

**Hamburg  
Commercial  
Bank**



# **Investor Presentation**

**IFRS Group Result  
as at 30 June 2022**

**18<sup>th</sup> August 2022**

# Agenda

1.

## HIGHLIGHTS

H1 2022

2.

## FINANCIAL GROUP RESULTS

H1 2022

3.

## CAPITAL AND LIQUIDITY

H1 2022

4.

## SEGMENT OVERVIEW

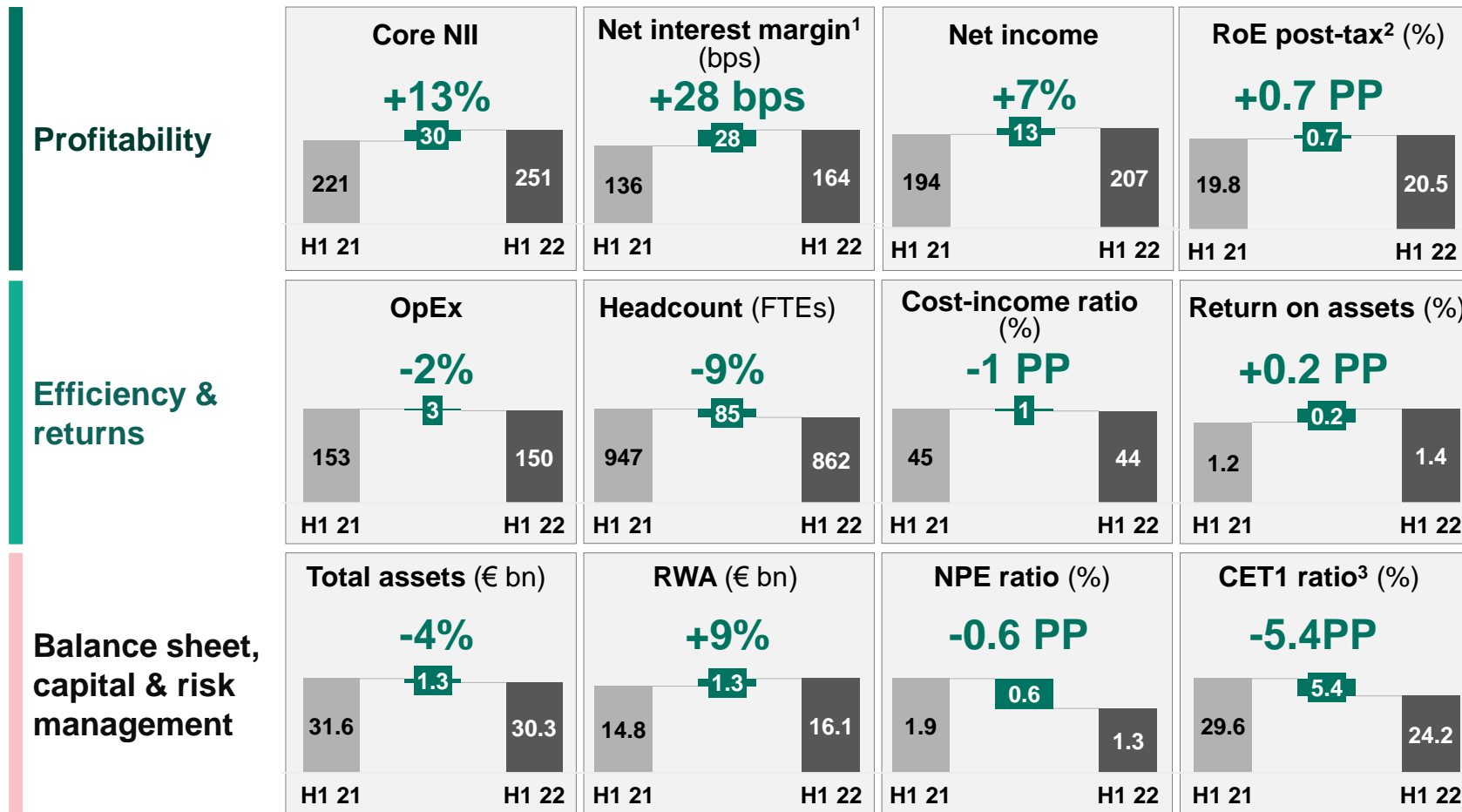
H1 2022

# 1. HIGHLIGHTS

## H1 2022

# HCOB's H1 22 key metrics highlight progress regarding profitability, capital generation capacity & asset quality based on strong b/s

Figures in € mn,  
unless stated



1) Net interest margin equals core net interest income divided by avg. balance sheet | 2) RoE based on CET1 ratio of 13% | 3) Voluntarily excludes results from FY 2021 and H1 2022. Proforma CET1 ratio including net income result from FY 2021 and H1 2022 is 27.7%

# Highlights H1 2022

## Financials

---

- **Earnings:** € 178mn profit before tax...€ 207mn net income in H1 22, based on sound NII trajectory
- **RoE:** 20.5% RoE after tax (17.6% before tax) based on 13% CET1 ratio...1.4% RoA highlights profitability of b/s
- **NIM:** Expansion continues through pricing discipline & favorable duration profile...164 bps b/s in H1 22 (vs. 136 bps in H1 21)
- **NPE:** Risk very well managed...NPE reduced to 1.3% at H1 22 (vs. 1.4% at YE21)
- **Expenses:** Investing in IT and people, while maintaining cost discipline...€ 150mn OpEx in H1 22 (stable vs. H1 2021, -2%)
- **New Business:** € 2.9bn gross new business in H1 22...€ 1.1bn increase from H1 21 (up 60%+)
- **Capital:** 24.2% CET1 ratio (vs. 28.9% at YE21) reflects shift to risk model foundation approach and associated uplift in RWA of 9% (€ 14.8bn to € 16.1bn)...Leverage ratio at ~13%

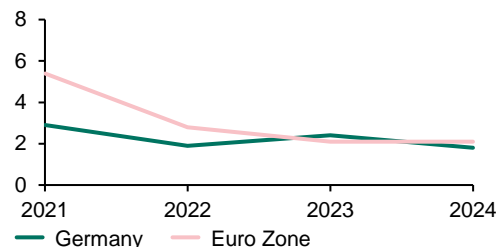
## Outlook

---

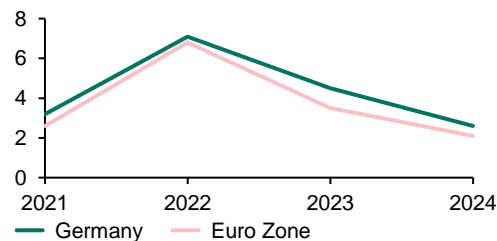
- **Fortress b/s to weather adverse macro environment**, sound trajectory for recurring earnings (NII) and high LLP buffers provide cushion against potential negative P/L effects
- **Committed to moderate balance sheet growth** in mid-term plan lead by our core franchises...Real Estate, Shipping, Project Finance & Corporates and diversifying the business model. Reflected in H1 22 new business growth trajectory
- **Established dividend policy in H1 22 designed to normalize capital position** to still very strong level of >17% CET1...plan to distribute dividend in H1 23 subject to business performance and market conditions

# HCOB well placed to weather challenging macro environment due to sound portfolio, high LLP buffers and rate positioning

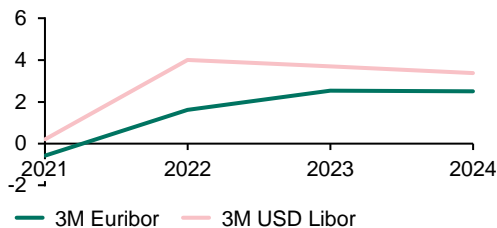
## GDP change (%)



## Inflation (average) (%)



## Interest rates (year end) (%)



## Diversified business model - Resilient asset quality and LLP buffers to cope with adverse macro developments

- NPE ratio decreased to 1.3% due to stringent risk management
- Stage 2 assets reduced to 7.4% (10.7% YE 2021) driven by net positive re-ratings
- NPE coverage ratio (stage 3) increased to 64% (56% YE 2021), €170mn overlays at H1 2022 to cover unforeseen risks

## Balance-sheet well positioned for higher interest rate environment, strong upward trajectory for recurring earnings

- Sound asset and liability franchise underlines high quality b/s
- B/S structure: high share of assets floating, liabilities fixed
- Higher rates will provide tailwind for increasing NII via higher NIM
- Stronger core revenues lead to increased earnings guidance for 2022-24

## Inflationary pressures are being managed, efficient operating platform

- Higher costs for future oriented IT-projects, data infrastructure and salaries accounted for in outlook
- Increased costs in 2022/23 are compensated by higher revenues
- Trajectory to realize CIR in low 40s on-track (40-42% in 2023/24)

## Robust capital position based on conservative capital consumption function and increasingly strong capital generation capacity

- Bank fully moved to Foundation approach (F-IRB) in Q1-2022
- Increasing recurring earnings provide strong capital generation capacity and support for normalization of capital position through implementation of dividend policy

Source: Forecast for Euro Zone - ECB, for Germany - Bundesbank, for USA - Fed

# Guidance: Continuing to lengthen earnings track record, well positioned to navigate adverse scenarios

Figures in € mn, unless stated

	2021	H1 22	2022	2023	2024	Key levers / highlights	
<b>Increasing Revenues and Profitability</b>	<b>Total income</b>	642	304	>625	>750	>800	<ul style="list-style-type: none"> <li>Well positioned for core earnings growth, higher Total Income and NII expected</li> <li>Increasingly diversified earnings profile while maintaining core franchises</li> <li>Net income in '21 and '22 benefits from tax effects, normalized tax rate starting '23</li> <li>Strong profitability metrics, covering cost of capital, underpin strengthening of ratings and funding franchise</li> </ul>
	<b>Net interest margin<sup>1</sup> (bps)</b>	145	164	~170	~200	~220	
	<b>PBT</b>	299	178	>300	>350	>400	
	<b>Net income</b>	351	207	~350	>300	>300	
	<b>RoE post-tax<sup>2</sup> (%)</b>	18.4	20.5	~16	~12	~12	
<b>Operating Efficiency</b>	<b>Cost-income ratio (%)</b>	50	44	46	40-42	40-42	<ul style="list-style-type: none"> <li>Strict cost management while investing in capabilities and people as growth enablers. Full normalization of run-the-bank (RTB) costs in 2023</li> </ul>
<b>Strong Balance Sheet &amp; Risk Management</b>	<b>Total assets (€ bn)</b>	30.3	30.3	~32	~34	~35	<ul style="list-style-type: none"> <li>Shift towards selective growth</li> <li>Strong risk management continues to reduce NPE volume and remains conservative regarding risk provisioning</li> <li>Capital usage from b/s growth &amp; higher RWA from A-IRB to F-IRB risk models. Updated guidance reflects dividend policy</li> </ul>
	<b>NPE ratio (%)</b>	1.4	1.3	1.2	1.4	1.4	
	<b>CET1 ratio (%)</b>	28.9	24.2	>17 <sup>3</sup>	>17 <sup>3</sup>	>17 <sup>3</sup>	

# HCOB is well positioned against peers regarding profitability, asset quality and capital metrics

in %

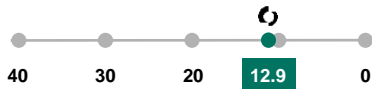
Key Metrics	Ratios (in %)	HCOB		GER	Deutsche Bank	Commerzbank	Aareal Bank	Deutsche Pfandbriefbank	NIBC <sup>1</sup>	IKB Deutsche Industriebank <sup>1</sup>	EU
		H1 2022	Guidance 2024								
Capital	CET1 ratio	24.2	>17	15.2	13.0	13.7	19.8	17.1	17.7	14.9	15.0
	Leverage ratio	12.8	~10	5.5	4.3	4.6	5.8	5.7	7.5	6.4	5.6
Asset Quality	NPE / NPL ratio	1.3 <sup>2</sup>	1.4 <sup>2</sup>	0.9	2.5	0.8	4.6	1.1	2.2	1.8	1.7
Liquidity	LCR	163	>140	156	133	141	>100	>150	166	244	168
Profitability	CIR	44	40-42	73	73	64	35	42	57	72	63
	RoE <sup>3</sup>	20.5	~12	4.0	8.0	5.4	3.7	5.4	7.1	6.2	6.6
	NIM	1.6	~2.2	0.9	0.9	1.1	1.3	0.9	1.8	1.2	1.2
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 sound new business, NIM expansion, B/S optimization & decreasing funding costs – continuing to expand track record will be major rating driver
Capital	✓ Excellent capitalization, above average for higher-rated peers available to support business growth. Normalisation of capital position following successful transformation and implementation of dividend policy
Asset Quality	✓ De-risked, sound, well-performing portfolio with manageable exposure in key macro impacted sectors & strong loss coverage
Liquidity	✓ Substantial liquidity buffer provides robust cushion for adverse scenarios, funding structure increasingly diversified



# Further embedding ESG into our business processes and supporting our client's energy transition requirements

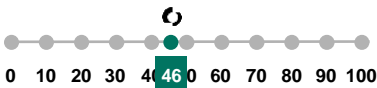
## ESG Ratings



Rating update as at 12/2021



Rating update as at 11/2021



Rating update as at 04/2021



Rating update as at 07/2022

## ESG Achievements & Next Steps 2022+

- ✓ **All new loans & loan portfolio** consistently evaluated based on **internal ESG scoring tool**...ESG further developed and integrated into the bank's processes
- ✓ HCOB again evaluated by ECB as being in **good position related to its 2022 Climate & Environmental (C&E) assessment**
- **Development of an ESG framework & sector specific strategies** to support our client's **energy transition in the core franchises of CRE, Shipping, Project Finance and Corporates**

## Outlook and ESG Targets 2025

### Internal Green New Business Production<sup>2</sup>

>10% of net new business

→ achieved 14% in H1 2022

- 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

### GHG emissions of scope 1 & 2

>20% reduction

→ 39% reduction vs. 2020 (418t CO2 emissions 2021)

- Relatively small footprint as a commercial bank
- Further reduction driver to come with move to new HQ building & smaller sqm footprint

### Female share<sup>3</sup>

33%

→ 26% as per H1 2022

- HCOB strongly promotes equality and diversity
- Target anchored in managers' goals and objectives

## 2. FINANCIAL GROUP RESULTS

### H1 2022

# P&L

<b>Profit &amp; loss</b> (in € mn)	<b>H1 2022</b>	<b>H1 2021</b>	<b>Δ%</b>
Net interest income	286	269	6
Net commission income	18	22	-18
Result from hedging	7	-2	> 100
Result from financial instruments categorised as FVPL	-9	28	> -100
Net income from financial investments	-	2	-100
Result from the disposal of financial assets classified as AC	2	19	-89
<b>Total Income</b>	<b>304</b>	<b>338</b>	-10
Loan loss provisions	30	22	36
<b>Total income after loan loss provisions</b>	<b>334</b>	<b>360</b>	-7
Administrative expenses	-150	-153	-2
Other operating result	40	5	>100
Exp. for reg. affairs, deposit guarantee fund, banking assoc.	-29	-31	-6
<b>Net income before restructuring and transformation</b>	<b>195</b>	<b>181</b>	8
Result from restructuring and transformation	-17	-13	-31
<b>Net income before taxes</b>	<b>178</b>	<b>168</b>	6
Income tax expense	29	26	-12
<b>Group net result</b>	<b>207</b>	<b>194</b>	7

<b>Key ratios</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Δ</b>
RoE before taxes <sup>1</sup>	17.6%	17.1%	0.5pts
RoE after taxes <sup>1</sup>	20.5%	19.8%	0.7pts
NIM <sup>2</sup>	164	136	28bp
CIR	44%	45%	-1pts
Risk Costs <sup>3</sup>	-28	-19	-9bp
NPE Coverage Ratio <sup>AC</sup>	64%	45%	18pts

- Total income (€ 304mn) driven by solid recurring earnings, in particular sound trend in NII and NIM; weaker FVPL result, which benefited from asset sales last year, and moderately negative valuation effects due to spread widening amid current volatile market environment
- Moderate LLP reversal (€ 30mn net) due to sound risk development. LLP buffers remain available to help mitigate potential ongoing challenging market environment
- OpEx decline by 2% due to continued & decisive cost management
- Other operating result includes reversals of legal provisions and positive tax benefits due to reversal of tax provisions
- Overall, financial metrics include increasingly strong NIM, downward trend for CIR and higher RoE reflecting upward profitability trend

1) RoE before / after taxes based on a 13%-ratio of invested CET1 capital as reported; 8.6% RoE after taxes based on reported average IFRS capital as of 30.06.2022 | 2) NIM: Core NII / avg. B/S | 3) Risk Costs: LLP/ avg. loans

# Balance Sheet

Balance sheet (in € mn)	H1 2022	YE 2021	Δ%
Cash reserve	3,804	3,261	17
Loans and advances to banks	1,020	1,236	-17
Loans and advances to customers	20,211	20,198	0
Loan loss provisions	-410	-446	-8
Trading assets	507	689	-26
Financial investments	4,434	4,524	-2
Non-current assets held for sale and disposal groups	-	10	-100
Other assets	781	799	-2
<b>Total assets</b>	<b>30,347</b>	<b>30,271</b>	<b>0</b>
Liabilities to banks	4,441	5,504	-19
Liabilities to customers	12,341	11,141	11
Securitised liabilities	6,528	6,704	-3
Trading liabilities	436	289	51
Provisions	384	454	-15
Subordinated capital	935	921	2
Equity	5,007	4,717	6
Other liabilities	275	541	-49
<b>Total equity and liabilities</b>	<b>30,347</b>	<b>30,271</b>	<b>0</b>

Key ratios	H1 2022	YE 2021	Δ
CET1 capital <sup>1</sup>	3.9	4.1	-4%
RWA	16.1	14.0	15%
CET1 Ratio <sup>1</sup>	24.2%	28.9%	-4.7pts
Leverage Ratio <sup>1</sup>	12.8%	12.7%	0.1pts
NPE Ratio	1.3%	1.4%	-0.1pts
NPE Coverage Ratio <sup>AC</sup>	64%	56%	8pts
LCR	163%	164%	-1pts
NSFR	122%	114%	8pts

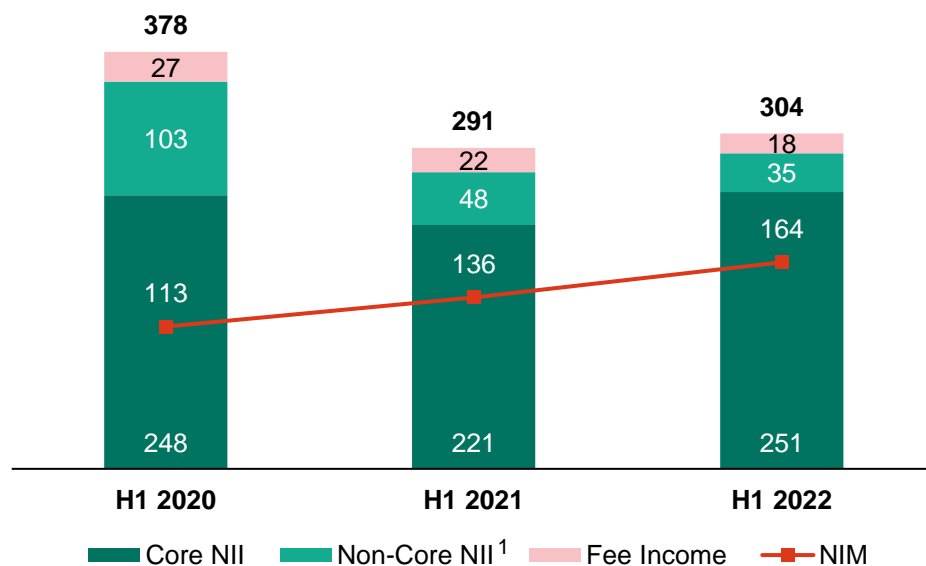
- Following b/s structure improvement regarding profitability and resilience, b/s volume is now set for moderate growth
- Stable loans & advances to customers provide sound base for recurring earnings, decline in trading assets reflects reduced derivatives exposure
- Excellent capital position highlighted by strong CET1 ratio and leverage ratio
- Potential portfolio risks are well covered by total LLPs on b/s amounting to 2.0% of customer loan book
- Sound liquidity ratios (LCR, NSFR) and strong cash position reflect prudent liquidity steering

1) Voluntarily excludes results from FY 2021 and H1 2022

# Net Interest Income and Fee Income

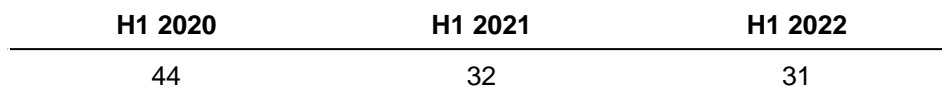
## NII, NIM and Fee Income

in € mn / bps



## Average Balance Sheet

in € bn



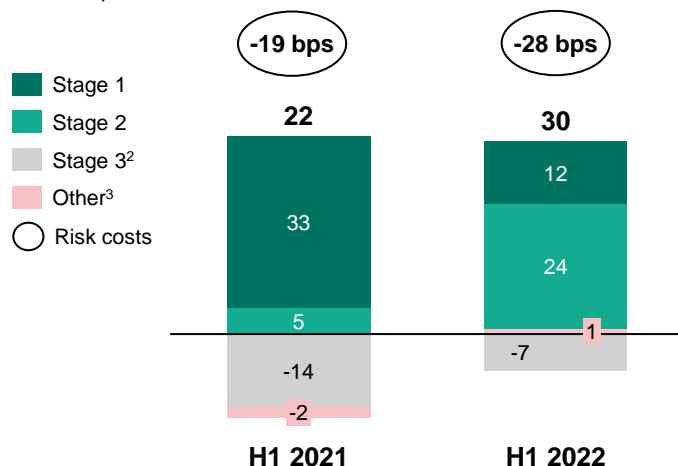
- Productivity of balance sheet increased as Core NII rose by 13% versus H1 2021, despite further reduction of average b/s
- This resulted in a further increase of NIM to 164 bps, up 51 bps versus H1 2020
- Strategy to buy-back high-priced legacy instruments and focus on organic funding led to significant decrease of average cost of funds
- Average asset yield in client business higher reflecting the bank's strengthened pricing discipline in new business and adjusted asset allocation
- TLTRO benefit in NII is negligible € 4mn (€ 8mn in H1 2021)
- Fee income moderately lower, in parts due to management fees for loan funds

1) Non-Core NII comprises valuation effects in NII, unwinding, pensions, effects of security sales / buy-backs | 2) NIM b/s equals core NII divided by average balance sheet

# Risk Costs

## P&L view: credit loss expense & risk costs<sup>1</sup>

in € mn / bps



## Balance sheet view and coverage ratios

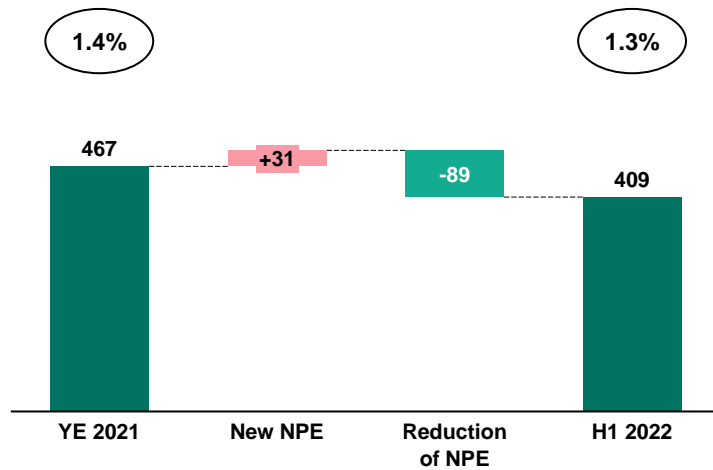
KPIs	H1 2022	YE 2021
NPE	409	467
NPE coverage ratio (AC) in %	63.6	55.8
NPE ratio in %	1.3	1.4
Total LLP b/s	410	446
Total LLP coverage in %	2.0	2.2
Stage 1 LLP b/s	94	68
Stage 1 coverage in %	0.5	0.4
Stage 2 LLP b/s	103	169
Stage 2 coverage in %	6.9	7.8
Stage 3 SLLP <sup>3</sup> b/s	213	209

- Positive portfolio development reflected in lower NPE, reduced share of stage 2 loans (7.4% vs. 10.7% at YE 2021) and reversal of LLP (€ +30mn in H1 2022, -28bps risk costs)
- Solid level of risk coverage as total LLP on b/s cover 2.0% of total loan book. Coverage ratio<sub>AC</sub> increased to 64% (56% at YE 2021)
- Currently prudent view on YE 2022, however sound NPE development in H1 2022 and high coverage of portfolio risks provide upside potential for YE 2022. As at 30.06.2022, € 170mn LLP overlays available

# NPE Volume and Coverage

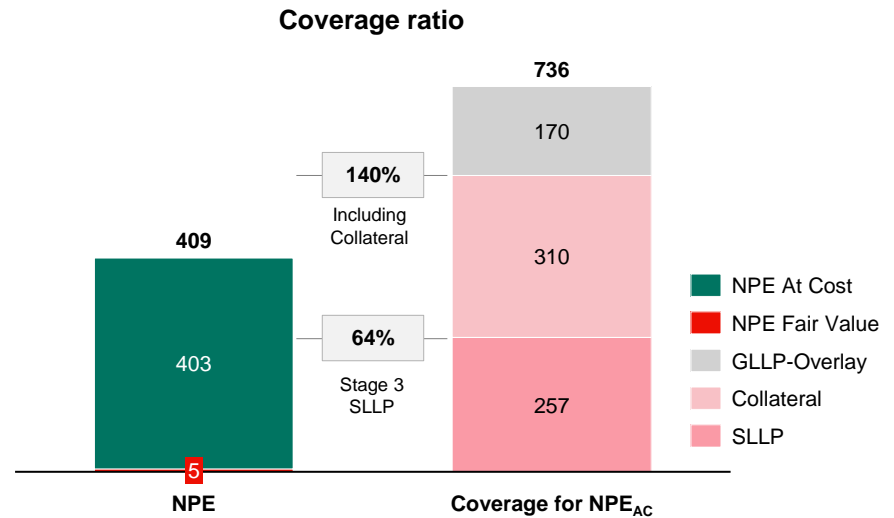
## NPE volume and ratio

in € mn / %



## Portfolio covered by SLLP, collateral & overlays<sup>1</sup>

in € mn



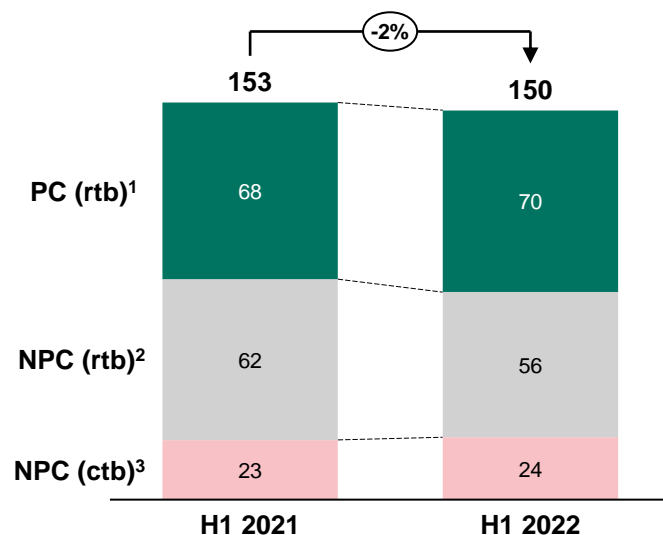
- Limited defaults in H1 22 (€ 31mn), largest new NPE case € 25mn (default date in March) already resolved, NPE ratio down to 1.3%
- NPE of € 403mn NPE<sub>AC</sub> and € 5mn NPE<sub>FV</sub>
- Solid NPE<sub>AC</sub> coverage of:
  - **SLLP** (stage 3) with a coverage ratio of 64%
  - **Incl. collateral** the coverage ratio amounts to 140%
  - **Additional overlay position:** € 170mn as of H1 22

Rounding differences possible | 1) Incl. off-b/s LLP, but on At Cost (AC) assets only

# Operating Expenses

## OpEx

in € mn, rounding differences may occur



Restr/Transf.	13	17
Regulat. costs	31	29
CapEx	9	9
<b>CIR</b>	<b>45%</b>	<b>44%</b>
FTE	947	862

- OpEx reduced by 2% to € 150mn, thereof reduction run the bank (rtb) costs by -3% (€ 4mn)
  - PC (rtb)<sup>1</sup> increase 2022, especially in Front Office and associated value chain to support commercial activities (investments planned in line with the bank's growth)
  - NPC (rtb)<sup>2</sup> reductions especially due to lower building costs and outsourced provider costs. Further savings planned in following years after completion of IT transformation
  - NPC (ctb)<sup>3</sup> includes temporary additional requirements due to IT transformation projects
- Moderate temporary Restructuring/Transformation costs for e.g. decommissioning of legacy IT and change of payment provider
- Regulatory costs essentially determined by bank levy
- Limited use of CapEx especially for IT transformation
- CIR slightly improved to 44% and on-track for 40-42% target

1) PC (rtb): personnel costs - run the bank | 2) NPC (rtb): non-personnel costs - run the bank | 3) NPC (ctb): non-personnel costs - change the bank (projects)



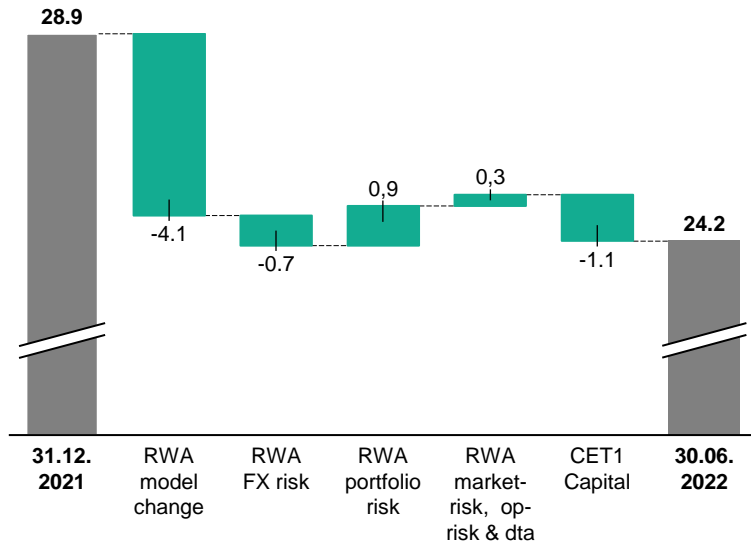
# 3. CAPITAL AND LIQUIDITY

## H1 2022

# CET1 capital ratio

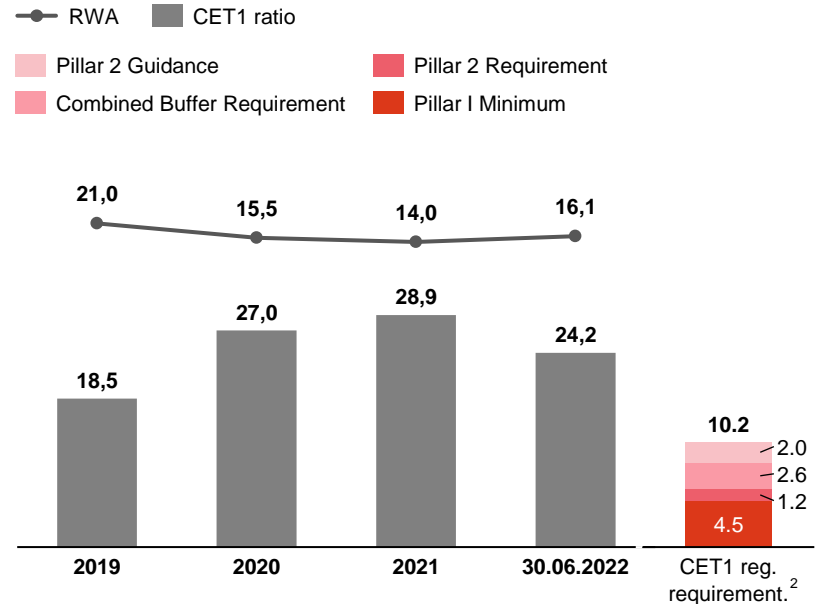
## Components of CET1 ratio<sup>1</sup>

in %



## Development of RWA / CET1 ratios

in € bn / %



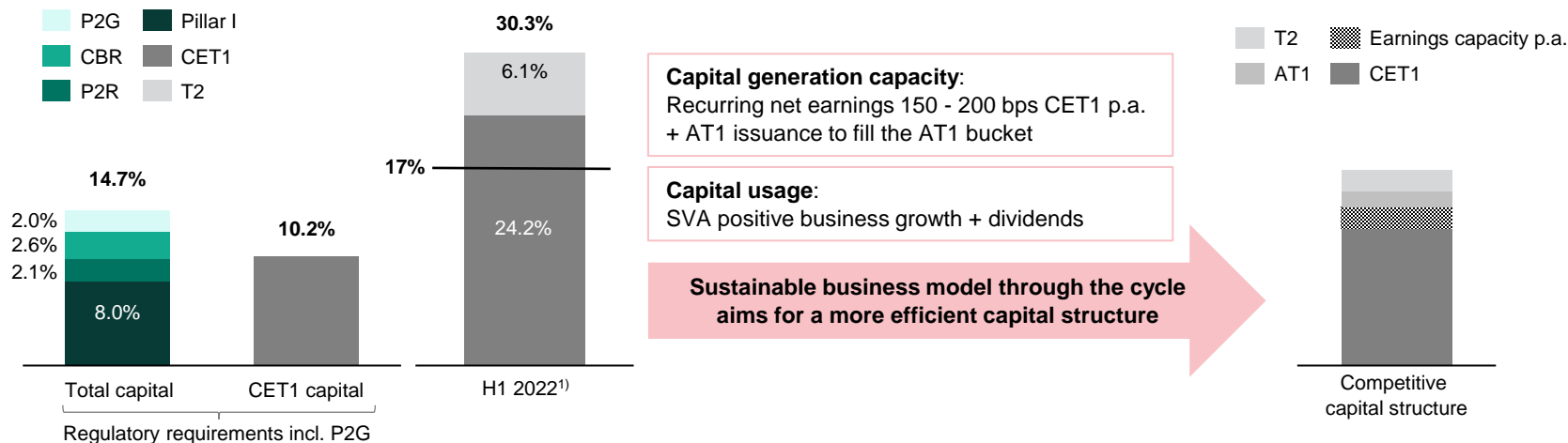
- Successful implementation of RWA model simplification<sup>3</sup> in Q1 led to an uplift of RWA for credit risks and more stable risk-weights
- The rising USD exchange rate (1.13 / 1.04) causes an increase of RWA for credit risks
- As expected, CET1 capital ratio decreased compared to YE 2021 primarily driven by RWA model change
- CET1 capital<sup>1)</sup> reduced due to higher regulatory deductions (e.g. for DTAs)

1) Voluntarily excludes results FY 2021 and 1H 2022 in preparation for a potential dividend payment. Pro-forma H1 2022 CET1 ratio including results is 27.7% | 2) Pillar 2 CET1 Requirement (P2R) 56,25% from 2.1%; Pillar 2 Guidance (P2G) of 2.0% generally applies; additional CCyB and SyRB effect of approximately 0.4 PP applies from 2023 onwards | 3) Switch from the Advanced (A-IRB) to the Foundation Approach (F-IRB) and the Credit Risk Standardized Approach (CRSA)

# Dividend policy

## Summary dividend policy statement

- HCOB is committed to the efficient use of capital and supports a Shareholder Value Added (SVA) positive business growth strategy leading to the creation of business value in a sustainable manner
- HCOB takes specific and measurable financial and non-financial objectives into account in its business planning that always seek to improve profitability, maintain capital buffers to support a going concern business model even under adverse circumstances and to create value sustainable for the shareholders
- **HCOB has purposefully maintained very high capital buffers as it was privatized, transformed its business model over the last few years and continues to navigate a challenging global economic environment. Going forward, HCOB plans to normalize its capital buffers moving initially to a target of 17% CET1, while we grow our business as indicated in our most recent business plan**
- Any distributions to the company's shareholders will be sustainable and compatible with the maintenance of the company's financial strength / ICAAP



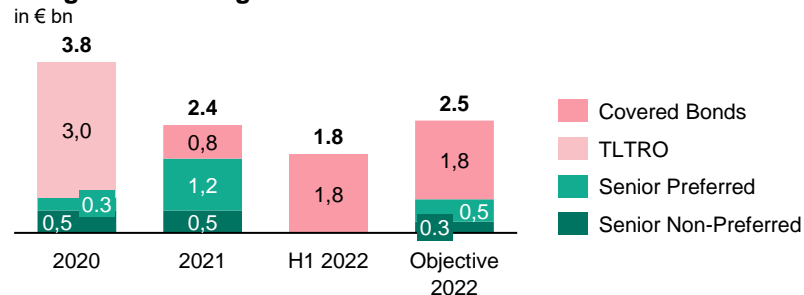
1) Not in-period - voluntary excluded results FY 2021 and 1H 2022 in preparation for a potential dividend payment

# Funding Sources

## Funding Sources

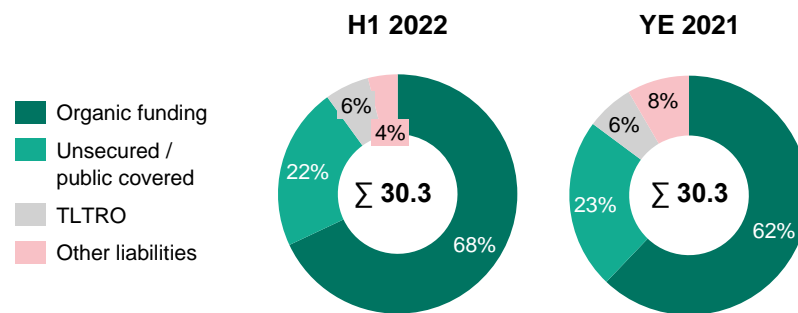
in € bn	H1 2022	YE 2021	Δ
Capital	5.0	4.7	+0.3
Development Banks	2.4	2.6	-0.2
Mortgage covered bonds	2.7	2.9	-0.2
Shipping covered bonds	0.8	0.3	+0.5
Franchise deposits	9.8	8.4	+1.4
<b>Organic funding</b>	<b>20.6</b>	<b>18.9</b>	<b>+1.7</b>
Other deposits <sup>1</sup>	0.3	0.2	+0.1
Public covered bonds <sup>2</sup>	0.8	0.9	-0.1
Unsecured Funding (SP/SNP)	4.6	5.2	-0.6
Tier 2	0.9	0.9	-
<b>Unsecured / public covered</b>	<b>6.7</b>	<b>7.1</b>	<b>-0.4</b>
TLTRO	1.8	1.8	-
Other liabilities <sup>3</sup>	1.2	2.5	-1.3
<b>HCOB Group</b>	<b>30.3</b>	<b>30.3</b>	<b>-</b>

## Long-term funding issuance



## Funding Composition HCOB

in € bn



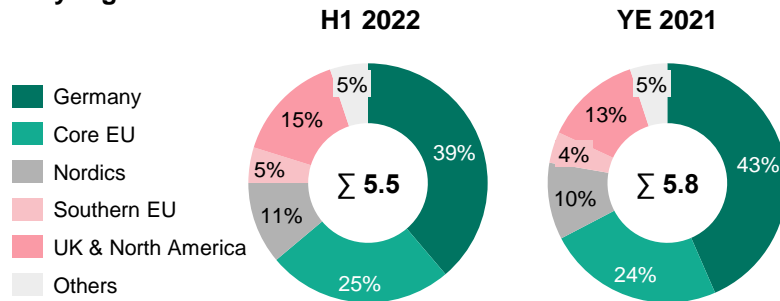
- Funding strategy of HCOB focuses on increasing organic funding as it leverages bank's core business and leads to increased franchise value
- Significantly lower use of repos (other liabilities) and expansion of franchise deposits strengthens organic funding ratio in H1 2022
- Going forward, share of organically sourced liabilities will be expanded further (e.g. by lower TLTRO, further leveraging of covered bond franchise and increase of deposits)

# Cash and Investment book

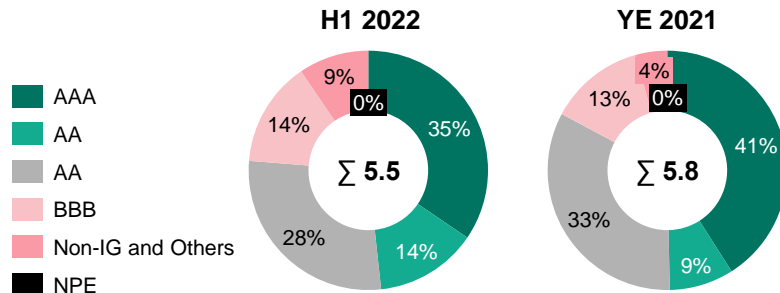
## Investment book by rating and region

in € bn / %

### By region

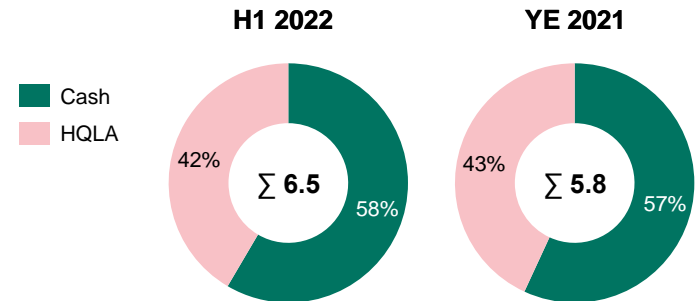


### By rating



## Cash and Cash equivalent (HQLA)

in € bn



### Investment & ALM Book mainly focused on liquidity management, being of high credit quality

- Comfortable buffer of highly liquid assets (€ 5.5bn), mainly in line items financial investments and loans and advances (e.g. Public cover pool); very solid cash position (€ 3.8bn)
- Excellent credit quality: 49% are rated AAA /AA, 77% are A and better. High share of assets are ECB eligible (€ 3.9bn, 71%), gradual shift towards more diversification and profitable assets

# Rating Position

## Key Credit Strengths

- ✓ Robust and resilient capitalization well above regulatory requirements and peers, with significantly 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 risks
- ✓ Significant progress towards diversifying the funding base, extending the maturity profile & maintaining substantial liquidity buffer
- ✓ Demonstrated expertise of HCOB 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 <sup>1</sup>	Moody's	S&P
<b>Issuer Ratings</b>		
Deposit Rating	Baa1	–
Issuer Credit Rating (Long-Term)	Baa1 / positive	BBB / stable
Short-term Debt	P-2	A-2
Stand-alone Rating	ba1	bbb
<b>Instrument Ratings (Unsecured Issuances)</b>		
“Preferred” Senior Unsecured Debt	Baa1	–
“Non-Preferred” Senior Unsecured Debt	Baa2	–
Subordinated Debt (Tier 2)	Ba2	–
<b>Instrument Ratings (Secured Issuances)</b>		
Mortgage Covered Bonds	Aa1	–
Ship Covered Bonds	A1	–

# 4. SEGMENT OVERVIEW

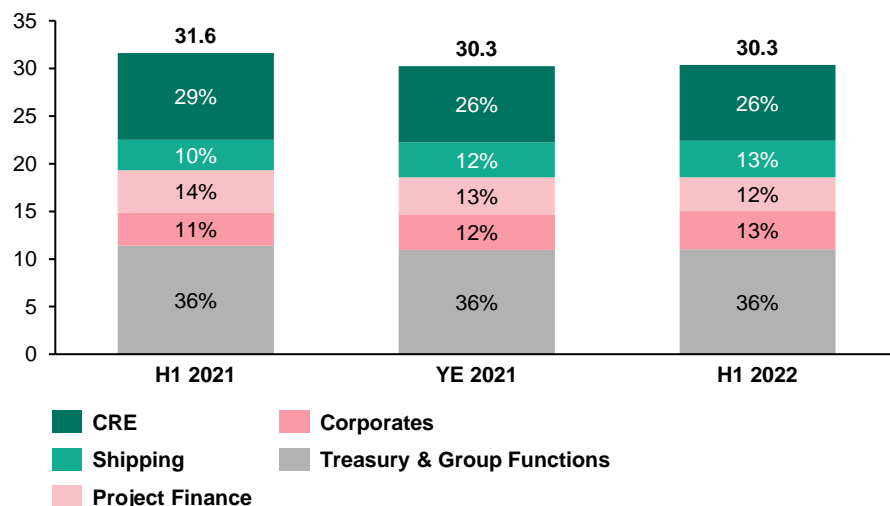
## H1 2022

# Segment Overview & Asset Mix

Real Estate	Shipping	Project Finance	Corporates
→ Assets: € 7.9bn	→ Assets: € 3.8bn	→ Assets: € 3.6bn	→ Assets: € 4.0bn
→ RWA: € 5.1bn	→ RWA: € 3.4bn	→ RWA: € 2.3bn	→ RWA: € 3.8bn
→ Net Income: € 40mn	→ Net Income: € 38mn	→ Net Income: € 10mn	→ Net Income: € 16mn
→ RoE <sup>1</sup> : 12%	→ RoE <sup>1</sup> : 19%	→ RoE <sup>1</sup> : 7%	→ RoE <sup>1</sup> : 7%

## Asset allocation on b/s

in € bn / %



- Business model based on strong franchise in Asset-Based Finance (ABF) being further enhanced by higher diversification while growing the b/s
- Constant share of ABF: CRE, Shipping and Project Finance at approx. 53%, each with mix of sub-sectors and moderate correlation
- Corporates driven by expansion of granular International Corporates exposures while maintaining focus in Northern German home region
- Streamlined Treasury with high quality investment portfolio and liquidity buffer

Rounding differences possible | 1) RoE after taxes based on a 13%-ratio of invested CET1 capital as reported



# Real Estate

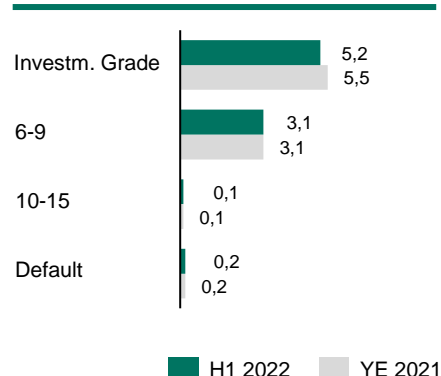
## Financials<sup>1</sup>

in € mn

	H1 2022	H1 2021
Total Income	89	97
Risk costs (expected loss) <sup>2</sup>	-4	-8
OpEx & regulatory costs	-39	-47
Net income after taxes	40	37
NIM in %	2.2	1.9
Risk costs (expected loss - %) <sup>3</sup>	0.10	0.17
CIR in %	39	42
RoE <sup>4</sup> in %	12	13
Gross new business, in bn €	0.7	0.4

## Rating

in € bn EAD

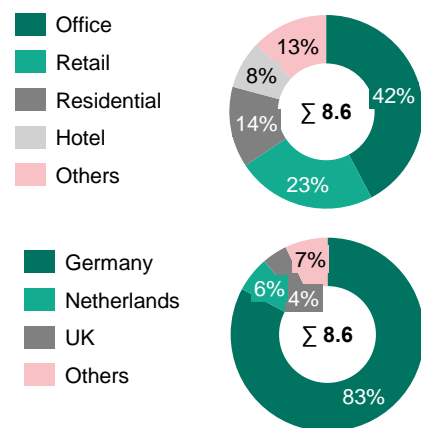


## H1 2022 results

- Total income at sound levels on back of reduced portfolio size with NII stable at € 88mn (€ 89mn), increasing NIM to 2.2%
- Net income before taxes rose to € 46mn, benefitting from lower OpEx and risk costs
- Sound portfolio quality highlighted by stable average rating (6) and average LTV (improving from 60% to 59%)
- New business in developments/ construction reduced in face of more challenging environment

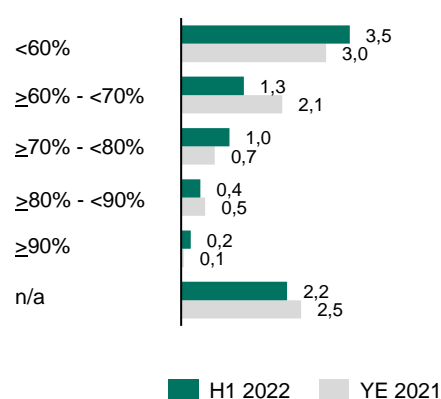
## Portfolio by segment and region

in € bn EAD / % (H1 2022)



## Portfolio LTV

in € bn EAD



## Positioning

- Highly recognized German real estate specialist with strong market and client coverage – franchise has view on ~1/3 of all new German CRE lending opportunities
- Financing of existing properties, refurbishments and developments
- Positioning to grow as ESG transition leader given expertise in refurbishments and developments
- HCOB differentiation through tailored offerings and entrepreneurial view on value-add deals
- Experienced market specialists with deep CRE expertise & experience enable above market risk-adjusted returns

# Shipping

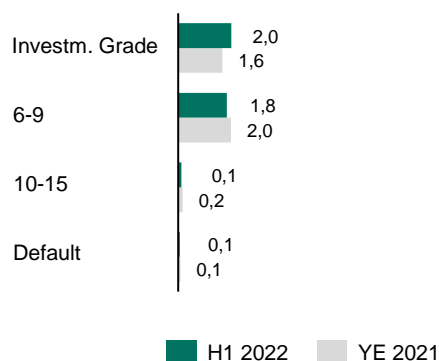
## Financials<sup>1</sup>

in € mn

	H1 2022	H1 2021
Total Income	82	71
Risk costs (expected loss) <sup>2</sup>	-3	-7
OpEx & regulatory costs	-35	-30
Net income after taxes	38	30
NIM in %	3.5	2.7
Risk costs (expected loss - %) <sup>3</sup>	0.16	0.44
CIR in %	39	39
RoE <sup>4</sup> in %	19	16
Gross new business, in bn €	0.6	0.7

## Rating

in € bn EAD

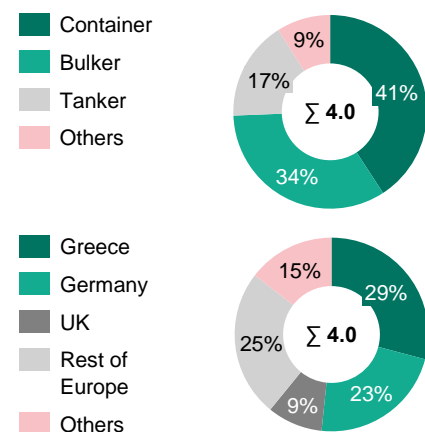


## H1 2022 results

- Total income markedly increased driven by higher NII benefitting from NIM expansion to 3.5%
- Net income before tax increased to € 44mn, RoE increased to strong 19%
- Sound new business of € 0.6bn, benefitting from strong markets
- High quality portfolio, > 90% of portfolio with LTV < 60%

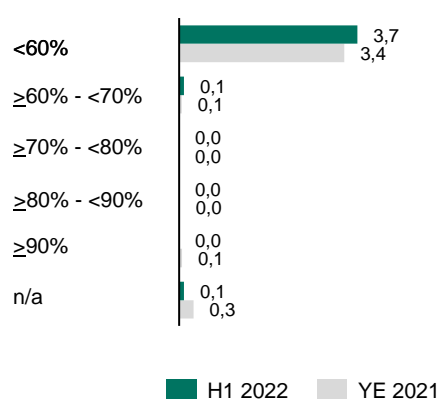
## Portfolio by segment and region

in € bn EAD / % (H1 2022)



## Portfolio LTV

in € bn EAD



## Positioning

- HCOB is a leading player in global ship financing with a focus on second-hand ships with superior risk/return dynamics
- Mix of asset-backed and corporate financings with a well-diversified portfolio of containers, bulkers and tankers
- Participating in ESG transition financing to achieve net-zero requirements
- Long relationships with high quality clients in Germany and Greece deliver privileged access to consistent deal flow
- Well-established business model focused on short durations & high collateral ship financings to reduce risks and quickly react to changing markets

# Project Finance

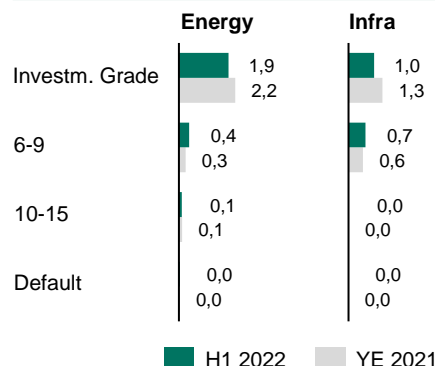
## Financials<sup>1</sup>

in € mn

	H1 2022	H1 2021
Total Income	30	36
Risk costs (expected loss) <sup>2</sup>	-3	-3
OpEx & regulatory costs	-15	-19
Net income after taxes	10	12
NIM in %	1.6	1.2
Risk costs (expected loss - %) <sup>3</sup>	0.17	0.11
CIR in %	42	47
RoE <sup>4</sup> in %	7	7
Gross new business, in bn €	0.5	0.3

## Rating

in € bn EAD

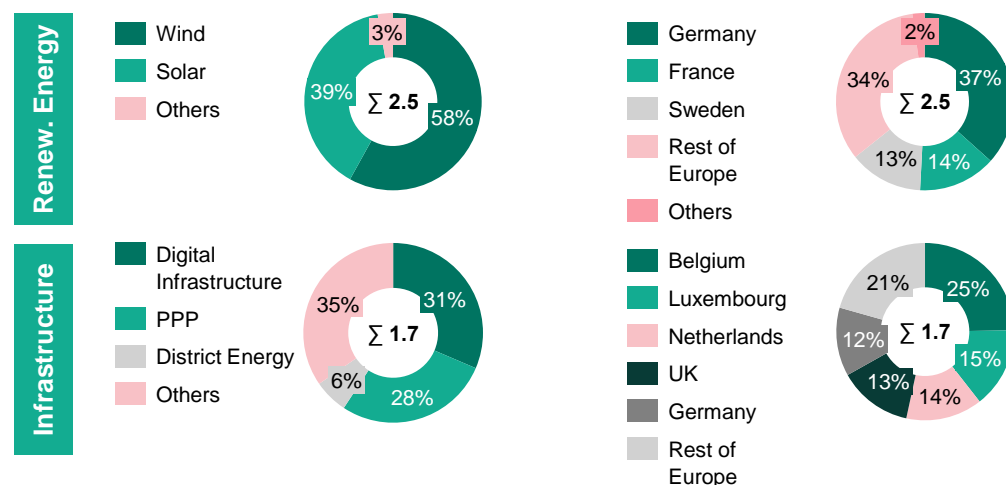


## H1 2022 results

- Total income decreased due to lower volume with focus on more profitable business (NIM increased to 1.6%)
- Sound new business of € 0.5bn with 80% infrastructure and 20% energy
- Sound portfolio quality highlighted by ~70% investment grade and stable average ratings at 7 (Renewable Energy) and 6 (Infrastructure)

## Portfolio by segment and region

in € bn EAD / % (H1 2022)



## Positioning

- Focused on financing attractive infrastructure and renewables projects in Western, Northern and Southern Europe
- Leader in digital infrastructure with strong, early-mover track record
- Strong ESG footprint with renewable energy portfolio & capabilities
- Broad client base in chosen segments with proprietary access to deal flow (developers, PE/ infrastructure funds, manufacturers, contractors, utilities & independent power producers)
- Extraordinary loss experience...no losses in Project Finance in over 10 years

# Corporates

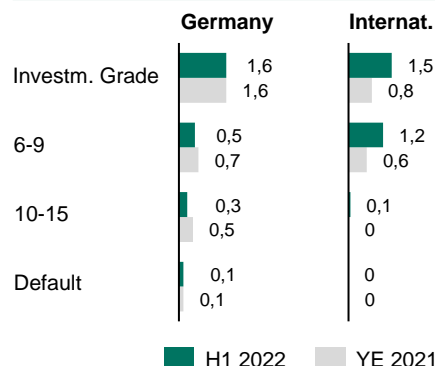
## Financials<sup>1</sup>

in € mn

	H1 2022	H1 2021
Total Income	53	53
Risk costs (expected loss) <sup>2</sup>	-11	-11
OpEx & regulatory costs	-24	-28
Net income after taxes	16	12
NIM in %	3.1	2.2
Risk costs (expected loss - %) <sup>3</sup>	0.56	0.58
CIR in %	41	49
RoE <sup>4</sup> in %	7	5
Gross new business, in bn €	1.0	0.4

## Rating

in € bn EAD

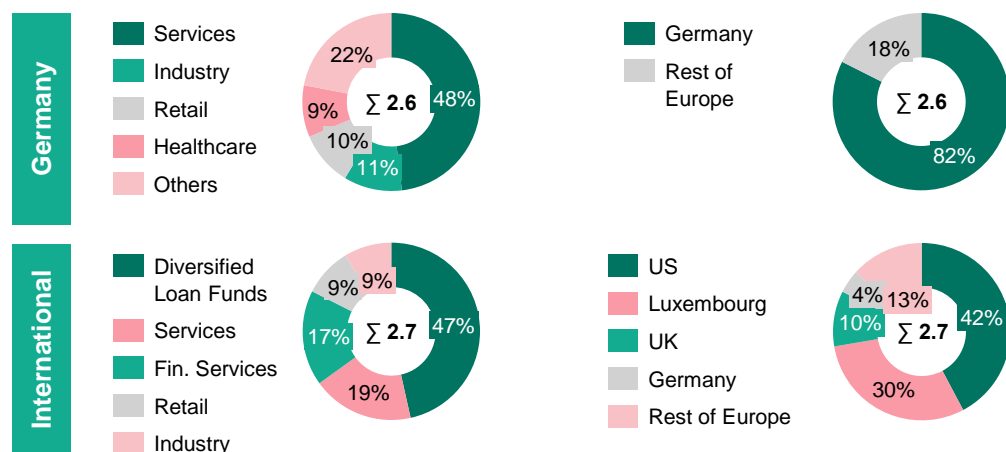


## H1 2022 results

- Total income benefited from higher NII and NIM (rising to 3.1% driven by Corporates International), but burdened by valuation effects. RoE increased to 7%
- Diversified loan funds in Corporates International diversify portfolio with granular loan exposures in funds
- Sound portfolio quality, average rating improved from 10 to 8, due to de-risking in domestic & new business in international

## Portfolio by segment and region

in € bn EAD / % (H1 2022)



## Positioning

- Diversifying corporate strategies by German and International Corporates
- Focus on lending clients in Northern German region with service & expertise approach
- Large portion of clients in Germany are family-owned companies with typically long-standing HCOB relationships
- Diversified international approach with wide range of credit products, countries & sectors
- Highly skilled, lean and transaction-focused team with broad network to identify and capture market opportunities quickly in International Corporates

# Segment Reporting

in € mn / %	Real Estate		Shipping		Project Finance		Corporates		Treasury & Group Functions		Reconciliation		Group	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Net interest income	88	89	67	44	29	30	60	41	18	15	24	50	286	269
Net commission income	3	4	6	6	4	4	5	9	0	1	0	-2	18	22
Other income <sup>1</sup>	-2	4	9	21	-3	2	-12	3	155	95	-147	-78	0	47
<b>Total income</b>	<b>89</b>	<b>97</b>	<b>82</b>	<b>71</b>	<b>30</b>	<b>36</b>	<b>53</b>	<b>53</b>	<b>173</b>	<b>111</b>	<b>-123</b>	<b>-30</b>	<b>304</b>	<b>338</b>
Risk costs (expected loss)	-4	-8	-3	-7	-3	-3	-11	-11	-0	-1	51	52	30	22
Administrative expenses (OpEx) & regulatory costs	-39	-47	-35	-30	-15	-19	-24	-28	-66	-60	0	0	-179	-184
Other operating result	0	0	0	0	0	0	0	0	40	5	0	0	40	5
Result from restructuring & transformation	0	0	0	0	0	0	0	0	-17	-13	0	0	-17	-13
Net income before taxes	46	42	44	34	12	14	18	14	130	42	-72	22	178	168
Income tax expense	-6	-5	-6	-4	-2	-2	-2	-2	-17	-5	62	44	29	26
<b>Net income after taxes</b>	<b>40</b>	<b>37</b>	<b>38</b>	<b>30</b>	<b>10</b>	<b>12</b>	<b>16</b>	<b>12</b>	<b>113</b>	<b>37</b>	<b>-10</b>	<b>66</b>	<b>207</b>	<b>194</b>
Cost/income ratio (CIR - %)	39	42	39	39	42	47	41	49	23	36	n.a.	n.a.	44	45
NIM (bps)	222	189	349	272	160	124	312	222	14	30	n.a.	n.a.	164	136
RoE after taxes (%) <sup>2</sup>	12.4	12.8	19.4	15.7	6.9	7.4	6.5	5.2	112.9	31.8	n.a.	n.a.	20.5	19.8
Risk costs (expected loss - %) <sup>3</sup>	0.10	0.17	0.16	0.44	0.17	0.11	0.56	0.58	0.00	0.03	n.a.	n.a.	(0.20)	(0.14)
Average segment assets - € bn	7.9	9.4	3.8	3.3	3.7	4.8	3.8	3.7	11.4	11.3	0.0	0.0	30.6	32.5
Average RWA - € bn	4.9	4.4	3.1	2.9	2.4	2.5	3.7	3.5	1.5	1.8	(0.1)	0.0	15.5	15.1
Loan loss provisions (income statement)	44	-1	3	34	-15	12	-3	-25	0	2	1	0	30	22

in € bn / %	H1 2022	YE 2021	H1 2022	YE 2021	H1 2022	YE 2021	H1 2022	YE 2021	H1 2022	YE 2021	H1 2022	YE 2021	H1 2022	YE 2021
<b>Segment assets</b>	<b>7.9</b>	<b>8.0</b>	<b>3.8</b>	<b>3.7</b>	<b>3.6</b>	<b>3.9</b>	<b>4.0</b>	<b>3.7</b>	<b>11.0</b>	<b>10.9</b>	<b>0.0</b>	<b>0.1</b>	<b>30.3</b>	<b>30.3</b>
Risk Weighted Assets (RWA)	5.1	3.9	3.4	2.3	2.3	2.4	3.8	3.7	1.5	1.7	0.0	0.0	16.1	14.0
Loan loss provisions (balance sheet)	0.2	0.2	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.4	0.4
NPE Ratio (%)	1.9	2.2	1.5	2.2	0.9	0.8	2.8	3.5	0.0	0.0	n.a.	n.a.	1.3	1.4

- **Lending units** with improved profitability metrics (RoE) reflecting profitable new business and strict cost control
- **Strong development in NII** which is expected to gain further momentum in Q3 2022 due to higher interest rates, driving NIM

# Overview on Non-Recurring Items

in € mn	Client Business		Treasury & Group Functions		Reconciliation		Group	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Valuation effect hybrids						2	0	2
Release of provisions / reimbursement tax-related			37	14			37	14
Litigation effects			14				14	0
Restructuring			-17	-13			-17	-13
<b>Non-recurring items</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>34</b>	<b>3</b>

# Management Board and Shareholder Structure



**Ian Banwell**  
CEO

- Born 1963 in Uganda (US-citizen)
- Chief Executive Officer (CEO) since October 2022
- Previously, since September 2020, Ian Banwell was Chief Financial Officer (CFO) and before (since April 2019) Chief Operating Officer (COO) of the bank



**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



**Marc Ziegner**  
CFO

- Born 1975 in Germany
- Chief Financial Officer (CFO) since October 2022
- Prior to this, Marc Ziegner was Managing Director Bank Steering at HCOB. He has held various positions of responsibility in the areas of bank management, finance and group controlling



**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 Structure<sup>1</sup>

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. (inkl. P.S.K. Beteiligungsverwaltung GmbH)	HCOB Current and former Management Board Members (who are or were in office from November 2018)
Promontoria Holding 221 B.V.	Promontoria Holding 231 B.V.	Promontoria Holding 233 B.V.	JCF IV Neptun Holdings S.à r.l.	GoldenTree Asset Management Lux S.à r.l.	Chi Centauri LLC	Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft	
9.87%	13.86%	18.69%					
42.41%			34.93%	12.47%	7.48%	2.49%	0.20%

# HCOB Strategy and Value Proposition



## Growth in our core markets

We leverage our deep asset expertise and strong market knowledge for profitable growth in Germany and selected European as well as 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 clients' 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.



## Safe and well-balanced 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 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 product offerings (working capital solutions, payment services, etc.)
- **HR & Culture:** Investing and developing capabilities and people as growth enablers
- **Cost management:** Growth and continued investment in IT transformation & process efficiency in line with CIR targets



# Contacts

**Ian Banwell**  
CEO

Hamburg Commercial Bank AG  
Gerhart-Hauptmann-Platz 50  
D-20095 Hamburg

---

**Marc Ziegner**  
CFO

Hamburg Commercial Bank AG  
Gerhart-Hauptmann-Platz 50  
D-20095 Hamburg

---

**Ralf Löwe**  
Head of Treasury

Tel. no.: +49 (0) 40 3333 25421  
investor-relations@hcob-bank.com

Hamburg Commercial Bank AG  
Gerhart-Hauptmann-Platz 50  
D-20095 Hamburg

---

**Dr. Benno Kammann**  
Director, Strategy & Transformation

Tel. no.: +49 (0) 40 3333 13010  
investor-relations@hcob-bank.com

Hamburg Commercial Bank AG  
Gerhart-Hauptmann-Platz 50  
D-20095 Hamburg

# List of acronyms

Acronyms	Long term
AC	At Cost
A-IRB	Advanced Internal Rating Based Approach
ALCO	Assets and Liabilities Committee
ALM	Asset Liability Management
AQR	Asset Quality Review
AT1	Additional Tier 1
Avg. or Ø	Average
B4	Basel IV
BdB	Bundesverband deutscher Banken (Association of German Banks)
b/s	Balance Sheet
BPS	Basis Points
BU	Business Unit
CapEx	Capital expenditures
CB	Covered Bond
CBR	Combined Buffer Requirement
CCyB	Countercyclical Capital Buffer
CoF	Cost of Funds
CET1	Common Equity Tier 1
CIR	Cost-Income-Ratio
CRE	Commercial Real Estate
CRM	Credit Risk Management
CRR	Capital Requirements Regulation
CSR	Corporate Social Responsibility
ctb	Change-the-Bank
DTA	Deferred Tax Asset
Δ	Delta
EAD	Exposure at Default
ESG	Environmental, Social, Governance
F-IRB	Foundation Internal Rating Based Approach
FTE	Full Time Employees
FVPL	Fair Value Through Profit or Loss
FY	Full Year
GDP	Gross Domestic Product
GHG	Greenhouse Gas
H1	First Half Year

Acronyms	Long term
H2	Second Half Year
KPI	Key Performance Indicator
LCR	Liquidity Coverage Ratio
LTV	Loan to Value
NI	Net Income
NIM	Net Interest Margin
NPC	Non-Personnel Costs
NPE	Non-Performing Exposure
NPL	Non-Performing Loan
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
OpEx	Operating Expenses / Administrative Expenses
P2G /P2R	Pillar 2 Guidance / Pillar 2 Requirement
PBT	Profit Before Taxes
PCAF	Partnership for Carbon Accounting Financials
PC	Personnel Costs
PF	Project Finance
P&L	Profit & Loss
POCI	Purchased or Originated Credit Impaired
PP	Percent Point
PPP	Purchasing Power Parity
RoA	Return on Assets
RoE	Return on Equity
rtb	Run-the-Bank
RWA	Risk-Weighted Assets
SB	Supervisory Board
SLLP	Single Loan Loss Provision
SREP	Supervisory Review and Evaluation Process
SVA	Shareholder Value Added
SyRB	Systemic Risk Buffer
TCF	Trade and Commodity Finance
TLTRO	Targeted Longer-Term Refinancing Operations
TSY	Treasury
UNEP FI	United Nations Environment Programme Finance Initiative
YE	Year End

# Disclaimer

The market and other information contained in this presentation is for general informational purposes only. This presentation is not intended to replace either your own market research or any other information or advice, in particular of a legal, tax or financial nature. This presentation does not contain all material information needed to make important financial decisions, in particular investment decisions, and may differ from information and estimates from other sources/market participants. The presentation is neither an offer nor a solicitation to buy or sell securities or other forms of investment of Hamburg Commercial Bank AG or other companies, nor does it constitute any advice or recommendation to that effect. In particular, it is not a prospectus. Investment decisions relating to securities or other forms of investment of Hamburg Commercial Bank AG or other companies should not be based on this presentation. Hamburg Commercial Bank AG points out that the market information presented herein is only intended for professional, financially experienced investors who are able to assess the risks and opportunities of the market(s) discussed and obtain comprehensive information from a number of different sources.

The statements and information contained in this presentation are based on information that Hamburg Commercial Bank AG has researched or obtained from generally accessible sources. While Hamburg Commercial Bank AG generally regards the sources used as reliable, it cannot assess such reliability with absolute certainty. Hamburg Commercial Bank AG did not perform any checks of its own on the factual accuracy of the individual pieces of information from these sources.

Furthermore, this presentation contains estimates, forward-looking-statements and forecasts based on numerous assumptions, projections and subjective assessments made by Hamburg Commercial Bank AG, as well as outside sources available at the time of this presentation, and only represents non-binding views regarding markets and products at the time the estimate/forecast was prepared which are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. Forward-looking statements express an expectation or belief and contain a projection, plan or assumption. Thus, a number of factors (e.g. market fluctuations, unexpected market developments in Germany, the EU or the US, etc.) may result in a forward-looking statement proving to be unfounded at a later date. Hamburg Commercial Bank AG does not enter into any obligation to update the information contained in this presentation.

Hamburg Commercial Bank AG and its employees and executive bodies provide no guarantee, despite exercising due care, that the information and forecasts provided are complete, up-to-date or accurate. Neither Hamburg Commercial Bank AG nor its executive bodies or employees can be held liable for any direct or indirect losses or other damage that may arise from the use of this presentation, excerpts from this presentation or its contents, or for loss or damage that otherwise arises in connection with this presentation.

In general, this document may only be distributed in jurisdictions where such distribution is not unlawful and only in compliance with the statutory provisions applicable in the relevant countries, and individuals in possession of this document should familiarise themselves with the applicable local provisions. Hamburg Commercial Bank AG points out that the presentation is intended for the recipient and that the distribution of this presentation or information contained herein to third parties is prohibited. In particular, this presentation may not be used for advertising purposes. Losses incurred by Hamburg Commercial Bank AG as the result of the unauthorised distribution of this presentation or any of its contents to third parties are to be fully compensated for by the distributor. Such person must hold Hamburg Commercial Bank AG harmless from any third-party claims resulting from the unauthorised distribution of this presentation and from all legal defence costs incurred in connection with such claims. This applies, in particular, to the distribution of this presentation or information contained therein to persons located in the US.

## **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 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.