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Press release

Hamburg Commercial Bank reports EUR 139 million pre-tax profit for the first half of 2025

- Net income before taxes up 8% to EUR 139 (H1 2024: 129) million, despite one-off expense from strategic focusing
- Total income up 4% at EUR 397 (383) million
- Strict cost management: Administrative expenses excluding one-offs in line with H1 2024
- CET1 ratio rose to strong 22.1% (31/12/2024: 17.3%)
- CEO Luc Popelier: “First milestones of strategy adjustment reached – focus on profitable growth in core franchise businesses”

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HAMBURG/GERMANY – Hamburg Commercial Bank AG (HCOB) presented its financial results for the first half of 2025 on Thursday. **Net income before taxes** rose to EUR 139 (prior-year period: 129) million, despite negative one-off effects in connection with the strategic focusing of the business, benefitting from good operating performance and consistent cost discipline. Capital and liquidity ratios, already at high levels, were further improved.

In the first half of 2025, the bank decided to further sharpen its business model. The aim is to strengthen the core businesses for sustainable profitable growth, streamline the organisation, and make processes more efficient. In this context, HCOB focuses particularly on German as well as European corporate clients, project and ship finance in Europe and the real estate business in Germany. The bank is withdrawing from international real estate, global aviation and parts of the structured finance business (together accounting for around 10% of total group assets as at 31/12/2024). As part of the realignment, the bank is also optimising the liabilities side of its balance sheet and developing a digital platform through which deposits will be offered to retail customers from 2026. The first milestones in the strategic refocusing have already been reached.

“Hamburg Commercial Bank has successfully launched its refocused business strategy, and we are very satisfied with the results to date. Thanks to our sustained operational strength and solid earnings base, we are thoroughly equipped to handle the one-off burdens resulting from the business adjustments,” said Luc Popelier, Chief Executive Officer of HCOB. “The bank is very well capitalised, has strong liquidity and is optimally positioned for profitable growth in its core franchise business areas.”

Good operating performance – total income up 4% – negative impact of one-off effects

Net income before taxes increased by 8% to EUR 139 (129) million as at 30 June 2025, benefiting from good performance in the operating business and significantly improved other operating income. This strong pre-tax profit was achieved despite the one-off provisions related to the planned headcount reduction following the bank's strategy adjustment. Although pre-tax profit improved, the **group net result after taxes** declined to EUR 46 (111) million. This was due to a significant increase in **income tax expenses** to EUR 93 (18) million, also primarily attributable to a one-off effect in connection with the realignment. As part of the updated corporate planning, deferred tax assets (DTAs) on loss carry-forwards amounting to EUR 58 million had to be reversed. Excluding all one-off effects, net income after taxes amounted to EUR 130 (136) million. Adjusted for one-off effects, **return on equity** (RoE) after taxes was 7.1% (7.3%), only slightly below the prior-year period, reflecting the bank's profitability. Unadjusted, RoE after taxes[1] was 2.5% (30/06/2024: 6.0%).

HCOB increased its **total income** by 4% to EUR 397 (383) million. A particularly positive factor was the encouraging development in the **result from financial instruments categorised as FVPL** of EUR 18 (-4) million, supported by the depreciation of the US dollar against the euro. **Net interest income** totalled EUR 357 (376) million, with the figure for the prior-year period having been boosted by the sale of promissory notes (EUR 21 million). Other items of total income, including higher net commission income, totalled EUR 22 (11) million.

Loan loss provisions totalled EUR 57 (40) million, mainly due to sustained challenging conditions on the real estate markets. Furthermore, net additions were made in the Corporates segment following net reversal of provisions in the first half of 2024.

Administrative expenses amounted to EUR 216 (168) million. The increase is almost entirely due to provisions of EUR 45 million for personnel expenses, formed in connection with the strategy adjustment for socially responsible staff reductions (-190 full-time equivalents, FTE). Operating expenses remained at previous year's level, reflecting the bank's strict cost management.

Other operating income of EUR 23 (-38) million benefited from the reversal of various provisions and a non-period-related VAT refund. The significantly negative result in the prior-year period was due to one-off effects. **Expenses for regulatory affairs, deposit guarantee fund and banking associations** remained constant at EUR 8 (8) million.

The **cost-income ratio** (CIR), adjusted for one-off effects (mainly related to staff reductions), was 41% (42%). Unadjusted, the CIR was 51% (49%).

NPE volume down – comfortable risk coverage – strong CET1 ratio

Despite the continued challenging conditions on the real estate markets, HCOB successfully and consistently reduced its **non-performing exposure** (NPE) **volume** to EUR 628 (31/12/2024: 686) million. The **NPE ratio** remained stable at 1.9% (31/12/2024: 1.9%), given equally reduced total exposure. As at 30 June 2025, the bank had a comfortable **stock of loan loss provisions** of EUR 300 (31/12/2024: 347) million, providing a buffer against potential adverse economic developments.

Total assets decreased to EUR 30.8 (33.6) billion as at 30 June 2025. This was primarily due to a decline in loans and advances to customers due to discontinuation of new business in areas no longer considered as core business. In addition, the devaluation of the US dollar significantly reduced the bank's loan book.

At a strong 22.1%, the **CET1 ratio** was significantly higher than at the end of the previous year (31/12/2024: 17.3%). While CET1 capital rose slightly, the increase is mainly attributable to a reduction in risk-weighted assets (RWA) for credit risks, particularly in connection with the application of Basel IV regulations for the first time. Further effects resulted from changes in the overall lower loan book and foreign currency effects. The **leverage ratio**, which is well above the industry average, also increased further to 10.1% (9.0%).

Lending units: Strong rise of 14% in total income – further improvement in profitability

Total income in the **four lending units** increased by 14% to EUR 391 (344) million, supported by good operating performance and positive effects from US dollar interest rate hedging in the FVPL result. The encouraging earnings performance in the lending units offset higher impacts of loan loss provisions, administrative expenses, and income tax expenses compared to the first half of 2024, resulting in improved earnings after taxes of EUR 117 (112) million. New business in core franchise areas increased by a strong 19% to EUR 2.5 (2.1) billion, while it was almost completely discontinued in the non-core areas. The decline in total new business to EUR 2.6 (2.9) billion due to this focusing as well as a weaker US dollar contributed to the decline in segment assets to EUR 19.6 (31/12/2024: 21.6) billion.

Total income in the **Real Estate segment** increased to EUR 109 (98) million. Loan loss provisions decreased compared with the first six months of the previous year, though remained at a relatively high level given the difficult market situation. Profit after taxes increased to EUR 16 (2) million. HCOB continued to manage the real estate business defensively, with new business volume amounting to EUR 0.2 (0.3) billion and segment assets declining to EUR 6.8 (31/12/2024: 7.4) billion, partly due to reduced US exposure.

In the **Global Transportation segment**, comprising the Shipping and Aviation units, total income increased to EUR 90 (74) million, primarily due to the acquisition of a shipping loan portfolio in mid-2024. Profit after taxes totalled EUR 29 (32) million, mainly impacted by higher administrative expenses and a slight increase in loan loss provisions from a low base. In the Shipping unit, focused gross new business of EUR 0.7 (0.6) billion was concluded, while in the Aviation unit – against the backdrop of the decision to discontinue new business activities as part of the strategy adjustment – the figure was EUR 0.1 (0.1) billion. Segment assets stood at EUR 3.2 (31/12/2024: 3.7) billion, below the prior-year level, due to a weaker US dollar and high repayments resulting from the shipowners’ strong liquidity situation.

Total income in the **Project Finance segment** performed very well at EUR 65 (50) million, leading to an improved profit after taxes of EUR 24 (18) million. New business, focused on infrastructure projects, remained at the prior-year level of EUR 0.6 (0.6) billion, and segment assets declined moderately to EUR 3.6 (31/12/2024: 3.9) billion.

With total income up to EUR 127 (122) million, profit after taxes in the **Corporates segment** amounted to EUR 48 (60) million. The segment result was adversely affected in particular by net additions to loan loss provisions, whereas the first half of 2024 had still benefited from net reversals. New business with corporate clients in Germany developed very positively and was significantly above prior-year period. However, the overall gross new business in the segment was marked by the discontinued activities in non-core Structured Portfolio Finance and amounted to EUR 0.9 (1.3) billion. Segment assets decreased accordingly to EUR 6.0 (6.6) billion.

Outlook

Given its strong operational performance, HCOB will continue to systematically implement its strategic business adjustments in the second half of the year. Under the updated strategy, one-off effects will significantly impact earnings for the full year 2025. In addition to the costs already realised in the first half-year relating to personnel reductions, the deliberate reduction in balance sheet volume will have a bearing on earnings in the second half of the year. Against this backdrop, Hamburg Commercial Bank

the bank is adjusting its earnings forecast for the financial year 2025 and now expects IFRS net income before taxes of around EUR 250 million (previously: above EUR 300 million).

All forecasts are subject to any unforeseeable events and to effects that are significantly more adverse than expected, such as from economic or geopolitical developments.

Group statement of income (IFRS) HY 2025

(€ million)	January - June 2025	January - June 2024	Change in %
Net interest income	**357**	**376**	**-5**
Net commission income	14	12	17
Result from hedging	-1	-4	75
Result from financial instruments categorised as FVPL	18	-4	>100
Net income from financial investments	6	1	>100
Result from the disposal of financial assets classified as AC	3	2	50
Total income	**397**	**383**	**4**
Loan loss provisions	-57	-40	43
Total income after loan loss provisions	**340**	**343**	**-1**
Administrative expenses	-216	-168	29
Other operating result	23	-38	>100
Expenses for regulatory affairs, deposit guarantee fund and banking associations	-8	-8	-
Net income before taxes	**139**	**129**	**8**
Income tax expenses	-93	-18	>100
Group net result	**46**	**111**	**-59**
Group net result attributable to HCOB shareholders	46	111	-59

Further key figures of the Group	30/06/2025	31/12/2024
Total assets (€ bn)	30.8	33.6
RWA (€ bn)	14.7	18.2
CET1 capital ratio (%)	22.1[2]	17.3[3]
Overall capital ratio (%)	26.2[2]	22.4[3]
Return on equity (RoE) after taxes[1] (%)	2.5	6.0
Leverage ratio (%)	10.1[2]	9.0[3]
Liquidity coverage ratio (%)	259	216
Net stable funding ratio (%)	121	116
Employees (FTE)	925	934

1) RoE after taxes based on balance sheet equity at the beginning of the year less proposed dividend. (Half-year figures) | 2) Profits for the first half of 2025 have not been taken into account | 3) The dividend payment made in 2025 was taken into account in advance as a reduction in CET1 capital

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