

Press release

Preliminary result 2025: Hamburg Commercial Bank achieves EUR 289 million net income before taxes

- Pre-tax profit rises 17% year-on-year to EUR 289 (248) million
- Strict cost management: administrative expenses excluding one-off effect below 2024 level
- Value-preserving reduction of non-strategic portfolios – successful sale of entire Aviation loan portfolio
- Stringent NPL management: NPL volume decreases by 17%
- CEO Luc Popelier: “Strategic realignment completed – earnings forecast exceeded – clear focus on profitable growth in core franchise businesses”

HAMBURG/GERMANY – Hamburg Commercial Bank AG (HCOB) presented its preliminary consolidated figures for the 2025 financial year on Thursday, reporting IFRS net income before taxes of EUR 289 (previous year: 248) million. This improved pre-tax result was achieved despite a deliberately reduced balance sheet as part of a strategic realignment and a significant negative one-off effect in personnel expenses. Solid operating performance, stringent cost discipline, and one-off income in other operating result contributed to the positive result. In the first half of the year the bank took the decision to focus its activities on four existing core business segments, which it successfully implemented by the end of the year.

“For Hamburg Commercial Bank, 2025 was a year of strategic focusing – and our progress was faster than anticipated. Despite one-off burdens resulting from the business adjustments, the result exceeded our expectations. This both confirms our strategy and gives us additional motivation,” said Luc Popelier, Chief Executive Officer of Hamburg Commercial Bank. “With its refined business model and long standing client relationships, HCOB is very well positioned to continue growing profitably in its core business areas.”

In the course of its strategic realignment, the bank strengthened its customer-centric core franchise businesses Corporates, Project Finance, Shipping and Real Estate Germany to ensure sustainable and robust earnings growth. At the same time, the bank reduced portfolios no longer considered core (International Real Estate and parts of Structured Portfolio Finance) by almost 60% to EUR 1.3 billion. This was achieved in a value-preserving manner and ahead of schedule. A significant milestone was the successful sale of the aviation portfolio in October. In addition, the bank developed its own digital platform for retail deposits to further strengthen its diversified refinancing base and is ready to launch it in the first quarter of 2026.

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Pre-tax profit up 17% and above target – despite negative one-off effect

Net income before taxes improved significantly to EUR 289 (248) million, despite a substantial negative one-off effect from staff reductions. This was primarily due to solid operating performance and a positive other operating result, in contrast to the significant negative other operating result in 2024 due to one-off effects. Excluding one-off effects, pre-tax profit fell by 11% year-on-year to EUR 314 (354) million, with the decline in 2025 attributable essentially to the deliberate reduction in lending volume. The **group net result after taxes** amounted to EUR 165 (228) million. This decline came in spite of higher pre-tax income and was primarily attributable to **income taxes** of EUR 124 (20) million, in particular deferred tax expenses (EUR 104 million). These included one-off effects from the revaluation of deferred tax assets, necessitated by the bank's updated corporate planning and the tax-related German "Investitionssofortprogramm" (Immediate Investment Program). Current tax expenses amounted to EUR 20 million. The **return on equity** (RoE) after taxes¹ was 4.5% (31/12/2024: 6.2%).

Total income amounted to EUR 743 (783) million and reflects the deliberately reduced balance sheet volume in portfolios categorised as non-strategic. **Net interest income** decreased accordingly to EUR 672 (752) million, with the net interest margin reaching a good level of 217 (234) basis points. These prior-year figures were boosted by the effects of promissory note sales (EUR 21 million). The **result from financial instruments categorised as FVPL** contributed EUR 26 (-7) million to total income as a result of the depreciation of the US dollar against the euro. **Net commission income** improved slightly to EUR 28 (26) million; other items in total income amounted to EUR 17 (12) million.

Loan loss provisions totalled EUR 109 (95) million, mainly due to sustained challenging conditions on the real estate markets and net additions in the Corporates segment.

Administrative expenses rose to EUR 378 (350) million, which is solely attributable to personnel expenses of EUR 217 (184) million, which included one-off costs for severance payments (EUR 50 (18) million). Excluding the one-off effect in personnel expenses, administrative expenses decreased by around 1% to EUR 328 (332) million. The decline in non-personnel operating expenses to EUR 161 (166) million reflects the bank's cost discipline. More than 80% of the planned job reductions (-190 full-time equivalent (FTE)) had already been contractually agreed by the end of 2025. (Total workforce as of 31/12/2025: 868 (31/12/2024: 934 FTE)). By the end of 2027, the workforce is to be gradually reduced to the target size of 732 FTEs.

Other operating income of EUR 37 (-81) million benefited from one-off income of EUR 25 million. Of this, EUR 18 million resulted from the final settlement of the first four years of participation in the voluntary deposit protection fund (ESF) of the Association of German Banks (BdB), and EUR 7 million from non-period-related VAT refunds. Further positive effects resulted from the reversal of various provisions. **Expenses for regulatory affairs, deposit guarantee fund and banking associations** decreased to EUR 4 (9) million, as no annual contribution to the BdB's ESF was required.

The **cost-income ratio** (CIR), adjusted for the above-mentioned one-off effects in administrative expenses and other operating result, was 43% (42%); unadjusted, the CIR was 48% (50%)

NPL volume down 17% – declining total assets due to business focusing

Despite the ongoing challenging conditions in the real estate markets, HCOB successfully reduced its **non-performing loan (NPL) volume** by 17% to EUR 540 (31/12/2024: 650) million by consistently offloading non-performing loans. With a simultaneous reduction in loan volume, the **NPL ratio** remained at 3.3% (31/12/2024: 3.3%). With EUR 275 (31/12/2024: 347) million, the

bank continues to have a comfortable **stock of loan loss provisions**, providing a buffer against potential adverse economic developments.

The group's **total assets** decreased in line with expectations and totalled EUR 28.6 (33.6) billion at year-end. This decline was due to the discontinuation of new business in non-strategic business areas, the reduction of the corresponding portfolios, the devaluation of the US dollar, and a high repayment level.

Risk-weighted assets (RWA) decreased significantly to EUR 13.1 (18.2) billion. This was driven by a reduced loan book, combined with an amended portfolio structure, the initial application of the Basel IV framework, and the weakening of the US dollar. The **leverage ratio**, at 7.3% (9.0%), remained comfortably above the average level of European banks and well above the regulatory requirement of 3%.

As part of its adjusted corporate strategy, HCOB aims to normalise its common CET 1 ratio. In line with the approved distribution policy, based on a target CET1 ratio of 16%, the Management Board and Supervisory Board intend to propose a dividend payment of EUR 4.16 per share to the Annual General Meeting in March 2026. Taking this distribution into account in the CET1 capital, the **CET1 ratio** at the end of 2025 was 16.5% (31/12/2024: 17.3%; 26.1% before dividends), which is still well above the regulatory requirements.

Lending units: Total income almost at previous year's level – franchise new business stable

New business in the four lending units amounted to EUR 5.0 (6.1) billion in total, entirely due to the discontinued activities in non-strategic business areas. The new business in core franchise areas remained stable at EUR 4.9 (4.9) billion, despite deliberately restrained new business in the Real Estate Germany segment and volume-reducing currency effects resulting from a weaker US dollar. Average assets in the loan segments decreased to EUR 18.7 (31/12/2024: 19.3) billion. Nevertheless, at EUR 701 (714) million, total income was maintained at approximately the previous year's level. Earnings after taxes totalled EUR 210 (235) million.

The **Real Estate segment's** profit after taxes of EUR 17 (30) million was impacted by the again challenging market environment in financial year 2025 and corresponding additions to loan loss provisions. Operating business continued to be managed with a risk-cautious approach and a focus on portfolio management, resulting in a new business volume which now is concentrated on German real estate clients of EUR 0.4 (1.0) billion. Consequently, and due to the downsizing strategy in the international sector, segment assets decreased to EUR 5.9 (31/12/2024: 7.4) billion and total income to EUR 191 (207) million.

In the **Global Transportation segment**, which comprises the Shipping and Aviation units (the latter discontinued as part of the strategic realignment), profit after taxes amounted to EUR 59 (64) million. Total income, at EUR 154 (161) million, was slightly below the prior year's level due to a weaker US dollar and a margin compression in Shipping, and the mid-year sale of the Aviation loan portfolio. New business in Shipping, at EUR 1.3 (1.4) billion, was roughly on par with the prior year, while in Aviation contracts totalling EUR 0.1 (0.4) billion were concluded at the beginning of the year. Segment assets decreased to EUR 2.5 (31/12/2024: 3.7) billion due to the sale of the Aviation portfolio, high loan repayments in Shipping, and a weaker US dollar.

The operating business in the **Project Finance segment** developed very positively, with total income rising to EUR 125 (107) million as the net interest margin expanded. Profit after taxes was slightly below the previous year at EUR 44 (47) million, despite an increase in pre-tax profit, solely due to higher income tax expenses. New business, particularly in the infrastructure sector,

expanded significantly to EUR 1.6 (1.2) billion and segment assets remained at EUR 3.9 (31/12/2024: 3.9) billion.

The **Corporates segment** achieved a profit after taxes of EUR 90 (94) million, thus once again making a substantial contribution to the Lending Units' result. Although new business in the segment was significantly reduced to 1.6 (2.1) billion in line with the strategic reduction in Structured Portfolio Finance, and segment assets declined accordingly to EUR 4.6 (5.5) billion, total income, with good margins, was only slightly below prior year figure at EUR 231 (239) million. New business in the Corporates segment (excluding Structured Portfolio Finance) rose by almost 30% to EUR 1.4 (1.1) billion.

Outlook

In the 2026 financial year, Hamburg Commercial Bank will focus consistently on its client-centric franchise strategy, oriented towards profitable growth, and continue to reduce its non-strategic portfolios. HCOB expects to launch a digital platform for retail deposits by the end of the first quarter of 2026 at the latest. To further increase efficiency, the bank will intensify its use of AI and automation, leveraging its fully implemented state-of-the-art IT cloud infrastructure.

HCOB forecasts IFRS net income before taxes of around EUR 300 million for the 2026 financial year. The bank anticipates that continued cost discipline, an overall decline in personnel expenses including the absence of one-off effects, as well as a lower need for loan loss provisions, will more than offset the reduced earnings base resulting from the strategic business realignment.

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.

Preliminary Group statement of income (IFRS) 2025

(€ mn)	2025	2024	Change (in %)
Net interest income	672	752	-11
Net commission income	28	26	8
Result from hedging	-3	2	>-100
Result from financial instruments categorized as FVPL	26	-7	>100
Net income from financial investments	7	7	-
Result from the disposal of financial assets classified as AC	13	3	>100
Total income	743	783	-5
Loan loss provisions	-109	-95	15
Total income after loan loss provisions	634	688	-8
Administrative expenses	-378	-350	8
Other operating result	37	-81	>100
Expenses for regulatory affairs, the Deposit Protection Fund, and banking associations	-4	-9	-56
Net income before taxes	289	248	17
Income tax expense	-124	-20	>100
Group net result	165	228	-28
Group net result attributable to Hamburg Commercial Bank shareholders	165	228	-28

Further preliminary key figures of the Group	31/12/2025	31/12/2024
Total assets (€ bn)	28.6	33.6
RWA (€ bn)	13.1	18.2
CET1 capital ratio ² (%)	16.5	17.3
Overall capital ratio ² (%)	21.2	22.4
Return on equity (RoE) after taxes ¹ (%)	4.5	6.2
Leverage ratio ² (%)	7.3	9.0
Liquidity coverage ratio (%)	204	216
Net stable funding ratio (%)	119	116
Employees (FTE)	868	934

1) RoE after taxes is based on balance sheet equity at the beginning of the year less proposed dividend | 2) The intended dividend payment for the financial year 2025, which is subject to approval by the Annual General Meeting, or the dividend payment actually made in 2025, were taken into account as a reduction in the Common Equity Tier 1 capital.

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