislative features, similarities and differences of the various types of German covered bonds are summarized on this page and compared to Danish shipping covered bonds

	Mortgage Pfandbrief	Ship Pfandbrief	Danish Ship Covered Bond
Collateral Type	Mortgage Loans	Shipping Loans	Shipping Loans
Legislation	Yes, Pfandbrief Act	Yes, Pfandbrief Act	Yes, Act on a Ship Financing Institute, Executive Order on a Ship Financing Institute
Issuer	Bank	Bank	Ship financing institutions
Issuance structure	Direct issuance structure	Direct issuance structure	Direct issuance structure
Recourse	Dual recourse to Issuer and segregated (Mortgage) Loans	Dual recourse to Issuer and segregated (Shipping) Loans	Dual recourse to Issuer and segregated (Shipping) Loans
Segregation of collateral	Segregated on the balance sheet of the Issuer	Segregated on the balance sheet of the Issuer	Segregated on the balance sheet of the Issuer through a register
Repayment	Hard Bullet up to maturity (Soft at Cover Pool Administrator's discretion)	Hard Bullet up to maturity (Soft at Cover Pool Administrator's discretion)	Hard Bullet
Geographical scope of cover assets	EU/EEA, CH, US, CA, JP	Potentially worldwide (subject to certain conditions such as public register for the lien and security comparable to German lien)	Domestic, Worldwide (under certain conditions)
Other limitations on cover assets	60% LTV limit (based on mortgage lending value) – the part above 60% does not count towards the cover pool	60% LTV limit (based on mortgage lending value) – the part above 60% does not count towards the cover pool	60% LTV limit for Ship Covered Bonds (SDO), 70% LTV limit for Ship Mortgage Bonds (RO)
Tests	Nominal cover Present value cover	Nominal cover Present value cover	Balance Principle
Minimum required OC	2% net present value (by law) ²	2% net present value (by law) ¹	2% nominal (by law)
Special public supervision	Yes, BaFin	Yes, BaFin	Yes, Danish FSA

Comparing the German Pfandbrief and Danish Ship covered bond (2/2)

The regulatory treatment of covered bonds can differ drastically depending on structure, rating, coupon, asset class or maturity to only name a few

	Mortgage Pfandbrief	Ship Pfandbrief	Danish Ship Covered Bond (SDO)
UCITS*	✓ Key are legislative framework and special public supervision		
CRR* (standardised risk weight)	✓ Treated as covered bond (UCITS and asset class CRR compliant) <ul style="list-style-type: none"> • 10% (if AAA to AA- / CQS 1) • 20% (if A+ to BBB- / CQS 2) 		✓ Treated as covered bond (UCITS and asset class CRR compliant) <ul style="list-style-type: none"> • 10% (if AAA to AA- / LCR L1 / CQS 1) • 20% (if A+ to BBB- / LCR Level 2 / CQS 2)
ECB repo* (liquidity category / haircut)	✓ Liquidity category II as “ <i>jumbo</i> covered bank bond” (if issuance size is at least €1bn). Haircut (HC): <ul style="list-style-type: none"> • 0.9-7.2% (fixed rate, if AAA to A-)¹ • 6.3-12.6% (fixed rate, if BBB+ to BBB-)¹ ✓ Liquidity category III as “ <i>traditional</i> covered bank bond” (if issuance size is less than €1bn). Haircut: <ul style="list-style-type: none"> • 0.9-8.1% (fixed rate, if AAA to A-)¹ • 7.2-16.7% (fixed rate, if BBB+ to BBB-)¹ 		✓ Liquidity category II as “ <i>jumbo</i> covered bank bond” (if issuance size is at least €1bn). Haircut (HC): <ul style="list-style-type: none"> • 0.9-7.2% (fixed rate, if AAA to A-)¹ • 6.3-12.6% (fixed rate, if BBB+ to BBB-)¹ ✓ Liquidity category III as “ <i>traditional</i> covered bank bond” (if issuance size is less than €1bn). Haircut: <ul style="list-style-type: none"> • 0.9-8.1% (fixed rate, if AAA to A-)¹ • 7.2-16.7% (fixed rate, if BBB+ to BBB-)¹
CBPP3*	✓ Yes, subject to certain conditions including issuance denominated in EUR and rated at least BBB- <ul style="list-style-type: none"> • Note: Eurosystem participation limited to max. 70% per ISIN 		✗ No (Denmark is not in the Euro Area)
LCR* (level / haircut)	✓ L1 (if at least AA- and €500m) <ul style="list-style-type: none"> • HC: 7% ✓ L2A (if at least A- and €250m) ² <ul style="list-style-type: none"> • HC: 15% ✓ L2B (if at least €250m) ² <ul style="list-style-type: none"> • HC: 30% 	✓ L1 (if at least AA- and €500m) <ul style="list-style-type: none"> • HC: 7% ✓ L2A (if at least A- and €250m) ² <ul style="list-style-type: none"> • HC: 15% ✗ L2B (shipping loans not allowed)	✓ L1 (if at least AA- and €500m) <ul style="list-style-type: none"> • HC: 7% ✓ L2A (if at least A- and €250m) ² <ul style="list-style-type: none"> • HC: 15% ✗ L2B (shipping loans not allowed)

* HCOB Bank does not provide accounting, tax, regulatory, legal or investment advice. Content on regulation represents the generic view of the desk only and may be subject to change. 1) Ultimate haircut depends on coupon type (fixed vs. floating) and maturity bucket 2) Subject to clarification on minimum OC requirement defined in LCR Delegated Act, valid as per 8th July 2022 | Source: ECBC handbook, Prospectus, UCITS 2009/65/EC Directive, CRR Regulation 575/2013 EC, EC LCR Delegated Act, The Implementation of Monetary Policy in the Euro Area, European Central Bank, (amended and including integrations via the temporary framework), ECB CBPP3 press release

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Management system and defined management indicators of the IFRS Group

Management system and defined management indicators of the IFRS Group

The Bank's integrated management system is aimed at the management of key value drivers on a targeted basis. The Bank (which was operating under the name HSH Nordbank AG up until February 4, 2019) uses a risk-adjusted key indicator and ratio system for this purpose that ensures that the Overall Bank are managed in a uniform and effective manner. The Hamburg Commercial Bank Group is managed mainly on the basis of figures for the Group prepared in accordance with the International Financial Reporting Standards (IFRS) and/or the relevant prudential rules.

Within the management reporting framework, the Bank focuses on the most important management indicators for the individual value drivers of the IFRS Group. On the one hand, the focus is on how these key indicators changed compared to the previous year and, on the other, on how they are expected to change in the future. The Group management report for the 2021 financial year contains further information on the management system and defined management parameters of the Hamburg Commercial Bank Group as well as disclosures.