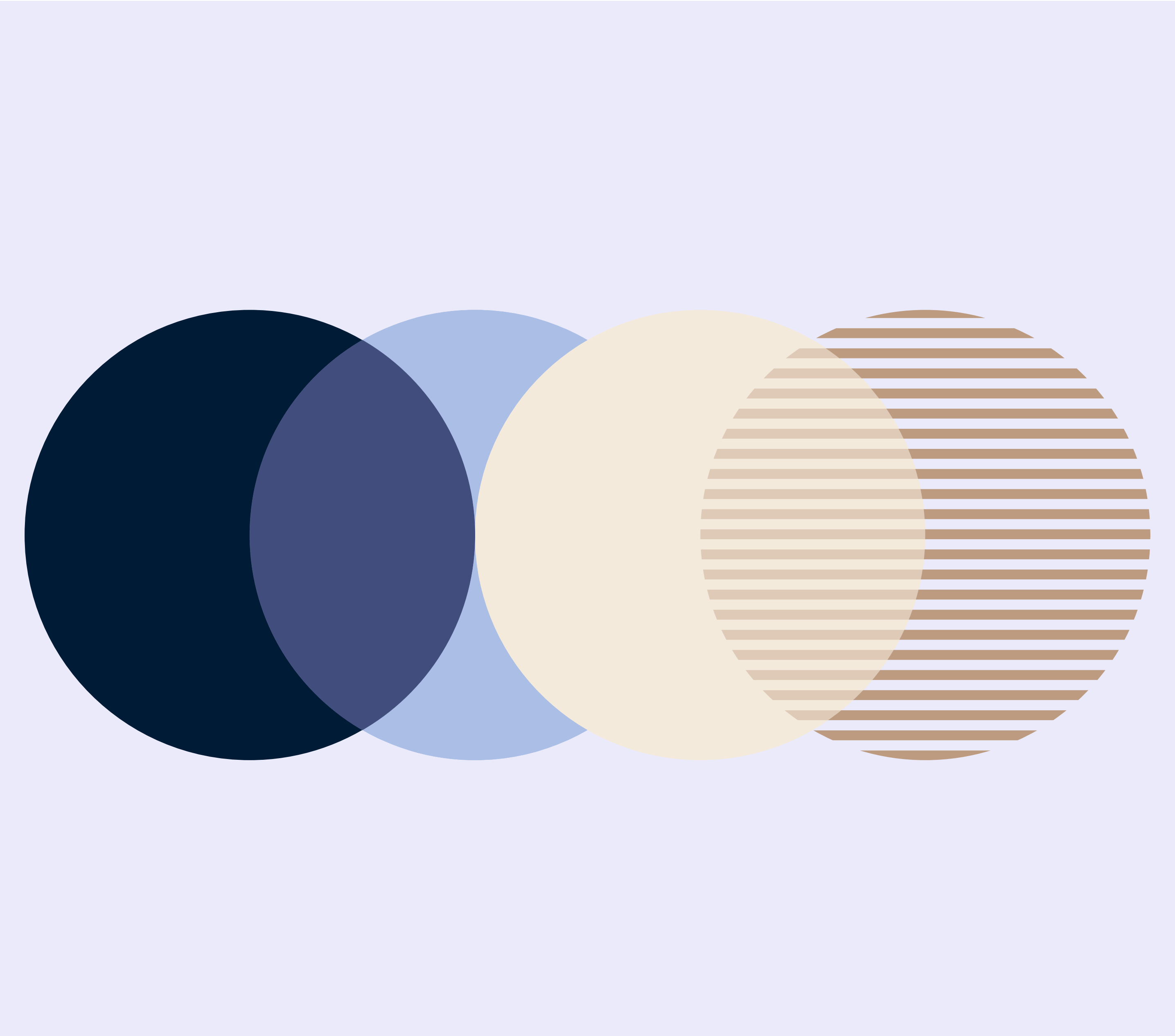
Financial Report 2024

Financial Report of Hamburg Commercial Bank AG **2024**



Hamburg Commercial Bank

Content

Combined Management Report

Annual Accounts

Information on the combined management report
To improve the clarity of presentation, the management reports of Hamburg Commercial Bank AG and the Hamburg Commercial Bank Group have been combined in accordance with Section 315 (5) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB. The annual and Group financial statements of Hamburg Commercial Bank (including the combined management report) will be jointly submitted to the operator of the German Federal Gazette and published in the Federal Gazette. In addition, the annual and Group financial statements of Hamburg Commercial Bank are available on the Internet at www.hcob-bank.com. The following information in the combined management report relates to the Hamburg Commercial Bank Group as a general rule; in the event of material differences with regard to Hamburg Commercial Bank AG, separate explanations are provided.

Basis of the Group

Business activities

Headquarters, regional focus, clients and products

Hamburg Commercial Bank (HCOB), headquartered in Hamburg, is a private commercial bank managed in the legal form of a German corporation.

Hamburg Commercial Bank provides customised financing solutions for German and international companies. HCOB is strongly positioned in structured real estate and project financing, and is a reliable financing partner for the global shipping and aviation industry. Efficient and secure payment transaction services and innovative products for foreign trade round off the Bank's offering. The Bank is guided by established ESG criteria.

Segments and locations

Hamburg Commercial Bank's operating business activities are divided into four lending-oriented segments, Real Estate, Global Transportation, Project Finance and Corporates (collectively referred to as "lending units"), as well as the Treasury & Group Functions segment. The latter segment includes the Bank's capital market activities, as well as the staff and service functions.

The structure of the segments, a description of the business areas they contain and the business strategies pursued in the segments are described in this chapter in the section entitled "Strategic direction for the business areas". The chapter "Segment results" contains information on the development of results in the segments.

The Bank has branches abroad, namely in London, Luxembourg and Piraeus, and opened a representative office in Amsterdam in 2024. In the Piraeus branch and the representative office in Amsterdam, the Bank serves international shipping clients. The focus of the branch in London is on sales in the areas of Corporate Lending (international), Project Finance and Aviation Finance, as well as the international real estate business. In the Luxembourg branch, the emphasis is on business management in the Corporate Lending (international), Structured Portfolio Finance and Aviation Finance business areas. In Germany, the Bank has offices not only in Hamburg, but also in Berlin, Düsseldorf, Kiel, Frankfurt am Main, Munich and Stuttgart.

The international branches listed above provide significant support for the Bank's growth and diversification strategy, adding profitable products and markets outside the core region of northern Germany to its portfolio.

Equity holdings and scope of consolidation

In addition to the parent company HCOB AG, the scope of consolidation for the Group financial statements comprised 13 fully consolidated subsidiaries as at the reporting date (31 December 2023: 15). There was one addition to, and three companies that left, the group of fully consolidated companies in the reporting period.

The addition is the company Bain Capital Credit Schanze Unlevered Direct Lending Fund SCSp. The fund is a specialised loan fund whose primary business purpose lies in the purchase of receivables from third parties, with an emphasis on the North American market.

The following companies were removed from the scope of consolidation: HCOB Private Equity GmbH, OCEAN Funding 2013 GmbH and HI-Hafen Global-Fonds. HCOB Private Equity GmbH merged with the fully consolidated company HCOB Auffang- und Holdinggesellschaft mbH & Co. KG upon entry in the commercial register on 3 September 2024, but had already ceased operations prior to this date. The supplementary liquidation of OCEAN Funding 2013 GmbH, which had already ceased operations in the previous year, was completed at the end of 2024, meaning that the grounds for the company's consolidation no longer applied. Due to the redemption of all shares held by the Bank in the HI-Hafen Global fund, it was closed on 23 December 2024 and subsequently deconsolidated at the end of the reporting year.

Further details on the aforementioned changes in the scope of consolidation, which had no material effect on the Group's earnings, net assets and financial position, can be found in Note 3 (Scope of consolidation) to the Group financial statements.

Ownership structure

Since 28 November 2018, Hamburg Commercial Bank has been owned by renowned, globally active, institutional private investors that have a high level of expertise in the banking business, in particular. The ownership structure as at 31 December 2024 was as follows (percentages rounded):

Ownership structure

Several funds initiated by **Cerberus Capital Management, L.P.**	Promontoria Lux Holding 221 S.à r.l. 9.24 % Promontoria Lux Holding 231 S.à r.l. 12.98 % Promontoria Lux Holding 233 S.à r.l. 17.52 %	**39.74 %**
One fund advised by **J.C. Flowers & Co. LLC**	JCF IV Neptun Holdings S.à r.l.	**32.87 %**
One fund initiated by **GoldenTree Asset Management LP**	GoldenTree Asset Management Lux S.à r.l.	**11.79 %**
Centaurus Capital LP	Chi Centauri LLC	**7.06 %**
BAWAG P.S.K. (incl. P.S.K. Beteiligungsverwaltung GmbH) Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft		**2.35 %**
HCOB Members of the board and senior management of the Bank (since Nov. 2018, active and inactive members)		**6.18 %**

Management Board of Hamburg Commercial Bank AG

The Management Board of Hamburg Commercial Bank consists of: Luc Popelier (CEO), Ulrik Lackschewitz (Chief Risk Officer, CRO/Deputy CEO), Christopher Brody (Chief Investment Officer, CIO) and Marc Ziegner (CFO). Further information on the members of corporate bodies is set out in Note 56 (Related companies and parties).

Deposit Protection Fund

Hamburg Commercial Bank AG has been assigned to the Compensation Scheme of German Private Banks (Entschädigungseinrichtung deutscher Banken GmbH, EdB) since 1 January 2022. EdB is entrusted with the task of acting as the statutory compensation scheme for all CRR credit institutions assigned to it. The EdB generally protects deposits up to € 100,000 per Hamburg Commercial Bank AG depositor.

Since 1 January 2022, HCOB has also voluntarily participated in the Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfonds des Bundesverband deutscher Banken e.V.) (ESF). In accordance with its By-laws, the ESF protects deposits of certain HCOB clients, subject to the exceptions provided therein. Protected deposits are essentially demand, time and savings deposits that have been accepted at a domestic head office or branch office.

In the Deposit Protection Fund, the following protection ceilings per creditor applied between 1 January 2023 and 31 December 2024:

- For natural persons and foundations with legal capacity, these apply irrespective of the term of the deposit: € 5 million (from 1 January 2025: € 3 million and from 1 January 2030: € 1 million).
- For non-financial companies, non-profit organisations, associations and non-profit professional organisations, and other creditors referred to in Section 6 (3) of the By-laws of the Deposit Protection Fund: € 50 million (from 1 January 2025: € 30 million and from 1 January 2030: € 10 million).
- The maximum amount of the protection ceiling in any event is 15 % (from 1 January 2025: 8.75 %) of the Bank's own funds according to the calculation under the ESF By-laws.

For deposits protected until the end of 31 December 2022, the protection ceilings applicable at that time shall generally continue to apply until the deposit matures, is rolled over or can be cancelled by the client for the first time, or is transferred to a foreign branch or branch office. For deposits established or rolled over after 31 December 2022, the relevant new protection ceilings shall apply as of the above cut-off dates.

The maximum protection ceiling is based on the protection ceiling which has been notified to the Bank as the result of the assessment made by the Auditing Association of German Banks (Prüfungsverband deutscher Banken e.V.) and which is available on the internet at www.bankenverband.de. The maximum protection ceiling shall be notified to the client by the Bank on request. Not protected are, in particular, deposits of financial firms, public authorities including regional and local authorities, deposits that have arisen in connection with money laundering or terrorist financing, and bearer bonds. For non-financial companies, non-profit organisations and associations, deposits with a term of more than twelve months and liabilities from promissory notes loans, registered bonds and comparable debt instruments under foreign law shall not be protected.

Liabilities of banks that were protected until the end of 31 December 2022 in accordance with Section 6 of the version of the By-laws of the Deposit Protection Fund registered with the Register of Associations (Vereinsregister) on 18 November 2021 shall generally continue to be protected as provided for thereunder. Departing therefrom, liabilities of Hamburg Commercial Bank AG that existed before 1 October 2017 shall not be grandfathered, as the Bank was not a member of the ESF at that point in time. After 31 December 2022, the grandfathered status shall cease to apply as soon as the liability concerned falls due, can be terminated or otherwise reclaimed, or if the liability is transferred by way of singular or universal succession or is transferred to a foreign branch.

External influencing factors and processes

The following aspects are of particular relevance to Hamburg Commercial Bank's business: the development of the economy and the financial markets (including interest rate levels, inflation, EUR/USD exchange rate changes), developments in the relevant sectors such as the real estate market and shipping, regulatory requirements and discretionary decisions by the supervisory authorities, assessments by rating agencies and capital market participants and other stakeholders, such as the Association of German Banks (BdB).

The Bank has defined processes within its business organisation that form the basis for operating and managing the Bank as well as for its internal control system. Along the value chain, these processes can be divided into strategy/planning, sales, support and monitoring processes. The strategy process/planning processes form the basis for the sales processes, which essentially comprise the Bank's lending business and capital market activities. The main support processes include loan and collateral management, payment transactions and trade settlement. The key monitoring activities, as the main components of the ICS, are defined in the risk management and compliance processes, as well as in the Overall Bank management processes.

Objectives and strategy

As a private commercial bank and specialist finance provider, Hamburg Commercial Bank makes clear, binding commitments and supports its clients in the long term. The Bank is committed to its clients and stands for reliability and honesty, taking decisive and timely action. A focussed and entrepreneurial approach, which creates value added for clients, the Bank and its employees, shareholders and society, is at the heart of our self-image and identity.

Looking ahead to the coming years, the Bank is aiming to achieve moderate and risk-conscious growth, with continued diversification that extends to its business activities as well as to regions and its earnings structure. In view of the demands placed on the Bank by a dynamically changing banking environment, Hamburg Commercial Bank continues to focus on a business model that is viable and agile in the long run based on the following strategic approaches:

- **Growth in our core markets:** The Bank uses its in-depth asset expertise and comprehensive market knowledge to achieve profitable growth in Germany, as well as selected European and international markets that offer sufficient growth potential. Its focus is on sectors/sub-segments and financing structures in which it can apply its strengths and expertise in a profitable manner.
- **Focus on individual solutions:** The Bank offers its clients tailor-made products and services and take an entrepreneurial approach to transactions, looking at the entire value chain. This allows it to strengthen long-term and reliable business relationships and support its clients with changing needs and challenges. It operates in key industries of the future and often has decades of experience in these areas, which it contributes in order to provide its clients with the best possible support in their business development.
- **Striving for efficiency:** The Bank is continuously working on optimising its processes, technologies and organisation in order to boost client satisfaction and ensure its Bank's competitive standing. It wants to use data-driven decisions and fast implementation as differentiators, both for its clients and for its own operational excellence.
- **Resilient and balanced risk profile:** The Bank's strong capital position provides strategic flexibility. A balanced risk profile, selective portfolio growth and a high degree of diversification between and within asset classes provide resilience and form the basis of our business strategy.

Within the strategic approaches, new business approaches identified by the Bank as part of its strategic process are taken into account. The basis used to assess the Bank's new business approaches is the analysis of the macroeconomic environment, the competitive conditions in the relevant markets and the banking environment, as well as the evaluation of trends that could give rise to business opportunities.

Based on its mission statement, in which the objectives, strategy, purpose and values are combined in an appropriate framework, Hamburg Commercial Bank's strategy architecture includes the following central components:

Strategy architecture

[1] Incl. Non-Financial Risk Framework
[2] Incl. all sub-risk strategies according to the Strategic Risk Framework

The Strategic Risk Framework (SRF) describes the focus of risk management and forms the foundation for the Bank's risk culture. As a consistent guideline, it effectively brings the organisation and business operations into line with the key risk strategy principles. Details on the SRF and the bank-specific risk types are explained in the Risk Report.

The business strategy is defined by the Management Board and describes the overriding strategic direction with regard to the business model and business area portfolio. This transforms the mission statement into a concrete strategy. It describes the objectives for each key business activity and the measures to be taken to achieve these objectives.

Taking into account the business strategy, a consistent risk strategy is defined on the basis of the SRF. This takes into account the development of the Bank's main business activities, including risk strategy guidelines and liquidity aspects.

The funding strategy provides the framework for the refinancing of Hamburg Commercial Bank. It is a core component of the Bank's business strategy. As part of the definition process, the requirements regarding liquidity resources are geared towards sustainability to ensure that regulatory and rating requirements are met at all times. Risk and liquidity management is geared towards the optimisation of the liabilities side, taking profitability requirements into account.

Further functional strategies are defined based on the business strategy, which also forms the basis for the Bank's multi-year corporate planning.

The stated objectives and strategies are basically aimed at ensuring the Bank's sustainable development. When it comes to defining and implementing them, the Bank's employees use fundamental rules of conduct summarised in the "Code of Conduct" as a guide. The "Code of Conduct" is a binding code of behaviour. As a normative basis, it provides employees with reliable guidance for responsible and risk-commensurate action that meets the statutory requirements, but also ethical and social standards.

This allows not only economic, but also ecological and social aspects (ESG aspects) to be taken into account. The non-financial Group statement (in accordance with Sections 315b, 315c in conjunction with Sections 289b to 289e HGB), which was prepared in accordance with the requirements set out in the European Sustainability Reporting Standards (ESRS) for the first time in the reporting year, can be found in the "Sustainability Statement" section of this combined management report. The non-financial Group statement was combined with the non-financial statement of the parent company.

Strategic direction for the business areas

Real Estate segment
HCOB is a renowned German real estate financier with strong market and client coverage. In addition to its presence in Germany, international activities are also being expanded with selected experienced and internationally active clients so as to achieve further diversification. The focus here is on European metropolitan regions and selective business in the US. The Real Estate segment mainly comprises the financing of existing properties, refurbishment projects and project developments in the commercial sector. Growth opportunities for HCOB arise, among other things, from supporting real estate clients in their ESG transformation. HCOB's product portfolio in the Real Estate segment is characterised by tailor-made and custom-fit services, with an entrepreneurial eye for deals and transactions that offer value enhancement potential. HCOB has experienced market specialists with in-depth knowledge and a high level of structuring expertise in the field of commercial real estate financing, allowing the Bank to achieve prices that are commensurate with the risk involved.

Global Transportation segment
HCOB is one of the leading German institutions in global ship financing, with a focus on second-hand ship financing. The business model in the Shipping segment is based on short and medium financing terms and high collateralisation ratios. This improves the risk profile on the one hand and ensures that HCOB can react promptly to changing market conditions on the other. The composition of the Shipping portfolio is characterised by a balanced mix of asset-backed and corporate financing. The broadly diversified portfolio mainly comprises the asset classes of container vessels, bulkers and tankers. The Bank operates worldwide in the Shipping segment, with a focus on mostly long-term cooperation with clients with strong credit ratings from Greece, Germany and other European countries. The Bank is also, however, active in the US and Asia. By providing financing, HCOB consciously supports its clients from the maritime industry in their transition to more sustainable business practices.

The fledgling Aviation Finance business area expands the Global Transportation segment, which was established as a new segment in the reporting year, and offers asset-backed financing solutions for the aviation industry, which has mounted a strong recovery in the aftermath of the COVID-19 pandemic and is showing high demand for investments in the area of decarbonisation. The potential of this business area is due in particular to the high demand for forward-looking and binding financing solutions in the aviation industry.

Project Finance segment
In the Project Finance segment, HCOB focuses on financing projects in the areas of infrastructure (including the fast-growing markets for digital infrastructure and waste management) and energy. The Energy sector deals with the financing of energy projects, primarily for renewable energies, and also includes the areas of energy transition (including waste-to-energy projects) and decarbonisation. The Bank is one of the pioneers in the field of renewable energies and considers itself to play a leading role among financing partners. The financing approaches have been adapted to reflect current market conditions and give HCOB significantly more flexibility while taking into account a balanced risk/return profile. Project financing has a positive impact on the Bank's sustainability objectives, and the geographical focus is on the markets in western, northern and southern Europe. In this segment, too, HCOB has a broad and diversified client base on which it generates sustainable business. Clients include project developers, private equity/infrastructure funds, manufacturers, contractors, as well as utilities companies and independent power producers.

Corporates segment
In the Corporates segment, HCOB's diversification strategy is implemented through business relationships with national and international corporate clients. The focus of the Bank's business approach is on a high level of service and structuring expertise, with a focus on exposures that offer a good risk-return profile. The segment comprises the areas of Corporate Lending and Structured Portfolio Finance.

In Corporate Lending, the Bank pursues a client-centric (franchise) approach with a high level of sector diversification and a broad range of different products. In geographical terms, the focus is on Germany, traditionally in the core region of northern Germany. HCOB has long-standing and established business relationships with many corporate clients in the SME sector, often family-owned businesses, that are based there. Internationally, the Bank focuses on western and northern Europe, with a selective focus on the US. In addition to various lending products, the product range also includes national and international payment transactions, the investment business, trade finance and currency and interest rate hedging.

In Structured Portfolio Finance, indirect financing of North American and European corporate clients is offered via participation in senior tranches of securitisation transactions (in credit and securities format) and special funds. This is complemented by financing for funds and consumer loan portfolios. Structured financing rounds off the Bank's portfolio and contributes to a higher granularity of the loan and financial investment portfolio.

Treasury & Group Functions segment
Activities in the Treasury & Group Functions segment focus on the management of strategic investments and the treasury function, including the central management of the Bank's liquidity and market price risks, the derivatives portfolio and the management of the cover pool. The Global Sales & Syndicate business area combines the sales activities for capital market-related products, as well as payment transaction products with an adapted future-oriented product range, syndication activities and also customer service for savings banks, banks and institutional clients.

Management system

Key value drivers and key indicator and ratio system

The Bank's management system is aimed at the integrated management of key value drivers – profitability/income, efficiency/costs, capital, liquidity and risk – in line with the statutory requirements and the internal Strategic Risk Framework (SRF). The Bank uses a risk-adjusted key indicator and ratio system for this purpose that ensures that the Group is managed in a uniform and effective manner. The Bank is managed mainly on the basis of figures for the Group prepared in accordance with the International Financial Reporting Standards (IFRS)/the relevant prudential rules and also takes the risk limits and guidelines defined in the SRF into account.

A multi-level contribution margin accounting system is also used to manage the individual business areas. Other components of the Bank management system are the strategy, planning and forecasting process, plan/actual comparisons and the target agreement and assessment process. Further information on management is included in the Risk Report under "Risk management by central committee structure" and "Risk reporting and measurement systems".

Management indicators of the IFRS Group

The Bank's internal control system is based on key management indicators relating to the individual value drivers of the IFRS Group. In the Bank's external reporting, the development of these indicators is compared, on the one hand, against the previous year and the prior-year forecast for the reporting year ("Economic report" section). On the other hand, their expected development in 2025 is also described (chapter entitled "Forecast, opportunities and risks report"). The central key management indicators are based on the business strategy of the HCOB Group and comprise RoE after taxes (from 2025 onwards: RoE after taxes @equity), CIR, the CET1 ratio, the NPE ratio (as of 2025, the NPL ratio), LCR and the Bank's rating. Hamburg Commercial Bank's integrated management system ensures a comprehensive view of the key value drivers to an adequate extent. The most important key management indicators are defined as follows:

Definition of the most important management indicators

Financial key management indicators	
RoE after taxes/ RoE after taxes @equity	RoE after taxes is calculated as the ratio of Group net result to average reported equity and shows the return on capital. The risk-adjusted allocation of the average reported equity is determined on the basis of standardised regulatory capital backing (average RWA and CET1 ratio of 13 %). In addition, the RoE after taxes @equity is calculated on the basis of the reported equity at the beginning of the year less the proposed dividend. From the 2025 financial year onwards, RoE after taxes @equity will replace RoE after taxes as the most important key performance indicator for the profitability/income value driver. This move is aimed at improving the comparability of the key figure with other banks.
CIR (cost-income ratio)	The CIR is a cost efficiency ratio that measures administrative expenses as a percentage of total income plus the other operating result.
CET1 ratio (Common Equity Tier 1)	The CET1 ratio is defined as the quotient of common equity Tier 1 capital after deductions and the sum of the risk-weighted assets, expressed as a percentage.
NPE/NPL ratio (non-performing exposure/loans)	The NPE ratio measures the sum of the risk positions (EaD, exposure at default) of borrowers in default as a percentage of the sum of the Bank's risk positions. The NPL ratio is based on regulatory FINREP reporting and expresses the gross carrying amounts of non-performing loans to the gross carrying amounts of all loans. From the 2025 financial year onwards, the NPL ratio will replace the NPE ratio as the most important key performance indicator for the risk value driver. This move is aimed at improving the comparability of the key figure with other banks.
LCR (Liquidity Coverage Ratio)	The LCR represents the security provided to the Bank in the event of a short-term acute liquidity stress scenario of more than 30 days by maintaining a liquidity buffer (short-term stress test ratio). The LCR is calculated as the ratio of highly liquid assets to net cash outflows over the next 30 days. It is calculated at Group level for the purposes of internal control. The LCR is calculated without taking the voluntary deposit guarantee into account, i.e. taking into account the limit on the deposit guarantee for client deposits of € 100,000 per client.
Non-financial key management indicators	
Rating	Credit ratings awarded by the rating agency Moody's in relation to the issuer rating (long-term).

The extent of the indicators used at Hamburg Commercial Bank for managing the Overall Bank goes far beyond the most important management indicators listed in this section. Management uses many other supporting financial and non-financial key performance indicators for the purposes of managing and allocating financial resources in an effective and integrated manner. Shareholder value added (SVA) is an important internal parameter for managing and measuring investment performance (business policy decisions). SVA expresses the profit contribution made by each individual transaction after deducting income taxes and capital costs. This key figure makes the contribution that the Bank's business makes to its enterprise value transparent. The systematic focus on the SVA approach, which underpins the shift to a performance-oriented corporate culture, is aimed at achieving an optimal allocation of resources at all levels of the business, boosting enterprise value in the long term.

Further details regarding the key figures and ratios used for risk management are set out in the Risk Report. The ESG key figures used for internal management purposes are set out in this combined management report in the "Sustainability statement" chapter. The key figures relate to the bank's own operations, including the upstream value chain ("Corporate"dimension) and/or the Bank's business activities as part of its lending and investment business (downstream value chain, "Portfolio" dimension).

Hamburg Commercial Bank also updated and refined its recovery/resolution plans in accordance with the statutory requirements. The recovery and early warning indicators defined in the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, SAG) and by the EBA (European Banking Authority) or in the German Regulation on the Minimum Requirements for the Design of Recovery Plans for Institutions (MaSanV) are regularly monitored and assessed in order to be able, where necessary, to implement targeted measures on a timely basis.

Economic report

Underlying economic and industry conditions

Macroeconomic Conditions

Major geopolitical developments
The geopolitical situation remained tense in 2024. As expected, the war in Ukraine continued and was characterised by Russian attacks resulting in territorial gains, as well as Ukraine launching its first direct offensive into Russian territory.

The conflict between Israel and Hamas, which began in 2023, escalated further in 2024 and spread to Lebanon and the Lebanon-based Hezbollah organisation over the course of the year. A ceasefire was agreed between Israel and Hezbollah at the end of the year. In 2024, the ceasefire negotiations between Israel and Hamas proved to be long and drawn out. An agreement was only reached after the turn of the year 2024/2025, but it is considered to be unstable. In addition, a new front has opened up between Israel and Iran. Following the Israeli airstrike on the Iranian consulate in Damascus, Iran launched a drone attack on Israel in April 2024. This was followed by reciprocal air strikes between the two countries. The Houthi attacks continued to affect the sea route through the Red Sea.

Economic development by region
Global growth showed moderate development in 2024 and is forecast by the International Monetary Fund (IMF) to amount to around 3.2 %. The stable growth figures conceal a global shift from the consumption of goods to services. In the world's advanced and emerging markets alike, this shift is sparking a revival in the service sector, but is putting a damper on the manufacturing industry. Manufacturing production is increasingly moving to the emerging economies, particularly China and India, as the advanced economies become less competitive. According to the S&P Global purchasing managers' indices, the manufacturing industry only achieved growth in production in the first half of 2024. By contrast, activity growth accelerated in the services sector.

The **US** economy grew at a rate of 2.8 % in 2024, almost on a par with the prior-year rate of 2.9 %. This positive development is the result of growth in consumer and government spending, as well as rising investments and exports. Despite high retail prices, consumers managed to stretch their budgets and put more in their shopping baskets. The PCE inflation rate fell to 2.3 % in 2024 after having risen by 3.8 % in 2023.

In 2024 as a whole, the **eurozone** economy grew by 0.7 % (according to initial estimates by Eurostat). This means that the recovery following the slump in 2023 (GDP +0.4 %) was much weaker than hoped for. Despite rising real incomes, consumer spending only increased at a slow pace. Companies became more reluctant to invest due to dwindling profit margins, high real interest rates, negative economic sentiment and political instability in Germany and France. The annual inflation rate in the eurozone fell to 2.4 % in December 2024 (as against 2.7 % at the start of the year). In September, it dipped to as low as 1.7 %, below the ECB's target of 2 %. This means that inflation is on a disinflationary path. Core inflation, however, which was still growing at a faster rate over the course of the year and came in at 2.7 % in December, is a cause for concern, although it was on a downward trajectory over the year.

China recorded GDP growth of 5 % in 2024, achieving the government's official growth target. Private and public consumption made a slightly higher contribution to growth in the last quarter, after having become increasingly weaker during the year, which is also illustrated by the low inflation rate over the course of the year. In 2024 as a whole, prices rose by 0.2 % compared to the previous year, although the core rate remained positive. Although the situation could not be described as acute deflation at a consumer level, the inflation figures for 2024 remained much closer to zero than the 3 % inflation target set by the Chinese central bank (PBoC), and the producer price index was also down by 2.4 % year on year over 2024 as a whole (2023: -3 %).

The **German** economy also battled headwind in 2024. It contracted by 0.2 % in 2024 as a whole. Weak domestic and foreign demand for industrial goods and a high level of uncertainty had a negative impact on capital expenditure. The construction sector continued to suffer in an environment marred by higher long-term interest rates and stubbornly high construction costs. Poor consumer sentiment translated into a higher savings rate, meaning that private consumption barely contributed to economic growth despite an increase in real incomes. Core inflation cooled to 3 % in 2024 as a whole, down from 5.1 % in the previous year.

Monetary policy: marked drop in key rates

The US Federal Reserve (Fed) and the European Central Bank (ECB) started lowering their **key interest rates** again in 2024. By the end of 2024, the US Fed had lowered the Fed Funds Rate by 100 basis points to between 4.25 % and 4.50 %. The ECB reduced its key rates to 3.00 % (deposit rate) and 3.15 % (main refinancing rate). Although central bankers at the Fed and the ECB did not declare victory over inflation, they were guided by confidence that inflation would fluctuate slightly around the target rate of 2 % in the medium term, which is more likely to be the case for the eurozone than for the United States. In the US, there were no concrete signs of an imminent recession until the end of 2024. Both central banks are still in the process of reducing their balance sheets. At the ECB, total assets have been reduced mainly because banks have largely repaid the TLTRO long-term refinancing loans. In addition, the amounts from maturing bonds in the asset purchase programme (APP) portfolio have only been partially reinvested, and have not been reinvested at all since July. The Fed is also reducing its asset portfolio in general, although the regional bank turmoil in spring 2023 prompted it to inject additional liquidity into the system by making renewed asset purchases. The Fed's total assets were reduced to just below the mid-2020 level over the course of 2024.

Long-term **bond yields** rose in the reporting year, with strong volatility throughout the year. After both the ECB (June) and the Fed (September) embarked on a path of interest rate cuts, yields began to fall significantly. Expectations of a rapid downward movement in interest rates were priced in fairly quickly on the futures markets. As fears of a recession in the US eased, the markets began to focus on the risk of rapid growth in US sovereign debt and a swift increase in inflation due to the plans put forward by the incoming Trump administration, which explains why yields rose more sharply towards the end of the year. This led many investors to expect interest rate cuts. On 31 December 2024, yields on ten-year T-notes stood at 4.58 % (31 December 2023: 3.95 %), and corresponding Bunds at 2.39 % (31 December 2023: 2.10 %).

The **stock markets** in Germany and the US recorded pronounced gains in 2024. They rose significantly in the second half of the year, bringing overall performance since the beginning of the year to +19 % for the DAX 40 and +25 % for the S&P 500. In the US, stocks from the communication services and information technology sectors were the main drivers of the S&P 500. In Germany, the IT sector reaped particular benefits, as did the financial sector, including insurance companies and banks.

The **euro** fluctuated between 1.07 and 1.10 US dollars in the first six months. In the second half of the year, it rose to over USD 1.12 at times, but fell significantly from October onwards. The euro was trading at 1.04 US dollars on 31 December 2024.

Development in the markets/sectors relevant for Hamburg Commercial Bank

Real Estate

Development on the German **real estate markets** painted a mixed picture on the investment and rental markets in the reporting year. Following the drastic slump witnessed in 2023, the investment volume on most commercial property markets rose moderately from a very low level as the year progressed. While residential portfolios recorded much higher growth, transaction volumes for office properties and properties outside the country's major cities continued to decline. Although these developments marked the beginning of a turnaround in the cycle overall, the investment volume remained significantly below the average for the previous cycle. Transactions executed due to refinancing problems or insolvencies also contributed to the turnaround. As a result, property prices continued to fall moderately, or considerably in the case of office properties in some locations. While purchases were dominated by investors with strong equity resources in particular, many market participants using loan financing were still holding back. This is likely also because of the ailing economy and ongoing uncertainty surrounding the necessary scope of, and costs associated with, energy-efficient modernisation measures, as well as interest rates that remained at a high level and banks that stuck to restrictive lending policies.

Demand for space on the **German office property markets** fell noticeably, with rented space in the country's major cities actually declining. This weak demand was exceeded several times over by numerous completions, pushing vacancy rates up noticeably, and often dramatically so in the major cities. Vacancies in most of these cities have now reached an elevated level. The remaining demand was concentrated on very attractive properties in prime locations, such that rents in these locations rose at least moderately, and in some cases considerably. In office centres and secondary locations, on the other hand, rents stagnated and even fell significantly in some cities. Market values showed a particularly sharp decline on these markets. In prime locations, however, the declines in value were, for the most part, more moderate.

Demand for space also weakened on most **European office property markets**, but on average to a lesser extent than in Germany. As a result, vacancies rose only moderately. In many major cities, prime rents rose considerably thanks to focused demand in preferred locations. Market values fell moderately on average.

The **retail property markets** in Germany were influenced to a significant degree by poor consumer sentiment in 2024. Consumers' reluctance to spend led to only marginal growth in retail sales (after adjustments to reflect inflation). It was only in online retail that the sales trend accelerated in the second half of the year and grew at a faster rate. Fashion and clothing reported a decline in sales in nominal terms, while the construction and furniture markets, which have been dealt a blow by the construction crisis, suffered heftier losses. The resulting pressure on shop sales often put noticeable pressure on rents in both city centre and suburban locations. There was a noticeable, in some cases still drastic, drop in market values, not least for commercial buildings, with transactions not uncommonly motivated by insolvency.

Rents continued to rise considerably on the German **housing markets** in 2024. By contrast, prices of owner-occupied flats fell moderately, while those of rented apartments actually fell considerably in some places, as long-term interest rates barely fell and financing costs remained relatively high as a result.

On the **logistics property markets** in Germany, demand for lettings fell moderately. This was offset by a significantly higher number of completions, meaning that the very high growth in rents seen in previous years slowed considerably in 2024. Rents only rose relatively strongly in leading logistics locations, with only moderate growth in other logistics regions. In spite of rental growth, market values were still on a moderate downward trajectory.

Global Transportation

The **shipping markets** were heavily influenced by geopolitical factors in 2024, with mostly positive effects. Ultimately, the annual average charter rates for container vessels rose significantly, bulkers recorded strong growth and oil tankers reported moderate growth from a high level.

2024 was one of the most successful years in history for **container vessels.** Although available fleet capacity increased considerably thanks to strong deliveries and only low levels of scrapping activity, this was offset by an even greater increase in demand. After two weaker years, this can be traced back to a strong rebound in transport volumes and, above all, to the ongoing disruption to one of the world's main trade routes between Asia and Europe, or the North American East Coast, due to Houthi rebels.

2024 was characterised by high levels of volatility for **bulkers**. While there was a strong upward trend in rates in the first quarter, the summer marked the start of a consolidation phase at a high level. With the slowdown in global demand, rates fell significantly again in the second half of the year. Looking at the year on average, however, rates showed strong growth. This trend was bolstered by strong demand for bauxite and what remained longer trade routes due to the security situation in the Red Sea. The bigger order book fuelled stronger demand for shipyard capacity, which in turn sparked a further significant increase in new construction and second-hand prices.

As far as **oil tankers** are concerned, the extremely strong market level gradually weakened considerably in the second half of the year. The shift in trade patterns due to western sanctions imposed on Russia and the disruption of the Red Sea passage continued to provide support, with both factors increasing average transport distances significantly. Subdued demand, however, had a negative impact. Following a subdued order situation in previous years, sustained moderate fleet growth counteracted any major setbacks. Second-hand prices benefited from new construction prices that remained stable at a high level and showed better performance overall.

Global aviation continued its recovery in 2024 following the effects of the COVID-19 pandemic. This was reflected, among other things, in an increase in passenger volumes. The market values of most second-hand aircraft types increased due to ongoing delivery delays by aircraft manufacturers and high global demand for aircraft capacity. Supply bottlenecks, however, continued to put pressure on airlines. While they reported improvements in revenue, they continue to face profitability challenges.

Project Finance
The global **project financing volume** rose in 2024, and was up by 15 % on the volume seen in the previous year according to statistics released by the financial market data provider Refinitiv. The energy generation sector continued to record both the highest number of transactions and by far the largest transaction volume. Starting at a significantly lower level, industrial projects and financing reported the strongest growth, at 203 %. Developments in the global project financing volume nevertheless varied considerably from region to region:

The expansion of **renewable energies** made further progress in both Europe as a whole and Germany in 2024. In terms of installed (gross) output, new construction totalled 3,251 megawatts, slightly below the previous year's level. Although the total installed capacity came in at 63.5 gigawatts at the end of the year, this fell well short of the German government's expansion target under the German Renewable Energies Act (EEG) of 69 gigawatts. The pace of expansion in the solar segment slowed in Europe in the reporting year and – according to estimates by Solar Power Europe – is expected to have totalled 4.4 %. In Germany, on the other hand, new construction was more dynamic and the annual target of 13 gigawatts was clearly overshot with new capacity of 16.2 gigawatts. By the end of 2024, total output of 99.3 gigawatts had been installed.

Corporates
In 2024, the **German economy** not only had to contend with economic headwind, but also had to increasingly adapt to changing structural conditions (e.g. higher energy costs, mounting competition, green transformation, demographic factors). The manufacturing industry showed very weak performance, putting pressure on their exports and investments. In 2024, the production volume (adjusted for calendar and seasonal effects) recorded a significant decline (-4.9 %) compared to the same period of the previous year, when it had already decreased by 1.9 %. Despite growing sales markets, exports fell, reflecting the German economy’s weaker competitive standing.

Europe's economies made a gradual recovery in 2024 and, after a prolonged period of stagnation, the EU economy as a whole returned to moderate growth (GDP growth in the EU countries as a whole (based on preliminary data) of 0.8 % as against 0.4 % in 2023). While investment proved to be disappointing in the first half of 2024 with a sharp and broad-based decline in most EU member states, the improvement in lending conditions in the second half of the year provided a boost, especially as the stimulus from the EU Recovery and Resilience Facility and other EU funds spurred on an increase in public investment. Particularly in southern European economies, the biggest beneficiaries of EU reconstruction funds, growth momentum was significantly higher than in EU countries further north.

While negative aspects played the dominant role in Germany in 2024, economic growth in the **US** came as a surprise with its relative strength. It was primarily companies in the service sector that reported solid output growth over the course of the year. The manufacturing industry, on the other hand, had to battle with foreign competitors and high interest rates, with downward momentum accelerating in the second half of the year, despite the US Federal Reserve's interest rate turnaround at the end of the third quarter.

Banking environment

The market environment for banks in 2024 had both good sides and bad for institutions in 2024. While the high level of geopolitical uncertainty persisted, property financiers with US exposures were also concerned about the US office property market. On the other hand, the real economy is fundamentally resilient, not least thanks to robust labour markets, which had a positive impact on the need for loan loss provisions at banks. The significant overall rise in bank share prices on both sides of the Atlantic reflected the generally positive sentiment, which doubtlessly also reflects the resilience of the banking sector as a whole.

In general, banks' net interest income is likely to have continued to benefit from the current interest rate environment despite the inevitable increase in refinancing costs, driven primarily by higher deposit costs, and the resulting drop in impetus for net interest income. At the same time, many institutions' risk costs remained within limits despite the gloomy macroeconomic environment. On the one hand, this was because banks were able to draw on their relatively high reserves. On the other hand, households in particular benefited from solid real wage growth, reflecting a stable labour market, while the number of corporate insolvencies increased in Germany as well as in the eurozone and the US.

The inflation environment, on the other hand, is likely to have had a negative impact on bank earnings in the form of rising personnel and operating expenses. As far as operating expenses are concerned, these likely relate in particular to IT expenses, which constitute an essential component of operating expenses as technologisation progresses in the financial sector.

Impact of the underlying conditions on the business of Hamburg Commercial Bank

The overall macroeconomic and industry-specific conditions described in the sections above also had an impact on the business performance of Hamburg Commercial Bank in the 2024 financial year. Developments did, however, vary considerably in the markets/sectors relevant for the Bank: While the situation on the shipping markets and in global aviation remained largely positive, the situation in the Corporates segment varied from region to region and sector to sector and the situation on the property markets remained challenging, as in the previous year.

Against this backdrop, HCOB only concluded selective new business in the Real Estate segment in 2024 as part of its risk-conscious business approach, which was reflected in a marked decline in the gross new business volume compared to 2023, while the number of prolongations was higher than in the previous year. As expected, the sustained gloomy market environment also led to a number of new defaults in the Bank's real estate portfolio. With regard to the NPE portfolio, however, these were more than compensated for by the reduction in existing non-performing exposures. The Bank's specific loan loss provisions (Stage 3) were also characterised by the weak demand situation and the lower market values in the real estate segment. By way of example, net additions had to be made to Stage 3 for financing arrangements in default for office properties in Germany and the US in particular (where HCOB's exposure is comparatively low with an EaD of € 0.4 billion), although these were lower in total than expected at the end of last year and significantly lower than in the previous year.

After the interest rate environment in 2023 (due to the move away from the low interest rate environment initiated in July 2022) had delivered considerable impetus for banks' net interest income and led to strong growth in earnings on average across the sector, this impetus dwindled in the reporting year with the interest rate cuts initiated by the ECB and the Fed in the second half of 2024. Despite the less favourable environment compared to 2023 as a whole, the effects of which HCOB is countering as part of its interest rate hedging strategies, the Bank was able to further expand its net interest margin (NIM) from 214 to 234 basis points and increase net interest income by 13 % on a full-year basis, not least due to the ongoing asset allocation.

The appreciation of the US dollar against the euro, which was particularly pronounced in the fourth quarter of 2024, had a negative impact on the result from financial instruments categorised as FVPL, especially in the context of the earnings effects from hedging the banking book. With regard to the latter aspect, it is important to remember that negative effects in the FVPL result are offset to a certain degree by positive effects on net interest income.

On the refinancing side, the Bank was able to successfully implement its issuing activities in what was, at times a volatile market environment in the form of four benchmark issues.

The Bank's business performance and position are explained in detail in the following sections.

Business development – significant developments and events in the 2024 reporting year

Profitability: Solid operating business development – extraordinary negative effects due to expenses for litigation risks and legal advisory costs impact net income before taxes and the Group net result and explain why the Bank fell short of its prior-year forecast
The earnings situation was characterised by solid operating business development. Within this context, total income after loan loss provisions was slightly better than expected at € 688 million (previous year: € 683 million) due to good net interest income with a weaker FVPL result.

Extraordinary negative effects due to expenses for legal risks and legal advisory costs (total of € 107 million) had a significant negative impact on net income before taxes and the Group net result. Given the costs totalling € 62 million already incurred in the first half of the year in the context referred to above, the Bank had adjusted its forecast for net income before taxes from >€ 300 million to >€ 250 million in its half-year report. Despite further expenses for legal risks and legal advisory costs in the second half of the year totalling € 45 million, net income before taxes was only just below the adjusted forecast figure at the end of the year at € 248 million. This economic report contains more detailed information on the development of the earnings position in the "Earnings" section.

Risk: NPE ratio down from 2.3 % to 1.9 % thanks to implementation of NPE reduction plan despite persistently challenging conditions on the property markets
In 2024 as a whole, the development in the NPE ratio was once again dominated by the persistently challenging conditions on the property markets, Which remained characterised by comparatively high interest rates, sustained low transaction volumes and declining market values. Hamburg Commercial Bank was unable to escape the pressure from the market environment, with a number of new defaults being recorded in HCOB's real estate loan portfolio in the 2024 financial year. These were, however, more than offset by the reduction in existing NPEs (primarily in the Real Estate segment), meaning that the NPE volume fell by € 114 million to € 686 million on an annualised basis (year-end 2023: € 800 million). All in all, the NPE ratio fell from 2.3 % to 1.9 %. In this respect, the Bank was able to rise effectively to the challenges arising from the sustained gloomy economic environment on the real estate markets by implementing its NPE reduction plan.

Acquisition of a shipping loan portfolio from NIBC Bank
With the aim of further diversifying its shipping portfolio and expanding its franchise (client base) on the European market, HCOB acquired a shipping loan portfolio in the amount of 992 million US dollars from the Dutch bank NIBC at the end of June as part of a multi-stage bidding process. The loan portfolio consists exclusively of fully performing loans. After the acquisition of the portfolio, which represents the Bank's first major portfolio purchase, HCOB will also be available to its clients with a team of shipping experts at its new representative office in Amsterdam.

The transaction is HCOB's way of diversifying and expanding its shipping loan book, which has been dominated by early repayments in recent years due to a strong market environment. The loans acquired will reduce the proportion of container vessels in the Bank's loan portfolio in favour of bulkers and chemical tankers, and will strengthen the Bank's presence in Scandinavia, the Netherlands and the UK.

Development in new business volume

The gross volume of new business (excluding the acquired shipping portfolio) totalled € 6.1 billion in the 2024 financial year, putting it virtually on a par with the previous year, when a volume of € 6.2 billion was contracted. Compared to the previous year, new business in the Real Estate segment was € 0.6 billion lower. This is because the Bank reduced its new business targets in this asset class during the year to reflect sustained weak market demand. By contrast, the volume of new business in the Global Transportation segment was € 0.5 billion higher than in the previous year, which was due almost exclusively to the first few business transactions in the new Aviation business area established in 2023. In the Project Finance and Corporates segments, the total number of new business transactions was on a par with the previous year.

With regard to the development of the loan book, the lower level of new business compared to the assumptions applied in the corporate planning process at the end of 2023 was more than offset by the acquired shipping portfolio and higher prolongations in the Real Estate segment. Further information on the development of new business in the individual lending units can be found in the "Segment results" section.

Consolidated total assets up by around 7 % – increase in loans and advances to customers – further increase in client deposits

Consolidated total assets grew in the reporting year, rising by around 7 % from € 31.5 billion to € 33.6 billion as at 31 December 2024. This growth is due to the increase in loans and advances to customers, which rose from € 18.5 billion to € 20.6 billion on the back of organic growth and the aforementioned acquisition of a shipping portfolio.

The diversification strategy continued on the liabilities side and TLTRO holdings were also reduced. Refinancing via client deposits was also expanded further within this context. As a result, the volume of client deposits reached € 11.3 billion at the end of the 2024 reporting year (31 December 2023: € 10.4 billion), marking a multi-year high for the year-end figure.

Cost-cutting measures adopted

After the extensive investments made in IT in recent years, the Bank will be adjusting its workforce and processes to reflect the state-of-the-art IT platform that has been implemented. Within this context, HCOB's Management Board made the decision, in the second half of the reporting year, to implement cost savings totalling € 20 million per year as part of the strategy and planning process.

These savings are to be split evenly between personnel and operating expenses and are to be realised in full for the first time in the 2027 financial year. The reduction in personnel expenses is to be achieved by not filling vacant positions and through socially responsible and targeted staff reduction measures adopted in cooperation with the employee representative bodies. In this context, the Bank plans to reduce its workforce by around 70 full-time employees by the end of 2026.

Provisions of around € 18 million were set up in the reporting year in accordance with IAS 19 for potential compensation for, or the mitigation of, economic disadvantages for employees, which led to one-off administrative expenses that had not been included in the prior-year forecast. As at 31 December 2024, the Group employed 934 FTEs (31 December 2023: 907 FTEs).

Four benchmark issues with a total volume of € 2.1 billion strengthen long-term funding and broaden investor base

In the reporting year, HCOB AG continued its regular issuing activities on the capital market and placed a total of four benchmark issues with a total volume of € 2,125 million on the capital market. The issues are presented in brief below.

- January 2024: Issue of a ship Pfandbrief with a volume of € 500 million, a term of two years and a coupon of 3.625 %;
- April 2024: Placement of a senior preferred bond with a volume of € 500 million, a term of five years and a coupon of 4.75 %;
- July 2024: Issue of a senior non-preferred bond with a volume of € 500 million, a term of four years and a coupon of 4.5 %;

- September 2024: Issue of a senior preferred bond with a volume of € 625 million, a term of three-and-a-half years and a coupon of 3.5 %;

These four issues, all of which were oversubscribed by a significant margin, allowed HCOB AG to strengthen its long-term funding and in particular broaden its international investor base. Two of the benchmark transactions were accompanied by tender offers for outstanding bonds. The purpose of the redemption offers was to actively manage liquidity and to give investors the opportunity to sell their existing holdings of the debentures at current market conditions.

Establishment of a new funding channel
Hamburg Commercial Bank has been represented on Raisin's Internet-based "WeltSparen" platform since 28 May 2024. HCOB is using this platform to offer private investors fixed-term deposits with a term of two to five years. The establishment of this new funding channel allows HCOB to broaden its funding mix and increase the granularity of its deposit structure.

Dividend of € 302 million distributed for the 2023 financial year
In line with its distribution policy, the Management Board and Supervisory Board of HCOB AG had proposed to the Bank's Annual General Meeting (AGM) in March 2024 to make dividend payments of € 302 million (equivalent to € 1.00 per share) from the accumulated HGB profit for the 2023 financial year. On 24 April 2024, the AGM approved this proposal for the appropriation of profits. The dividend was paid out to the Bank's shareholders in April 2024.

Luc Popelier becomes new CEO of Hamburg Commercial Bank AG
Luc Popelier took over as Chief Executive Officer(CEO) of HCOB AG on 1 September 2024, after Ian Banwell, as already communicated in 2023, did not extend his contract as CEO beyond 31 March 2024 for personal reasons. In the period from 1 April to 31 August 2024, Ulrik Lackschewitz performed the role of CEO on an interim basis in addition to his function as CRO. For information on the composition of the Management Board, please refer to the previous section "Basis of the Group".

New Chairman and Deputy Chairman of the Supervisory Board
Chad Leat was elected Chairman of the Supervisory Board of Hamburg Commercial Bank AG effective 30 May 2024, succeeding Juan Rodríguez Inciarte, until Paulus de Wilt was available for election to the position. Juan Rodríguez Inciarte left the Supervisory Board on 30 May 2024.

Paulus de Wilt has been Chairman of the Supervisory Board of HCOB AG since 1 January 2025. He took over from interim Chairman Chad Leat, who remains a member of the Supervisory Board and Chairman of the Risk Committee, as announced at the end of May 2024.

Paulus de Wilt served as Deputy Chairman of the Supervisory Board from 30 May 2024 to 31 December 2024. From 1 January 2025 until 17 March 2027, Stefan Schlatermund and then Olaf Behm will act as Deputy Chairman of the Supervisory Board until the end of the current Supervisory Board's term of office.

Earnings, net assets and financial position

Group key management indicators	Actual figures 2023	Forecast for 2024[1]	Actual figures 2024
RoE after taxes (%)[2]	12.5	>8	9.7
CIR (%)	39	<50	50
NPE ratio (%)	2.3	~2.5	1.9
CET1 ratio (%)	19.5[3]	>17	17.3[4]
LCR (%)	184	>140	216
For the record:			
RoE after taxes @equity (%)[5]	7.4	N/A	6.2
NPL ratio	4.3	N/A	3.3

1) The forecasts shown in the table are generally taken from the 2023 forecast report; the forecasts for RoE after taxes and CIR were adjusted as at 30 June 2024

2) The RoE after taxes shown is based on standardised regulatory capital backing (average RWA and CET1 ratio of 13 %)

3) The dividend payment made in the 2024 financial year was taken into account in advance in the Common Equity Tier 1 capital

4) The annual profit for 2024 was not taken into account in the Common Equity Tier 1 capital due to a proposed dividend payment; the dividend payment is subject to approval by the Annual General Meeting

5) The RoE after taxes @equity shown is based on the reported equity at the beginning of the year less the proposed dividend

Development of key management indicators falls short of expectations in some cases due to negative one-off effects

The Group's performance in the 2024 financial year was characterised by the fact that the main key management indicators for liquidity and asset quality developed better than expected, while the indicator for capital showed solid development. On the other hand, in both the first and second halves of the year, negative one-off effects led to unplanned and significant negative effects, particularly on the other operating result, but also on administrative expenses. This had a negative impact on the key management indicators RoE after taxes and cost-income ratio (CIR) in spite of good operating business performance. As a result, the Bank had already adjusted its forecasts for RoE (from >11 % to >8 %) and CIR (from <45 % to <50 %) in the half-year financial report for 2024. Despite further negative one-off effects in the second half of the year, these adjusted forecasts were achieved in full by the end of the year. Leaving the one-off effects out of the equation, the Bank would have achieved its forecasts for 2024 as a whole. The overall development of the Bank’s financial ratios in 2024 paints a mixed picture when compared with the expectations as per the previous year's forecast. The following aspects in particular contributed to this trend:

- The **RoE after taxes** (based on standardised regulatory capital backing) came to 9.7 % (previous year: 12.5 %), down on the expectations set out in the previous year's forecast, which had predicted a return on equity after taxes above the 11 % mark. This is because net income before taxes fell short of the original expectations (>€ 300 million) at € 248 million (previous year: € 427 million). Although income tax expense was lower than expected (€ 20 million, previous year: € 156 million), the Group net result, the numerator used to calculate the RoE after taxes, was also lower than the level planned at the end of 2023, coming in at € 228 million (previous year: € 271 million). In addition, with regard to the denominator for calculating the RoE after taxes, the acquisition of the shipping loan portfolio from NIBC resulted in higher than planned average RWA. The RoE after taxes @equity totalled 6.2 % at the end of the year (previous year: 7.4 %). The sole factor responsible for the Bank falling short of its earnings forecast released at the end of 2023 was the other operating result, which, at € -81 million (previous year: € 97 million; benefiting from positive one-off effects in the previous period), was significantly impacted by unplanned one-off effects related to legal risks By contrast, total income after loan loss provisions was higher than planned at € 688 million (previous year: € 683 million), with net interest income (€ 752 million, previous year: € 663 million) performing much better than expected and the FVPL result (€ -7 million, previous year: € 72 million) falling well short of expectations. Loan loss provisions, which were again dominated by the Real Estate segment (€ 95 million, previous year: € 79 million), were slightly lower than forecast. Administrative expenses came in as forecast at € 350 million (previous year: € 332 million), although provisions in the context of the cost measures implemented towards the end of the reporting year led to one-off negative effects totalling € 18 million in personnel expenses. For information on the individual drivers behind the development of the income statement items in a year-on-year comparison, we refer to the explanatory information in the next section of this chapter, the section on "Earnings situation".

- The **cost-income ratio (CIR)** amounted to 50 % (rounded) as at 31 December 2024 (unrounded 49.9 %, previous year: 39 %), putting it ahead of the previous year's forecast (<45 %) but in line with the revised forecast of <50 % announced at the mid-year point of 2024. The development in this ratio was also impacted to a considerable degree by the aforementioned one-off effects in the Bank's other operating result and in administrative expenses. Leaving these one-off effects out of the equation, the Bank would have achieved its original CIR forecast of less than 45 % for 2024 as a whole.
- Despite the persistently difficult conditions on the property markets, the **NPE ratio** was reduced by 0.4 percentage points to 1.9 % in the reporting period (31 December 2023: 2.3 %). This means that the ratio developed significantly better than assumed in the previous year's forecast (around 2.5 %). The decisive factor here was that HCOB's systematic NPE management in the reporting year, and particularly in the second half of the year, enabled it to reduce NPE volumes to a greater extent than the increase in new defaults. The forecast at the end of 2023 had still predicted a net increase in the NPE volume. The net reduction meant that, as at the reporting date, the NPE volume had fallen to € 686 million (31 December 2023: € 800 million). Both the reductions and the new defaults were attributable primarily to the Real Estate segment. The denominator of the NPE ratio, the exposure at default (EaD), rose to € 36.7 billion (31 December 2023: € 35.2 billion), meaning that it was moderately ahead of expectations, which also made a positive contribution to the development of the NPE ratio. The NPL ratio fell to 3.3 % (31 December 2023: 4.3 %).
- The **CET1 ratio** was down compared to the end of the previous year (19.5 %) and stood at 17.3 % as at 31 December 2024. This value means that the ratio remains at a high level that is also in line with the forecast value of >17 %, which also represents the current strategic target level. The change in the CET1 ratio was due to the increase in aggregate RWA from € 16.5 billion to € 18.2 billion. The increase is based almost exclusively on higher RWA for credit risks (increase from € 15.0 billion at the end of 2023 to € 16.5 billion). This was due primarily to the acquisition of the shipping loan portfolio, organic growth in the loan book, changes in the portfolio mix (larger proportion of portfolios with a higher risk density) and currency effects as a result of a stronger US dollar. At € 3.2 billion as at 31 December 2024, CET1 capital (excluding the annual profit for 2024) was on a par with the end of 2023 (also € 3.2 billion).
- At 216 %, the liquidity ratio **LCR** was well above the value seen at the 2023 year-end (184 %) on the 2024 reporting date. HCOB clearly exceeded its forecast value (>140 %) with this ratio, which is more than double the regulatory minimum requirement of 100 %.

Further details underlying the business performance are given below in the "Earnings, net assets and financial position" and "Segment results" sections.

Earnings

Statement of Income

(€ m)	2024	2023	Change in %
Interest income from financial assets categorised as AC and FVOCI	1,711	1,447	18
Interest income from other financial instruments	98	65	51
Interest expenses	–1,057	–852	24
Positive interest on borrowings and derivatives	–	3	–100
Net interest income	**752**	**663**	**13**
Net commission income	26	23	13
Result from hedging	2	13	–85
Result from financial instruments categorised as FVPL	–7	72	>–100
Net income from financial investments	7	–3	>100
Result from the disposal of financial assets classified as AC	3	–6	>100
Total income	**783**	**762**	**3**
Loan loss provisions	–95	–79	20
Total income after loan loss provisions	**688**	**683**	**1**
Administrative expenses	–350	–332	5
Other operating result	–81	97	>–100
Expenses for regulatory affairs, deposit guarantee fund and banking associations	–9	–21	–57
Net income before taxes	**248**	**427**	**–42**
Income tax expense	–20	–156	–87
Group net result	**228**	**271**	**–16**
Group net result attributable to Hamburg Commercial Bank shareholders	228	271	–16

Total income up by 3 % year-on-year due to greater increase in net interest income than planned with a weaker FVPL result

Hamburg Commercial Bank generated total income of € 783 million in the year under review. This means that the earnings figure was 3 % higher than the level reported for the previous year (€ 762 million). The increase in total income is attributable to the encouraging development in net interest income, which increased by more than expected, namely by € 89 million (equivalent to around 13 %) compared to 2023, as a result of business growth a further increase in the net interest margin (NIM) from 214 to 234 basis points. Thanks to the increase in net interest income, the weaker development in the FVPL result (€ –7 million, previous year: € 72 million) was more than offset within total income. The other items within total income, in particular net commission income, which was up in a year-on-year comparison, contributed a total of € 38 million to total income (previous year: € 27 million).

In the 2024 financial year, **net interest income** amounted to € 752 million, up by € 89 million, or around 13 %, on the value for the previous year (€ 663 million). This means that the growth trend in net interest income spanning a period of several years has continued, although the momentum started to level off in view of the drop in interest rates in the second half of the year in line with overall developments in the banking environment. The development in net interest income was characterised by a year-on-year increase in average assets, a stable margin trend across the lending segments and the ongoing asset allocation.

The ongoing asset allocation is reflected in particular in the further expansion of the high-margin Corporates segment, which is primarily attributable to the Bank's international activities. In this segment, net interest income increased by € 55 million as against the previous year as a result of a marked increase in average segment assets and higher NIM.

The Treasury & Group Functions segment was the main driver behind the increase in net interest income, with net interest income that was € 35 million higher than in the previous year. This includes the effects of the sale of promissory note loans of € 21 million (previous year: € 12 million). Another factor was the higher positive earnings contributions made by the strategic investment portfolio and by the investment of highly liquid assets with a view to optimising returns as part of the Bank's interest rate and liquidity management.

Net commission income amounted to € 26 million (previous year: € 23 million). The increase is mainly due to higher commission income in the lending business and in Trade Finance.

The **result from financial instruments categorised as FVPL** came to € -7 million (previous year: € 72 million), putting it below the planned figure and significantly below the figure reported for the previous year. The decline in this earnings item was due to significantly lower income from interest rate and credit spread developments, as well as lower earnings contributions from banking book hedging. With regard to the latter aspect, it is important to note that negative effects in the FVPL result were offset to a certain degree by positive effects on net interest income.

The main reason behind the lower positive effects from interest rate and credit spread developments was the Bank's cautious and restrained positioning in a market environment characterised by risk premiums that appeared less attractive due to considerable geopolitical uncertainty. At the beginning of 2023 in particular, when interest rates had risen relatively sharply, the Bank was able to benefit more from the positive effects of interest rate derivatives used to manage the banking book.

The main factors behind the decline in earnings from banking book hedging were the developments in interest rates and the euro/USD exchange rate during the year. Interest rates in the reporting period, for example, were up year-on-year on average. The FX development reflected in the negative foreign exchange result was characterised by a depreciation of the euro against the USD in 2024.

Loan loss provisions remain dominated by Real Estate segment

The development in loan loss provisions (income statement) was characterised by a net addition of € 95 million, up on the prior-year figure of € 79 million, but down slightly on the previous year's guidance. The trend within this item remained dominated by the Real Estate segment, which was again hit by an uncertain economic situation in 2024. The negative impact in this segment was, however, significantly less pronounced than in 2023. In the other segments, however, particularly in Corporates and Project Finance, loan loss provisions normalised after net reversals, some of them substantial, had been recorded in the previous year.

In the 2024 financial year, net additions at Stage 3 totalling € 66 million were recorded under this earnings item (previous year: € 111 million incl. POCI), with additions at Stages 1 and 2 coming in at € 41 million in total (previous year: net reversal of € 15 million). As in the previous year (€ +17 million), the result from other changes to loan loss provisions made a slight positive contribution to the item as a whole at € +12 million.

The net additions to Stage 3 were almost entirely attributable to the Real Estate segment. Weak demand and lower market values meant that higher provisions had to be recognised in particular for financing arrangements in default involving office properties in Germany and the US (especially for properties in need of development). In the other segments, there were no major effects overall.

At Stages 1 and 2 of the loan loss provisions model, around half of the total net additions of € 41 million (including the change in model overlays) were attributable to the Corporates (€ 22 million), with the rest attributable to Real Estate (€ 9 million), Global Transportation (€ 8 million) and Project Finance (€ 2 million). The net additions in the Corporates segment are due primarily to the recognition of model overlays. These address risks for exposures that are more sensitive to the economic implications of the current high level of geopolitical uncertainty, including the risk of negative effects from the potential escalation of trade and tariff conflicts. The Stage 1 and 2 net additions in the Real Estate and Shipping segments are mainly due to an increase in original loan loss provisions due to a change in the relevant risk parameters. In the Real Estate segment, the additions to original loan loss provisions exceeded the reversals as a result of changes in the relevant risk parameters due to the reduction in model overlays for the office properties and land financing sub-portfolios.

The result from other changes in loan loss provisions of €+12 million included direct write-downs of € 3 million, which were more than offset by payments received on receivables that had been written off (€ 15 million).

Administrative expenses in line with plan despite unplanned one-off effect in personnel expenses

In the reporting year, administrative expenses amounted to € 350 million, up by 5 % on the value for the previous year (€ 332 million). The year-on-year increase was due exclusively to an unplanned one-off effect of € 18 million, which is explained below. Without this effect, administrative expenses would have been at the previous year's level and would have been lower than assumed in the forecast.

Personnel expenses amounted to € 184 million, up by € 37 million on the prior-year value (€ 147 million). Almost half of the increase (€ 18 million) is due to one-off effects in the form of additions to provisions for potential severance payments in the context of the amicable termination of employment contracts (see the comments in the "Business development" section for further details). The higher expenses are mainly due to the increase in the average number of employees, which is also attributable to the more cost-intensive locations, London and Luxembourg. Collectively agreed and non-collectively agreed salary increases also had an impact. Information on the development of the number of employees in the Group, as well as other key employee figures can be found in the sustainability statement under “Social information”.

At € 166 million, operating expenses (including depreciation and amortisation) were down by 10 % on the level seen in 2023, when costs totalling € 185 million were incurred. This means that costs in ongoing operations (known as "run the bank" costs), totalling € 133 million (previous year: € 132 million) remained stable, whereas forward-looking "change the bank" costs, totalling € 33 million (previous year: € 53 million) were much lower. There were also no significant changes in the individual “run the bank” cost categories compared to the previous year. The drop in "change-the-bank" costs was characterised by the fact that significantly lower project expenses were incurred for IT and payment transactions compared to 2023.

Other operating result characterised by substantial extraordinary negative effects

The other operating result of €-81 million (previous year: € 97 million) had an unplanned and significant negative impact on the Group net result. This earnings item was dominated by significant negative effects from litigation risks and associated legal advisory costs requiring additions to provisions and giving rise to expenses totalling € 107 million in the reporting year. These were offset to some degree from income from an earn-out agreement in connection with a subsidiary sold in previous years (€ 17 million).

In the same period of the previous year, this earnings item was still benefiting to a considerable degree from positive one-off effects in the form of income from reversals of provisions for litigation risks (€ 54 million) and from earn-out agreements (€ 40 million).

Further details on the composition of the other operating result can be found in Note 14 of the notes to the Group financial statements.

Regulatory expenses down due to lack of expenses for bank levy

The expenses for regulatory affairs, the Deposit Protection Fund and banking associations amounted to € 9 million in total (previous year: € 21 million) and related primarily to expenses for the Deposit Protection Fund. The decrease in this earnings item is due to the fact that no more contributions were charged for the bank levy for the 2024 financial year because the Single Resolution Fund has reached its target level. In the 2023 financial year, expenses of € 12 million were still incurred for the bank levy.

Net income before taxes

Given the above-mentioned developments in the individual line items, net income before taxes amounted to € 248 million in the reporting year (previous year: € 427 million, meaning that it almost reached the forecast, which had been adjusted downwards to > € 250 million as at 30 June 2024 (originally: > € 300 million), despite further negative one-off effects in the second half of the year. The € 179 million decrease in this earnings item compared to 2023 is due exclusively to the other operating result, which was € 178 million lower than in the previous year, with the composition of this earnings item being almost entirely characterised by one-off effects in both the reporting period and the comparative period.

By contrast, income tax expense came to € 20 million (previous year: € 156 million), a considerable drop as against the previous year, mainly because deferred taxes on loss carryforwards moved in the opposite direction to the previous year. In the reporting year, this item included expenses from deferred taxes (€ 14 million and current taxes (€ 6 million).

Deferred tax expenses comprised an expense from the change in deferred taxes on temporary differences (€ 66 million) and, with the opposite effect, income from an increase in deferred tax assets on loss carry-forwards (€ 52 million). The increase in deferred tax assets on loss carry-forwards relates to the German parent company and the permanent establishment in Luxembourg. The expense for current taxes related largely to the expected results of company tax audits for past assessment periods.

Positive Group net result hit by negative one-off effects
After income tax expense, Hamburg Commercial Bank reported a Group net result of € 228 million for the 2024 financial year (previous year: € 271 million).

Compared to the previous year, the earnings situation was dominated in particular by unplanned negative effects in the other operating result, as well as the partially offsetting effect of lower income tax expense. By contrast, total income increased slightly (by 3 % or € 21 million) as a result of higher net interest income despite a significantly lower FVPL result in a year-on-year comparison. This increase absorbed the higher loan loss provisions (up by € 16 million) and the increase in other costs (administrative and regulatory expenses, increase of € 6 million in total). This means that the significant decline in net income before taxes (by € 179 million) was due exclusively to the one-off effect involving the decrease in the other operating result. In the Group net result, which was € 43 million lower than in 2023, the decline in net income before taxes was largely offset by the fact that income tax expense was significantly, i.e. € 136 million, lower than in the previous year due to lower deferred tax expenses.

Net assets and financial position

Material items on the statement of financial position

(€ m)	2024	2023	Change in %
Assets			
Cash reserve	3,085	3,857	–20
Loans and advances to banks	714	492	45
Loans and advances to customers	20,553	18,509	11
Loan loss provisions	–347	–366	–5
Trading assets	225	335	–33
Financial investments	8,523	7,795	9
Deferred tax assets	540	536	1
Remaining assets	339	383	–11
Total assets	**33,632**	**31,541**	**7**
Liabilities			
Liabilities to banks	3,718	4,671	–20
Liabilities to customers	15,020	13,616	10
Securitised liabilities	9,128	7,575	21
Trading liabilities	309	184	68
Provisions	374	287	30
Subordinated capital	925	921	0
Equity	3,892	4,009	–3
Remaining liabilities	266	278	–4
Total liabilities	**33,632**	**31,541**	**7**

Total assets up by 7 %
The development of the Group statement of financial position in the 2024 financial year was characterised by the realisation of business growth. Consolidated total assets amounted to € 33,632 million at the 2024 year-end, around 7 % (around € 2.1 billion) higher than the level at 31 December 2023 (€ 31,541 million). On the assets side of the balance sheet, the increase was attributable to loans and advances to customers, which rose by € 2.0 billion due to organic and inorganic growth (acquisition of shipping loan portfolio). The decline in the cash reserve (€ –0.8 billion) was offset by the increase in liquid securities, which led to a € 0.7 billion increase in financial investments. On the liabilities side, the additional refinancing requirements and the repayment of the TLTRO refinancing are reflected in the increase in liabilities to customers and the increase in securitised liabilities, which were up by around € 1.4 billion and around € 1.6 billion respectively compared to the end of the previous year. By contrast, liabilities to banks fell by around € 1.0 billion as a result of the full repayment of the remaining TLTRO holdings. Despite the profit for the year, reported equity fell by € 0.1 billion as planned due to the dividend paid out in April 2024. In detail, the developments were as follows:

At € 3,085 million, the cash reserve was 20 % below the figure at the end of 2023 (€ 3,857 million). By contrast, the portfolio of highly liquid assets recognised under financial investments was increased as part of liquidity management.

There was an increase in loans and advances to banks. These amounted to € 714 million as at 31 December 2024, as against € 492 million as at 31 December 2023.

In line with the strategic objective of moderate business growth with ongoing diversification, the loan book once again achieved organic growth in the past twelve months, driven by business growth in the Corporates and Project Finance segments. In addition, the Bank acquired shipping loans with a value of 992 million US dollars at the end of June 2024 as part of a portfolio purchase (see the comments in the section "Business development –

Significant developments and events in the 2024 reporting year"). In light of the aspects referred to above, the carrying amount of loans and advances to customers was up by 11 % as at 31 December 2024 to € 20,553 million (31 December 2023: € 18,509 million).

Total loan loss provisions (for items in the statement of financial position) amounted to € -347 million, 5 % lower than in the previous year (31 December 2023: € -366 million). The decline can be explained by the reduction in Stage 3 loan loss provisions from € 242 million to € 212 million as a result of the derecognition of non-performing loans. By contrast, Stage 1 and 2 provisions increased from a total of € 124 million to € 135 million. The model overlays for balance sheet items and off-balance sheet business came to € 77 million (previous year: € 85 million) and primarily address the risks from sub-portfolios within real estate financing, as well as geopolitical uncertainties. For further details on the composition and development of the model overlays, we refer to Note 22 in the notes to the Group financial statements. The coverage ratio for the overall AC portfolio as at 31 December 2024 came to 1.7 % as a result of the larger loan book (with a slight drop in total loan loss provisions) (31 December 2023: 2.0 %). The coverage ratio for the NPE portfolio (NPE coverage ratio AC) remained largely stable and amounted to 33 % as at 31 December 2024 (31 December 2023: 34 %).

Trading assets were down on the end of the prior year, falling by one-third to € 225 million (31 December 2023: € 335 million). The decline is largely due to the disposal of the bonds and debentures that had been in the Bank's portfolio at the end of the previous year and also to the lower carrying amount of the positive market values from currency and interest rate derivatives.

Financial investments, which had been increased significantly as part of the asset allocation strategy in the previous year to reflect the prevailing market uncertainties, increased moderately in the 2024 financial year, with the focus on increasing holdings of highly liquid securities to strengthen the Bank's liquidity position. As at 31 December 2024, their carrying amount came to € 8,523 million, an increase of 9 % compared to the prior-year reporting date (31 December 2023: € 7,795 million).

At € 540 million, deferred tax assets were roughly the same as at 31 December 2023 (€ 536 million). € 323 million of this amount relates to deferred taxes on loss carryforwards, with € 217 million attributable to deferred tax assets on temporary differences.

Remaining assets came to € 339 million, € 44 million less than in the previous year (€ 383 million). The reason for the decline in this combined item was the reduction in the item "Other assets" by € 42 million to € 219 million. This is mainly due to the drop in reimbursement claims from plan assets. In addition, income tax assets within remaining assets decreased slightly, which was more or less offset by the slight increase in intangible assets and property, plant and equipment.

On the liabilities side, at € 3,718 million, liabilities to banks were down by 20 % on the end of the previous year (31 December 2023: € 4,671 million). This item included borrowings from the ECB under the TLTRO III programmes. During the reporting period, the amount of TLTRO holdings still outstanding at the end of 2023 of € 1.0 billion (nominal amount) was repaid in full.

In line with the Bank's funding strategy, which aims to further increase the share of organic funding as a cost-effective source of refinancing, liabilities to customers account for an increasing share of refinancing. These were up by 10 % year-on-year from € 13,616 million to € 15,020 million. The increase is due to the marked increase in deposits from € 10.4 billion to € 11.3 billion.

Securitised liabilities amounted to € 9,128 million as at the reporting date, 21 % higher than the carrying amount at the end of 2023 (€ 7,575 million). The development of this item was characterised, among other things, by the benchmark issues on the capital market in the reporting year.

At € 309 million, trading liabilities as at the reporting date were higher than at the end of the previous year (€ 184 million). This can be traced back to an increase in the negative market values of currency-related derivative financial instruments.

Provisions increased and amounted to € 374 million (31 December 2023: € 287 million). The increase was driven by the aforementioned increase in provisions for litigation risks and costs.

The structural composition of subordinated capital has not changed. As at 31 December 2024, the carrying amount came to € 925 million, roughly on a par with the 2023 year-end (€ 921 million).

Despite the positive net result for the period, which exceeded the drop in the revaluation reserve (OCI) by a wide margin, reported equity decreased as planned compared to the end of the previous year and totalled € 3,892 million as at 31 December 2024 (31 December 2023: € 4,009 million). The dividend payment made in April 2024 in the amount of € 302 million was the decisive factor in this development.

Business volume up in line with total assets

In line with the development in total assets (which increased by 7 % as shown above) the business volume (total assets plus off-balance sheet business) increased by 7 % to € 38,823 million (31 December 2023: € 36,338 million), as the off-balance sheet business also increased compared to the previous year. The 8 % increase in off-balance sheet business was attributable to both contingent liabilities (sureties and guarantees) and irrevocable loan commitments. The latter rose by € 315 million to € 4,478 million as at 31 December 2024 (31 December 2023: € 4,163 million). At € 713 million, contingent liabilities were € 79 million higher at the reporting date than at the end of December 2023 (€ 634 million).

Structure of liabilities by financial instruments

(€ m)	2024		2023	
	Total	thereof >1 year	Total	thereof >1 year
Secured: Pfandbriefe and asset-based funding	**7,744**	**6,206**	**7,109**	**6,174**
Covered bonds (Pfandbriefe)	4,412	3,751	3,899	3,851
Other secured funding	3,332	2,456	3,210	2,323
Unsecured liabilities (senior preferred)	**18,256**	**3,482**	**16,735**	**2,571**
Unsecured liabilities (senior non-preferred)	**1,866**	**1,730**	**2,018**	**1,335**
Profit participation certificates and other subordinated liabilities	**925**	**918**	**921**	**913**
Total	**28,791**	**12,336**	**26,783**	**10,993**

The above table breaks down Hamburg Commercial Bank's liabilities by financial instrument and thereby takes into account the requirements of capital markets participants. Liabilities with a maturity of more than one year are separately shown. The financial instruments can be reconciled to the balance sheet line items liabilities to customers, liabilities to banks, securitised liabilities and subordinated capital. The carrying amounts of financial instruments excluding principal repayments and accrued interest are assigned to maturity bands in the above table.

One focal point within the context of long-term refinancing relates to securitised debt instruments (Pfandbriefe, asset-based funding). These mainly include debt instruments issued under Pfandbrief programmes (mortgage, public sector and ship Pfandbrief programmes) as well as other asset-based funding issues, repo transactions and refinancing with the involvement of development banks. The total amount of secured debt instruments outstanding was € 7,744 million as at 31 December 2024 (31 December 2023: € 7,109 million). The unsecured liabilities that can be classified as senior preferred and senior non-preferred include the call and time deposits mainly comprising client deposits, as well as other unsecured financing instruments. They totalled € 20,122 million as at the reporting date (31 December 2023: € 18,753 million). Call and time deposits are shown together with structured unsecured financial instruments in the "Senior Preferred" category and amounted to € 18,256 million in total (31 December 2023: € 16,735 million). The "Senior Non-Preferred" category mainly consists of bearer and registered bonds that do not have any structured elements and amounts to € 1,866 million as at 31 December 2024 (31 December 2023: € 2,018 million).

HCOB's subordinated liabilities are reported under "Profit participation certificates and other subordinated liabilities" (€ 925 million, 31 December 2023: € 921 million). As at the end of the previous year, there were no silent participations or profit participation certificates.

Capital and funding

RWA, regulatory capital and capital ratios

	31.12.2024[1]	31.12.2023[2]
Risk-weighted assets (RWA) (€ bn)	18.2	16.5
Regulatory capital (€ bn)	4.1	4.1
thereof: CET1 capital (€ bn)	3.2	3.2
Overall capital ratio (%)	22.4	25.0
Tier 1 capital ratio (%)	17.3	19.5
CET1 capital ratio (%)	17.3	19.5
Leverage ratio (%)	9.0	9.1

[1)] The annual profit for 2024 was not taken into account in the Common Equity Tier 1 capital due to a proposed dividend payment; the dividend payment is subject to approval by the Annual General Meeting.
[2)] The dividend payment made in the 2024 financial year was taken into account in advance in the Common Equity Tier 1 capital.

Capital ratios at a high level
The CET1 ratio of 17.3 % is down compared to 31 December 2023 (19.5 %). This development is due primarily to the increase in RWA for credit risks. This was due not only to the acquisition of the shipping loan portfolio, but also to organic growth in the loan book, changes in the portfolio mix and currency effects as a result of a stronger US dollar. At € 3.2 billion, Common Equity Tier 1 capital remained on a par with the end of the previous year (€ 3.2 billion). It is important to remember that the annual profit for 2024 was not taken into account in the CET1 capital due to a proposed dividend payment for the 2024 financial year. The Tier 1 capital ratio and the overall capital ratio developed in line with the Common Equity Tier 1 ratio compared with 31 December 2023.

The capital ratios still exceed the regulatory requirements resulting from the SREP process very significantly. The regulatory requirements were adhered to at all times during the reporting period. Please refer to the Risk Report for information on the minimum banking supervisory requirements.

The leverage ratio came to 9.0 % on 31 December 2024, almost on a par with the prior-year reporting date (9.1 %). This means that the leverage ratio is still significantly higher than the regulatory requirement of 3 % and, together with the high capital ratios, pays testimony to the Bank's very robust capital position.

Distribution policy
The Bank is aiming to maintain capital buffers that are well in excess of the regulatory requirements in the context of its distribution policy, initially taking into account CET1 capitalisation of at least 17 %, while achieving business growth at the same time. In line with the distribution policy, the Management Board and Supervisory Board of Hamburg Commercial Bank AG will propose to the Bank's Annual General Meeting to make a dividend payment.

The distribution policy is reviewed annually by the Management Board as part of the updated corporate planning. This implies a payout ratio of up to 100 % of the accumulated profit (HCOB AG in accordance with HGB) for the 2025 financial year, provided that a CET1 ratio of at least 17.0 % is maintained.

The distribution of dividends is a discretionary decision and depends, for example, on successful implementation of the corporate plan and developments in the risk environment. As a result, the Management Board and Supervisory Board are free to propose a dividend that deviates from their plans to the Annual General Meeting.

Refinancing structure strengthened significantly with successful ship Pfandbrief and three unsecured benchmark issues, as well increased volume of client deposits
The refinancing situation at the start of the reporting period was characterised by volatile capital markets, largely triggered by increased market-wide defaults in the commercial real estate financing segment. In addition, changes in inflation expectations, in particular, led to a more cautious assessment by capital market participants regarding the timing and extent of upcoming interest rate cuts by central banks. Overall, refinancing conditions on the financial markets improved significantly as the year progressed. The Bank's refinancing costs fell significantly in the reporting period.

Fundraising is in line with the Bank’s expectations. In total, the Bank raised around € 2.125 billion in long-term funds in 2024 by executing capital market transactions. At the very start of the year, the Bank issued a € 500 million ship Pfandbrief. Two senior preferred benchmark transactions totalling € 625 million and € 500 million and one senior non-preferred benchmark transaction totalling € 500 million followed in the course of the year. In addition, the Bank concluded bilateral transactions in euros and US dollars that were backed by securities, allowing it to raise further long-term refinancing funds at attractive conditions. The Bank is planning further benchmark issues in the unsecured segment as well as mortgage and ship Pfandbrief issues in the coming years. In addition to long-term refinancing, the planned increase in the deposit position by € 0.9 billion from the Bank's client business also contributed to the implementation of the funding strategy.

Funding activities on the capital market, the expansion of the deposit portfolio and fundraising via the “WeltSparen” Internet-based platform (€ 0.3 billion) allowed the Bank to refinance the early and full repayment of its TLTRO holdings (€ 1.0 billion) and the dividend payment (€ 0.3 billion) as well as expanding its business volume (primarily an increase in loans and advances to customers of € 2.0 billion), while at the same time improving or maintaining the key liquidity metrics LCR and NSFR.

Key liquidity ratios

	31.12.2024	31.12.2023
Total deposits (€ bn)	11.3	10.4
LCR (%)	216	184
NSFR (%)	116	116

The regulatory requirements for the liquidity ratios were met during the reporting period. The Risk Report contains supplementary information on the capital and refinancing situation of Hamburg Commercial Bank.

Rating

Rating overview as at 31 December 2024

	Moody's
Issuer rating (long-term)	A3, stable
Current liabilities	P-2
Stand-alone rating (financial strength)	baa3
Deposit rating	A3
"Preferred” Senior Unsecured Debt	A3
“Non-Preferred” Senior Unsecured Debt	Baa2
Subordinated Debt (Tier 2)	Ba1
Mortgage Pfandbrief (Mortgage covered bonds)	Aaa
Ship Pfandbrief (Ship covered bonds)	Aa3

The table above provides an overview of Hamburg Commercial Bank AG's ratings awarded by Moody's as at 31 December 2024. The ratings are consistent with the forecast since the upgrade of HCOB's issuer and stand-alone ratings, as well as key instrument ratings, on 17 February 2023.

Information on the sustainability ratings for Hamburg Commercial Bank AG can be found in this combined management report in the chapter "Sustainability statement" and on the Bank's website.

Segment results

Segment overview

(€ m)		Real Estate	Global Trans-portation	Project Finance	Corpo-rates	Lending Units	Treasury & Group Functions	Recon-ciliation	Group
Total income	**2024**	**207**	**161**	**107**	**254**	**729**	**51**	**3**	**783**
	2023	209	180	102	186	677	70	15	762
Loan loss provisions	**2024**	**–73**	**–3**	**–1**	**–20**	**–97**	**3**	**–1**	**–95**
	2023	–177	11	37	38	–91	11	1	–79
Administrative expenses & regulatory costs	**2024**	**–97**	**–78**	**–47**	**–112**	**–334**	**–25**	**–**	**–359**
	2023	–99	–89	–52	–95	–335	–18	–	–353
Net income after taxes	**2024**	**30**	**64**	**47**	**98**	**239**	**–42**	**31**	**228**
	2023	–53	81	69	102	199	126	–54	271
RoE after taxes (%)	**2024**	**4.4**	**18.5**	**14.4**	**13.4**	**11.6**	**–14.4**		**9.7**
	2023	–8.3	22.9	22.2	17.0	10.5	49.6		12.5
Segment assets (€ bn)	**31.12.2024**	**7.4**	**3.7**	**3.9**	**6.6**	**21.6**	**12.0**	**–**	**33.6**
	31.12.2023	7.8	2.4	3.4	6.0	19.6	11.9	–	31.5
New business (€ bn)	**2024**	**1.0**	**1.8**	**1.2**	**2.1**	**6.1**	**–**	**–**	**6.1**
	2023	1.6	1.3	1.0	2.3	6.2	–	–	6.2

Structure of segment reporting

The management of the Group comprises four lending-oriented segments ("Real Estate", "Global Transportation", "Project Finance" and "Corporates"), which are also summarised as "Lending Units" and the segment "Treasury & Group Functions". The new Global Transportation segment combines the Shipping and Aviation areas. The "Reconciliation" column is used to express all of the management indicators in relation to the IFRS Group. For more detailed information on the structure and methodology of segment reporting, please refer to Note 43 "Segment reporting" in the notes to the Group financial statements.

Further information on the segments and their strategic orientation can be found in the "Strategic direction for the business areas" section of the chapter of this combined management report of Hamburg Commercial Bank entitled "Basis of the Group".

Business development in the segments

In an interest rate environment that remained positive for the development of banks' net interest income, albeit one that became slightly less positive in the course of 2024 as against 2023, HCOB increased its total income considerably in its lending units (€ 729 million, +8 % year-on-year) thanks to asset allocation that was focused on diversification and profitability. This encouraging development, which was achieved with increased average segment assets of the lending units, was also reflected in a stable net interest margin NIM of 3.3 %, as in the previous year. The acquisition of the NIBC Shipping portfolio at the end of the first half of the year, with a volume of € 0.9 billion, increased segment assets, but only made a contribution to earnings from the second half of the year onwards due to the timing of the acquisition. In addition, new business (€ 6.1 billion), which was slightly below the previous year's level, and the overall lower repayments contributed to the increase in segment assets. At € -97 million in total, loan loss provisions in the lending units were slightly higher than in 2023 (€ -91 million). In view of the ongoing difficult economic environment on the real estate markets, they were again dominated by the Real Estate segment in 2024. Risk costs in this segment were, however, considerably lower than in the previous year. In the other segments, by contrast, loan loss provisions normalised after net reversals, some of them substantial, had been recorded in 2023. Ultimately, the positive earnings performance of the lending units, combined with slightly higher loan loss provisions and virtually stable costs, led to an increase in earnings after taxes in the lending units to a total of € 239 million (previous year: € 199 million). As a result, the profitability of the lending units as a whole, measured in terms of RoE after taxes, came to 11.6 %, outstripping the good result achieved in the previous year (10.5 %).

The Real Estate segment reported net income after taxes of € 30 million in 2024 (previous year: € -53 million). The operating business was once again characterised by the risk-conscious further development of the portfolio, the aim being to optimise earnings, in a challenging market environment, with less of an emphasis on new business and more emphasis on portfolio management. As a result, a number of legacy exposures were successfully reduced. Despite segment assets that were down to € 7.4 billion (31 December 2023: € 7.8 billion), net interest and commission income from operating activities rose slightly. The increase in the net income after taxes is mainly due to the development of loan loss provisions, which, at € -73 million in 2024, were comparatively high in line with the market environment, but well below the previous year's level (€ -177 million). Gross new business remained subdued at € 1.0 billion due to the low demand for loans in line with the market environment and the conservative business approach (previous year: € 1.6 billion). With margins that remained good, the cautious and selective approach was particularly evident in new business. The segment's RoE of 4.4 % (previous year: -8.3 %) once again reflected the challenging situation on the real estate market despite the year-on-year improvement.

In the Global Transportation segment, net income before taxes amounted to € 64 million (previous year: € 81 million). The main reason was the decline in operating net interest income, as NIM fell from the very high level seen in the previous year while average segment assets remained stable. At the same time, loan loss provisions normalised at € -3 million, following moderate net reversals totalling € 11 million in the previous year. Operating profitability, measured in terms of RoE, remained at a very high level, albeit down slightly, at 18.5 % (previous year: 22.9 %). At € 1.4 billion, the focussed gross new shipping business (excluding the acquired portfolio) with national and international shipping companies with good credit ratings was up on the previous year's level (€ 1.3 billion). In addition to the portfolio acquisition in the first half of the year, the Aviation business also contributed initial new business (€ 0.4 billion; previous year: € 0 billion), driving the increase in segment assets to € 3.7 billion (31 December 2023: € 2.4 billion).

The Project Finance segment reported net income after taxes that was down year-on-year to € 47 million (previous year: € 69 million). While total income rose slightly to € 107 million (previous year: € 102 million), loan loss provisions normalised at € -1 million at the same time following relatively high net reversals totalling € 37 million in the previous year. Segment assets rose to € 3.9 billion (31 December 2023: € 3.4 billion). New business (€ 1.2 billion; previous year: € 1.0 billion) was increased in particular by infrastructure business. All in all, the weighting within the segment shifted towards infrastructure in both new and existing business. In line with this trend, the volume attributable to energy decreased slightly in a very competitive market. At 14.4 %, the segment's profitability was down considerably on the high prior-year value (22.2 %) as loan loss provisions normalised.

In the Corporates segment (€ 98 million), net income after taxes was down slightly on the high prior-year value (€ 102 million) despite a marked increase in net interest income, which made a considerable contribution to the higher net interest income at group level. International activities in Corporate Lending and the Structured Portfolio Finance segment both showed a positive earnings trend. By contrast, loan loss provisions of € -20 million (net reversal in the previous year: € 38 million), which was driven by model overlays, had a negative effect in a year-on-year comparison. Gross new business of € 2.1 billion did not quite reach the previous year's high figure (€ 2.3 billion). Overall, segment assets rose further to € 6.6 billion (31 December 2023: € 6.0 billion) and were divided equally between Corporate Lending and Structured Portfolio Finance. Structured Portfolio Finance, in particular, contributed to the growth in segment assets and, as a result, to the ongoing diversification of the loan book. The overall margin trend was positive, with business with corporate clients making a particular contribution. The segment's operating profitability, measured in terms of RoE, remained at a very good level of 13.4 % (previous year: 17.0 %).

Due to the substantial impact of one-off effects, the Treasury & Group Functions segment generated net income after taxes of € -42 million (previous year: € 126 million). Total operating income was mainly generated by the strategic investment portfolio and capital market-related asset-liability management. Total income also includes results in net interest income to the tune of € 21 million (previous year: € 12 million) from the sale of promissory note loans. The marked drop in net income after taxes is due to substantial negative one-off effects in the other operating result, which were offset by positive one-off effects in this earnings item in the previous year (see the explanatory information on the Group's other operating result in the section on "Earnings situation".

"Reconciliation" also comprises valuation and reporting differences that reconcile the internal reporting results presented in the segment report to the Group financial statements prepared in accordance with IFRS. Reconciliation effects in total income result from the different presentation of capital market transactions and hedge accounting effects in internal reporting and IFRS accounting. The difference between the taxation recognised in the segments based on a uniform imputed tax rate and actual income taxes at Group level is also shown in the Reconciliation item.

Detailed information on the methodology and included effects can be found in Note 43 "Segment reporting" in the notes to the Group financial statements.

Final assessment of the situation of Hamburg Commercial Bank

Business performance in 2024 was characterised by satisfactory operating performance that was in line with the plan overall. The earnings situation was, however, negatively impacted to a considerable degree by unplanned one-off effects from additions to provisions for litigation risks and legal advisory costs, and in connection with the cost-cutting measures adopted in the reporting year.

In terms of operating **profitability**, the Bank was able to continue the positive trend seen in the recent past. This is primarily reflected in a further increase in the NIM and an increase in net interest income, which was up by 13 % compared to the previous year. On the liabilities side, the Bank continued to work on broadening its funding mix, focussing on increasing granularity (number of depositors, concentrations) and on a balanced duration profile (maturity bands) in addition to cost efficiency. Within this context, the Bank made key progress in the reporting period, in particular through the further expansion of the deposit portfolio, the four benchmark issues on the capital market, and the establishment of a new funding channel for retail deposits (platform solution). With the adoption of cost-cutting measures to reduce its administrative expenses, HCOB is confident that it is well positioned to achieve an appropriate and competitive level of cost efficiency, measured by the CIR, of around 40 % in the medium term.

Given the ongoing challenging environment on the property markets and the resulting pressure on **asset quality**, NPE management – and specifically the NPE reduction plan launched by the Bank – was a key focus of business management in the reporting year. In this respect, the financial year was more than satisfactory from the Management Board's perspective, with a decline in the NPE ratio. The decisive factor was the successful implementation of the reduction plan, which meant that the Bank was actually able to reduce its NPE volume compared to the end of 2023 despite various new defaults in the Real Estate portfolio.

With the **capital ratios** reported at the end of the year, the Bank is one of the banks with the strongest capital resources in the European banking market despite the decline compared to the figures at the end of 2023; the leverage ratio in particular is well above average in a peer group comparison. The introduction of the Basel IV regulations from January 2025 will have a positive impact on the level of RWA for credit risks and, as a result, also on the Bank's capital ratios. This will be driven primarily by lower loss ratios for shipping and real estate collateral and the elimination of the general scaling factor. The operating profitability confirmed by the Group net result and the good capital and funding position will enable profit distributions in the form of dividend payments to the owners.

Even after the investment in the establishment of the shipping loan portfolio (portfolio acquisition), the full repayment of the TLTRO holdings and the dividend payment, the Bank has good **liquidity ratios**.

In view of the developments and positioning outlined above, Hamburg Commercial Bank considers itself well positioned overall as at the reporting date to achieve its objectives, even in the current difficult environment. Details regarding predicted business developments, the ongoing challenges facing the Bank, as well as the opportunities and risks associated with future development, can be found in the "Forecast, opportunities and risks report".

Forecast, opportunities and risks report

Forecast, opportunities and risks report

The following section should be read in conjunction with the other sections in this combined management report. The forward-looking statements contained in this forecast report are generally based on assumptions, estimates and conclusions that have been incorporated into HCOB's corporate planning (adopted in December 2024). The forecast period used in accordance with GAS 20.127 covers one year from the reporting date, meaning that it ends on 31 December 2025. Insofar as periods after the end of the forecast period are discussed below, these statements explicitly do not constitute a forecast within the meaning of GAS 20.

The statements are based on a series of assumptions that relate to future events and are incorporated in Hamburg Commercial Bank's corporate planning. The occurrence of future events is subject to uncertainty, risks and other factors, many of which are beyond Hamburg Commercial Bank's control. Actual events may therefore differ considerably from the following forward-looking statements below.

Anticipated underlying conditions

Forecasts on economic growth and inflation come from national and international institutions (Germany: Bundesbank, eurozone: ECB, USA: Fed, China: OECD, world: Calculation of Hamburg Commercial Bank on the basis of IMF weights and growth forecasts specified above, as well as IMF forecasts for the rest of the world). The interest rate forecasts are based on the corresponding forward rates. The forecast euro to US dollar exchange rate is also derived from the futures markets. Unless otherwise stated, the other statements on the overall conditions are based on internal estimates, also taking account of external sources of information such as research companies that are established on the market (real estate markets: e.g. bulwiengesa and PMA, shipping markets: e.g. Marsoft and MSI).

Expected business development of Hamburg Commercial Bank

Financial key management indicators		
	Actual figures 2024	2025 forecast
RoE after taxes @equity (%)[1]	6.2	>7 with net income before taxes of >€ 300 million
CIR (%)	50	<45
CET1 ratio (%)[2]	17.3	~17
LCR (%)	216	>180
NPL ratio (%)	3.3	~3
Non-financial key management indicators		
	Actual figures 2024	2025 forecast
Rating	A3, stable	A3, stable

[1] The RoE after taxes @equity shown is based on the reported equity at the beginning of the year less the proposed dividend

[2] The annual profit for 2024 was not taken into account in the Common Equity Tier 1 capital due to a proposed dividend payment; the dividend payment is subject to approval by the Annual General Meeting

Key basis for the forecast
In its forecast, which is generally based on HCOB's corporate planning (for the 2025–2027 period), the Bank is applying the following assumptions/expects the following developments with a high degree of probability (base case):

ECONOMY AS A WHOLE AND FINANCIAL MARKETS
Global economy: According to our forecasts, the global economy is only expected to expand by 2.6 % in 2025, a slower pace than in 2024 (3.2 %). One driver behind this development will be the fact that the US will not be able to maintain its growth rate. Our forecast only assumes full-year growth of 2.1 % for this region in 2025 (2024: 2.5 %). We also, however, anticipate weaker growth momentum for China and forecast a decline in economic growth to 4.1 % (2024: 4.8 %). After growing by just 0.7 % in the reporting year, the eurozone is expected to see a slight acceleration in GDP growth in 2025, with an anticipated increase of 1.1 %, albeit at a weak level. After Germany's GDP contracted by 0.2 % in the reporting year, we expect to see very weak growth of 0.1 % in 2025.

Monetary policy: Headline inflation came to 2.4 % (eurozone) and 2.9 % (US) at the end of 2024. The Fed is unlikely to achieve its inflation target of 2 % in 2025 for any sustainable amount of time. The ECB could achieve this target in the eurozone, but the weak economic climate – particularly in the major EU economies of Germany and France – will play a significant role. The ECB's main refinancing rate is 3.15 %, while the Fed Funds Rate ranges from 4.25 % to 4.50 %. While further interest rate cuts are expected in 2025, these are likely to be less pronounced and slower in the US than in the eurozone. In the US, the Federal Reserve is sticking to its policy of reinvesting only a portion of the funds maturing from the asset portfolio, meaning that the portfolio (with a volume of 6.92 trillion US dollars on the reporting date) will continue to decline. The futures markets expect long-term yields on German government bonds (Bunds) to trend slightly downwards, from 2.39 % at the end of 2024 to 2.34 % by the end of 2025. Ten-year US Treasury Notes (T-notes) are likely to remain stable at around 4.55 %. The EUR/USD exchange rate should increase slightly, as the Fed and the ECB are expected to lower their interest rates to a similar extent.

MARKETS/SECTORS
Real Estate: The phase of weaker demand for space due to the economic climate is set to continue on the office property markets in Germany. Office rents will only increase marginally on average. They should perform better in sought-after central locations than in peripheral locations, where rental prices are at risk of dropping slightly. Market values should stabilise overall, although it is impossible to rule out further slight losses in secondary locations. The European office property markets are likely to follow a similar pattern in terms of rents and market values in general due to similar developments in the underlying conditions as those that apply in Germany. On the retail property markets in city centres, shop rents are likely to fall moderately in 2025 if consumer spending remains subdued. After many years of declining rents, a stabilisation of the situation for shopping centres is likely to be confirmed. Rents for specialist retail parks, on the other hand, are expected to climb slightly. Market values should stabilise by and large, with slight reductions for commercial buildings. The high level of excess demand on the housing markets in the country's major cities looks set to continue, meaning that rents there will continue to rise significantly. This should also translate into moderately higher house prices. On the logistics property markets, the growing supply of space in the face of economic headwind should result in only moderate increases in rents and stagnating market values.

Global Transportation: While the earnings situation on the shipping markets is likely to deteriorate considerably in 2025, it will remain above-average in a historical comparison. Geopolitical factors that are impossible to predict, such as the conflicts in the Middle East/Ukraine or the plans of the new US administration, could, however, overshadow the expected impetus. The dynamic fleet growth witnessed for container vessels is expected to outpace the demand trend and deal a negative blow to the market. The ongoing disruption in the Red Sea would, however, support the demand for tonnage. In the base case, rates and prices for bulkers are expected to move sideways, with corresponding moderate growth rates in demand and supply. The market for oil tankers should stabilise in the current year at the level seen at the end of 2024. The slight acceleration in fleet capacity growth is likely to be offset by a comparable increase in the transport demand – with an expected increase in OPEC+ oil production and a moderate rise in global oil consumption. The Bank expects the positive economic trend for global aviation to continue in 2025 in general. The market values of used aircraft are likely to remain relatively stable.

Project Finance On the one hand, continued high maintenance requirements are likely to provide incentives for investment in transport infrastructure, while on the other, the global uncertainty regarding US policy and its international repercussions, as well as the possibility that US interest rates will not fall any further, coupled with higher prices for construction materials and services, could have a negative impact, at least temporarily. The outlook for the expansion of renewable energies remain rather favourable for 2025, too, despite a political risk in Germany that the transformation path will be pursued less resolutely by a new government. Price volatility and shortcomings regarding grid connections will also weigh on development. Sustainability elements at EU level and the European Commission's Climate Change Programme will, however, provide additional growth impetus for renewable energies in Europe in the medium term.

Corporates: The retail sector in Germany is likely to be boosted by the low inflation rate compared to recent years, above-inflationary pension increases and continued wage increases. Nevertheless, the combination of the loss of purchasing power due to inflation in the recent past and increasing concerns about jobs is likely to continue to curb consumption. In the first half of the year, industry is expected to be burdened by the combination of uncertainty regarding US trade policy, persistently high interest rates and geopolitical uncertainty. Increased production costs are also likely to put a damper on unit sales in the manufacturing sector. Interest rate-sensitive sectors such as the construction industry could, however, receive further positive impetus from less restrictive monetary policy. While the new US administration led by President Trump promises the US economy more business-friendly policies, tariffs could push the price of goods in the US up and prevent further interest rate cuts, which would put additional burdens on US companies alongside potential tax relief.

BUSINESS DEVELOPMENT

- Consolidated total assets are expected to come to around € 33 billion at the end of 2025. A moderate growth rate has been assumed for the planning period as a whole. On the assets side, this medium-term balance sheet growth should be attributable to an increasing loan book. Financial investments are expected to remain at the level reached at the end of 2024. To ensure a comfortable liquidity position, the share attributable to the cash reserve plus other highly liquid assets should be above 20 % in the planning period, as at the end of 2024. Development on the liabilities side will be characterised in particular by an increase in client deposits (including the funding activities via the retail platform that was implemented in 2024) but also by regular funding activities on the capital market. A reduction in spread levels as against 2024 is expected for funding costs for capital market issues.
- An average annual growth rate of around 4 % is predicted for the loan book as a whole over the planning period. As part of the Bank's return and risk-orientated asset allocation, which is geared towards diversification and short to medium-term market expectations, the proportion of the loan portfolio in the Real Estate segment should continue to decrease overall and correspond to around 20 % of consolidated total assets by the end of the planning period. The aim for the Global Transportation segment is to moderately increase its relative share of total assets, which should be achieved by the further expansion of the fledgling Aviation business area. As far as the Project Finance segment is concerned, the Bank's corporate planning envisages moderate growth overall, although the weighting within the segment will continue to shift towards infrastructure financing in line with the trend seen in the recent past, while the loan book in the highly competitive renewable energies business area is likely to decline. In the Corporates segment, the growth trend is to be continued by further stepping up Corporate Lending (international) and Structured Portfolio Finance activities, including the establishment of new product lines to achieve further diversification.
- The gross volume of new business in 2025 and the remaining years in the planning period should be higher than in the reporting year, with a relatively balanced allocation to the four market segments. New business targets in Real Estate are above the comparatively low level witnessed in the reporting year, but have been reduced considerably compared to the previous year's planning. The Bank anticipates a moderate drop in gross margins in new business across all asset classes.
- Total income in 2025 is expected to be roughly on a par with the reporting year, with the weighting between net interest income and the FVPL result shifting in favour of the FVPL result in general; as the planning period progresses, total income is expected to increase on an ongoing basis thanks to rising net interest income.
- The Bank expects to see a moderate decline in the NIM in 2025, in particular because income realised in 2024 from the sale of promissory note loans will not be repeated. The Bank believes that the impact of the interest rate environment on the NIM should remain moderate, as it is managing the effects of any interest

rate changes on net interest income as part of its hedging strategies. The planned increase in net interest income in subsequent years is primarily due to the planned growth in the loan book and to asset allocation (higher proportion of portfolios with a higher NIM).

- Loan loss provisions (income statement) in 2025 are tipped to be more or less on a par with the level seen in the reporting year. The Real Estate segment, where the negative effects were concentrated in 2023 and 2024, should have lower risk costs in 2025 than in the reporting year in general, while a moderate increase is planned for the other market segments. By the end of the planning period, the overall risk costs should have fallen to a value of between 30-35 basis points.
- Assuming that the negative one-off effects on personnel expenses that arose in 2024 will not be repeated, and taking into account higher software amortisation, administrative expenses in 2025 should be roughly level with the reporting year and should decrease slightly overall in 2026/2027, also supported by the cost-cutting measures adopted in the reporting year.
- Looking ahead to the 2025 financial year, the Bank expects the other operating result to be fairly balanced, assuming that no significant one-off effects emerge.
- According to the Bank's corporate planning, the development in income tax expense will be characterised by the minimum taxation in Germany (current taxes) and expenses from the utilisation of deferred tax assets. The income tax rate should be higher in the planning period than in the 2024 financial year.

Forecast for development in key performance indicators in 2025

Taking into account the above-mentioned aspects, the Bank assumes in its forecast that it will be able to achieve net income before taxes above the € 300 million mark in the 2025 financial year (actual figure for 2024: € 248 million). This forecast is largely based on the assumption that the negative one-off effects that arose in 2024 (in administrative expenses and the other operating result) will not recur. Based on income tax expense that is expected to be higher than in the reporting year, the Bank forecasts an **RoE after taxes @equity** of more than 7 % for the 2025 financial year (actual figure for 2024: 6.2 %).

The **CIR** should come in below 45 % in 2025. The expected significant decrease compared to the reporting year (50 %) is also mainly based on the assumption that the one-off effects in the other operating result and administrative expenses will not be repeated.

As part of the forecast for the **CET1 ratio**, the Bank expects its aggregated RWA to decrease as a result of the introduction of the Basel IV regulations (from 1 January 2025). With regard to Common Equity Tier 1 capital, the Bank will ensure, with regard to its distribution policy for the 2025 financial year, that a CET1 ratio of at least 17 % will also be maintained as at 31 December 2025 (see also the comments in the "Distribution policy" section of the "Economic report" chapter).

The Bank expects the **LCR** to remain very comfortably above the regulatory requirements (100 %) at the end of 2025, with a ratio in excess of 180 %.

As part of the projections for the **NPL ratio**, the Bank predicts that the development of this metric will remain dominated by the Real Estate segment in 2025. It nevertheless expects the volume of new defaults to fall compared to the high level seen in 2023 and 2024. Assuming that the Bank can once again achieve a net reduction in its NPLs in 2025, it predicts an NPL ratio of around 3 % at the end of 2025 (31 December 2024: 3.3 %), which should fall further in the ensuing years of the planning period in tandem with a recovery on the property markets.

The **rating**, which was most recently confirmed in May 2024, is likely to remain at the current level in the 2025 financial year, which is also reflected in the stable outlook.

The Bank addresses the main opportunities and risks associated with the forecasts below. Opportunities are defined as possible future developments or events that may give rise to a positive divergence from the forecast for the Bank. In contrast, as part of the forecast report, risks are defined as possible future developments or events that may give rise to a negative divergence from the forecast. The bank-specific risk types are then separately explained in the Risk Report.

Opportunities and risks

Based on the Bank's current assessment, the most significant opportunities and risks with regard to the forecasts for the key performance indicators presented above arise from future developments in the macroeconomic environment (macroeconomic factors) and the market and competitive conditions in the sectors relevant to HCOB (sector-specific factors). These are presented below in sections A) and B). Further opportunities and risks for HCOB's forecasts are explained in sections C) to E).

A) ECONOMIC FACTORS (BUSINESS CYCLE)

Numerous risks could result in global economic growth being weaker than forecast in 2025 and trigger turmoil on the financial markets: these include adverse geopolitical developments, such as an escalation of the war in Ukraine or the Middle East. By way of example, attacks by Israel on Iranian oil, gas and nuclear facilities could obstruct transport routes and trigger a new energy price shock with implications for monetary policy. Russia could escalate its war and attack neighbouring NATO countries. A possible military intervention by China in Taiwan or a complete blockade of Taiwan by China could have a significant impact on the global chip industry. Another risk factor hanging over the global economy is the increased probability of extreme weather events. These could also have an impact on tourism, harvests (and, as a result, food prices/inflation), power generation capacity, transport routes and construction activity. There are also global growth risks in the world's three major economic areas: In the US, high interest rates and restrictive monetary policy could lead to economic risks. Trump's presidency could increase inflation and political uncertainty, trigger trade conflicts and weigh on growth in China and the eurozone. In the EU, US tariffs and competition from China are creating the threat of a downturn. France's fragile government and possible uncertainties regarding the German elections are other risk factors.

By contrast, if the above-mentioned risks (in particular the uncertainty associated with the Trump administration with regard to possible trade conflicts and the extent of such conflicts) do not materialise, geopolitical tension is resolved more quickly and extensive fiscal and monetary stimulus is provided in the US/China, this should go hand-in-hand with higher levels of global economic growth.

B) SECTOR-SPECIFIC FACTORS (MARKETS)

If growth in China and the US, in particular, is weaker than expected and the geopolitical tension/conflicts referred to above continue/escalate, the current trends towards deglobalisation and on-shoring are likely to pick up speed, with corresponding knock-on effects on global trade and, as a result, also on the shipping markets. A return to previous trade routes if disruptions were resolved or sanctions lifted would result in shorter distances. The need to limit the consumption of fossil fuels such as coal, oil and gas is also likely to slow the demand for maritime transport. Should global economic activity be more dynamic than expected, this would have a positive impact on the demand for transport services.

If the central banks do not continue to lower interest rates as expected in 2025 due to inflation remaining stubbornly high and actually opt to adopt restrictive monetary policies again, the associated effects on the general interest rate level would have more of a negative impact on the development of the real estate markets than assumed in the planning. An even weaker economic trend, or a recession, would also lead to further deterioration. This would affect both commercial and residential property. Conversely, were the primary stress factors to show more favourable development than assumed, i.e. in the form of a much more pronounced economic recovery, the stabilisation of long-term and reduction in short-term interest rates, and a slowdown in the momentum driving inflation, this would improve the market outlook for the sector.

If the development in the economic and sector-specific factors were to be more negative overall than assumed in the Bank's plans, this would tend to exert pressure on loan loss provisions (earnings situation), the NPL volume/NPL ratio (asset quality), as well as RWA and, as a result, the Bank's capital ratios (capital). Furthermore, the earnings situation in the context of the FVPL result could be negatively affected in the event of an unexpectedly marked widening of credit spreads. On the other hand, more favourable overall development in economic and industry-specific factors than assumed in the planning would tend to have a positive impact on the aforementioned results and key performance indicators.

C) CLIENT BUSINESS

On the earnings side, the fundamental challenge lies in achieving the moderate growth targets and the targeted development in operating profitability while upholding the Bank's conservative credit standards, even in the current macroeconomic environment. The Bank is responding to the external environment by significantly reducing its new business targets in Real Estate compared to the previous year's planning and continuing to drive forward its diversification in the asset classes/areas of Corporate Lending (international), Structured Portfolio Finance and Aviation.

Should the macroeconomic environment and the market and competitive conditions in the markets/sectors relevant to the Bank show more negative development than in the forecast, there is, in addition to the potential effects described in Section B), the fundamental risk that the volume and margin targets used as a basis in the forecast cannot be achieved, for example due to weaker customer demand and/or high unscheduled repayments, as well as mounting competitive pressure on margins.

On the other hand, earnings opportunities could emerge in the event of a further or permanent drop in interest rates both in terms of our balance sheet structure management and for our clients' investments. Growth opportunities will also arise from the increasing need for investment in connection with the ESG transformation process, which is becoming ever more important. This is an area in which HCOB considers itself well positioned for the future, particularly with its product range in the Real Estate, Shipping and Project Finance segments.

D) PERSONNEL AND OPERATING EXPENSES

The increased competitive labour market conditions pose a risk to earnings if the Bank does not manage to recruit and retain talent as planned. On the other hand, HCOB has become a more attractive employer thanks to its improved external image. The Bank is countering the pressure from the inflationary environment with ongoing cost-cutting measures to further optimise its cost base.

E) FUNDING

Planned capital market issues could be made more difficult by an adverse development in conditions on the financial markets. As a result, refinancing costs could be higher than planned, which would have a negative impact on net interest income. If, on the other hand, conditions on the financial markets develop more favourably than assumed in the plans, this would tend to have a positive impact on funding costs and net interest income.

The creditor thresholds for the scope of protection offered under the Deposit Protection Fund were reduced with effect from 1 January 2025. Depending on future depositor behaviour, there is a risk that the reduced scope of protection will lead to depositors placing (parts of) their deposits previously held at HCOB with other banks. On the other hand, there is a chance that HCOB will receive an inflow of deposits through the reallocation of deposits currently placed with other banks.

HCOB has included growth targets for retail deposits via the Internet-based "WeltSparen" platform in its funding plan. If the future interest rate level is lower than assumed in the planning, this could result in the growth targets not being achieved due to the investments being less appealing to private investors. In this sort of scenario, it would be impossible to rule out negative effects on funding costs if the Bank were to have to resort to more cost-intensive funding instruments. Conversely, an interest rate level that is higher than assumed in the plan and increased investment appeal would offer an opportunity to achieve or exceed the growth targets earlier, further increasing the granularity of the deposits.

F) LEGAL ENVIRONMENT

As at 31 December 2024, the Bank had set up provisions for litigation risks and costs in the amount of € 151 million in its IFRS Group financial statements. Earnings risks or opportunities for the earnings position arise from the possibility that future actual utilisation of the provisions in connection with the pending legal disputes may be higher or lower than the utilisation level on which the provisions are based.

In the past, the Bank has suffered losses on financing arrangements in two EU member states due to government intervention. The Bank had already taken legal action against this intervention in previous years. If future rulings confirm the Bank's legal opinion, inflows of funds in an amount running into the low treble-digit millions (of euros) can be expected for the Bank. No risks, however, arise to the Bank's earnings situation as a result of these circumstances, as the Bank has covered the risks in the balance sheet in full.

Overall appraisal and net income forecast

As the Bank continues with its proven business approach, 2025 will again focus on the implementation of the moderate growth course, which provides for a slight increase in the total assets with continued diversification on the assets and liabilities side, stringent cost management and prudent action in an uncertain macroeconomic environment.

The earnings forecast for the current 2025 financial year is characterised by the assumption of stable total income and constant risk costs. In conjunction with significant negative one-off effects that will not recur, the earnings level achieved in the reporting year should be significantly exceeded. On the basis of the information currently available to it, the Bank expects to be able to achieve IFRS net income before taxes for the 2025 financial year in the amount of more than € 300 million.

This earnings forecast is subject to any potential escalation of existing geopolitical crises and tensions (Ukraine, Middle East, Taiwan and trade conflicts), the emergence of new crisis events or real estate market developments that are significantly more adverse than in the planning assumptions.

The earnings forecast and future development of Hamburg Commercial Bank are associated with major challenges overall which are described in detail in both the forecast and the Risk Report.

Risk Report

Risk management system

Principles of risk management
Active risk management represents a core component of the Overall Bank management at Hamburg Commercial Bank. The risk management system is developed on an ongoing basis in line with the Bank's business strategy and risk positions. The Minimum Requirements for Risk Management (MaRisk) and the relevant European Banking Authority (EBA) guidelines serve as the regulatory framework for the design of the risk management system.

Hamburg Commercial Bank defines risk as the threat that unfavourable future developments could have an adverse impact on the Bank's assets, earnings or financial position.

In order to identify material risks as defined by MaRisk, Hamburg Commercial Bank conducts a risk inventory at least once per year, as well as on an ad hoc basis where necessary. This includes a review of the existing quantitative and qualitative criteria for determining materiality taking due account of the Bank's risk appetite, with these criteria being redefined if necessary. Based on the results of the risk inventory, risks are broken down into "financial risks" and "non-financial risks" (NFR). The term financial risk refers to the risk of a change in the value of an asset, with an impact on the financial ratios. Non-financial risk (NFR) is the risk of losses arising from inadequate internal procedures, controls and the Bank's operating activities. Whilst the Bank by itself has hardly any influence on the movement in value of an asset, but can instead maintain an explicit allocation of capital or liquidity, non-financial risks can be influenced by the Bank itself primarily through stringent management, appropriate staffing and resources, adequate processes and a risk appetite derived from the risk culture. The material risk types that can be quantified at Hamburg Commercial Bank are default risk, market risk and liquidity risk for the financial risks, whereas the non-financial risks are operational risk, which also includes legal and compliance risks, as well as reputation risk and business strategy risk, which comprises both financial and non-financial components.

In accordance with the regulatory frameworks, Hamburg Commercial Bank does not consider sustainability risks to be an own risk type, but rather as risk drivers in financial risks and non-financial risks, and takes measures to actively manage them, including measures based on sustainability scores for new lending business as well as integration in the scenario calculations. Further information on how the Bank deals with the topic of sustainability and the associated risks can be found in the "Sustainability Statement" section of this combined management report.

Definition of risk appetite and risk limit system
As the strategic guideline for the Overall Bank, the Strategic Risk Framework (SRF) serves as the foundation of the risk culture, sets out the focus of the Bank's risk management activities and defines the objectives of risk management based on the planned development of key business activities, as well as the measures taken to achieve these objectives.

The focus is on securing and allocating the scarce resources of capital and liquidity and on optimising earnings in the long term, taking into account the risk appetite, business strategy objectives, the market environment and both the existing and planned portfolio. Through its guidelines, the SRF supports implementation of the business strategy objectives and ensures compliance with the regulatory requirements.

The SRF contains the risk strategy principles ("tone from the top") as the key guidelines for risk-conscious action and cornerstone of a sustainable risk culture. These provide the framework for the development of the Risk Appetite Statement (RAS) and the risk strategy. The objectives of the business strategy and the Bank planning are aligned with the requirements of the SRF.

The RAS is broken down into a financial and non-financial RAS on the basis of the risk inventory. The financial RAS consists of a catalogue of key financial ratios, while the non-financial RAS includes qualitative requirements relating to risk culture. Operationalisation is achieved via the risk strategy and the limit system, with the risk strategy describing how risks are managed based on the risk inventory in accordance with the business strategy and the RAS. The risk strategy provides the framework for the individual sub-risk strategies.

A functional limit system requires a strict derivation of the risk appetite defined separately for the three scarce resources: regulatory and economic capital and liquidity The Bank has established a system of risk limits and guidelines for all three resources, which serves to identify adverse developments at an early stage, to avert them with appropriate countermeasures and to achieve the risk strategy objectives.

The SRF is the subject of a resolution passed by the Management Board and is reviewed at least once a year. Where necessary, adjustments are made during the year. It is fully integrated into the Bank's processes, for example by being incorporated into the Bank's objectives, by way of the definition of requirements for the strategy and planning process, in risk reporting and in the Code of Conduct.

Organisation of risk management

The organisation of risk management at Hamburg Commercial Bank is primarily aligned to the requirements of the business model while at the same time taking regulatory requirements into account.

Responsibility for risk management at Hamburg Commercial Bank, including the methods and procedures to be applied for measuring, managing and monitoring risk, lies with the Overall Management Board.

The Risk Committee of the Supervisory Board is in particular responsible for reviewing Hamburg Commercial Bank's current and future overall risk tolerance and risk strategy. In addition, it advises the Supervisory Board on the current and future overall risk tolerance and strategy and supports the Supervisory Board in monitoring the implementation of this strategy by the Management Board. In meetings, the Risk Committee is regularly informed by the Management Board about the Bank's risk situation and risk management.

As a member of the Management Board, the Chief Risk Officer (CRO) is responsible for risk controlling at Hamburg Commercial Bank, including risk monitoring and back office functions. The CRO makes decisions independently of the members of the Management Board responsible for the market or trading divisions. In this way the separation of functions required under the regulatory provisions between the market and trading units on the one hand and risk controlling, settlement and control as well as back office on the other, is taken into account at all levels of the Bank from an organisational perspective.

Specifically, the CRO is responsible for the risk control units Strategic & Credit Risk Control, Asset & Liability Risk Control and Non Financial Risk Control as well as the Credit Risk Centre and Compliance business units.

The risk control units Strategic & Credit Risk Control, Asset & Liability Risk Control and Non Financial Risk Control are responsible for the risk strategy, the risk controlling function required for regulatory purposes and the methodological guidelines and models for calculating all risk-relevant components. They develop the methods and tools for identifying, measuring, managing and monitoring risks, and they set the risk limits and risk guidelines for the operational portfolio management. The Strategic & Credit Risk Control business unit also assesses collateral for the lending business and determines the loan loss provision amounts in accordance with IFRS 9.

In the Credit Risk Centre business unit, the Credit Risk Management department is responsible, among other things, for independent evaluation and preparing a second assessment as well as the determination of ratings for normal and intensive exposures that are subject to a vote. In addition, it has the right of veto and the right to issue binding conditions during the lending decision process.

The specialised Restructuring & Work-Out department, which is located in the Credit Risk Center, is primarily responsible for restructuring and workout-specific activities, in particular the development, implementation and monitoring of restructuring and workout concepts. In addition – together with the Strategic & Credit Risk Control business unit – it is responsible for determination of the Stage 3 loan loss provision amounts (IFRS 9).

Trading transactions are settled in the Capital Markets Operations department, which falls under the responsibility of the Chief Executive Officer, while risk monitoring is carried out in the Asset & Liability Risk Control business unit.

The Compliance business unit is responsible for monitoring and evaluation of compliance with the law and applicable regulations with regard to the Code of Conduct as well as measures to ensure capital market compliance and the prevention of money laundering, terrorism financing and other criminal acts in accordance with Section 25h of the German Banking Act (KWG), and also compliance with the requirements related to financial sanctions and embargoes. In addition, the business unit performs the compliance function as defined in AT 4.4.2 MaRisk and in this context strives to ensure that the essential legal regulations and standards are implemented at Hamburg Commercial Bank and complied with. Compliance with the different legal requirements is also ensured by the respective business units concerned.

The organisational structure of Hamburg Commercial Bank is based on the three lines of defence (3 LoD) model. The risks to which the Bank is exposed have to be managed on a decentralised basis (1st LoD), monitored independently (2nd LoD) and included in the process-independent audit (3rd LoD). At Hamburg Commercial Bank, the lines of defence have been clearly defined, as have the corresponding tasks and responsibilities, and are characterised by the following features:

The first line of defence is made up of all of the Bank's business units that incur risks through their operating (business) activities. The first line of defence acts as risk owners and is responsible for the results. In particular, the first line is responsible for managing client and business-specific risks and for designing controls in accordance with the methodological specifications defined by the second line of defence.

A second line of defence has been established for the independent monitoring of all major risk types. Its primary task is a holistic overall consideration of all risks on a case-by-case basis as well as at portfolio level. The risk control units thereby acts as a specialised second line of defence. The overall second line of defence is fundamentally responsible for monitoring and controlling as well for determining the procedures for setting the limits for the relevant risks. It is defined by the officer functions required by law but also by similar monitoring activities in other areas of the Bank.

Internal Audit forms the third line of defence and provides independent and objective auditing and advisory services, which are aimed at creating added value and improving the business processes. It supports the organisation in achieving its objectives by evaluating the effectiveness of risk management, the controls in place and the management and monitoring processes under a systematic and targeted approach, and helps to improve these. Internal Audit monitors and validates the timely elimination of deficiencies identified by the Bank's own activities or external audits. As a tool used by Hamburg Commercial Bank's Overall Management Board, it is an essential component of corporate governance. The objectives, tasks and procedures of Internal Audit are defined in the Audit Charter, which is approved by the Management Board. Internal Audit informs the Overall Management Board and the Audit Committee of the Supervisory Board regularly and on an ad hoc basis about the results of its audits, which are based on a risk-oriented audit plan. The audit plan is approved annually by the Management Board. If there are any material changes to the audit plan or adjustments to the Audit Charter during the course of the audit year, these changes are approved by the Management Board on an ad hoc basis.

Business areas are managed in line with uniform Group standards based on a Global Head principle. On this basis, the heads of the individual business units as the respective Global Heads are responsible on a Group-wide basis for the strategy of the business areas assigned to them and have the disciplinary responsibility for the employees working in their business area. The Global Heads are supported by the head of the respective foreign branch (General Manager) in the implementation of the strategy on site in the foreign branches whilst maintaining the separation of duties in accordance with MaRisk. The General Manager is responsible for compliance with local statutory and regulatory requirements. The Global Head principle also applies to risk controlling to ensure that a Group-wide coordinated risk controlling process is in place.

Hamburg Commercial Bank has stipulated rules in accordance with the MaRisk requirements, under which formalised audit processes are gone through prior to commencing business activities with new products or in new markets (NPNM processes). This ensures that the products are properly considered under risk aspects in the relevant systems and reflected in the relevant processes, and that transactions involving new products or new markets are only entered into with the approval of the corresponding competence level. There is also an NPNM review process in place, under which the appropriate mapping of existing products or product approvals is reviewed on a regular basis.

For the Group-wide risk management, Hamburg Commercial Bank considers those entities that are to be specifically monitored at the Group level due to material risks.

Additional information on the organisation of risk management is presented in the following sections for each risk type.

Risk management by central committee structure

The Management Board has established committees with their own respective responsibilities, which support it in monitoring and managing all material risks. Besides the members of the Management Board, the committees are also composed of managers from the Risk and other departments, ensuring that information regarding risk aspects is regularly exchanged. Insofar as internal or external regulations do not permit delegation of decisions to the committees, such decisions are prepared by these committees for approval by the Overall Management Board.

The Asset Liability Committee (ALCO) is the body responsible for financial resource management and allocation within the context of risk limits and plan targets. The main objectives of the ALCO are to monitor and manage the scarce resources of liquidity and funding, to manage market risks in the banking book plus overlay management, and to allocate assets and capital. If risk limits or risk guidelines are exceeded, the need for potential countermeasures to be taken with regard to the areas for which the ALCO is responsible is discussed and prepared before corresponding resolutions are adopted and implemented by the Management Board.

The Franchise Committee is responsible for evaluating significant transactions and business. Individual transactions are managed taking profitability, structure and risk aspects as well as sustainability criteria into account.

The Credit Committee is tasked with making lending decisions on major exposures. For loan applications at the competence level of the Overall Management Board, the Credit Committee makes a decision recommendation in advance. Other tasks include dealing with fundamental issues relating to the lending business and providing impetus for regular adjustments to Hamburg Commercial Bank's credit standards.

The Project Steering Committee (PSC) is the central steering committee below the Overall Management Board for the entire project portfolio of Hamburg Commercial Bank. This makes the PSC the planning, decision-making and escalation authority for the content and scope of projects and their scheduling. The PSC also manages the prioritisation of projects and resources and decides on key IT architecture issues.

Among other things, the Sustainability Committee is responsible for the development and management of the Bank's sustainability strategy. It ensures compliance with the Bank's ESG targets and the requirements of ESG-related legal, regulatory and other external frameworks, to which Hamburg Commercial Bank has voluntarily committed itself.

Risk reporting and measurement systems

Hamburg Commercial Bank has central data storage systems and risk measurement systems, which take into account internal and regulatory requirements, for the purposes of analysing, monitoring and reporting risks. Risk reporting generally takes place by means of the management and reporting systems in the risk control units. The risk management systems ensure effective risk management and are adequate with regard to Hamburg Commercial Bank's profile and strategy.

The central element of risk reporting is the monthly management report. This Management Board report, which, as an integrated financial and risk report, provides information on Hamburg Commercial Bank's overall situation with regard to the key value drivers and performance indicators, particularly income, costs, liquidity, capital and risk, sustainability, structural analyses of business areas, risk models/processes and the development of the recovery plan indicators. Adherence to the relevant risk limits and risk guidelines laid down in the SRF is monitored by means of this report.

Relevant extracts from the management report and the development of aggregated risk parameters of Hamburg Commercial Bank are presented to the Supervisory Board's Risk Committee for the purposes of its regular meetings.

Other overall risk reports include the Disclosure Report under Part 8 of the Capital Requirements Regulation (CRR) as well as this Risk Report as part of the Combined Management Report.

In addition to risk reports on the overall risk, there are reporting instruments based on the risk type. Accordingly, the Overall Management Board is informed via the daily market risk report of the risk and earnings trends as well as the extent to which risk limits and guidelines are utilised. Furthermore, the Management Board members responsible and the business units affected are also informed daily about the development of key liquidity ratios as well as the extent to which their risk limits and guidelines are utilised.

Internal control system

BANK-WIDE INTERNAL CONTROL SYSTEM

The Management Board of Hamburg Commercial Bank bears the overall responsibility for ensuring that a proper business organisation is in place at the Hamburg Commercial Bank Group, including an appropriate and effective internal control system (ICS).

The ICS of Hamburg Commercial Bank is based on a Bank-wide main and sub-process structure (process map), which also includes the domestic and foreign branches. A person responsible for the process is nominated for all main processes.

The top priorities of this ICS assessment are the structured and systematic examination of potential or known process risks together with the definition of and decision on appropriate measures to be taken to mitigate them. Furthermore, the ICS makes a contribution to the effectiveness of the processes by specifying uniform rules for the Bank as a whole.

The central ICS office is an independent function in the Operations business unit and reports to the committee responsible for NFR, the Management Board and the Supervisory Board. It is responsible for methodological guidelines and their continuous development and reviews the appropriateness and effectiveness of the Bank-wide process controls on a sample basis using a risk-orientated process evaluation. An implemented ICS cycle also ensures that the ICS is reviewed with respect to its correctness and functionality as well as its appropriateness and effectiveness. Appropriate responsibilities and roles have been established to ensure the proper fulfilment of tasks within the ICS cycle.

INTERNAL CONTROL SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

The Finance & Bank Steering business unit is responsible for the process of preparing the consolidated and single-entity financial statements of Hamburg Commercial Bank and the correctness of the (Group) accounting methods. The ICS for the accounting process serves to ensure compliance with the rules to be applied and generally accepted accounting principles. This maintains a quality standard that ensures the reliable and correct presentation of the earnings, net assets and financial position. The written rules including all internal instructions and regulations form the essential basis of the ICS.

The accounting processes are reviewed on a regular basis by the responsible persons in charge of each process and adjusted to the current framework conditions and requirements. In addition, process-independent audits are carried out by Internal Audit.

Regulatory requirements

Hamburg Commercial Bank determines the amount of regulatory capital backing for default, market and operational risks as well as for risks resulting from credit valuation adjustments (CVA) of OTC derivatives on the basis of the CRR requirements. The so-called IRB approach is used for default risks, for which the Bank's supervisory authorities have granted the appropriate authorisation. The Credit Risk Standardised Approach (CRSA) is used for part of the portfolio. Hamburg Commercial Bank uses standard procedures to determine the amounts allocated to market risk positions, to take account of operational risks and for CVA.

In accordance with the requirements of Part 8 CRR in conjunction with Section 26a (1) sentence 1 KWG, Hamburg Commercial Bank publishes material qualitative and quantitative information on equity capital and risks incurred in a separate Disclosure Report. The contents of the document go beyond the disclosure on the basis of the accounting standards applied in this Annual Report, by providing a comprehensive insight into the regulatory framework and the current risk situation of the Bank on the basis of regulatory figures. The Disclosure Report as at 31 December 2024 is available on our website, www.hcob-bank.com, four weeks following publication of this Annual Report. The Disclosure Report does not form part of the Combined Management Report. With its publication, Hamburg Commercial Bank has implemented the requirements of the third pillar of the Basel Accord (market discipline). The requirements regarding the disclosure of risk management objectives and policies in accordance with Article 435 (1) CRR and (2)(e) CRR are implemented in this Risk Report. The description of the approach required in accordance with Article 438 (a) CRR, under which the institution assesses the adequacy of its internal capital to support current and future activities (capital adequacy process), is also included in this Risk Report. The same applies to the description of the approaches and methods used to determine specific and general credit risk adjustments in accordance with Article 442 (b) CRR.

REQUIREMENTS UNDER THE SUPERVISORY REVIEW AND EVALUATION PROCESS

The Bank's business model, governance, risk situation, capital and liquidity position are reviewed as part of the Supervisory Review and Evaluation Process (SREP). Based on the analyses, the supervisory authorities may specify requirements for capital and liquidity utilisation that exceed the existing minimum regulatory requirements. The individual capital requirements assigned to the Bank by the ECB and reviewed annually as part of the SREP process were adhered to at all times during the reporting period.

The following table provides an overview of the capital requirements applicable to Hamburg Commercial Bank. In addition, there is a Pillar 2 Guidance (P2G) for CET1 capital.

Capital requirements

(%)	31.12.2024	31.12.2023
Pillar 1		
Minimum capital requirement	8.0	8.0
thereof: to be supported by CET1 capital	4.5	4.5
thereof: to be supported by additional Tier 1 (AT1) capital	1.5	1.5
thereof: to be supported by Tier 2 capital	2.0	2.0
Combined buffer requirement - to be supported by CET1 capital	3.3	3.2
Pillar 2		
Pillar 2 requirements (P2R)	1.8	1.8
thereof: to be supported by CET1 capital	1.0	1.0
thereof: to be supported by additional Tier 1 (AT1) capital	0.3	0.3
thereof: to be supported by Tier 2 capital	0.5	0.5
Overall capital requirements		
CET1 capital	8.8	8.7
Tier 1 capital	10.6	10.5
Total capital	13.1	13.0

As part of the 2024 SREP decision, the Pillar 2 requirements (P2R) for Hamburg Commercial Bank for 2025 were set at 2.06 %. The capital requirements for 2025 are approximately 9.0 % for CET1, 10.9 % for Tier 1 capital and 13.4 % for total capital.

Compliance with the capital requirements is tested under the normative perspective in the ICAAP over a multi-year time horizon in the base scenario and in stress scenarios.

Regulatory capital ratios[1]

(%)	31.12.2024[2]	31.12.2023[3]
Overall capital ratio	22.4	25.0
Tier 1 capital ratio	17.3	19.5
CET1 capital ratio	17.3	19.5

1) Regulatory group according to CRR

2) The annual profit for 2024 was not taken into account in the Common Equity Tier 1 capital due to a proposed dividend payment; the dividend payment is subject to approval by the Annual General Meeting

3) The dividend payment made in the 2024 financial year was taken into account in advance in the Common Equity Tier 1 capital

Regulatory capital[1]

(€ bn)	31.12.2024[2]	31.12.2023[3]
Regulatory capital	4.1	4.1
thereof: Tier 1 capital	3.2	3.2
thereof: CET1 capital	3.2	3.2
thereof: additional Tier 1 capital	–	–
thereof: Tier 2 capital	0.9	0.9

1) Regulatory group according to CRR
2) The annual profit for 2024 was not taken into account in the Common Equity Tier 1 capital due to a proposed dividend payment; the dividend payment is subject to approval by the Annual General Meeting
3) The dividend payment made in the 2024 financial year was taken into account in advance in the Common Equity Tier 1 capital

Risk-weighted assets (RWA)[1]

(€ bn)	31.12.2024	31.12.2023
Credit risks	16.5	15.0
Market risks	–	0.2
Operational risks	1.4	1.2
Other RWA	0.3	0.1
Total RWA	**18.2**	**16.5**

1) Regulatory group according to CRR

The CET1 ratio fell compared to 31 December 2023 (19.5 %), particularly due to increased RWA, but it remains significantly above the regulatory capital requirements at 17.3 %. This development is due primarily to the increase in RWA for credit risks. This was due not only to the acquisition of the shipping loan portfolio, but also to organic growth in the loan book, changes in the portfolio mix (larger proportion of portfolios with a higher risk density) and currency effects as a result of a stronger US dollar. At € 3.2 billion, Common Equity Tier 1 capital remained on a par with the end of the previous year (€ 3.2 billion). It is important to remember that the annual profit for 2024 was not taken into account in the CET1 capital due to a proposed dividend payment for the 2024 financial year.

The regulatory CET1 capital ratio for the single entity in accordance with HGB accounting standards was 17.1 % as at 31 December 2024 (previous year: 19.3 %). The corresponding Tier 1 capital ratio reached 17.1 % (previous year: 19.3 %), and the overall capital ratio amounted to 22.2 % (previous year: 24.8 %). The capital ratios for the single entity as at 31 December 2024 are also shown without taking the annual profit for 2024 into account due to a proposed dividend payment for the 2024 financial year. The single entity (HGB) regulatory capital requirements were adhered to at all times during the reporting period.

The BRRD (EU Bank Recovery and Resolution Directive) requires banks in EU member states to maintain sufficient loss absorption and recapitalisation capacity in the form of regulatory capital and defined liabilities (MREL - Minimum Requirement for Own Funds and Eligible Liabilities). The Bank has complied with the requirements at all times during the reporting period. As at 31 December 2024, the MREL ratio was 54.7 % of the total risk exposure amount (TREA) and the leverage ratio exposure (LRE) was 28.6 %. Hamburg Commercial Bank has no MREL requirements for 2025 that go beyond the regulatory capital requirements.

Risks for the capital ratio trend
Risks may arise from the regulatory environment, for instance from interpretation decisions or audits, in addition to the macroeconomic and industry-specific risks for the capital ratios.

It is possible, for example, that additional individual and increased capital requirements could arise from the regular SREP process carried out within the Banking Union. Additional discretionary decisions made by the supervisory authorities and industry-wide capital requirements (capital buffer for systemic and cyclical risks) could therefore result in higher capital requirements. Discretionary decisions made by the supervisory authorities with regard to model risks and validations may result in increases in RWA and thereby adversely impact the capital ratios for future PD estimates in the internal models.

Under CRR III, further burdens for the capital ratios could result from the proposed changes to the regulatory requirements – partly referred to as "Basel IV". First-time application is mandatory from 1 January 2025. Hamburg Commercial Bank expects that the implementation of Basel IV will tend to reduce the RWA for credit risks in 2025, since application of the foundation internal ratings-based (F-IRB) approach along with the Credit Risk Standardised Approach (CRSA) should provide portfolio-specific relief.

Capital Requirements Regulation III (CRR III)

	31.12.2024[1]
Risk-weighted assets (RWA) (€ bn)[1]	16.9
Regulatory capital (€ bn)	4.1
thereof: CET1 capital (€ bn)	3.2
Overall capital ratio (%)	24.2
Tier 1 capital ratio (%)	18.7
CET1 capital ratio (%)	18.7

1) The annual profit for 2024 was not taken into account in the Common Equity Tier 1 capital due to a proposed dividend payment; the dividend payment is subject to approval by the Annual General Meeting

ICAAP/risk-bearing capacity

Hamburg Commercial Bank assesses capital adequacy from both a normative and an economic perspective in accordance with the ECB Guide to the internal capital adequacy assessment process (ICAAP). The Bank defines capital adequacy as the ongoing safeguarding of financial stability, in the sense that risks are adequately covered by capital in order to ensure the implementation of the objectives of the business model. By determining it on a regular basis, capital adequacy forms part of the internal reporting and is closely managed and reported to the Bank's supervisory authorities.

The economic perspective is used to check whether all material risks are backed by internal capital at a specific point in time. Here, in contrast to the regulatory view (CRR), capital is based on an internal definition. The so-called risk coverage potential is based on IFRS equity, which is adjusted economically in line with the requirements of the ICAAP guide, for example by deducting deferred tax assets.

The measurement of risks is based on the Bank's internal economic methods and procedures. As part of the monitoring of the risk-bearing capacity, Hamburg Commercial Bank regularly compares the total economic capital required for all material risk types (overall risk) to the available economic risk coverage potential.

Hamburg Commercial Bank analyses its risk-bearing capacity comprehensively on a quarterly basis as well as within the framework of its annual planning process.

The overall risk takes into account default risk, market risk and operational risk as well as the liquidity maturity transformation risk as an element of liquidity risk. Economic capital required as an expression of unexpected losses is determined for default, liquidity, market and operational risks in a methodologically consistent manner with a confidence level of 99.9 % and a risk horizon of one year.

The economic capital requirements of the individual risk types are aggregated into the overall economic risk. No risk-reducing correlations between the risk types are utilised in the process.

The economic capital required for default risks is calculated closely in line with the regulatory capital backing, taking into account economic adjustments, particularly for risk concentrations.

Market risk (Value at Risk, VaR) is scaled up on the basis of the confidence level chosen by the Bank and a one-day holding period to show the economic capital required for market risk positions for the purpose of managing risk-bearing capacity with a risk horizon of one year.

Hamburg Commercial Bank also uses a VaR approach to quantify the liquidity maturity transformation risk. This long-term/structural liquidity risk is an expression of the risk of an increase in refinancing costs for the subsequent closure of open liquidity positions. The risk of illiquidity, on the other hand, which is more significant for the purposes of managing the liquidity risk in principle, is backed by a buffer of liquid funds. Information on managing the risk of illiquidity is included in the section entitled "Liquidity risk".

The operational risks are determined based on the most relevant scenarios from the risk scenario assessment using a Monte Carlo simulation.

Utilisation of risk coverage potential increased slightly compared to the end of the previous year, and amounted to 60 % as at the reporting date (previous year: 59 %). Both the risk coverage potential and the overall economic risk are at the same level as the previous year. At the level of the individual risk types, there is a reduced economic capital required for market risk and liquidity risk due to further methodological developments introduced in the second half of the year. The increase in the economic capital required for default risk is primarily due to the increase in total exposure and the development of the property market.

The risk-bearing capacity was ensured at all times during the reporting period.

ICAAP/risk-bearing capacity of the Group[1]

(€ bn)	31.12.2024	31.12.2023
Economic risk coverage potential	**3.2**	**3.2**
Overall economic risk	**1.9**	**1.9**
thereof: Default risks	1.1	0.8
thereof: Market risks	0.7	0.8
thereof: Liquidity risks	0.02	0.2
thereof: Operational risks	0.1	0.1
Risk coverage potential buffer	**1.3**	**1.3**
Utilisation of risk coverage potential (%)	**60**	**59**

1) Total differences are rounding differences

In addition to the economic perspective described above, compliance with the regulatory capital requirements over a medium-term horizon (at least a 3-year perspective in the base and stress case) under the internal normative perspective is also assessed in accordance with the ICAAP guidelines. The normative approach is not limited to the Pillar 1 risks covered by the regulatory capital requirements, but also takes account of economic effects on the key regulatory ratios through reciprocal relationships.

Adherence to the regulatory capital requirements including an internal management buffer is checked by means of the quarterly calculation of the regulatory capital ratios as at the reporting date and over a multi-year scenario horizon. These requirements refer explicitly to the capital planning and to dynamic scenarios in the baseline and adverse scenarios (base and downside planning). Whilst all key ratio requirements must be met in principle in the base planning, the capital buffer requirements may also not be complied with temporarily in the downside scenarios.

Scenario calculations

In addition to stress tests specific to risk types, the Bank also regularly conducts stress tests across all risk types in order to be able to better estimate the effects of potential crises on key parameters such as utilisation of the risk-bearing capacity, regulatory capital ratios and liquidity and thus Hamburg Commercial Bank's overall risk position. Based on observed market developments, macroeconomic and segment-specific forecasts are made for carrying out dynamic stress tests. These expected and stress forecasts are incorporated into different simulation scenarios for the economic and normative ICAAP perspective and presented quarterly to the ALCO and Overall Management Board.

Significant macroeconomic risks regarding the capital ratios and risk-weighted assets (RWA) result from a potential deterioration in the market and risk parameters in the Bank's core markets, including interest forecasts and a stronger US dollar.

Therefore, the impact of macroeconomic scenarios, such as a severe economic downturn, business area-specific crises, as well as scenarios that reflect potential transitional, reputational and physical risks associated with climate change, is calculated on the Pillar 1 and Pillar 2 capital ratios and the leverage ratio. In addition, there are scenarios which, along with the capital burden of macroeconomic effects, also assume a significantly more difficult liquidity situation. In these so-called ICLAAP scenarios, capital and liquidity are stressed simultaneously and consistently. In addition, the effects of possible regulatory developments are regularly assessed.

Economic restrictions caused by the worsening of geopolitical tensions and the further deterioration of the macroeconomic environment may lead to a significant deterioration in the risk parameters. The Bank therefore continuously considers different scenarios, oriented towards the base and stress forecasts of the ECB, the Bundesbank, the German Council of Economic Experts (Sachverständigenrat) for assessing overall economic development, the OECD and other institutes.

In the event of a deterioration in key capital adequacy or SRF ratios, measures to strengthen the capital ratios would be necessary, in order to comply with the Bank's internal requirements and with the regulatory requirements at the level of the Hamburg Commercial Bank Group. If capital buffer requirements are not met in such a scenario despite measures being taken, a capital conservation plan would then have to be prepared in accordance with Section 10i (3) KWG. A ratio significantly above the regulatory requirements is expected for the overall capital ratio in the base scenario as well as in the downside scenario for the following year.

In addition, so-called ad hoc stress analyses are performed for purposes of the economic perspective, i.e. the impact of changes in risk parameters is investigated based on the current portfolio for a one year risk horizon (sensitivity).

The results are incorporated in Hamburg Commercial Bank's internal reporting system every quarter and analysed on a regular basis by the Management Board in terms of an action-oriented management dialogue. In addition to checking the adequacy of economic capital and liquidity, this analysis serves to determine the need for action options to strengthen the financial stability of Hamburg Commercial Bank.

Hamburg Commercial Bank's recovery plan, drawn up in accordance with the Act on the Recovery and Resolution of Credit Institutions (Sanierungs- und Abwicklungsgesetz, SAG), has a comparable objective. It serves both the purpose of the early identification of any resource bottlenecks using appropriate indicators and their elimination in crisis situations by means of pre-defined options for action. The effectiveness of the options identified, the selected recovery plan indicators and related processes are reviewed and substantiated in the recovery plan on an annual basis by means of specific stress scenarios.

The indicators and action options used in the recovery plan are closely coordinated with the requirements of the SRF. The particular purpose of the stated processes is to ensure that the Bank is able to comply with the regulatory minimum requirements and internal guidelines, even under stress conditions. In addition, Hamburg Commercial Bank carries out inverse stress tests at least once a year. In doing so, scenarios that could endanger the continuity of the Bank are identified. This information is also used by Hamburg Commercial Bank's Management Board as guidance for explaining and deciding upon any action required in the event of developments that threaten the Bank's existence.

In addition to stress tests across all risk types, Hamburg Commercial Bank has established procedures for the early identification of negative developments at the level of individual risk types, which are discussed in the following sections.

Default risk

Hamburg Commercial Bank breaks down its default risk into credit, collateral, NPE strategy, settlement, country and equity holding risk.

Credit risk is the risk of complete or partial loss in the lending business as a result of deterioration in the counterparty's creditworthiness.

Collateral risk is the risk that the unsecured portion of an exposure will increase due to a loss in value of the collateral provided, or that the collateral value cannot be realised upon liquidation of the collateral.

The NPE strategy risk is the risk of a complete or partial loss due to the choice of a restructuring or workout strategy that is not appropriate for the situation, or of a strategy change that is too late in the event of an unsuccessful restructuring strategy.

Settlement risk arises from trading activities and consists of clearing risk and advance performance risk. Clearing risk arises in the case of possible loss of value if delivery or acceptance claims pertaining to a transaction that is already due have not been met by both parties. Advance performance risk is the risk that Hamburg Commercial Bank performs its contractual obligations when settling a transaction, but the consideration is not provided by the contracting party.

Hamburg Commercial Bank understands country risk as the risk that agreed payments are not made or only made in part or delayed due to government-imposed restrictions on cross-border payments (transfer risk). The risk is not related to the creditworthiness of the debtor.

Equity holding risk is the risk of a financial loss due to impairments of the equity holding.

All of the above-mentioned components of default risk are taken into account in the framework of equity management. Additional management measures are in place for risk concentrations and equity holding risks.

Organisation of default risk management

The analysis units in the market business units are responsible for managing credit risk over the entire term of the loan. The Credit Risk Center business unit is responsible for ensuring independent and appropriate control of the credit risk.

The individual analysis units are responsible for credit risk analysis, including the preparation of ratings and drafting of the credit applications as well as contract and collateral documentation. This also includes the ongoing monitoring of loan exposures, including the recognition of warning signs and intensive supervision.

The Processes & Middle Office department is responsible for designing the processes and rules that apply to the lending business within Hamburg Commercial Bank, in consultation with the Credit Risk Center business unit, which performs quality assurance for key processes on the basis of a material plausibility check.

Among other things, the Credit Risk Center business unit is responsible for the preparation and further development of credit standards as well as compliance therewith, for setting ratings, and for preparing a second assessment for normal and intensive exposures that are subject to a vote. Voting on lending transactions is not an integral part of, but rather a prerequisite for, the lending decision in the case of normal and intensive exposures. In addition, the Credit Risk Center business unit has the right of veto and the right to issue binding conditions during the lending decision process. For normal and intensive exposures, lending decisions below the committee competence levels are each made jointly and unanimously by a competent manager in customer service together with a competent manager from the analysis unit of the respective market business unit (1st LoD). The Credit Committee is responsible for lending decisions on major exposures (competence level 2). For loan applications at the competence level of the Overall Management Board (competence level 1), the Credit Committee makes a decision recommendation in advance.

In principle, for restructuring and workout cases there is joint management by the analysis unit of the respective market business unit and the Credit Risk Center business unit, whereby the specialised Restructuring & Work-Out department located in the Credit Risk Center business unit is primarily responsible for restructuring and workout-specific activities. These primarily include the development of restructuring or workout concepts, their decisive implementation, the monitoring of success, the examination of whether a default is to be determined in the framework of ratings preparation, the classification as deferred or non-performing risk positions, the determination of loan loss provision amounts (IFRS 9 Stage 3) together with the Strategic & Credit Risk Control business unit, and ultimately the termination of the restructuring or workout process. Voting is not required due to the close involvement and responsibility of the Credit Risk Center business unit. Decisions regarding restructuring and workout exposures below the committee competence level are made jointly by a competent manager from the analysis unit of the respective market business unit and a competent manager from the Credit Risk Center business unit, or by two competent managers from the Credit Risk Center business unit. At competence level 2, as with normal and intensive exposures, decisions are made by the Credit Committee, and at competence level 1, decisions are made by the Overall Management Board. A positive lending decision against the back office recommendation is thereby excluded. For both normal and intensive loan management, Hamburg Commercial Bank makes use of the option to dispense with the involvement of the Credit Risk Center business unit within the scope of the MaRisk opening clause for lending transactions in certain types of business and below certain amounts that are classified as not material in terms of risk.

The trading lines for counterparty and issuer risk are monitored by the Asset & Liability Risk Control business unit. As part of the trading line monitoring, the potential future exposure on derivatives is recalculated daily for each client on the basis of a 95 % quantile and compared to the respective trading limit.

The Strategic & Credit Risk Control business unit is also responsible for the independent analysis and monitoring of risks at the portfolio level, the independent reporting and management of country risks and the calculation of loan loss provision amounts in accordance with IFRS 9. This also includes ensuring portfolio transparency and independent business area analysis (including scenario simulations) as well as the operation of an automated early warning system. In addition, in cooperation with the analysis units of the market divisions and the Credit Risk Center business unit, a so-called credit watchlist is maintained at the individual transaction level, for identifying loan exposures and intensifying their monitoring on a timely basis, where they are beginning to show signs of increased risk.

Along with the process descriptions, the principles and regulations contained in Hamburg Commercial Bank's Credit Manual, in particular on voting and lending competencies (definition of voting and/or decision-making powers for lending decisions made by the Bank as well as for entering into, changing and terminating equity holdings) and reporting thereof, on assessing creditworthiness and the determination of ratings, on the treatment and valuation of collateral, on ongoing exposure monitoring and dealing with problem loans, including classification as deferred risk positions or non-performing, defaulted or impaired loans, form the basis for the operating activities within the lending business. Thereby, credit risks which fall under the definition as set out in Article 389 CRR are considered and treated differently based on collateralisation, loan type, rating category and type of credit risk. The basis is Hamburg Commercial Bank Group's total exposure per group of connected clients (GCC) as defined in Article 4 (1) no. 39 CRR.

Hamburg Commercial Bank has defined valuable collateral in order to differentiate between collateralised and non-collateralised loans. This is based on the fulfilment of the requirements under the CRR (for example, the existence of a market value, realisation possibilities, lack of correlation to the secured credit, legal enforceability, matching of maturity). The range of approved collateral can be expanded following an assessment carried out by a team independent of the market units, consisting of specialists from the Credit Risk Center and Strategic & Credit Risk Control business units as well as the Processes & Middle Office and Credit Law departments.

Credit risk management for single risks is supplemented in particular by instructions on exposure monitoring and early identification of risks, as well as limit monitoring based on default risk for specific sub-portfolios (Real Estate, Shipping, Leveraged Transactions, amongst others), which was approved in the SRF.

Management of the default risk

In line with Hamburg Commercial Bank's business strategy focus as a commercial bank and specialist finance provider, default risk represents a significant risk. For its measurement and management, the risk management uses procedures and methods that are continuously reviewed for appropriateness and developed further.

The main parameters for the default risk are the expected and the unexpected losses. The expected loss is equivalent to the amount which is expected within one year on a given probability of default (PD), loss given default (LGD) and exposure at default (EaD) for a borrower. The EaD is the expected loan amount outstanding taking into account a potential (partial) drawdown of commitments and contingent liabilities that will adversely impact the risk-bearing capacity in the event of a default. The maximum amount by which an actual loss can exceed the expected loss with a specified probability (99.9 %) within a specified time period (one year) is described as the unexpected loss. PD, LGD and EaD are also relevant risk parameters in this context. Based on the requirements for calculation of the regulatory capital backing in accordance with CRR for IRB models, the economic capital required for internal management is determined, taking into account economically justified adjustments. In addition, institution-specific asset correlations and granularity adjustments designed to cover existing risk concentrations are taken into account in determining the economic capital required for default risk.

The NPE ratio, for which a corresponding risk guideline has been defined in the SRF, serves as an important management indicator for the non-performing exposure (NPE), which is the total of all risk positions of borrowers in default. In addition, the NPE coverage ratio AC (ratio of total loan loss provisions recognised on the non-performing exposure to the total non-performing exposure AC) is monitored at the Overall Bank level. Another important ratio is the non-performing loans ratio (NPL ratio). In accordance with the regulatory FINREP reporting, the NPL ratio describes the ratio of the gross carrying amounts of non-performing loans and advances to the gross carrying amounts of total loans and advances. The syndication of lending transactions helps to actively shape the composition of the portfolio and align individual financing risks (so-called final takes) to the balance sheet ratios. The Bank subjects all new business and selected existing business, which is directly intended for syndication or which could potentially be considered for syndication at a later date, to a market conformity review and/or a syndication assessment that is performed by the credit syndication unit within the Syndicate & Credit Solutions department. The Credit Committee then makes a joint decision together with the credit syndication unit and the sales employees in the so-called deal team as to whether syndication should be arranged as part of the new business or underwriting process. The volume of the underwriting book as well as the maximum holding period of a loan intended for sale are limited by corresponding risk guidelines in the SRF.

RATING PROCEDURE, LGD AND CCF

Hamburg Commercial Bank uses rating modules for banks, corporates, international sub-sovereigns, country and transfer risks, insurance companies, leveraged finance, savings banks standard rating and leasing as well as for special financing for ships, aircraft, real estate and projects. In addition to quantitative information, various qualitative characteristics are also part of each rating module. The result is a probability of default (PD) for each borrower and hence allocation to a specific rating category. The Bank uses an identical rating master scale for all modules, which not only makes different portfolio segments comparable, but also enables mapping with external ratings.

In order to determine the expected utilisation of contingent liabilities and loan commitments in the event of a possible default, so-called credit conversion factors (CCF) are empirically determined and applied. The loan amount outstanding weighted by CCF is described as EaD.

Hamburg Commercial Bank uses a differentiated LGD methodology to forecast the loss given defaults. Based on historical loss information, collateral-specific realisation proceeds rates and borrower-specific loss ratios are estimated. The expected economic default amount is calculated using EaD, PD and LGD.

As part of the annual validation process, the predictive accuracy of the rating modules is reviewed in the reporting year with regard to the predicted probabilities of default using anonymous, aggregated data and the LGD and CCF procedures are validated in a comparable manner and continually enhanced.

RISK CONCENTRATIONS

Within the framework of regular business segment analyses, potential counterparty default risk concentrations, for example with regard to groups of connected clients (GCC), regions or industrial sectors in a broader sense, are identified and their trend is monitored. The material concentrations of credit risk within Hamburg Commercial Bank at the end of 2024 were in the real estate portfolio, which accounted for 22 % of the overall portfolio and is thus slightly below the level seen in the previous year (previous year: 24 %).

In order to reduce risk concentrations, Hamburg Commercial Bank is actively focusing on a gradual expansion into new products, to increase the granularity and diversification of the portfolio.

There is an internal process for monitoring the upper limits of large exposures in accordance with Article 395 CRR, which ensures compliance with the regulatory requirements. As a supplementary measure, the material counterparty concentrations in the portfolio are identified, which are reported to the Management Board and the Risk Committee on a quarterly basis. In order to avoid future counterparty concentrations, the Bank's credit standards define upper limits per borrower.

As part of the management of risk concentrations, the country risk limitation provides an additional management dimension. Both absolute and maturity-dependent country limits are set for country risk concentrations at the Hamburg Commercial Bank Group level. The utilisation of the corresponding risk limits is monitored continuously, and this is reported to the Management Board monthly and to the Risk Committee on a quarterly basis.

EQUITY HOLDING RISK

Hamburg Commercial Bank has significantly reduced its equity holdings portfolio and thereby its equity holding risk over recent years. Overall, the equity holdings portfolio of Hamburg Commercial Bank is not material for business operations. The reduction in equity holdings continues. New equity holdings are only acquired if they meet Hamburg Commercial Bank's strategic objectives. Opportunities and risks of a possible equity holding commitment are analysed in detail prior to the conclusion of the transaction.

A key tool for monitoring and management of equity holding risk is regular corporate assessment. Impairment tests are performed at least once a year on all equity holdings of Hamburg Commercial Bank. When doing so, significant equity holdings are subjected to a more detailed analysis.

Furthermore, the articles of association and Rules of Procedure are formulated so as to ensure that the most intensive management possible can be exercised for the benefit of Hamburg Commercial Bank.

Hamburg Commercial Bank has issued a hard letter of comfort for two companies in the equity holdings portfolio and is therefore liable for the liabilities of these companies. These letters have so far not given rise to any liability on the part of Hamburg Commercial Bank. Hamburg Commercial Bank has concluded a profit and loss transfer agreement with one further equity holding.

MANAGEMENT OF THE DEFAULT RISK IN THE PRICING AND RECALCULATION

Hamburg Commercial Bank applies a uniform method for the pricing of lending transactions through calculating the present value of the expected losses and the regulatory capital required to cover the unexpected losses arising on default risk positions. In addition to liquidity costs and full costs, the rating, LGD and EaD risk parameters determined internally on an individual transaction basis are incorporated in the pricing by means of the standard risk costs and the regulatory capital backing, which are calculated using the CRSA or F-IRB approach, depending on the transaction.

Similarly, a monthly recalculation (profit-centre calculation) of the transactions takes place, taking into account the above-mentioned cost components. Based on the current risk parameters of the individual transactions, the standard risk costs are determined and incorporated in the contribution margin calculation. Furthermore, utilisation of the capital commitment set as part of the Bank's annual plan is determined regularly at business unit level for the purposes of managing default risk.

DEFAULT RISK STRUCTURE

Hamburg Commercial Bank continuously and systematically monitors potential effects of the macroeconomic and political environment at the level of sub-portfolios and individual clients.

The 2024 financial year was characterised by the continuation of geopolitical tensions and increased uncertainty in the macroeconomic environment. Clients whose business model is expected to be affected by the direct and indirect consequences of weak global development, low economic growth as well as the changing interest rate landscape and energy and raw materials supply are closely managed, primarily through the credit watchlist process, and the need for measures to manage credit risk is reviewed continuously.

The EaD of the total exposure amounted to € 36,692 million as at 31 December 2024 (previous year: € 35,240 million).

The EaD broken down by internal rating categories is presented in the following table. EaD with an investment grade rating (rating category 1 to 5) remains high at 69 % of the total exposure at the Group level (previous year: 72 %).

The ongoing challenging conditions on the property markets have led to a number of new defaults in the Bank's real estate portfolio. This was countered by the systematic winding-down of existing non-performing exposure (NPE). As a result, Hamburg Commercial Bank reduced its NPE portfolio to € 686 million in the reporting year (previous year: € 800 million). At 1.9 %, the NPE ratio was significantly below the previous year's level (2.3 %). The NPL ratio fell to 3.3 % (previous year: 4.3 %).

Default risk structure by rating category[1]

	31.12.2024		31.12.2023	
	EaD (€ m)	relative share (%)	EaD (€ m)	relative share (%)
1 (AAAA) to 1 (AA+)	5,764	15.7	6,760	19.2
1 (AA) to 1 (A–)	11,237	30.6	9,591	27.2
2 to 5	8,320	22.7	8,914	25.3
6 to 9	8,705	23.7	7,942	22.5
10 to 12	1,140	3.1	801	2.3
13 to 15	746	2.0	317	0.9
16 to 18 (default categories)	686	1.9	800	2.3
Other[2]	94	0.3	115	0.3
Total	**36,692**	**100**	**35,240**	**100**

1) Mean default probabilities (%): 1 (AAAA) to 1 (AA+): 0.00–0.02; 1 (AA) to 1 (A–): 0.03–0.09; 2 to 5: 0.12–0.39; 6 to 9 0.59–1.98; 10 to 12 2.96–6.67; 13 to 15: 10.00–20.00; 16 to 18 100.00

2) Transactions for which there is no internal or external rating available are reflected in the "Other" line item, such as receivables from third parties of the Bank's consolidated equity holdings and G/L accounts

EaD broken down by sectors important for Hamburg Commercial Bank is presented in the following table:

Default risk structure by sector

	31.12.2024		31.12.2023	
	EaD (€ m)	relative share (%)	EaD (€ m)	relative share (%)
Public sector	6,446	17.6	7,112	20.2
Land and buildings	6,085	16.6	5,827	16.5
Credit institutions	6,046	16.5	5,221	14.8
Other financial institutions	5,846	15.9	5,388	15.3
Other services	4,592	12.5	4,437	12.6
Shipping	3,058	8.3	2,359	6.7
Industry	2,753	7.5	2,872	8.1
Trade and transport	1,742	4.7	1,880	5.4
Private households	103	0.3	117	0.3
Aviation	21	0.1	27	0.1
Other	–	–	–	–
Total	**36,692**	**100**	**35,240**	**100**

The following table shows EaD broken down by residual maturities:

Default risk structure by residual maturity[1]

	31.12.2024		31.12.2023	
	EaD (€ m)	relative share (%)	EaD (€ m)	relative share (%)
<3 months	4,736	12.9	5,548	15.7
3 months to <6 months	1,273	3.5	1,288	3.7
6 months to <1 year	1,979	5.4	1,871	5.3
1 year to <5 years	16,940	46.2	13,996	39.7
5 years to ≤10 years	6,969	19.0	7,350	20.9
>10 years	4,795	13.1	5,187	14.7
Total	**36,692**	**100**	**35,240**	**100**

The following table provides an overview of the EaD by region:

Default risk structure by region

	31.12.2024		31.12.2023	
	EaD (€ m)	relative share (%)	EaD (€ m)	relative share (%)
Eurozone	23,316	63.5	24,590	69.8
thereof: Germany	11,885	32.4	13,206	37.5
thereof: Greece	–	–	–	–
thereof: Italy	227	0.6	268	0.8
thereof: Portugal	104	0.3	209	0.6
thereof: Spain	661	1.8	743	2.1
Western Europe	4,521	12.3	3,815	10.8
Eastern Europe[1]	47	0.1	10	–
African countries[2]	487	1.3	326	0.9
North America	6,108	16.6	4,703	13.3
Latin America	777	2.1	390	1.1
Middle East	–	–	43	0.1
Asia Pacific region[3]	1,255	3.4	1,332	3.8
International organisations	181	0.5	31	0.1
Total	**36,692**	**100**	**35,240**	**100**

1) Hamburg Commercial Bank has a gross exposure in the following Eastern European countries which were not members of the eurozone as at the reporting date: Romania, Czech Republic, Turkey and Hungary

2) The exposure in African countries mainly consists of Liberia, which is relevant as a country of registration for the shipping business, and a very low exposure in South Africa

3) The exposure in the Asia Pacific region mainly consists of the Republic of the Marshall Islands, which is relevant as a country of registration for the shipping business

The allocation of business to the individual regions and for the presentation of selected countries is based on the gross exposure on the basis of the legal country of domicile. The information is reported without any further collateral allocations.

Political and economic developments in the countries relevant to Hamburg Commercial Bank are analysed continuously as part of country risk management. Countries with unfavourable fiscal and economic data are subject to increased monitoring and may be subject to stricter limits.

In the course of the geographical diversification of the Hamburg Commercial Bank portfolio, the exposure in North America was increased in particular, primarily through US corporate loans and securitisation structures which have top credit quality.

Hamburg Commercial Bank has no gross exposure to Russia, Belarus or Ukraine. As a result of the war between Russia and Ukraine, new business with both countries was prohibited immediately upon the attack of 24 February 2022. In the internal risk perspective, which takes into account the net exposure subject to transfer risk (after the collateral relevant to country risk), there is only a single exposure that is largely hedged by export credit agency (ECA) cover. After ECA cover, the Bank's remaining transfer risk related to Russia is now below one million euro.

In the countries affected by the current Middle East conflict, Hamburg Commercial Bank only has a low gross exposure to the potential direct impact. The indirect impact has had rather positive effects so far, especially in the Shipping portfolio. Due to the threat to merchant shipping in the Red Sea and the resulting changes in shipping routes, there was an increase in capacity requirements, causing the charter rates to rise. The developments in the situation are being closely monitored, in order to identify possible impacts of contagion in the context of a potential regional escalation.

Similarly, new business with Turkey remains suspended in the current economic, domestic political and geopolitical environment.

LOAN LOSS PROVISIONS

Hamburg Commercial Bank pays the most attention to default risk within the context of risk management. Impairments of a loan exposure are covered by the recognition of provisions for loans and provisions for off-balance-sheet business (LECL Stage 3 loan loss provisions) in the amount of the potential loss in accordance with Group-wide standards. Furthermore, Hamburg Commercial Bank recognises loan loss provisions under Stages 1 (12-month ECL) and 2 (LECL Stage 2) to cover future risks, the amount of which is, however, not yet known to the Bank.

All restructuring and workout commitments, as well as intensified loan management commitments with a rating greater than or equal to 13, are subject to a comprehensive two-step review process every quarter. The first step is to check whether the loan might be impaired (impairment identification) on the basis of objective criteria (so-called trigger events). If this is the case, the second step is to investigate whether the loans identified actually require a loan loss provision, and then to determine the amount (impairment measurement). Loan loss provisions are recognised for transactions categorised as AC and FVOCI under IFRS 9.

Changes in loan loss provisions in the lending business

(€ m)	01.01.–31.12.2024			
	Loan loss provisions Stage 3 incl. POCI	Loan loss provisions Stage 1 and 2	Other[1]	Total
Corporates	–1	–22	3	–20
Project Finance	1	–2	–	–1
Real Estate	–66	–9	2	–73
Global Transportation	–	–8	5	–3
Treasury & Group Functions	1	–	2	3
Reconciliation	–1	–	–	–1
Group	**–66**	**–41**	**12**	**–95**

[1] The “Other” item includes the result of other changes in loan loss provisions (direct write-downs, recoveries on loans and advances previously written off, result of non-substantial modifications)

Changes in loan loss provisions in the lending business

(€ m)	01.01.–31.12.2023			
	Loan loss provisions Stage 3 incl. POCI	Loan loss provisions Stage 1 and 2	Other[1]	Total
Corporates	9	26	3	38
Project Finance	–4	39	2	37
Real Estate	–116	–58	–3	–177
Global Transportation	–	8	3	11
Treasury & Group Functions	–	–	11	11
Reconciliation	–	–	1	1
Group	**–111**	**15**	**17**	**–79**

[1] The “Other” item includes the result of other changes in loan loss provisions (direct write-downs, recoveries on loans and advances previously written off, result of non-substantial modifications)

The change in loan loss provisions amounted to a net addition of € 95 million as at the reporting date (previous year: € 79 million net addition). In the reporting year, the development in loan loss provisions remained dominated by the Real Estate segment, which was again hit by an uncertain economic situation in 2024. The negative impact in this segment was, however, significantly less pronounced than in 2023. In the other segments, however, particularly in Corporates and Project Finance, loan loss provisions normalised after net reversals, some of them substantial, had been recorded in the previous year.

The net additions to Stage 3 were almost entirely attributable to the Real Estate segment and totalled € 66 million. Weak demand and lower market values meant that higher provisions had to be recognised in particular for financing arrangements in default involving office properties in Germany and the US (especially for properties in need of development). In the other segments, there were no major effects overall.

At Stages 1 and 2 of the loan loss provisions model, around half of the total net additions of € 41 million (including the change in model overlays) were attributable to the Corporates segment (€ 22 million), with the rest attributable to the Real Estate (€ 9 million), Global Transportation (€ 8 million) and Project Finance (€ 2 million) segments. The net additions in the Corporates segment are due primarily to the recognition of model overlays. These address risks for exposures that are more sensitive to the economic implications of the current high level of geopolitical uncertainty as well as the risk of negative effects from the potential escalation of trade and tariff conflicts. The Stage 1 and 2 net additions in the Real Estate and Global Transportation segments are mainly due to an increase in original loan loss provisions due to a change in the risk parameters. In the Real Estate segment, the additions to original loan loss provisions exceeded the reversals as a result of the reduction in model overlays for the office properties and land financing sub-portfolios.

The result from other changes in loan loss provisions of € +12 million includes direct write-downs of € 3 million, which were more than offset by payments received on receivables that had been written off (€ 15 million).

For further details, particularly on the composition and development of the model overlays, we refer to Note 12 "Loan loss provisions" in the notes to the Group financial statements.

Total loan loss provisions

(€ m)	31.12.2024	31.12.2023
Volume of receivables AC	**20,730**	**18,166**
thereof: volume of impaired loans (gross carrying amount Stage 3)[1]	670	788
Gross carrying amount (Stage 2)	2,696	2,260
Gross carrying amount (Stage 1)	17,364	15,118
Total loan loss provisions for balance sheet items	**–347**	**–366**
thereof: Total loan loss provisions (Stage 3)[1]	–212	–242
Total loan loss provisions (Stage 2)	–93	–89
Total loan loss provisions (Stage 1)	–42	–35

[1] Stage 3 including POCI

As at 31 December 2024, the total loan loss provisions for balance sheet items calculated in accordance with IFRS 9 amounted to € –347 million (previous year: € –366 million). In addition, provisions for off-balance sheet items amounted to € –28 million as at the reporting date (previous year: € –43 million).

The coverage ratio of the total volume of receivables AC was 1.7 % as at 31 December 2024, which is slightly below the previous year (2.0 %). In the Real Estate segment, the coverage ratio as at 31 December 2024 was 2.7 % (31 December 2023: 3.0 %). The total loan loss provisions at Stages 1 and 2 serve to mitigate the impact of potential future negative influences.

The NPE coverage ratio AC decreased from the prior-year level (34 %) to 33 % as at 31 December 2024 due to further changes in the NPE portfolio.

Details of the total loan loss provisions in the lending business can be found in Notes 12 "Loan loss provisions", 22 "Loan loss provisions" and 35 "Provisions" in the notes to the Group financial statements.

Market risk

Market risks describe the potential losses that can arise as a result of adverse changes in market values on positions held in the trading and banking book. The measurement of market risk at Hamburg Commercial Bank covers the following types of risk:

- Interest rate risks due to changes in interest rates. This includes interest rate risks in the banking book (IRRBB) and in the trading book.
- Credit spread risks due to changes in the credit spreads in the banking book (CSRBB) as well as in the trading book
- Other market risks due to changes in exchange rates (foreign exchange risk) and share prices, indices and fund prices (equity risk/funds risk), in each case including their volatilities (volatility risk).

This definition also includes pension risk as a potential loss resulting from an adverse net present value development of plan assets and/or pension liabilities, due to the changes in interest rates, credit spreads, fund prices and currency exchange rates as well as the inflation trend and the biometric assumptions. Therefore, measuring and managing of pension risk is carried out as part of market risk management.

Organisation of market risk management
The Management Board determines the methods and processes for measuring, limiting and managing market risk and budgets the maximum economic capital required by the Group for market risk based on an overall limit that covers all risk types. Within the scope of this loss ceiling, the risks of all transactions with market risk are limited by a system of loss and risk limits.

The Finance & Bank Steering business unit performs the central management function for interest rate and foreign exchange risks in the banking book. The Overall Management Board is responsible for selected strategic positions with market risks. Market risk is actively managed in the Treasury & Markets business unit.

An organisational separation between market risk controlling, settlement and control, on the one hand, and the trading units responsible for positions, on the other, is ensured at all levels in accordance with MaRisk. All major methodological and operational risk measurement and monitoring tasks are consolidated in the Asset & Liability Risk Control business unit.

Market risk management

MEASURING AND LIMITING MARKET RISK
The economic daily result and a value-at-risk (VaR) approach form the basis of the system for measuring and managing market risk. The economic result is determined from the change in net present value compared to the end of the previous year. The Value at Risk of a position represents the loss in value (in euros) which will not be exceeded until the position is hedged or realised within a predetermined period with a predetermined probability.

The VaR is determined by Hamburg Commercial Bank using the historical simulation method. It is calculated based on a confidence level of 99.0 % and a holding period of one day for a historical observation period of 250 equally weighted trading days.

To enable diversified asset backing and to secure the long-term pension liabilities, the Bank implemented a Contractual Trust Agreement (CTA) in 2020. The assets consist primarily of long-term investments in liquid exchange-traded funds and alternative investment funds. The resulting equity/funds risk is part of the market risk of Hamburg Commercial Bank. Due to its structure that differs significantly from the rest of the Group, the CTA uses a Cornish-Fisher VaR approach with a holding period of one year and a confidence level of 99.9 %, which in line with the long-term investment horizon is based on market data history going right back to 2008, and it thus takes into account the period of the financial crisis. This value is included as an add-on in the Group VaR with appropriate scaling.

The basis risk is taken into account in determining the VaR. Basis risk constitutes the risk of a potential loss or profit resulting from changes in the price/interest rate relationship of similar financial products within a portfolio.

Hamburg Commercial Bank manages the market risks from the lending business and the liabilities as part of a proactive portfolio management process and hedges them through external transactions. In order to achieve its earnings targets, the Bank accepts market risks within the scope of the risk appetite defined by the Management Board.

The market risk appetite formulated by the Management Board is converted into limits, which are further broken down by the ALCO. Limit compliance is monitored on a daily basis by means of a VaR limit for Hamburg Commercial Bank's overall market risk, by VaR limits for specific risk types/portfolios as well as a stop loss limit for the economic result. On a monthly basis, the annualised economic capital required for market risks is calculated and compared with the economic capital allocated to market risks by the Management Board.

In the framework of stress testing, the potential net present value losses are limited, which would result from the six interest rate shock scenarios specified in the EBA guideline EBA/GL/2018/02. The perspective is expanded through monthly stress test calculations across all risk types, in which the net present value effects of various historical and hypothetical stress scenarios are analysed. Since the beginning of 2023, the limiting of net interest income risk is in line with the EBA standard (EBA/RTS/2022/10 Introduction of the Supervisory Outlier Test for Net Interest Income Risk).

There are clearly defined processes in place in the Strategic Risk Framework for limit adjustments and overdrafts.

During the reporting period, the Group limits approved by the Management Board were met at all times.

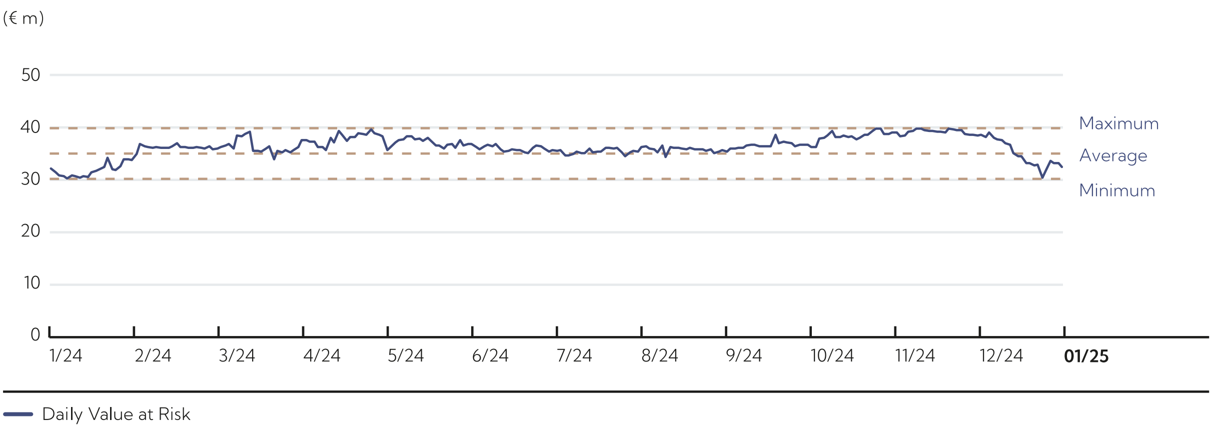
Where necessary, Hamburg Commercial Bank enters into hedging transactions to manage or reduce market risk in order to offset the impact of unfavourable market movements on its own positions. Derivative financial instruments, such as interest rate and cross currency interest rate swaps, are used as hedging instruments. The effects of the hedging transactions entered into are included in the VaR reported. Further information on this and the type and categories of the hedging instruments and hedging relationships entered into by Hamburg Commercial Bank as well as the type of risks hedged is presented in the notes to the Group financial statements. In particular we refer to Section I. F) of Note 5 "Accounting policies", Note 8 "Result from hedging", Note 23 "Hedge accounting" and Note 53 "Report on business in derivatives".

The VaR of Hamburg Commercial Bank also covers both the trading book and banking book. Positions are assigned to the banking and trading books on the basis of clearly defined guidelines, especially with regard to holding periods permitted in the trading book. The assignment of individual positions to the relevant book are clearly identifiable in the market risk systems. Different processes and controls were established to meet the requirements for proper management of the trading book, which are reviewed for appropriateness on a regular basis.

The material market risks at Hamburg Commercial Bank during the reporting period primarily include interest rate risk along with the equity/funds risk as well as the credit spread risk. Foreign exchange risk plays a minor role.

The following chart shows the movement in the daily VaR for the total trading and banking book positions of Hamburg Commercial Bank over the course of 2024.

Daily Value at Risk in the course of 2024



As at 31 December 2024, the daily market risk of the trading book positions was € 3.5 million (previous year: € 4.5 million) and that of the banking book positions was € 32.5 million (previous year: € 34.1 million). The aggregated market risk, which cannot be derived from the total VaR of the trading and banking book positions due to risk-mitigating correlation effects, amounted to € 32.4 million (previous year: € 33.7 million). The daily interest rate risk in the banking book (IRRBB) was € 21.2 million (previous year: € 18.3 million), the equity/funds risk was € 13.2 million (previous year: € 14.8 million), the credit spread risk was € 6.0 million (previous year: € 8.7 million) and the foreign exchange risk was € 6.5 million (previous year: € 1.0 million).

The following table shows the change in daily VaR in the banking and trading books for the individual market risk types and the overall VaR. The maximum and minimum represent the range over which the respective risk amount moved during the course of the year under review.

Daily Value at Risk of the Group

(€ m)	Interest rate risk[1]		Credit spread risk[1]		Foreign exchange risk		Equity/ funds risk		Total[2]	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Average	24.7	25.4	5.8	9.2	3.5	2.2	12.7	13.0	36.3	42.0
Maximum	30.3	33.1	9.0	10.4	9.1	4.9	14.8	14.8	39.9	49.0
Minimum	14.9	18.3	3.9	6.6	0.2	0.6	10.9	7.0	30.2	33.7
Period end value	21.5	18.3	6.0	8.9	1.7	3.8	13.2	14.8	32.4	33.7

1) Interest rate risk excluding credit spread risk
2) Due to correlations the VaR does not result from adding up individual values

The market risk of Hamburg Commercial Bank is characterised by interest rate and foreign exchange risk arising from the lending business, refinancing and the trading book. The latter predominantly contains positions resulting from foreign exchange risk management, trading in interest rate and currency derivatives with clients as well as bond trading. Market risk also includes credit spread risk on securities held in the liquidity buffer, cover pool and investment management portfolios, which have good credit quality. In addition to the risk determined by the system, the VaR of Hamburg Commercial Bank as at 31 December 2024 includes a VaR add-on of € 0.5 million for residual risks for corporate bonds, Pfandbriefe, government bonds and collateralised loan obligations. As at 31 December 2024, the CTA has an add-on to the VaR determined by the system in the amount of € 13.2 million.

The overall VaR of € 32.4 million as at 31 December 2024 was at a similar level to the end of the previous year (€ 33.7 million). The fluctuations over the course of the year were primarily determined by adjustments to the interest rate position.

BACKTESTING

Hamburg Commercial Bank performs regular backtests to verify the appropriateness of its VaR forecasts. Assuming unchanged positions, the theoretical daily results achieved on the basis of the market development observed on the following day are compared with the VaR values forecast on the previous day by means of historical simulation. Based on the assumption of the confidence level of 99.0 % applied by Hamburg Commercial Bank, up to three outliers indicate that the forecasting quality for market risks is satisfactory. In order to ensure adequate forecasting quality at the level of the Hamburg Commercial Bank Group, the VaR calculated on the basis of the historical simulation is corrected by including an add-on, if more than three outliers are determined. Such an add-on is not required as at the reporting date.

STRESS TESTS

In addition to steering of the daily VaR and the interest rate shock scenarios specified by the ECB, further stress tests are performed to investigate the effects of unusual market fluctuations on the net present value of the Bank's positions.

Hamburg Commercial Bank makes a distinction for market risk between standardised, historical and hypothetical stress scenarios. Whereas standardised scenarios are defined specifically according to risk types (for example, shifting or turning of the interest rate curve), the historical and hypothetical stress tests affect multiple market risk factors at the same time. As such, historical scenarios reflect historical correlations between the various risk factors that have actually occurred in the past, while hypothetical scenarios represent fictitious changes in risk factors. With regard to the hypothetical scenarios, a distinction is also made between economic scenarios that simulate a downturn in the macroeconomic environment and portfolio-specific scenarios that can represent a potential threat to the value of the material sub-portfolios of Hamburg Commercial Bank. An ESG market risk stress test also falls into the category of hypothetical scenarios. The hypothetical scenarios are reviewed periodically and adjusted if necessary, depending on the change in the market environment.

INSTRUMENTS FOR MANAGING MARKET RISK IN THE CONTEXT OF ACCOUNTING FOR HEDGING RELATIONSHIPS

The Treasury & Markets business unit also uses derivative financial instruments to manage market risk arising from loans and liabilities as well as securities. Interest rate swaps and other interest rate or currency swaps are used to hedge the interest rate and foreign exchange risk arising from the underlying transactions. The hedging of market risks can take place at micro, portfolio and macro level.

Changes in the value of derivatives are always recognised through profit or loss due to the FVPL classification. If underlying transactions classified as AC or FVOCI are hedged by derivatives, this gives rise to a distortion in the income statement that is not consistent with the economic facts. One way of avoiding these distortions is to use fair value hedge accounting. In fair value hedge accounting, the changes in value of hedged items which are attributable to the hedged risk are recognised through profit or loss. In doing so, the Bank only takes into account hedging of the fair value against interest rate risks. Fixed interest rate loans, issued instruments and securities positions are designated as underlying transactions (hedged items), while only third-party interest rate and cross currency interest rate swaps are designated as hedging instruments. Hamburg Commercial Bank recognises appropriate hedges of underlying transactions by external derivatives under portfolio fair value hedge accounting as well as micro hedge accounting in individual cases, insofar as the requirements of IFRS 9 are met.

Liquidity risk

Hamburg Commercial Bank assesses liquidity adequacy from both a normative and an economic perspective in accordance with the ECB Guide to the internal liquidity adequacy assessment process (ILAAP).

The normative perspective covers a multi-year assessment period, and thereby focusses on the ability to fulfil all regulatory, supervisory and in part internal liquidity requirements and guidelines at all times. The objective is the forward-looking assessment of liquidity adequacy. In addition to a baseline scenario, adverse scenarios are also taken into account in forecasting the parameters.

Conversely, the economic perspective ensures that all material risks that may negatively affect solvency are identified, quantified and covered by internal liquidity potential, so that the business strategy can be pursued continuously and the continuity of the institution is maintained at all times. The objective of the economic perspective is to manage economic risks and also ensure liquidity adequacy through stress test programmes. For economic liquidity management, internal parameters are considered, which are calculated on the basis of the Bank's current portfolios.

For the liquidity risk, a distinction is made between the risk of illiquidity, the liquidity maturity transformation risk and the market liquidity risk.

The risk of illiquidity refers to the risk that present or future payment obligations cannot be met in part or in full. The key driver of this liquidity risk is the cash flow structure in the liquidity maturity profile, which is determined by the assets (maturity/currency structure) and liabilities (funding structure by maturity/currency/investor).

Liquidity maturity transformation risk refers to the risk that a pending loss will result from a mismatch in the contractual maturities of assets and liabilities, the so-called liquidity maturity transformation position, and from the change in the Bank's refinancing surcharge.

Market liquidity risk is the risk that transactions cannot be concluded, or can only be concluded with disproportionately high costs, due to low market liquidity or a lack of market depth.

Organisation of liquidity risk management

Strategic liquidity management is the responsibility of the Finance & Bank Steering business unit. The objective of liquidity management is to ensure the solvency of Hamburg Commercial Bank at all times, at all locations and in all currencies, to adhere to the regulatory liquidity ratios, to actively avoid concentration risks in the refinancing structure within the Bank's risk appetite and to manage the marketability of the liquid assets of the liquidity buffer. The Treasury & Markets business unit has operational responsibility for funding and market management.

The Asset & Liability Risk Control business unit is responsible for the methods used to measure and limit liquidity risk within the Group, and performs the risk measurement, limit monitoring and the related reporting. The Finance & Bank Steering business unit uses the risk measurement results to support it in managing liquidity for all maturity bands and enable it to counter possible risks at an early stage.

Hamburg Commercial Bank has a liquidity contingency plan and regulated procedures and responsibilities in place in the event of a liquidity crisis. In addition, the emergency processes also take into account institute-specific, risk-oriented and capital market-oriented early warning indicators to avert a liquidity crisis. The liquidity contingency plan is closely linked to the recovery plan in accordance with the SAG.

Management of liquidity risk

MEASURING AND LIMITING LIQUIDITY RISK

The measurement of liquidity risk is broken down into the intra-day risk of illiquidity from payment transactions operations, the short-term risk of illiquidity and the long-term or structural liquidity maturity transformation risk. A separate liquidity buffer is held for the intra-day liquidity risk. Compliance with the intra-day risk limit is monitored on a daily basis.

The transactions in the Group impacting liquidity are presented as cash flows and the resultant inflows and outflows allocated to maturity bands (liquidity maturity profiles) for the purposes of measuring the risk of illiquidity or the funding requirements. The difference between inflows and outflows represents a liquidity surplus or deficit (gap) in the relevant maturity bands.

For the multi-day risk of illiquidity, the gaps (balances arising from incoming and outgoing payments) are calculated from the first day up to the twelfth month – accumulated by maturity band – in order to quantify future liquidity requirements. The cumulative requirements are compared to the respective liquidity potentials that are available for liquidity coverage per maturity band. The net amount of cumulative requirements and liquidity potentials is referred to as the net liquidity position. In the maturity bands up to the third month, the minimum net liquidity position is prescribed by a limit or a risk guideline. The utilisation of these limits is monitored daily. The utilisation of these limits or risk guidelines therefore constitutes the measure of the risk of illiquidity.

In addition to all on-balance sheet business, loan commitments already granted, guarantees, transactions with forward value dates and other off-balance sheet transactions are incorporated in the liquidity maturity profile. For better mapping of the economic maturities, maturity scenarios are used for some positions. For example, possible deposit bases from deposits as well as realisation periods and amounts of assets are modelled conservatively as a matter of principle. A regular review of the modelling assumptions is carried out, which is also required in MaRisk.

The liquidity potential available to close gaps is composed of a securities portfolio held as a precaution in the event of a crisis (liquidity buffer portfolio), other securities according to how liquid they are and industrial loans eligible for refinancing with central banks. Most of the portfolio of securities is invested in liquid markets and can be liquidated via the refinancing channels, namely central banks, Eurex repo market, bilateral repo market or the cash market.

The components of the liquidity potential – such as the liquidity buffer required under MaRisk for example – are monitored continuously and validated in accordance with internal and external minimum requirements.

Hamburg Commercial Bank measures the liquidity maturity transformation risk using a value-at-risk approach, the Liquidity Value at Risk (LVaR). The LVaR is calculated on a monthly basis through historical simulation (confidence level of 99.9 %, risk horizon of one year) of the liquidity spreads and their net present value effect on the transactions which would theoretically be necessary in order to immediately close the current maturity transformation position for the relevant assessment period of one year. The limiting of LVaR takes place at the Group level and forms part of the risk-bearing capacity concept.

The liquidity risk includes market liquidity risks through specific haircuts in the liquidity maturity profile as well as additional valuation adjustments. In addition, market liquidity risks in the valuation of financial instruments are taken into account using the prudent valuation simplified approach. Further information on the level categorisation of financial instruments is presented in Note 46 "Disclosure of fair value in accordance with IFRS 7 and IFRS 13".

LIQUIDITY MANAGEMENT

The short-term liquidity base and the regulatory liquidity ratios are operationally managed by the Treasury & Markets business unit based on management goals specified by the Finance & Bank Steering business unit. In addition to the regulatory requirements, the liquidity maturity profile is relevant, amongst other things, to determine these management goals. The definition of or changes to individual parameters or the requirements are decided by the ALCO or the Management Board. This places Hamburg Commercial Bank in the position to react flexibly to market developments.

Hamburg Commercial Bank uses the so-called expected case liquidity maturity profile and stress case forecast, which contain expected cash flows and are prepared for a period extending beyond the current financial year, as the basis for managing the medium-term liquidity base. The stress case forecast is used to forecast how the worst stress case and the stress case liquidity maturity profile develop over time.

The risk of illiquidity over more than one year is managed by means of the liquidity maturity profile for an expiring portfolio without new business assumptions. It represents the pure portfolio maturity in the base case scenario.

The collateral pool of Hamburg Commercial Bank consisting of cash balances, securities and ECB-eligible loan receivables is coordinated by the Finance & Bank Steering business unit, in order to be able to utilise the potential for secured funding in the best possible manner.

If the relevant SRF limits were exceeded, measures to strengthen the liquidity position would be necessary in order to comply with the key indicators required internally by the Bank and with the regulatory requirements at the level of the Hamburg Commercial Bank Group.

STRESS TESTS

The selection of stress tests is the result of an analysis of historical events and hypothetical scenarios. The selection is reviewed at least on an annual basis and adapted to current developments where necessary.

Within the different stress modelling processes, additional market-specific scenarios (e.g. rating downgrade of Hamburg Commercial Bank) are assessed for the risk of illiquidity on a monthly basis in addition to the daily calculation of the stress case liquidity maturity profile. A stressed US dollar exchange rate (gradual increase) is taken into account in the market liquidity crisis scenario.

As part of a stress test for the liquidity maturity transformation risk, it is investigated how the LVaR will change in the event of rising liquidity spreads and stressed liquidity gaps. Furthermore, within the framework of the periodic implementation of inverse stress tests, it was investigated during the reporting year whether any events occurred that could have a critical impact on Hamburg Commercial Bank's solvency.

RISK CONCENTRATIONS

Risk concentrations refer to the risk of an unbalanced funding structure in terms of maturities, depositors or currencies.

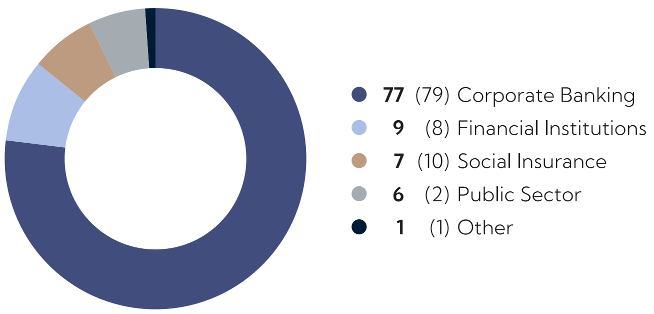
Hamburg Commercial Bank has established a monitoring system for managing concentrations of both asset and liability instruments. Special emphasis is placed on deposits that are analysed and reported on with regard to the depositor structure (investor, sectors) and maturities (original and residual maturities).

The counterparty concentrations in the short-term deposit portfolio are at a comparable level to the previous year. The ten largest depositors account for around 18 % of total deposits (previous year: 17 %). Based on the maturity structure, the proportion of deposits payable on demand is higher at 42 % (previous year: 31 %).

The following chart shows the composition of short-term deposits by sector:

Structure short-term deposits as at 31 December 2024

(%, previous year figures in brackets)



In addition to the analysis of the depositor structure with regard to existing depositor concentrations, risk concentrations with regard to the US dollar asset/liability position are also examined. For the purposes of analysing the dependency on the US dollar, a US dollar liquidity maturity profile is also prepared regularly, and sensitivity analyses and US dollar stress tests are performed.

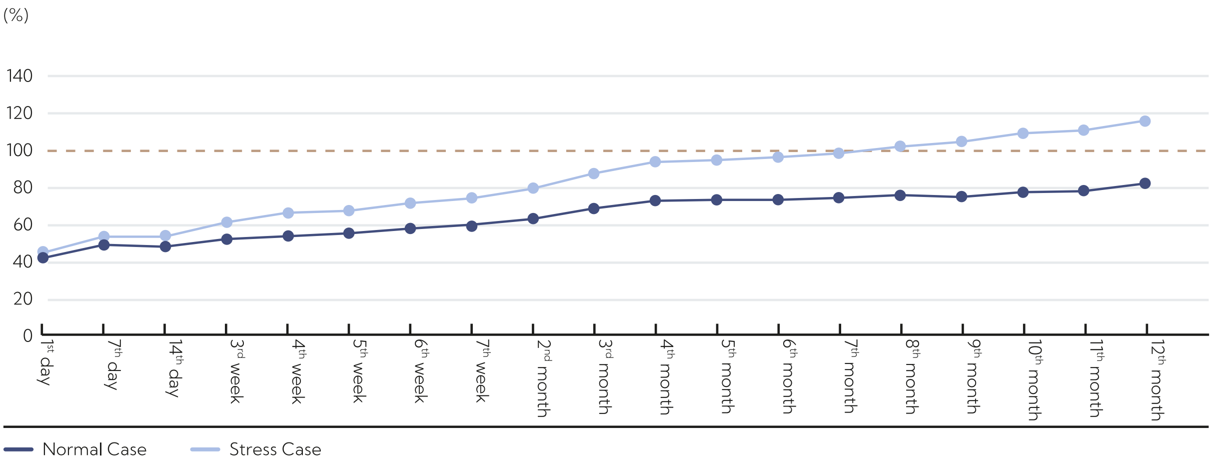
QUANTIFICATION OF LIQUIDITY RISK

Hamburg Commercial Bank's risk appetite with regard to liquidity risk is reflected, amongst other things, in the definition of a minimum survival period, which describes how long utilisation of a liquidity potential lower than 100 % is to be maintained under the stress cases for the risk of illiquidity.

The utilisation is 82 % in the twelfth month in the normal case assessment, which is based on the assumption of business development in a normal market environment. This means that all limits were complied with in the 12-month period under review. In the scenario that is relevant from a management perspective, the stress case liquidity maturity profile shows that the Bank will not fall short of the minimum survival period of one month defined in MaRisk. Instead, the minimum survival period as at the end of 2024 stood at over 7 months. Compared to the end of 2023, utilisation levels have decreased slightly in the normal case and stress case in virtually all maturity bands. Critical limit utilisation levels were not reported in the normal case nor in the stress case liquidity maturity profile during the period under review.

The following chart shows the relative utilisation levels of the liquidity potential for individual cumulative liquidity gaps in the normal case and stress case liquidity maturity profiles as at 31 December 2024.

Utilisation of liquidity potential as at 31 December 2024



REGULATORY LIQUIDITY RATIOS

The regulatory indicator for liquidity risks is the liquidity coverage ratio (LCR), the purpose of which is to ensure that liquidity is safeguarded in an acute stress period of 30 days. When calculating the LCR, the amount of highly liquid assets is compared to the net outflows over the next 30 days. The minimum threshold of 100 % pursuant to CRR was maintained at all times in the reporting period. The LCR amounted to 216 % as at 31 December 2024 (previous year: 184 %).

The net stable funding ratio (NSFR) is calculated as the ratio of available stable funding resources across all maturities to the stable funding required. As at 31 December 2024, the Bank's NSFR amounted to 116 % under the CRR (previous year: 116 %) and thus lies above the minimum ratio of 100 % required by the supervisory authorities.

Hamburg Commercial Bank also calculates the additional liquidity monitoring metrics (AMM) including the preparation of the stipulated liquidity maturity profile. The liquidity capacity period (LCP) is determined on the basis of the AMM. In so doing, inflows and outflows from a contractual point of view excluding any prolongation or new business assumptions are compared to the unencumbered liquid funds of the counterbalancing capacity less any haircuts. The LCP is no longer maintained from the date on which the cumulative cash flows give rise to a need for liquid funds, which exceeds the liquidity position. This figure is determined by the Bank on a daily basis and stood at four months as at 31 December 2024 (previous year: five months).

Refinancing situation

Hamburg Commercial Bank successfully implemented its funding strategy during 2024. The refinancing situation at the start of the reporting period was primarily characterised by volatile capital markets, largely triggered by increased market-wide defaults in the commercial real estate financing segment. In addition, changes in inflation expectations, in particular, led to a more cautious assessment by capital market participants regarding the timing and extent of upcoming interest rate cuts by central banks. Overall, refinancing conditions on the financial markets improved significantly as the year progressed.

In total, the Bank raised around € 2.1 billion in long-term funds in 2024 by executing capital market transactions. At the very start of the year, the Bank issued a € 500 million ship Pfandbrief. Two senior preferred benchmark transactions totalling € 625 million and € 500 million and one senior non-preferred benchmark transaction totalling € 500 million followed in the course of the year. In addition, the Bank concluded bilateral transactions in euros and US dollars that were backed by securities, allowing it to raise further long-term refinancing funds at attractive conditions. In addition to the refinancing via the capital market, deposits from corporates in particular contributed to the refinancing of the business. The volume of short-term deposits rose by approximately 9 % in the whole of 2024, despite the difficult market environment. In order to further strengthen the deposit structure, the focus is on diversifying and expanding the deposits from corporates. Hamburg Commercial Bank also established a new funding channel during the reporting period. Attracting retail deposits totalling € 284 million via Raisin's internet-based "WeltSparen" platform broadens the Bank's refinancing options. A worsening of the current geopolitical tensions and a deterioration in the macroeconomic environment could make execution of funding measures in the market more difficult. In addition, a more restrictive than expected monetary policy adopted by the central banks could limit the refinancing options and further increase funding costs.

The Association of German Banks (BdB) has implemented a reform of the protection of the Deposit Protection Fund (ESF) from 2023, which affects all members. As at 31 December 2024, 72 % of eligible protected deposits are covered by the statutory and voluntary deposit guarantee funds (previous year: 72 %).

Hamburg Commercial Bank's liquidity and funding planning for short-term deposits is based on assumptions about client behaviour based on the deposit base and durations. This means that, in critical market-wide, or particularly in idiosyncratic, special situations, there is the risk that even conservative behavioural assumptions used to simulate stress scenarios will fail to materialise as assumed, and that considerable unplanned liquidity outflows could occur instead. Without deliberate management measures, this would lead to a deterioration in the regulatory liquidity ratios as well as the economic survival period.

Part of the assets denominated in foreign currency are refinanced via derivatives (e.g. via EUR/USD basis swaps). Thus, the development of exchange rates has an influence on the funding requirements of Hamburg Commercial Bank.

As part of the regular SREP process carried out within the Banking Union, it is possible that additional requirements in various areas of prudential regulation, such as liquidity, could arise as a result of discretionary decisions made by the banking supervisory authorities.

Non-financial risk

In addition to operational risk, the business strategy risk and reputation risk are included in the non-financial risks (NFR) of Hamburg Commercial Bank.

Operational risk is defined as the risk of losses caused by inadequacies or failures of internal procedures, staff and systems, or as a result of external factors. This definition includes the risk of losses resulting from legal risks.

The definition of operational risk therefore includes business process risks, legal risks, compliance risks including conduct and fraud risks, information risks, human resources risks, model risks, sourcing risks and project risks.

Business process risk is the risk that arises from incorrect execution or non-execution of business processes. Business process risks can have a variety of causes and consequences, and they often occur in connection with other types of risk, including failure or disruption of the IT and infrastructure, non-compliance with legal or contractual requirements, as well as inadequate or inefficient resource planning, management or monitoring.

Legal risk describes the risk of losses, including expenses, fines, penalties or surcharges of a punitive nature, which may occur as a result of events that lead to legal proceedings.

Compliance risk arises as a result of non-compliance with legal regulations and requirements as well as codes of conduct, that may lead to sanctions being imposed by the supervisory authorities, financial losses or to a negative impact on the Bank's reputation.

Conduct risk refers to the existing or future risk of losses resulting from the improper provision of financial services, including cases of wilful or negligent misconduct.

Fraud risk is the risk of losses that arise due to other criminal acts. Other criminal acts are those which do not fall within the definitions of money laundering or terrorist financing, but which may nevertheless endanger the assets of the Bank or another party. Such other criminal acts include, for example, fraud and embezzlement, theft, misappropriation, robbery, corruption or spying on and interception of data.

Information risk is the risk of losses related to the use of network and information systems or communication technology, including breach of confidentiality, lack of availability as well as lack of integrity of data, systems and physical documents. The term "information risk" includes information and communication technology risks (ICT risks), information security risks and cybersecurity risks.

Human resources risk refers to the risk of loss of earnings, losses and operational risks due to personnel problems or shortages, for example due to unplanned departures of key personnel as well as qualitative deficits.

Model risk is defined as the potential loss that could arise from decisions which may be fundamentally based on the result of internal models, if these models have errors in their design, execution or use.

Sourcing risk describes the risk of losses that may arise in connection with the use of services provided by third-party providers or their subcontractors. This includes contract, supplier and service risks that may arise from the outsourcing of activities or processes, as well as the potential loss of know-how and the risk of dependence on service providers.

Project risk is the risk that a project will not deliver the defined results within the agreed quality standards, budget or deadline.

Reputation risk is the risk of incurring financial damage (e.g. in the form of reduced earnings or a loss, or the withdrawal of deposits) due to a negative perception of the Bank by the relevant stakeholders.

The business strategy risk comprises both financial and non-financial components. It refers to the risk of negative deviations from the qualitative and quantitative strategic goals, which may result from incorrect planning assumptions, unexpected changes in the external framework conditions as well as from strategic decisions.

Organisation of the management of non-financial risk

Hamburg Commercial Bank has adopted a non-financial risk framework that takes into account the diversity of the various sub-types of non-financial risk. It defines the framework for non-financial risk management, and describes the roles and responsibilities that follow the three lines of defence model.

The responsibility for identifying and managing the risks that they take, along with determining appropriate controls, lies decentrally with the individual organisational units of the Bank (first line of defence). The second line of defence defines the framework for the management of non-financial risks by setting uniform rules and methods, and monitors their implementation. The role of the overarching NFR function at Hamburg Commercial Bank lies with the Non Financial Risk Control department. In addition, the second line of defence includes specialised non-financial risk functions, which are carried out by the Compliance, Human Resources, Corporate Legal & Board Affairs, Tax, Strategic & Credit Risk Control, Asset & Liability Risk Control, Operations and IT business units and the Credit Law and Corporate Development departments, depending on the respective risk type. The third line of defence in the process-independent audit is Internal Audit.

Management of non-financial risk

The identification, analysis, assessment and monitoring of non-financial risks are an important success factor for Hamburg Commercial Bank. Various methods and procedures are used in this process.

Loss events above defined threshold values, which arise from operational risks, are recorded for Hamburg Commercial Bank and the relevant subsidiaries. The recording is carried out uniformly in a central loss event database, categorised according to risk types and causes.

Detailed information is collected on the risk situation of the Bank as part of the annual Group-wide risk scenario assessment based on the historical loss events data and defined forward-looking scenarios. Each business unit assesses its risk situation using defined scenarios, to identify required risk mitigation measures. The most relevant scenarios are then aggregated into the overall risk.

The regular ascertainment and assessment of risk indicators also aims to identify risks at an early stage and prevent their causes.

The results from the risk events data, the risk scenario assessment and the risk indicators are used for the preventive management and monitoring of non-financial risks. They are analysed, in order to avoid future risk events as far as possible by means of appropriate measures.

Non-financial risks are inherent to business operations and therefore cannot be completely prevented or restricted by a limit. Against this backdrop, non-financial risks are managed through guidelines and organisational standards, management processes, emergency plans and safety standards in order to minimise their impact. Selected risks are covered by insurance where economically viable. The Bank holds economic capital for potential losses from operational risks and has established a corresponding risk limit, which is subject to regular review.

In order to quantify the operational risks for the risk-bearing capacity calculation, the unexpected losses of the relevant scenarios from the risk scenario assessment are calculated and aggregated in a Monte Carlo simulation. The Operational Value at Risk (OpVaR) calculated in this way is used for the economic perspective.

In addition to the methods mentioned above, specific procedures and responsibilities have been instituted within Hamburg Commercial Bank for the non-financial risk elements listed below.

Business continuity management

Hamburg Commercial Bank is exposed to risks arising from unforeseen events, which may result in business interruption. With the involvement of the relevant business units, the business continuity management system has established processes to limit the risks arising from the fact that the information technology fails, or that service providers, infrastructure or employees are unavailable. The objective of the business continuity plans established and to be periodically reviewed is to ensure the functional capability of critical business processes and activities, also in the event of an emergency, and the defined return to normal operations.

Internal control system (ICS)

One possible cause of loss events arising from operational risks lies in missing or inadequate controls. A functioning ICS helps to identify business process risks and implement appropriate measures to prevent and/or reduce them. The central ICS is thus an essential part of the management of non-financial risk. Detailed information on the ICS is set out in the "Risk management system" section.

Management of human resources risks

Human resources risks are countered through active personnel management. A large number of personnel management tools for employee retention are used to prevent the unscheduled departure of key personnel. In addition, succession planning is performed and regularly reviewed for relevant positions.

Management of information risks

A decisive factor in the Bank's business processes is ensuring the protection objectives of availability, integrity and confidentiality of information. Hamburg Commercial Bank has implemented appropriate procedures and instruments to identify information risks at an early stage, and to avert or reduce particularly severe losses. Hamburg Commercial Bank has also established the position of Information Security Officer.

As part of the IT strategy, it has defined the primary objective of information risk management as identifying information risks at an early stage and assessing them based on protection needs, in order to avert or reduce particularly severe losses on the basis of clear responsibilities. Specific risk tools are used, by means of which the risks in projects, in line functions and at outsourcing partners are actively managed, and they are reduced by monitored implementation of measures.

The management of information risks also includes the implementation and monitoring of compliance with the requirements of the European General Data Protection Regulation. Advice on data protection issues is also important. This task is the responsibility of the Data Protection Officer. The Bank has outsourced this key function to external specialists. The Bank's employees are regularly trained separately in the relevant areas of information security and data protection, with the aim of sensitising all employees and clarifying options for action.

Management of legal risks
The Corporate Legal & Board Affairs business unit and the Credit Law department are responsible for managing these risks. The Tax business unit is responsible for tax risks as part of the legal risks. In order to reduce, limit or prevent legal risks, all business units are given comprehensive legal advice by lawyers, and also by external consultants where necessary.

Management of sourcing risks
Outsourcing is only carried out if the integration into all relevant banking processes is ensured, and if the service providers involved have an appropriate risk controlling, information security management and internal control system, as well as appropriate processes to protect personal data. For significant outsourced activities and processes, rights to give instructions and audit rights must be agreed in the contracts for Hamburg Commercial Bank.

Insourcing is managed centrally. Insourcing only exists to a very limited extent, as this is not part of Hamburg Commercial Bank's business model.

Management of compliance risks
The active management and control of compliance risks includes, in particular, the topics of capital market compliance, money laundering, terrorism financing, financial sanctions and embargoes, misconduct and other criminal acts in accordance with Section 25h of the German Banking Act (KWG).

A firm anchoring of compliance in the corporate culture is essential, in order to strengthen compliance with the law and applicable regulations at Hamburg Commercial Bank. As a binding code of behaviour for all employees, the Code of Conduct serves as a central framework for this purpose. The Bank's employees are given regular training on compliance-related topics. The objective of the training is to disseminate relevant standards and changes thereto and to enable new staff to quickly become familiar with corporate practices, and thereby ensure compliance with the legal requirements.

Regular risk analyses form an essential basis for risk-oriented planning of the monitoring, control, management and prevention activities of the Compliance business unit.

Through internal reporting channels and the so-called whistleblowing office, the Bank is informed of suspected cases of unlawful behaviour and passes them on to the appropriate authorities. The whistleblowing office also enables anonymous reporting of suspicions both by employees of the Bank and by external third parties, via an independent ombudsman.

Management of model risks
Models are vitally important for the Bank’s management processes. The use of models is naturally associated with uncertainties. The Bank's model risk management process includes careful development of models, independent validation of models and overarching model governance, which establishes and monitors the framework for dealing with models and model risk.

Management of reputation risks
As reputation risks can arise in all areas of the Bank, they are always taken into account in day-to-day operations. Hamburg Commercial Bank manages reputation risk particularly by means of preventive measures via the review of specific transactions, on the one hand, and via process-related rules, on the other, in order to prevent the occurrence of reputational damage if possible. The Strategic Risk Framework defines the Bank-wide principles for managing reputation risk as a supplement to the existing regulations and instructions, such as the Code of Conduct.

Management of business strategy risks
The business strategy risks are managed via the annual review and updating of the business strategy and the closely related Overall Bank planning process established in the Bank. The Overall Management Board is responsible for the strategy of Hamburg Commercial Bank, whereby the Corporate Development department is responsible for the process involved in preparing the business strategy. The quantitative strategy management is the responsibility of the Finance & Bank Steering business unit. The Corporate Development department is responsible for monitoring the non-financial business strategy risk.

Non-financial risks in the reporting year

The intensified sanctions situation continues unchanged as a result of Russia's war of aggression against Ukraine as well as the current developments in the Middle East conflict. Hamburg Commercial Bank fully implements all sanctions and is continuing the stepped-up monitoring of current developments.

The threat of cybercrime remains high, with ransomware being the most common threat. Attacks are highly professional and increasingly automated. The banking industry as a whole is also a focus of the attacks, although there is currently no increased threat situation facing Hamburg Commercial Bank. The further development of artificial intelligence and the associated new possibilities for manipulative actions pose major challenges to cybersecurity overall. The Bank follows cybercrime developments on a regular basis and continuously works with its partners to improve the existing instruments and processes and to mitigate cybersecurity risks. The concluding restructuring of IT into a modern, cost-effective and cloud-based IT architecture also contributes to this. The operational risks that could arise or change in the course of the IT transformation process are effectively managed through appropriate governance, processes, long-term collaboration with IT providers and independent quality assurance.

As at the reporting date, Hamburg Commercial Bank recognised provisions for the legal risk category, which is a component of operational risk, in particular for litigation risks and costs, amounting to € 151 million (previous year: € 53 million). In addition, there are also contingent liabilities arising from legal disputes.

Since April 2018, the Cologne public prosecutor's office has been conducting an investigation into two former senior employees of HSH Nordbank on suspicion of tax evasion or involvement in tax evasion in connection with equity transactions around the dividend record date (so-called cum-ex transactions). As part of the investigation, the Bank was interviewed as a potential co-defendant in the case. In July 2021, the Cologne public prosecutor's office searched the premises of the Bank. Since then, the charges were extended to other (mostly former) employees. HSH Nordbank, as the predecessor institution of Hamburg Commercial Bank, had already investigated the relevant matters long before the start of the investigation by the Cologne public prosecutor's office. The Bank proactively disclosed all findings of its internal investigation into cum-ex transactions at the time to the tax authorities responsible for large companies in Hamburg and the Hamburg public prosecutor's office, made provisions amounting to € 127 million in the 2013 annual financial statements, and repaid taxes totalling around € 112 million plus interest in January 2014. With the help of external advisors, the Bank has also investigated the transactions around the dividend record date, which have since become the subject of the proceedings, and disclosed them to the competent authorities. Hamburg Commercial Bank is cooperating with the Cologne public prosecutor's office. The case may potentially result in a fine for the Bank. Based on the current status of the investigation, at present we don't see a strong likelihood that a corporate fine will be imposed. The Bank and the above-mentioned transactions are currently also the subject of the Hamburg parliamentary committee of inquiry (PUA) into the "Cum-Ex Tax Affair". The purpose of the PUA is to investigate the actions of the Hamburg authorities and not to sanction the Bank. The Bank monitors the press coverage on an ongoing basis and will take appropriate measures under press law if necessary.

As a component of legal risks, tax risks mainly result from the fact that the binding interpretation of rules that can be interpreted may sometimes only be known after several years. At present, the assessment periods from 2012 onwards can still be changed under procedural law. In connection with the tax audits that are currently being conducted, the new and/or amended publications by the tax authorities, as well as the case law on tax matters that has meanwhile come into effect, appropriate provisions are recognised for the resulting tax risks where necessary.

Summary of risk assessment

The 2024 financial year was characterised by a further escalation of geopolitical tensions and increasing uncertainty in the macroeconomic environment. The Bank has effectively countered the ongoing challenging conditions on the property markets and the associated impact on its loan portfolio by systematically winding down existing non-performing exposure (NPE).

The risk policy of Hamburg Commercial Bank ensured that the Bank's capital and liquidity position was adequate at all times. The Bank has implemented various measures, in order to appropriately take account of the existing risks.

Hamburg Commercial Bank is facing major challenges regarding its future development, which are described in detail in the "Forecast, opportunities and risks report".

The risk management and bank management systems we have presented are designed to systematically take risks into account. This also applies to our expectations regarding the future market and business development. We believe that we have appropriately presented the overall risk profile of the Hamburg Commercial Bank Group as well as the risks and rewards inherent in the future development of our business activities in the "Forecast, opportunities and risks report" section and in this Risk Report in an appropriate and comprehensive manner.

Comment on the annual financial statements of Hamburg Commercial Bank AG in accordance with the German Commercial Code (HGB)

Report on earnings, net assets and financial position

Earnings

Hamburg Commercial Bank AG is reporting a positive net result of € 214 million for the 2024 financial year (previous year: € 344 million). The year-on-year decline of € 130 million is due to the operating result before loan loss provisions/valuation, which, at € 272 million, was down by € 321 million on 2023 (€ 593 million), a significant drop. This was due primarily to the marked drop in net interest income, which declined by € 147 million (around 20 %) as against the 2023 level - in contrast to the development in the IFRS Group financial statements due to effects resulting from derivatives. The other key factor behind the decline in the operating result before loan loss provisions/valuation was the development in the other operating result, which was down by € 159 million in 2024 compared to the previous year. This was primarily due to one-off effects from legal risks, which had a substantial negative impact in the reporting year, while the previous period had benefited from positive one-off effects. The other income times (net commission income and net trading income), as well as administrative expenses, were largely stable overall compared to 2023.

As the result from loan loss provisions/valuation of € -71 million was also lower than in the previous year (€ -48 million) due to lower contributions to earnings from the securities business, net income before taxes fell by € 344 million to € 201 million (previous year: € 545 million).

By contrast, income tax was € 214 million lower than in the previous period, partly offsetting the drop in net income before taxes. In the reporting year, income tax made a total positive contribution of € 13 million to the net result, driven by income from an increase in deferred tax assets on loss carryforwards. In the previous year – dominated by high deferred income tax expenses – they had had a negative impact on the net result with expenses of € 201 million.

The composition and year-on-year development of the statement of income can be seen in the following overview. The developments in the individual income items that were decisive to the Bank's earnings situation are then explained:

Statement of Income

(€ m)	2024	2023	Change in %
Net interest income (including current income)	579	726	–20
Net commission income	35	32	9
Net income from the trading portfolio	31	48	–35
Administrative expenses (incl. depreciation/amortisation)	–359	–358	0
thereof: Personnel expenses	–183	–149	23
thereof: Operating expenses	–176	–209	–16
Other operating result (incl. other taxes)	–14	145	>–100
Operating result before loan loss provisions/valuation	**272**	**593**	**–54**
Loan loss provisions/valuation	–71	–48	48
Operating result after loan loss provisions/valuation	**201**	**545**	**–63**
Income tax expense	13	–201	>100
Net result	**214**	**344**	**–38**

Net interest income (including current income from shares and other non-fixed-interest securities, equity holdings in non-affiliated companies and interests in affiliated companies) came to € 579 million. It was down significantly, by around 20 %, on the previous year (€ 726 million), in contrast to the development seen in the IFRS Group financial statements. The following aspects are to be taken into account within this context: Net interest income from the operating business was above the 2023 level with an increased average balance sheet volume. This is because the total interest income from the lending and money market business, from fixed-interest securities and from the special funds launched increased to a greater extent than operating interest expenses from refinancing via liabilities to banks and customers, as well as securitised and subordinated liabilities. Interest income from the sale of receivables and prepayment penalties received or paid did not have any significant impact on net interest income, as in the previous year.

This positive development from the operating business was more than offset, by a wide margin, by the negative net interest income from interest rate derivatives. This was due, among other things, to the loss of positive one-off effects from the liquidation of legacy derivatives (derivatives that had originally collateralised transactions that were wound down as part of the restructuring process), which had still made a significant positive contribution to net interest income in 2023.

At € 35 million, **net commission income** was slightly higher than in the previous year, when it totalled € 32 million. The increase can be traced back to net commission income from the lending business, as well as payment transactions, foreign business and documentary business. The latter accounted for around 52 % of this earnings item in the 2024 financial year (2023: 50 %).

Net income from the trading portfolio totalled € 31 million in the reporting year, compared to € 48 million in the 2023 financial year. This result can be explained almost exclusively by partial reversals in the reporting year from the fund for general banking risks in accordance with Section 340e (4) HGB in the amount of € 30 million (previous year: € 0 million). Otherwise, this item was dominated by a net loss from foreign currency due to US dollar exchange rate losses. Overall, however, this was offset by the positive net results from the other products, in particular the net result from interest-related transactions, which was roughly on a par with the previous year's level.

Administrative expenses totalled € 359 million in the reporting period, meaning that they remained stable compared to the previous year (€ 358 million) despite a charge in the form of a one-off effect (€ 18 million) in personnel expenses.

Personnel expenses came to € 183 million, € 34 million higher than the previous year's level (€ 149 million). Just over half of the increase (€ 18 million) is due to a one-off effect in the form of additions to provisions for potential severance payments in the context of the amicable termination of employment contracts (see the comments in the "Business development" section). The higher expenses are mainly due to the increase in the average number of employees, which is also attributable to the more cost-intensive locations, Luxembourg and London. Collectively agreed and non-collectively agreed salary increases also had an impact. The number of employees had increased by 25 FTEs to 922 FTEs by the end of the year.

Operating expenses were reduced by around 16 % year on year and amounted to € 176 million (previous year: € 209 million). This development was mainly due to the decline in regulatory expenses and to lower project expenses for IT and payment transactions compared to the previous year. The drop in regulatory expenses of € 21 million to € 9 million can be explained by the fact that no more contributions were charged for the bank levy for the 2024 financial year because the fund has reached its target level.

The **other operating result** (including other taxes), which had made a clearly positive contribution of € 145 million to the annual result in the previous year – driven by positive one-off and valuation effects – was significantly lower in the 2024 financial year at € -14 million, and fell short of expectations. The main reason behind the very significant drop of € 159 million was the fact that negative extraordinary effects had to be taken into account in the reporting period. These significant negative effects came from litigation risks and associated legal advisory costs requiring additions to provisions and giving rise to expenses totalling € 107 million in the reporting year. In 2023, on the other hand, positive one-off effects (€ +54 million) were achieved by reversing provisions for litigation risks.

In the absence of income from the reversal of provisions for litigation risks, other operating income dipped significantly by € 58 million to € 122 million (previous year: € 180 million). In 2024, it mainly related to income from earn-out agreements in connection with a subsidiary sold in previous years (€ 39 million, previous year: € 18 million) and net income from expenses and income from pension provisions and fund assets to be offset in accordance with Section 246 (2) sentence 2 HGB (€ 31 million, previous year: € 73 million).

Other operating expenses fell very considerably by € 101 million to € 136 million (previous year: € 35 million). This was due to the expenses for litigation risks and legal advisory costs, as explained above.

Operating result before loan loss provisions/valuation

At € 272 million, the operating result before loan loss provisions/valuation was € 321 million lower than in the previous period (€ 593 million). This is attributable primarily to the significant declines in net interest income (decrease of € 147 million) and the other operating result (decrease of € 159 million) described above.

Loan loss provisions/valuation

The result from loan loss provisions/valuation came to € -71 million in the 2024 financial year. The change compared to the previous year (2023: € -48 million) resulted from a lower contribution to earnings from the securities business, while negative effects of loan loss provisions were less pronounced than in 2023.

At € 77 million, loan loss provisions (income statement) in the lending business were down moderately on the previous year (€ 91 million). This is because, although specific loan loss provisions in the Real Estate segment remained comparatively high, they were much lower than in 2023. This more than compensated for the fact that moderate net additions had to be made to global valuation allowances in 2024, whereas higher net reversals had been reported in 2023, particularly in the Corporates and Project Finance segments. Specific loan loss provisions related, in particular, to financing arrangements in default involving office properties in Germany and the US.

The result in the securities business was in slightly positive territory at € 6 million. Moderate write-downs on securities in the liquidity reserve, which are valued based on the strict lower of cost or market principle, were more than offset by higher realisation gains on securities in the investment portfolio. In the previous year, net income from securities (€ 43 million) benefited from the reversal of write-downs on securities in the liquidity reserve due to interest rates.

In the year under review, the valuation result from equity holdings in non-affiliated companies was balanced at € 0 million, as in the previous year.

Income tax expense

Net income before income taxes came to € 201 million (previous year: € 545 million).

Income taxes made a positive contribution to net income in the reporting year with income of € 13 million, whereas in the previous year – dominated by high deferred tax expenses – they had had a negative impact on the net result with expenses of € 201 million.

Income taxes include expenses from current taxes of € 6 million and deferred tax income of € 19 million.

Deferred tax income comprised an expense from the change in deferred taxes on temporary differences (€ 33 million) and, with the opposite effect, higher income from an increase in deferred tax assets on loss carryforwards (€ 52 million). The expense for current taxes relates largely to the results of company tax audits for past assessment periods.

Positive net result hit by negative one-off effects in other operating result

After income tax expense, Hamburg Commercial Bank reported a positive net result of € 214 million for the 2024 financial year (previous year: € 344 million). In the Management Board's view, the net result was below expectations overall, despite operating business development that went as planned, due to the substantial negative one-off effects in the other operating result.

Net assets and financial position

Balance sheet

(€ m)	2024	2023	Change in %
Assets			
Cash reserve	144	136	6
Loans and advances to banks	3,451	4,063	–15
Loans and advances to customers	19,546	17,667	11
Securities	10,162	9,266	10
Trading portfolio	239	550	–57
Equity holdings in non-affiliated companies and interests in affiliated companies	10	9	11
Deferred tax assets	597	579	3
Remaining assets	760	715	6
Total assets	**34,909**	**32,985**	**6**
Liabilities			
Liabilities to banks	3,911	4,675	–16
Liabilities to customers	15,014	13,616	10
Securitised liabilities	10,058	8,792	14
Trading portfolio	47	56	–16
Subordinated liabilities	919	910	1
Fund for general banking risks	777	808	–4
Equity	2,981	3,065	–3
Remaining liabilities	1,202	1,063	13
Total assets	**34,909**	**32,985**	**6**
Contingent liabilities	712	631	13
Other commitments	4,849	4,689	3
Total off-balance sheet business	**5,561**	**5,320**	**5**
Business volume	**40,470**	**38,305**	**6**

Total assets up by 6 %
The development of the balance sheet in the 2024 financial year was characterised by the realisation of business growth. Total assets amounted to € 34,909 million at the 2023 year-end, around 6 % higher than the level at 31 December 2023 (€ 32,985 million). On the assets side of the balance sheet, the increase was attributable to loans and advances to customers, which rose by € 1.9 billion due to organic and inorganic growth (acquisition of shipping loan portfolio). The decline in loans and advances to banks (€ -0.6 billion) was offset by the increase in liquid securities, which led to a € 0.9 billion increase in securities. On the liabilities side, the additional refinancing requirements and the repayment of the TLTRO refinancing are reflected in the increase in liabilities to customers and the increase in securitised liabilities, with these items up by around € 1.4 billion and around € 1.3 billion respectively compared to the end of the previous year. By contrast, liabilities to banks fell by around € 0.8 billion as a result of the full repayment of the remaining TLTRO holdings. Despite the profit for the year, reported equity fell by € 0.1 billion as planned due to the dividend paid out in April 2024. In detail, the developments were as follows:

As at the reporting date, loans and advances to banks mainly relate to overnight balances in the deposit facility at Deutsche Bundesbank, which, in contrast to the IFRS reporting, are not reported under the cash reserve under HGB, but rather under loans and advances to banks. At € 3,451 million, these were 15 % below the figure at the end of 2023 (€ 4,063 million). By contrast, the portfolio of highly liquid assets recognised under securities was increased as part of liquidity management.

In line with the strategic objective of moderate business growth with ongoing diversification, the loan book once again achieved organic growth in the past twelve months, driven by business growth in the Corporates and Project Finance segments. In addition, the Bank acquired shipping loans with a value of 992 million US dollars at the end of June 2024 as part of a portfolio purchase (see the comments in the section "Business development – Significant developments and events in the 2024 reporting year"). In light of the aspects referred to above, the carrying amount of loans and advances to customers was up by 11 % as at 31 December 2024 to € 19,546 million (31 December 2023: € 17,667 million).

The securities position, which had been increased by a significant 30 % as part of the asset allocation strategy in the previous year to reflect the prevailing market uncertainties, increased further, albeit more moderately, in the 2024 financial year, with the focus on increasing holdings of highly liquid securities to strengthen the Bank's liquidity position. As at 31 December 2024, the carrying amount of securities came to € 10,162 million, an increase of 10 % compared to the prior-year reporting date (31 December 2023: € 9,266 million).

Trading assets were almost halved as against the end of the prior-year reporting period, down from € 550 million to € 239 million. This was mainly due to the drop in debentures and other fixed-interest securities recognised in the trading portfolio. The carrying amount of the derivative financial instruments also included in this item was largely stable compared to the previous year.

At € 597 million, deferred tax assets were 3 % higher than the level seen on 31 December 2023 (€ 579 million). € 323 million of this amount relates to deferred taxes on loss carryforwards, with € 274 million attributable to deferred tax assets on temporary differences.

Remaining assets, of which other assets are the main balance sheet item, totalled € 760 million and were € 45 million lower than the previous year's level (31 December 2023: € 715 million). This was due to the increase in other assets by € 65 million to € 556 million (previous year: € 491 million). This was due to the fact that the initial and variation margins from OTC derivatives were higher than at the end of the previous year.

On the liabilities side, at € 3,911 million, liabilities to banks were down by 16 % on the end of the previous year (31 December 2023: € 4,675 million). This item included borrowings from the ECB under the TLTRO III programmes. During the reporting period, the amount of TLTRO holdings still outstanding at the end of 2023 of € 1.0 billion (nominal amount) was repaid in full.

In line with the Bank's funding strategy, which aims to further increase the share of organic funding as a cost-effective source of refinancing, liabilities to customers account for an increasing share of refinancing. These were up by 10 % year-on-year from € 13,616 million to € 15,014 million. The increase was due to the marked increase in the deposit portfolio.

Securitised liabilities amounted to € 10,058 million as at the reporting date, 14 % higher than the carrying amount at the end of 2023 (€ 8,792 million). The development of this item was characterised, among other things, by the four benchmark issues on the capital market in the reporting year.

The structural composition of subordinated liabilities has not changed. As at 31 December 2024, the carrying amount came to € 919 million, roughly on a par with the 2023 year-end (€ 910 million).

The fund for general banking risks amounted to € 777 million as at 31 December 2024. (31 December 2023: € 808 million). The change was due to the partial reversal of the special item under Section 340e (4) HGB in the reporting year. In the Bank's opinion, the amount reported as at 31 December 2024 adequately reflects the particular risks associated with the bank business segment (largely general banking risks).

Despite the net income for the year, reported equity decreased, as projected, compared to the end of the previous year and totalled € 2,981 million as at 31 December 2024 (31 December 2023: € 3,065 million). The dividend payment made in April 2024 in the amount of € 302 million was the decisive factor in this development. For information on the development of the regulatory capital ratios for the individual institution according to the HGB accounting standards, please refer to the Risk Report in the combined management report of Hamburg Commercial Bank. A dividend payment of € 214 million proposed for the second quarter of 2025 was already taken into account in advance in the CET1 capital and, as a result, when determining the capital ratios at the end of 2024.

Remaining liabilities increased from € 1,063 million to € 1,202 million. The increase of € 139 million was mainly due to other liabilities, which, with a carrying amount of € 500 million in total, were € 165 million higher than at the end of the previous year as a result of a much higher adjustment item for currency valuation (on the liabilities side). Provisions (€ 524 million, 31 December 2023: € 490 million) were also up year on year. This was driven by the additions to provisions for litigation risks and costs mentioned in the section on the other operating result, which more than compensated for the decline in provisions for pensions and similar obligations. In contrast to the development in provisions, deferred income fell by € 59 million from € 215 million to € 156 million. This was due to lower deferred income in connection with derivatives.

Business volume up in line with total assets

In line with the development in total assets (which increased by 6 % as shown above), the business volume (total assets plus off-balance sheet business) increased by 6 % to € 40,470 million (31 December 2023: € 38,305 million), as the off-balance sheet business also increased compared to the previous year. The 5 % increase in off-balance sheet business was attributable to both contingent liabilities (mainly sureties and guarantees) and other obligations, which consist primarily of irrevocable loan commitments. The latter rose by € 160 million to € 4,849 million as at 31 December 2024 (31 December 2023: € 4,689 million). At € 712 million, contingent liabilities were € 81 million higher at the reporting date than at the end of December 2023 (€ 631 million).

Refinancing

Hamburg Commercial Bank AG successfully implemented its funding strategy in the year under review by using various funding sources. The regulatory requirements for the liquidity ratios were consistently exceeded during the reporting period. Further details can be found in the combined management report of Hamburg Commercial Bank.

Statement on corporate governance pursuant to Section 289f (4) of the German Commercial Code (HGB) (information on the ratio of women)

Pursuant to Section 111 (5) of the German Stock Corporation Act (AktG), the supervisory board of unlisted companies, if they are subject to co-determination, also has to set targets for the proportion of women on the supervisory board and the management board. In June 2022, the Supervisory Board of Hamburg Commercial Bank adopted/confirmed the following targets for the proportion of the underrepresented gender (currently women) on the Management Board and the Supervisory Board. The target figures describe the target share of women in the relevant overall board in its current size, with the percentage figures corresponding to full numbers of persons:

- A target quota of 25 % (one out of currently four members) has been confirmed for the Management Board of Hamburg Commercial Bank.
- For the Supervisory Board of Hamburg Commercial Bank, a target quota of 33 % (six out of currently 18 members) has been adopted (previously: 30 %)

Both target quotas are to be achieved by 30 June 2027 at the latest. There is currently no woman on the Management Board of Hamburg Commercial Bank. Following the appointment of new members to the Supervisory Board of Hamburg Commercial Bank on 30 May 2024, six out of 18 members are women (currently the underrepresented gender), bringing the proportion of women on the Supervisory Board to 33 % (31 December 2023: around 17 %). This means that the above-mentioned target quota for the Supervisory Board has already been achieved.

Sustainability Statement,

which also fulfils the requirements for the combined non-financial statement prepared in accordance with Sections 289b ff. and 315b to 315c of the German Commercial Code (HGB).

General information

Hamburg Commercial Bank (HCOB) publishes its Sustainability Statement in accordance with the European Sustainability Reporting Standards (ESRS) for the first time as at 31 December 2024. It thus supplements the Group financial statements with non-financial information in accordance with the Corporate Sustainability Reporting Directive (CSRD) and thereby fulfils the requirements for the combined non-financial statement prepared in accordance with Sections 289b ff. and 315b to 315c HGB. The framework used in previous years for non-financial reporting in accordance with the standards of the Global Reporting Initiative (GRI) has therefore been replaced.

The double materiality analysis (DMA) was carried out in accordance with the ESRS and defines the material reporting topics for 2024, which are structured as follows:

General disclosures:
Basic information on HCOB's sustainability strategy and governance.

Environmental disclosures:
Measures and initiatives to reduce the environmental footprint, including progress in the areas of energy efficiency, emissions reduction and resource conservation.

Social disclosures:
Social aspects such as diversity, employee development and social commitment.

Governance disclosures:
Structures and processes to ensure responsible business conduct.

The ESRS index at the end of this Sustainability Statement provides an overview of the disclosures covered. The DMA and the non-financial statement were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to obtain limited assurance.

With the introduction of ESRS, HCOB sends a signal of its commitment to sustainability and transparency. The Bank is convinced that this new form of reporting not only fulfils regulatory requirements, but also makes a valuable contribution to sustainable development.

ESRS 2 General disclosures

Basis for preparation

BP-1 General basis for preparation of the sustainability statement

Scope of consolidation
The Sustainability Statement for the 2024 financial year is based on the scope of consolidation of the Group financial statements (see Note 58 "List of shareholdings" in the group explanatory notes).

No subsidiary included in the Group financial statements is obliged to report on sustainability independently. There are therefore no exemptions at individual company or subgroup level.

Value chain and presentation in the report
The Sustainability Statement covers the own business operations as well as the upstream and downstream value chain. A detailed description can be found in section "SBM-1 Strategy, business model and value chain".

For clear and differentiated presentation, the report is divided into the dimensions corporate and portfolio. The corporate dimension comprises the own business operations and the upstream value chain, including the Bank's suppliers and service providers. The portfolio dimension relates to the downstream value chain and comprises business activities in the lending and investment business. Sections that relate exclusively to one dimension are labelled accordingly.

No use has been made of the option to exclude information from disclosure, which relates to intellectual property, expertise or the results of innovations. Similarly, the fundamental exceptions regarding information on upcoming developments or matters under negotiation were not utilised.

Interpretation uncertainties
The German legal and other European regulations underlying this sustainability statement may contain formulations and terms that are subject to interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. Where this is the case, the interpretation made is indicated at the appropriate point in the report in the specific chapters.

BP-2 Disclosures in relation to specific circumstances

Time horizons
The time horizons for reporting are based on the requirements of the ESRS :
– short term: one year
– medium-term: one to five years
– long-term: more than five years

Value chain estimation
When determining data for the value chain, specifically for calculating Scope 3 emissions for data centres and for financed emissions, estimates were partly used. In addition, the applied methodology, assumptions and if necessary measures to improve data quality are described in detail in "E1-6 – Gross Scope 1, 2 and 3 and total GHG emissions".

Sources of estimation and outcome uncertainty

Some of the metrics and monetary amounts in the Sustainability Statement are based on estimates and assumptions about future events, which are naturally associated with uncertainty. This particularly affects GHG emissions (see section "E1-6 - Gross Scope 1, 2 and 3 and total GHG emissions"). The estimates made as part of E1, E3 and E5 for extrapolating the environmental metrics to all locations are described in the respective standards.

The underlying assumptions, methods and estimates are explained under the respective items, where applicable.

Changes in preparation or presentation of sustainability information

This Sustainability Statement was prepared in accordance with the ESRS requirements for the first time. Accordingly, there are no changes to be reported here. These may become relevant for the first time in the subsequent report.

Reporting errors in prior periods

This Sustainability Statement was prepared in accordance with the ESRS requirements for the first time. Therefore, there are no prior reporting periods with ESRS-based reporting. Disclosure requirements in case of errors may become relevant for the first time in the subsequent report.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

This Sustainability Statement is based on the ESRS requirements. It does not contain any disclosures stemming from generally accepted sustainability reporting pronouncements such as the GRI or the IFRS Sustainability Disclosure Standards (IFRS SDS).

In the 2023 financial year, HCOB's sustainability reporting included references to the core areas recommended by the Task Force on Climate-related Financial Disclosures (TCFD): governance, strategy, risk management, key figures and targets. The Sustainability Statement for the 2024 reporting year does not contain any separate references to the TCFD, as its requirements are sufficiently covered by the climate-related disclosure requirements of the ESRS.

Disclosures in connection with the non-financial reporting provisions of the German Commercial Code (HGB)

This Sustainability Statement in accordance with ESRS also fulfils the requirements for the Group non-financial statement prepared in accordance with Sections 289b ff. and 315b to 315c HGB and thus serves as the combined non-financial statement for the HCOB Group and HCOB AG.

To fulfil our reporting obligations under commercial law, we declare the following:

- The first-time and comprehensive use of the European Sustainability Reporting Standards (ESRS) as a framework in accordance with Section 315c (3) in conjunction with Section 289d HGB is due to the importance of the ESRS as reporting standards adopted by the European Commission for sustainability reporting.
- We have not used a recognised framework for our non-financial statement in relation to HCOB AG in accordance with Section 289b HGB, as an ESRS sustainability statement for the Group is relevant for our stakeholders
- This sustainability report comprises the combined non-financial statement for the HCOB Group and HCOB AG. Unless otherwise stated, all information relates to both the Group and HCOB AG.
- As part of the environmental information in this Sustainability Statement, the disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation) for the HCOB Group are presented in the chapter "Disclosures pursuant to Art. 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)".
- Our most important non-financial performance indicator ("Rating") is presented in chapter "Basis of the Group" in section "Management system" in the table "Definition of the most important management indicators" and in chapter "Forecast, opportunities and risks report" in section "Forecast, opportunities and risks report" in the table "Expected business development of Hamburg Commercial Bank".

- There are no material risks from our own business activities or from business relationships, products and services that are very likely to have a serious negative impact on the non-financial aspects in accordance with Section 289c HGB.

Incorporation by reference
The Bank has not incorporated any information by reference in accordance with ESRS 1 Section 9.1. All references in the sustainability statement, unless otherwise indicated, are not part of the sustainability statement itself.

Use of phase-in provisions for disclosure requirements in accordance with Appendix C of ESRS 1
As the HCOB Group has an average number of employees exceeding 750, the disclosures on phase-in provisions in accordance with ESRS 2 17(a)-(e) are not relevant.

Governance

GOV-1 The role of the administrative, management and supervisory bodies

The management body of HCOB AG is organised in a dualistic system (2-tier system) as prescribed by German company law. The management function of the management body (the Management Board) and the supervisory function of the management body (the Supervisory Board) are two separate bodies and no person can be a member of both bodies at the same time.

The Management Board of HCOB AG consists of four members at the reporting date. In accordance with the Articles of Association, the Supervisory Board of HCOB AG consists of 18 members, with twelve members appointed by the Annual General Meeting in accordance with the provisions of the German Stock Corporation Act (AktG) and the Articles of Association and six members elected by the employees in accordance with the German One-Third Participation Act (DrittelbG).

An overview of the current members of the Management Board and the Supervisory Board can be found in the tables below. These also provide information on the experience of the members of the management body that is relevant to HCOB's sectors, products and geographical locations in relation to sustainability aspects.

Additional information on the CVs of the members of corporate bodies can be found on the HCOB website.

Qualification matrix of the Supervisory Board

Representation group	elected by the shareholders												elected by the employees					
2024	Leat (Chair)	De Wilt (Deputy Chair)	González Cid	Haddad	Heinemann	Lagares Gómez-Abascal	Matherat	Rocker	Dr. Rosetti	Spandl	Werner	Yordán	Behm	Matthies	Ramberg	Sahm	Schlater-mund	Waechter
General banking knowledge																		
	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Specific banking knowledge																		
Corporates	+	+	+	+		+	+	+	+	+	+	+					+	
Commercial Real Estate	+	+		+		+			+			+				+	+	
Global Transportation	+	+		+	+	+			+			+					+	
Project Finance	+					+	+		+	+		+					+	
International Banking – Germany	+			+	+	+	+		+			+					+	
International Banking – Europe	+			+	+	+	+	+	+		+	+				+	+	
International Banking – USA/Americas	+			+	+	+	+	+	+		+	+					+	
International Banking – Asia/APAC	+			+		+	+		+									
Capital Markets	+		+	+	+	+	+		+		+	+					+	
Liquidity & Funding	+	+	+	+		+	+		+	+	+	+					+	
Accounting	+	+		+	+	+	+	+	+	+		+	+					
Auditing	+	+		+	+	+	+	+	+	+	+	+	+				+	
Governance & control of a financial institution	+	+	+	+	+	+	+	+	+	+	+	+	+				+	
Legal requirements and regulatory framework	+	+	+	+	+	+	+	+	+	+		+	+				+	
Strategy	+	+	+	+	+	+	+	+	+	+	+	+	+				+	
Risk Management	+	+	+	+	+	+	+	+	+	+	+	+	+	+		+	+	
Human Resources	+	+		+	+	+	+	+	+		+	+	+				+	+
IT / Digital Transformation	+	+		+	+	+			+		+		+		+			
Sustainability (Environmental, Social, Governance)																		
	+	+	+	+	+	+	+	+	+	+		+	+	+			+	+

Note:
The main qualifications that were categorised as in-depth specialist knowledge in the Supervisory Board's 2024 self-assessment are marked with a "+".

Qualification matrix of the Management Board

2024	Luc Popelier (CEO)	Ulrik Lackschewitz (CRO)	Chris Brody (CIO)	Marc Ziegner (CFO)
General banking knowledge				
	+	+	+	+
Specific banking knowledge				
Corporates	+	+	+	+
Commercial Real Estate	+	+	+	+
Global Transportation		+	+	+
Project Finance	+	+	+	+
International Banking – Germany	+	+	+	+
International Banking – Europe	+	+	+	
International Banking – USA/Americas	+	+	+	
International Banking – Asia/APAC	+	+	+	
Capital Markets	+	+	+	+
Liquidity & Funding	+	+	+	+
Accounting	+	+	+	+
Auditing	+	+	+	+
Governance & control of a financial institution	+	+	+	+
Legal requirements and regulatory framework	+	+	+	+
Strategy	+	+	+	+
Risk Management	+	+	+	+
Human Resources	+	+	+	+
IT / Digital Transformation	+	+	+	+
Sustainability (Environmental, Social, Governance)				
	+	+	+	+

Note:
The main qualifications that were categorised as in-depth specialist knowledge in the Management Board's 2024 self-assessment are marked with a "+".

The Supervisory Board has specified concrete objectives for its composition in its Rules of Procedure. The Supervisory Board sets targets for the proportion of women on the Supervisory Board and the Management Board in accordance with Section 111 (5) AktG. The percentage by gender and other aspects of diversity that HCOB takes into account are presented below. Information on the proportion of women can also be found in the Corporate Governance Statement pursuant to Section 289f (4) HGB in the combined management report of HCOB.

Gender distribution

31.12.2024	Number			Proportion	
Gender	Women	Men	Total	Women	Men
Management Board	–	4	4	– %	100.0 %
Supervisory Board	6	12	18	33.3 %	66.7 %
Total	**6**	**16**	**22**	**27.3 %**	**72.7 %**

Age distribution

Age in years	≤ 45		46 to 59		≥ 60	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Management Board	– %	– %	75.0 %	75.0 %	25.0 %	25.0 %
Supervisory Board	11.1 %	5.6 %	38.9 %	55.6 %	50.0 %	38.9 %
Total	**9.1 %**	**4.6 %**	**45.5 %**	**59.1 %**	**45.5 %**	**36.4 %**

Country distribution

31.12.2024 Nationality	Germany	Belgium	Sweden	United States	Nether-lands	Spain	Austria	France
Management Board	25.0 %	25.0 %	25.0 %	25.0 %	– %	– %	– %	– %
Supervisory Board	44.4 %	– %	– %	27.8 %	5.6 %	11.1 %	5.6 %	5.6 %
Total	**40.9 %**	**4.6 %**	**4.6 %**	**27.3 %**	**4.6 %**	**9.1 %**	**4.6 %**	**4.6 %**

With regard to the independence of Supervisory Board members, 33 % (four out of twelve) of the members of the Supervisory Board elected by the shareholders are currently independent.

The Management Board manages the company's business, which includes monitoring the impacts, risks and opportunities in relation to sustainability aspects, with all its members assuming collective responsibility.

The Supervisory Board is responsible in particular for monitoring and advising the Management Board on management issues, including sustainability aspects. The Supervisory Board has currently formed the following committees from among its members, each of which monitors specific ESG (Environmental, Social, Governance) topics for the Supervisory Board and reports to it: Risk Committee, Audit Committee, Nomination Committee and Remuneration Committee (see Note 60. "Names and mandates of the members of corporate bodies" in the group explanatory notes).

In accordance with the law, the Articles of Association of HCOB AG, the Rules of Procedure issued by the Supervisory Board and other principles and procedures, the Management Board is responsible for ensuring compliance with the statutory provisions and internal company guidelines, and strives to ensure that these are observed by the Group's companies. This includes an appropriate and effective risk management system. The members of the Management Board are obliged to cooperate, in a relationship based on trust, with the other executive bodies of the company, in particular with the Supervisory Board and its committees, as well as with the employee representative body, the equal opportunities officers and the representative body for severely disabled persons (SBV), for the benefit of the company.

Each member of the Management Board is responsible for the management of the business units assigned to them under the business allocation plan (divisional responsibility). The divisional responsibilities and the provisions governing how the members of the Management Board stand in for each other are set out in the business allocation plan.

The Supervisory Board has all duties and rights assigned to it by law, the Articles of Association of HCOB AG or in any other way. In addition to monitoring and advising the Management Board on management issues, certain measures require the approval of the Supervisory Board. The Supervisory Board also determines the number of members of the Management Board, appoints the members and nominates the chairperson of the Management Board.

In performing their duties, each member of both the two bodies must exercise the due care of a prudent businessperson.

With regard to sustainability aspects, the Management Board and the Supervisory Board have installed corresponding responsibilities, tasks and structures at HCOB. Controls and procedures for managing impacts, risks and opportunities are covered by various reporting formats and bodies and are regularly reviewed. Details can be found in the chapters of the respective thematic standards.

Responsibility for the proper organisation of sustainability management lies with the Overall Management Board. In addition, the respective divisional heads are responsible for the sustainability topics within their area of responsibility. The department "ESG & Business Development", which is assigned to Board responsibility of the

Chief Investment Officer (CIO), manages and coordinates the further development of sustainability activities for the Overall Bank on behalf of the Management Board. The Management Board is involved in all strategic issues related to ESG through the Sustainability Committee (SC) of HCOB AG. Further information on this topic is provided in "GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies".

The Supervisory Board regularly addresses the topic of ESG at its meetings. In particular, the Supervisory Board discusses HCOB's ESG strategy and approves the medium-term plan presented by the Management Board, including sustainability aspects (such as the Sustainable and Transformational Finance Framework). ESG is also an integral part of the annual financial statements. The Management Board submits the Sustainability Statement to the Audit Committee and the Supervisory Board. The Sustainability Statement is part of the combined management report and is adopted and approved by the Supervisory Board.

In addition, sustainability-related issues are discussed in the Supervisory Board committees as required and prepared for the Supervisory Board. At its meetings, the Supervisory Board is informed about important progress and considerations in connection with ESG in the reports from the committees. For example, the Risk Committee deals with risk-related aspects of sustainability, such as the Sustainable and Transformational Finance Framework (STFF) in particular; the Nomination Committee supports the Supervisory Board with the selection of Management Board members and the suitability assessment ("fit & proper") of the Management Board and Supervisory Board; and the Remuneration Committee assesses the variable remuneration of Management Board members, taking sustainability-related aspects into account. The Audit Committee monitors the implementation of the CSRD and is also responsible for the preliminary review of the sustainability statement.

The Management Board reports regularly to the Supervisory Board and its committees in accordance with the law, the Articles of Association, the Rules of Procedure issued by the Supervisory Board and any other regulations, in particular at its annual financial statements meetings and planning meetings, on issues of importance to the company, including ESG-relevant topics such as planning, business development, the risk situation, risk management and compliance. Within this context, the Management Board particularly addresses deviations of business developments from the plans and targets agreed, providing reasons for these deviations. The business strategy, including the Bank's ESG strategy, is determined by the Management Board after discussion with the Supervisory Board. The business strategy forms the basis of HCOB's medium-term plan, which is approved by the Management Board and Supervisory Board, including the sustainability aspects it takes into account.

The Management Board sets Overall Bank targets that also take sustainability aspects into account, and it ensures that the individual business units work towards achieving the company's overall targets and plans and that corporate policy is implemented.

The Management Board submits the business plan, including the relevant sustainability aspects for the following financial year as well as material adjustments to the business plan during the year, to the Supervisory Board for approval. The Supervisory Board and its committees monitor the setting of targets in relation to material impacts, risks and opportunities and the progress made in achieving these targets on the basis of regular and, if necessary, ad hoc reporting by the Management Board, depending on the ESG topic.

In order to determine whether appropriate skills and expertise for monitoring sustainability issues are available or being developed on the Supervisory Board and Management Board, the Supervisory Board and the Management Board have each drawn up a qualification matrix based on the self-assessment of their individual members.

The qualification matrix is derived from HCOB's business model and the specific laws, regulations and other criteria that apply to the Bank.

The Supervisory Board evaluates the structure, size, composition and performance of the Management Board and Supervisory Board bodies at least once a year in accordance with the law, its Rules of Procedure and other regulations applicable to the Bank. In order to ensure that the management body has up-to-date specialist knowledge and expertise, further training is organised as required, both for the introduction of new members and on special topics.

The qualification matrices show the specific expertise for each member of the Supervisory Board and Management Board, based on the assumption that all members of the Supervisory Board and Management Board have basic knowledge in the subject areas.

As a whole, the Management Board and the Supervisory Board each have the knowledge, skills and professional experience to fulfil their duties properly in accordance with the law, the Articles of Association, the

Rules of Procedure and other relevant regulations.

The necessary expertise is available within the Management Board and Supervisory Board with regard to both the business strategy and the risk-related components of sustainability.

If necessary, the Management Board and the Supervisory Board draw on the expertise of internal or external specialists on ESG topics relevant to the financial sector or the Bank in particular.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Responsibility for sustainability topics lies with the Management Board of HCOB AG, which is supported by a structured sustainability governance. This brings together business conduct with sustainability management in order to anchor sustainable action as an integral part of the business strategy. To ensure this and the achievement of sustainability targets, the Bank has installed a Sustainability Committee (SC) in which the entire Management Board is represented. The SC serves as a strategic decision-making body. It is co-chaired by the Chief Risk Officer (CRO) and Chief Investment Officer (CIO) and meets quarterly, or more frequently if required.

The SC is responsible for meeting the Bank's ESG targets and compliance with regulatory requirements as well as consideration of external frameworks. It performs the following tasks in this context:

- Developing and managing the Bank's sustainability strategy with regard to ESG criteria and setting targets
- Monitoring the implementation of the Bank's sustainability plan
- Introducing suitable countermeasures or compensatory measures in the event of significant deviations from the plan
- Making decisions regarding the ESG decision matrix, only in cases for which a positive vote by the SC is required
- Promoting and implementing HCOB's Green Bond Framework in accordance with the International Capital Market Association (ICMA) and the Green Bond Principles in line with the Bank's business and financing objectives

During the reporting year, the main impacts, risks and opportunities (IRO) as well as implementation strategies, measures and objectives were discussed in the context of the ESRS requirements. These include, among other things, addressing the overarching ESG strategy, adopting decarbonisation targets as part of Pillar 3 reporting, determining the GHG emissions caused by business operations and financing activities, sustainability reporting, particularly in the context of regulatory requirements such as the EU Taxonomy and CSRD/ESRS requirements, determining the STFF-aligned new lending business and evaluating the employee survey. The IRO were formally acknowledged by the Management Board as part of the discussion of the annual report.

The members of the SC were given access to all relevant information as part of the delivery of documents in preparation for the meetings by the head of the department "ESG & Business Development".

The Supervisory Board is another component of the sustainability governance and deals with sustainability topics in its meetings and committees as required. The Supervisory Board is therefore informed about important progress and considerations in connection with ESG by the Management Board. Details can be found in the report of the Chairman of the Supervisory Board in the Annual Report.

Additionally, there is the central department "ESG & Business Development" that prepares and operationalises the SC's strategic decisions and implements them within the Bank. The dialogue between the Management Board and the department "ESG & Business Development" takes place not only in the SC, but also through a quarterly management reporting and bilateral discussions. Sustainability topics are also the responsibility of the relevant departments, which means that ESG is fully anchored in the organisation.

GOV-3 Integration of sustainability-related performance in incentive schemes

Remuneration of the Supervisory Board
The members of the Supervisory Board receive fixed remuneration for their activities, meaning that no targets are set with regard to sustainability-related aspects.
The remuneration system for Supervisory Board is based on the requirements of the German Corporate Governance Code and was adopted at the Annual General Meeting of HCOB AG on 30 May 2024.

Remuneration of the Management Board
HCOB AG bases the remuneration of the Management Board on the German Ordinance on the Remuneration of Financial Institutions (InstitutsVergV). In addition to the fixed annual salary, the fixed remuneration of the Management Board includes a contribution to the pension plan of up to 20 % of the fixed annual salary, and other fixed fringe benefits. Members of the Management Board also receive performance-based variable remuneration. Further information on the basic principles of Management Board remuneration can be found in Note 59. "Related party transactions, Section VI Remuneration of persons in key management positions" in the group explanatory notes.

The variable remuneration of the Management Board is based on quantitative Group targets, among other things. A share of 10 % of the variable remuneration depends on sustainability-related targets (STFF new business, see "E1-4 Targets related to climate change mitigation and adaptation", and the underrepresented gender at the level of business unit heads/management functions/senior experts, see "S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities"). Further ESG-related quantitative and qualitative key performance indicators (KPIs) can be found in the individual targets set by respective members of the Management Board. Climate-related aspects are taken into account through the target for the Sustainable and Transformational Assets indicator (5 % of variable remuneration), as defined in HCOB's STFF. The variable remuneration is not linked to the GHG emission reduction targets, but only to further climate targets for new STFF business. For a detailed explanation of the STFF, please refer to "E1-2 Policies related to climate change mitigation and adaptation" and "E1-3 Actions and resources in relation to climate change policies".

The Supervisory Board is responsible for determining the total remuneration of the individual members of the Management Board, determining the achievement of the annual targets, deciding on the structure of the Management Board's remuneration system and reviewing its appropriateness on a regular basis, but at least once a year.

GOV-4 Statement on due diligence

The following table shows where the due diligence obligations related to sustainability and the processes for identifying impacts, risks and opportunities as well as the measures to avoid negative impacts are described in the Sustainability Statement.

Core elements of due diligence

Element	Paragraphs in the Sustainability Statement
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-1, ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS 2 SBM-1
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 SBM-2
Identifying and assessing adverse impacts	ESRS 2 IRO-1
Taking actions to address those adverse impacts	E1-3, E1-4, E2-2, E3-2, E4-3, E5-2, S1-3, S1-4, S1-5, S2-4
Tracking the effectiveness of these efforts and communicating	E1-4, E1-6, S1-5

GOV-5 Risk management and internal controls over sustainability reporting

HCOB has implemented a Group risk management system to systematically identify, assess and minimise risks in its own business processes. The control mechanisms defined as part of the internal control system (ICS) enable the Bank to regularly review the effectiveness of the risk mitigation measures and adjust them if necessary.
In order to identify material risks in relation to sustainability reporting, HCOB carried out a risk analysis in which the risks were assessed based on the criteria of risk severity, probability of occurrence and potential damage. Both external and internal risks that could influence the accuracy and reliability of reporting were identified, evaluated and prioritised. Various strategies to reduce and eliminate these risks were then defined and implemented.

The following risks were identified as material for the preparation of the sustainability reporting as part of the combined management report:

Business process risk

The publication of the Sustainability Statement may be delayed, incomplete or incorrect as a result of process interruptions during data delivery or reporting, incorrect execution or incorrect process design. In order to minimise the risk of inadequate planning or coordination errors, HCOB has integrated the sub-process of preparing the Sustainability Statement into the existing process of preparing the overall financial reporting and supplemented it with specific, scheduled key controls and review processes. The reporting tool Workiva, which was implemented specifically for the Sustainability Statement, helps to automate workflows, increase transparency and promote coordination and collaboration between all the business units involved.

Compliance risk

Other risks include non-compliance with regulatory requirements, which can have legal consequences. HCOB mitigates this risk by carrying out the double materiality analysis at an early stage. This is intended to ensure that all material topics for HCOB are identified and addressed as part of the sustainability reporting. The so-called "Disclosure Checklist" is also used to check and document the coverage of all legal requirements in the report using the four-eyes principle.

Reputation risk

Incorrect or incomplete information can lead to incorrect conclusions on the part of stakeholders. In addition, delays in the preparation of the Sustainability Statement would lead to the delayed publication of the entire financial report. The Bank's reputation and ESG rating could therefore be adversely affected.

To ensure data integrity and accuracy, HCOB has defined processes and work instructions as described above and published them internally. In particular, the scheduled review loops by the department heads and external consultants ensure multidimensional checks with regard to the data provided and statements made. Responsibility for the process of preparing the consolidated and single-entity financial statements and the combined management report (with integrated sustainability reporting) lies with the Finance & Bank Steering business unit. The accounting and sustainability-related ICS is intended to ensure the implementation of legal requirements. This should achieve a sufficient quality standard in order to ensure reliable and correct presentation of the earnings, net assets and financial position as well as the sustainability reporting.

The main basis for the ICS is the written rules of procedure (sfO), which includes all internal instructions and regulations. The processes are reviewed annually by the responsible process owners and adapted to the current underlying conditions and requirements. In addition, process-independent audits are carried out by Internal Audit.

The Bank's central ICS office is an independent function in the business unit Operations and reports quarterly to the committee responsible for non-financial risk, the Management Board and the Supervisory Board. It is responsible for methodological guidelines and their continuous development and reviews the appropriateness and effectiveness of the Bank-wide process controls on a sample basis using a risk-orientated process evaluation. An implemented ICS cycle also ensures that the ICS is reviewed with respect to its correctness and functionality as well as its appropriateness and effectiveness. Clear roles and responsibilities are defined within the ICS cycle to ensure that the tasks are performed in a proper manner.

Strategy

SBM-1 Strategy, business model and value chain

HCOB is a private commercial bank and specialist finance provider headquartered in Hamburg. In addition to Hamburg, the Bank also has offices in Berlin, Düsseldorf, Kiel, Frankfurt am Main, Munich and Stuttgart. Internationally, it is represented in Athens (Piraeus), London and Luxembourg as well as by a representative office in Amsterdam. As at the reporting date of 31 December 2024, HCOB employed 930.4 full-time equivalents (FTEs), of which 849.6 FTEs were at German locations (Hamburg: 714.6, Kiel: 111.8, Berlin: 6.0, Düsseldorf: 5.0, Frankfurt: 8.0, Munich: 3.2, Stuttgart: 1.0) and 80.8 FTEs at international locations (Piraeus: 12.0, London: 25.8, Amsterdam: 6.0, Luxembourg, incl. Klarphos S.àr.l.: 37.0). Further information on the composition of the company's workforce can be found in "S1-6 Characteristics of the undertaking's employees".
HCOB offers customised financing solutions in the Real Estate, Global Transportation (with the Shipping and Aviation business areas), Project Finance (including renewable energies and digital infrastructure) and Corporates (national and international corporate clients) segments, which are described in the management report under "Basis of the Group" in the "Strategic direction for the business areas" section. In the 2024 financial year, the Bank acquired a shipping loan portfolio from the Dutch NIBC Bank N.V. in order to diversify its shipping portfolio and expand its client base in the European market. The Bank was also able to expand its Aviation Finance business area, which was established in 2023.

Sustainability as part of the business strategy
In addition to the economic profitability of HCOB's business areas, compliance with and further development of ESG criteria is a key success factor. To achieve this, the Bank maintains a strategic dialogue with its clients and supports them with ESG-relevant topics and possible improvements on their path to greater sustainability and the transformation of their business models. Since 2020, HCOB has integrated ESG aspects across all three dimensions into its lending process. In addition, the Bank has joined external initiatives and made voluntary commitments, including the Principles for Responsible Banking (PRB, 2020), the Partnership for Carbon Accounting Financials (PCAF, 2021) and the Responsible Ship Recycling Standard (RSRS, 2020).

HCOB has implemented a governance structure to manage sustainability. In addition to the SC as the highest decision-making body (more details in "GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies"), the department "ESG & Business Development" is responsible for the operational management. This is done in close cooperation with the market and risk units as well as other departments. In this way, the Bank ensures that all regulatory requirements are fully met and that it acts in accordance with the law.

The ESG risk management - including scenario analyses and climate stress tests - complements the ESG management. The Bank has also implemented an ESG data management system as well as ESG-related guidelines and processes.

Regular training programmes and internal communication measures are carried out to raise ESG awareness among employees. There is also an exchange with external stakeholders at various levels (for details, see "SBM-2 Interests and views of stakeholders").

As part of its strategic positioning in the context of ESG, HCOB has developed ESG approaches for each of its business segments, which take into account the risk and impact dimensions. These reduce the risk of stranded assets (assets whose income-generating capacity or market value unexpectedly falls drastically due to environmental or climate factors, up to and including their substantial or complete worthlessness), manage reputation risks and ensure efficient fulfilment of regulatory requirements:

Real Estate segment
HCOB actively supports Real Estate clients with their ESG transformation. In particular, the Bank provides its expertise in the financing of existing commercial properties, revitalisation and project developments in the commercial sector. As part of the credit analysis, an individual assessment is carried out using the CRREM (Carbon Risk Real Estate Monitor) tool to evaluate the risks of stranded assets. In addition, ESG aspects play a decisive role in the property valuation itself, whereby investments to increase energy efficiency are also taken into account.

Global Transportation segment

In the shipping sector, HCOB supports its clients with the transformation towards more sustainable business practices. The financing of medium-aged ships with a medium credit period offers flexibility to respond to new carbon-free technologies due to the high turnover frequency of the portfolio. However, the short-term focus is on efficiency enhancements for ships that are already in operation. Risks such as stranded assets are minimised by monitoring the energy efficiency and respective steering. In the area of aircraft financing, significant investments are required to decarbonise the sector. HCOB focuses on making the impact of business activities measurable and creating transparency through appropriate KPIs in order to minimise the transition risks.

Project Finance segment

The financing activities in the Project Finance segment have a positive impact on the Bank's commitment to sustainability, among others by focusing on the areas of energy transition and therefore the decarbonisation of the economy as well as digital infrastructure, which have a strong, positive ESG footprint with correspondingly low absolute financed emissions.

Corporates segment

In strategic dialogue with existing clients, HCOB supports their transformation to more sustainable production processes and business models. In particular with companies in Europe that produce or operate technical solutions related to the energy transition by providing appropriate financing solutions. CO_2-intensive sectors make up only a small part of HCOB's portfolio. Specialised segments such as the financing of leasing companies, including for e-bikes, also help to limit the climate risks in the portfolio.

To measure progress and improve the ESG performance, HCOB has set itself strategic targets, including for decarbonising the portfolio (published for the first time in 2023 in the Pillar 3 report), targets for STFF-aligned new business, and for strengthening diversity. In order to achieve its decarbonisation targets and to steer transition risks, the Bank has developed ESG approaches for each of its business segments as part of its Sustainability Framework.

By signing the Principles of Responsible Banking (PRB) on 22 September 2020, HCOB committed to the goals of the Paris Climate Agreement. The Bank is aiming for net zero emissions at corporate level for banking operations and at portfolio level for the loan and investment portfolio by 2050.

In the context of the sustainability targets, HCOB has identified its lending and investment activities in the relevant markets and client groups as the most important products and services at present. However, the Bank does not sell any products explicitly labelled as "green" – neither on the asset nor the liability side of the balance sheet – but instead ensures compliance with the minimum standards defined for the lending and investment process.

The general sustainability guiding principles serve as an orientation framework for all business activities. They comprise seven key principles, the Guiding Principles of Hamburg Commercial Bank:

01. Taking on responsibility

As a leading banking partner, we take on responsibility to carry out sustainable and transformational business activities, as a lasting investment in a sustainable future and a world that needs to be preserved.

02. ESG is part of the HCOB DNA

HCOB has anchored ESG in its business strategy. This clearly reflects our business orientation and our management of risks. In the governance of ESG aspects, the members of our Management Board take active responsibility. We are characterised by our culture of effective, responsible and transparent management.

03. Financing sustainable activities

We aim to extend our financing activities in sustainable business activities and projects and offer ESG-oriented products. We intend to have a more sustainable loan portfolio and to contribute to the achievement of the Paris Climate Agreement and the UN Sustainable Development Goals.

04. Supporting sustainable transformation

We actively support the transformation of our clients' business models towards greater sustainability.

05. Committed to climate protection

As a signatory of the United Nations Principles for Responsible Banking (PRB), we set a clear commitment to climate protection and sustainable action. We aim to implement sustainability aspects in all of the Bank's business areas and therefore commit to reduce the Bank's impact on climate change in all business operations and strengthen internal company awareness of ecological sustainability and resource protection.

06. Employees are key

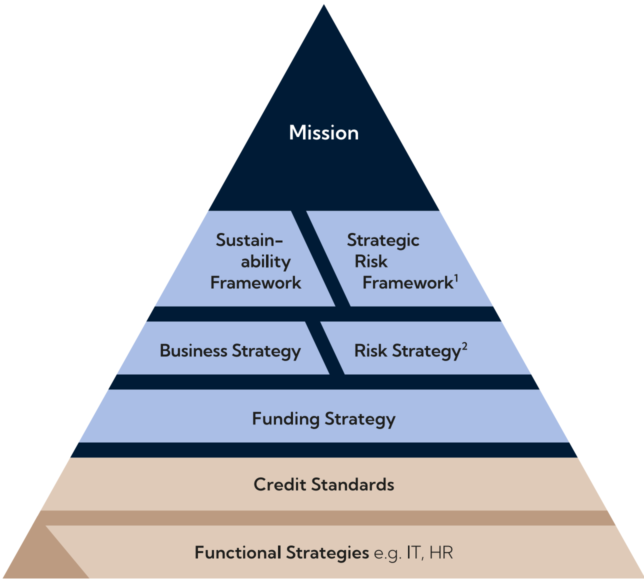
We regard motivated and qualified employees as key to achieving sustainability. Flexible working arrangements that allow employees to strike a balance between their career and family commitments are important to us. Discrimination or harassment of employees in any form is unacceptable to us. We believe that diversity is beneficial to our success.

07. Innovating sustainably

We combine sustainability in our operating business with technology, digitalisation and innovation.

ESG aspects are an integral part of all the Bank's activities, processes and decisions. The central document for the sustainability strategy is the Sustainability Framework, which is integrated into the strategy architecture at the highest level, on a par with the Strategic Risk Framework. It covers how ESG factors are incorporated into HCOB's business activities, processes and decisions and thus forms the strategic foundation. It also contains specific ESG approaches for each asset class.

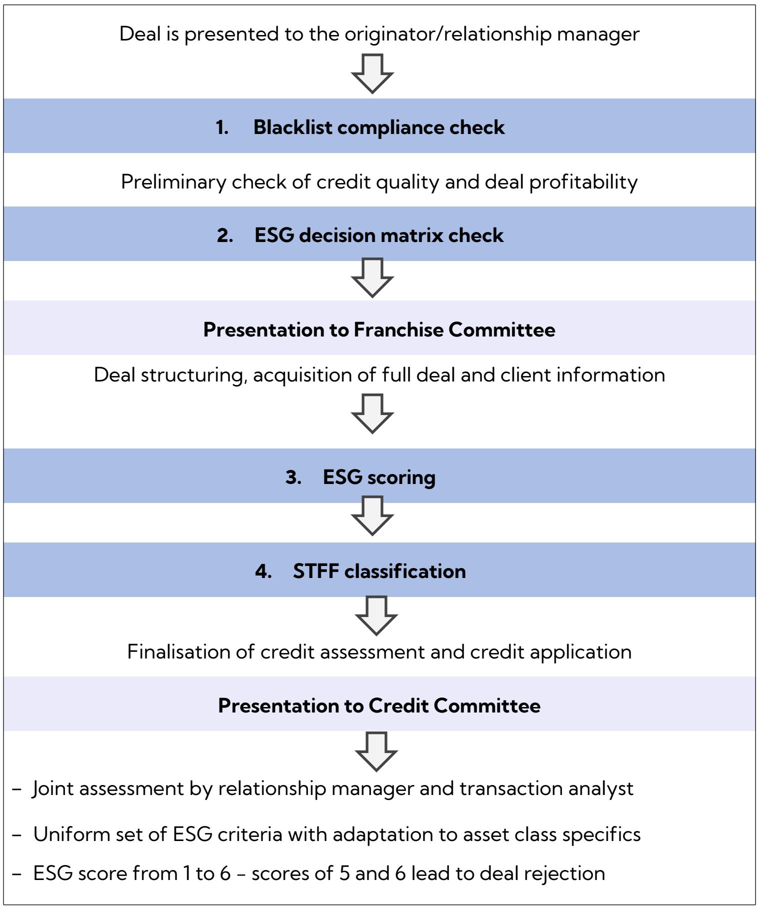
Strategy architecture



[1] Incl. Non-Financial Risk Framework
[2] Incl. all sub-risk strategies according to the Strategic Risk Framework

One of HCOB's core elements related to ESG is the four-step, ESG-related lending and investment process, which manages the ESG risks and impacts in the business activities. This includes and evaluates not only environmental aspects, but also social and governance aspects. This evaluation system is based on four elements: the Blacklist, the ESG decision matrix, the ESG scoring and the STFF classification. Details can be found in the topical standards and in the documents "ESG in the credit and investment process" and "Sustainable and Transformational Finance Framework" published on the Bank's website.

Four-step lending process



Contribution of HCOB's portfolio and business operations to the SDGs:
As part of its commitment to the UN PRB, HCOB has also committed itself to the goals of the Paris Climate Agreement and the UN Sustainable Development Goals (SDGs). These 17 global goals of the UN are to be achieved by 2030. They are a worldwide call for action and promote sustainable development holistically.

In the 2024 reporting year, the Bank once again analysed its positive contribution to the SDGs at portfolio and corporate level. At corporate level, the Bank focused on the following six SDGs: SDG 1 No poverty, SDG 4 Quality education, SDG 5 Gender equality, SDG 7 Affordable and clean energy, SDG 8 Decent work and economic growth, SDG 13 Climate action. Further information on the policies implemented and measures taken within this framework can be found in the topical standards.

At portfolio level, the Bank analysed its positive contribution to the SDGs, whereas an analysis of the negative impact has not yet been carried out. HCOB's new lending business makes a positive contribution to four SDGs: SDG 7 Affordable and clean energy, SDG 9 Industry, innovation and infrastructure, SDG 11 Sustainable cities and communities, SDG 13 Climate action. Detailed information on the contribution of new lending business to the SDGs can be found in "E1-3 Actions and resources in relation to climate change policies".

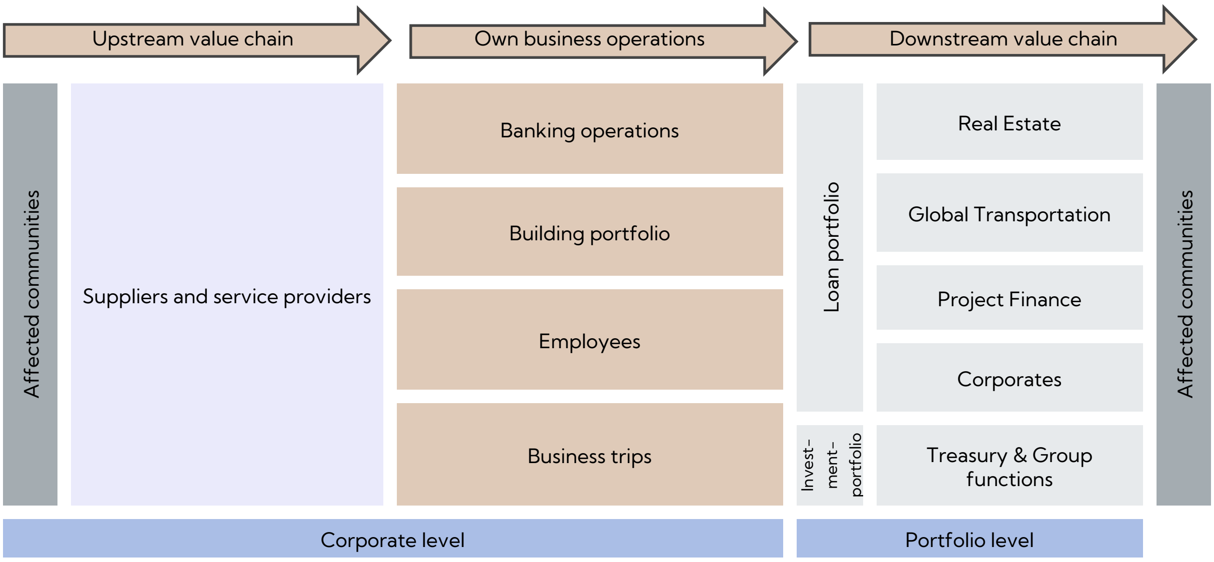
ESG in the capital market and treasury business
In addition to its lending business, HCOB is also an active investor on the capital markets. The decision-making processes are based on the Bank's investment policy and are aligned with the standards in the lending business (see details above) and the sustainability guidelines. In the investment business, the Bank distinguishes between active, passive and semi-passive investments, which are valued differently depending on their characteristics. Details can be found in the document "ESG in the lending and investment process" published on the Bank's website.

Resource management for own banking operations

In addition to integrating sustainability aspects into its financing activities, HCOB also pursues an ESG-oriented strategy for its own banking operations with a focus on continuously reducing the consumption of resources.

As HCOB is not a manufacturing company, the majority of direct resource consumption is primarily due to energy and water consumption as well as waste production. The careful use of resources is firmly integrated into the Bank's processes. Employees are made aware of environmental impacts in order to further reduce emissions and resource consumption. For HCOB, compliance with applicable environmental standards is a basic prerequisite for sustainable and economically successful business activities. A detailed analysis of resource consumption and GHG emissions can be found in the topical standards ("ESRS E1 Climate change", "ESRS E3 Water and marine resources" and "ESRS E5 Resource use and circular economy").

HCOB's value chain comprises upstream and downstream activities as well as its own business operations. Upstream activities include suppliers and service providers who provide business, IT, building and consulting services as well as office supplies. Business operations include running the Bank's locations and dealings with employees. The material impacts were identified for the downstream value chain, focusing on the loan and investment portfolio. Affected communities are considered in both the upstream and downstream stages of the value chain as part of the public and NGOs stakeholder groups.



SBM-2 Interests and views of stakeholders

HCOB considers dialogue with its stakeholders to be a key element of sustainable and future-oriented business conduct, with the aim of understanding their interests and viewpoints and taking them into account accordingly in the sustainability work. Stakeholders are divided into internal and external groups. Internal stakeholders include the Management Board, employees and representatives from market units, ESG and risk teams.

External stakeholders include clients, investors, owners, supervisory authorities, the public, non-governmental organisations (NGOs), media representatives, rating agencies, associations, suppliers and nature as a "silent stakeholder".

The exchange with its stakeholders takes place through bilateral discussions, strategic dialogues with clients, investor meetings and committee meetings. Different interest groups are addressed through specific dialogue formats. These results are used to validate the materiality analysis and to further develop the ESG strategy, whereby stakeholder interests with a major financial impact on the Bank are given more weight. The Management Board is involved and informed regularly via the SC meetings, which take place at least on a quarterly basis. The Supervisory Board is informed as required during its meetings and committee meetings.

Overview of stakeholders

Internal interest groups

Employees are a key factor for HCOB's sustainable growth and long-term corporate success. Their interests, rights and development form the basis for strategic decisions. Taking into account the interests of the workforce in terms of satisfaction, motivation and identification with HCOB is a core task of the HR department. HCOB promotes the representation of employees in works councils, the representative body for severely disabled persons (SBV), the youth and trainee representation (JAV) and the employee representatives on the Supervisory Board. The work of the employee representatives at HCOB includes the democratic scrutiny of the implementation of laws, regulations, employer/works council agreements and collective bargaining agreements at the Bank. The Bank relies on ESG training and internal communication to strengthen the culture of sustainability.

The department "ESG & Business Development" is responsible for the central management of the sustainability strategy and collaborates closely with the Risk department, the market units and other internal stakeholders.

Dialogue with both individual members of the Management Board and the overall Management Board on various sustainability topics takes place regularly during the year. The views and opinions of the Management Board are taken into account in the SC and other dialogue formats and play a key role in managing sustainability topics at the Bank.

External interest groups

Clients are at the centre of HCOB's activities. As part of the customer relationship process, the Bank maintains dialogue with them both digitally and in face-to-face events. In addition to personal bilateral discussions, this takes place at regular events and trade fairs. HCOB also conducts a client survey every two years (most recently during the reporting year) to determine satisfaction with relationship, service and product quality as well as sustainability aspects. The results are used for better needs analyses and building long-term client relationships.

The Bank has a stable base of institutional investors in Europe, particularly in Germany. It is in dialogue with them in particular through the regular issue of capital market instruments in benchmark format and as part of the traditional deposit business. ESG forms part of this exchange, both at the level of institutional investors and corporate clients.

HCOB is owned by four US financial companies (Cerberus Capital Management, L.P., J.C. Flowers & Co. LLC, GoldenTree Asset Management LP and Centaurus Capital LP) and the Austrian company BAWAG P.S.K.. In addition, members of the Management Board and Supervisory Board as well as managers hold shares (active and inactive members). As a public limited company, HCOB is liable to its shareholders. Dialogue with them takes place primarily at the annual general meetings.

HCOB is in close contact with the national and international supervisory authorities, including the European Central Bank (ECB), the German Federal Financial Supervisory Authority (BaFin), the German Bundesbank and the supervisory authorities of HCOB's international branches and subsidiaries. The central Regulatory Affairs function within the Bank coordinates the dialogue, in which ESG is becoming increasingly important.

The exchange with the public is primarily focused on the region of northern Germany. The Bank aims to shape this positively as part of its social responsibility. The Bank works with selected charitable organisations on a long-term basis and maintains regular dialogue with them. This is particularly evident in the fact that the Bank supported a total of 20 organisations with donations totalling over € 1 million during the reporting year. In connection with the war against Ukraine, the Bank also supports the #HCOBEmployeesStandWithUkraine employee initiative. In addition, HCOB supports the rewetting of the moors in Schleswig-Holstein as part of CO_2 compensation measures.

In addition to its dialogue with the credit rating agency Moody's, the Bank maintains dialogue with various sustainability rating agencies. These ratings enable external comparability of HCOB's ESG performance and serve as an independent orientation guide for the implementation of best practices in the management of sustainability aspects. Last year, the Bank was able to consolidate or further strengthen its position in the ESG ratings. The following table provides an overview of the ESG ratings.

Sustainability ratings

	last rating as at	rating/score
Sustainalytics	10.2024	12,2 (Low ESG Risk)
MSCI	04.2024	A
Moody's	05.2023	56/100
ISS	12.2023	C-

The Bank's press office is responsible for external communication with the media and the public. HCOB's media and public relations work is carried out as a line function and is based on a network of contacts with journalists.

HCOB is in contact with various non-governmental organisations (NGOs), which are primarily based in northern Germany. On the one hand, the focus here is on diversity and equality topics, which can be better understood in direct dialogue with NGOs (such as Welcoming Out, Arbeiterkind e.V., etc.) and anchored accordingly in the Bank. On the other hand, the exchange with environmental NGOs such as the Loki Schmidt Stiftung on topics such as biodiversity serves to sharpen and improve the Bank's positioning on these ESG dimensions.

The Bank is a member of the Association of German Banks (BdB), which acts as a lobby group and represents the interests of HCOB politically in the context of legislative processes. The BdB organises exchanges on various ESG topics in sustainability working groups, which are duly taken into account by HCOB. The exchanges takes place both in the context of quarterly formal meetings and, if necessary, bilaterally with the employees of the BdB and other member institutions. HCOB is also a signatory to the Principles for Responsible Banking and a member of the UN Environment Programme Finance Initiative (UNEP FI) and the Association for Environmental Management and Sustainability in Financial Institutions (VfU).

Another external interest group are service providers and suppliers with whom HCOB mainly enters into business activities in the areas of corporate, IT and consulting services, supplemented by offers for building and office supplies. To minimize potential negative impacts in the value chain, such as violations of human rights and labour and environmental standards, the bank has implemented the Supplier Code of Conduct in addition to its purchasing principles. Both concepts are described in detail in section "S2-1 Concepts related to workers in the value chain". There is no exchange with workers in the value chain to take their interests, viewpoints and rights into account for the HCOB business model.

The needs of nature as a "silent stakeholder" are integrated into HCOB's sustainability strategy and the Bank communicates about this with the great transparency. The material impacts related to nature were determined as part of the double materiality analysis. In this context, exchanges with the Loki Schmidt Stiftung, among others, have contributed to a better understanding of these interests. Based thereon, the Bank has defined various measures for climate change adaptation (see "E1-3 Actions and resources in relation to climate change policies") and for preserving biodiversity (see "E4-3 Actions and resources related to biodiversity and ecosystems"), which are reviewed at least annually and adjusted accordingly, if necessary.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

In the 2024 financial year, HCOB carried out its materiality analysis based on the principle of double materiality in accordance with the ESRS requirements. The material impacts, risks and opportunities identified are presented in the table "Results of the materiality analysis". A distinction is made between the dimensions portfolio (downstream value chain) and corporate (upstream value chain and own business operations) as well as between impact materiality and financial materiality according to the defined IRO (impacts, risks and opportunities) drivers (Real Estate; Shipping; Renewable Energy; Media, IT & Telecommunications; own business operations; procurement of external products and services). The analysis predominantly revealed actual negative impacts and potential financial risks for the IRO drivers Real Estate and Shipping due to their climate sensitivity. Further details on the methodology can be found in "IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities".

The complete results of the materiality analysis are as follows:

Results of the materiality analysis

ESRS sub-topic	Impact (positive/ negative), risk, opportunity	Time horizon	IRO driver (Dimension)	IRO	IRO description
E1 – Climate change					
Climate change adaptation	actual negative impact	long term	Shipping, Real Estate (Portfolio)	Current financing activities do not sufficiently reflect the need for transformation	Due to the need to adapt to the consequences of climate change in the Shipping and Real Estate sectors and the associated climate risks, e.g. an increase in extreme weather events, rising temperatures and fluctuating availability of energy sources, it is necessary to evaluate financing and investment activities
Climate change adaptation	actual positive impact	short, medium and long term	Renewable Energy (Portfolio)	Financing renewable energies promotes climate change adaptation	The financing of renewable energy projects has a positive impact on the reduction of GHG emissions, which in turn leads to lower adaptation required to the consequences of climate change and correspondingly lower capital expenditure
Climate change mitigation	actual negative impact	short, medium and long term	Business operations (Corporate)	CO_2 emissions from banking operations	The activities associated with the Bank's own operations generate CO_2 emissions, primarily in connection with heating and electricity consumption
Climate change mitigation	actual negative impact	short, medium and long term	Shipping, Real Estate, Media, Telecommunications & IT (Portfolio)	CO_2 emissions from the operation of the assets financed by the Bank	The operation of the assets financed by the Bank in shipping, real estate, data centres, fibre optic networks and radio masts generates CO_2 emissions through the combustion of fossil fuels
Climate change mitigation	potential risk	long term	Shipping, Real Estate (Portfolio)	Loan default due to physical and transition climate risks for real estate and shipping	Various physical and transition climate risks such as extreme weather events or rising CO_2 prices, particularly for real estate and shipping, can lead to loan defaults and associated financial risks in the portfolio
Climate change mitigation	actual positive impact	short, medium and long term	Renewable Energy (Portfolio)	Financing renewable energies leads to a reduction in GHG emissions	Financing renewable energy projects has a positive impact on the reduction of GHG emissions, as the use of renewable energy displaces fossil fuels

Results of the materiality analysis

ESRS sub-topic	Impact (positive/ negative), risk, opportunity	Time horizon	IRO driver (Dimension)	IRO	IRO description
Energy	actual negative impact	short term	Business operations, procurement (Corporate)	Energy consumption by banking operations and data centres	Activities in connection with the Bank's own banking operations and the use of external data centres result in energy consumption
Energy	actual negative impact	short, medium and long term	Shipping, Real Estate, Media, Telecommunications & IT (Portfolio)	Energy consumption in the operating phase of financed assets	The assets financed by the Bank in Shipping, Real Estate, Media, Telecommunications & IT cause energy consumption in the operating phase
Energy	actual positive impact	short, medium and long term	Renewable Energy (Portfolio)	Financing renewable energies leads to a reduction in GHG emissions	Financing renewable energy projects has a positive impact on the reduction of GHG emissions, as the use of renewable energy displaces fossil fuels
E2 – Pollution					
Air pollution	actual negative impact	short and long term	Shipping (Portfolio)	Emission of pollutants through the combustion of fuels	The operation of the vessels financed by the Bank causes various pollutants to be emitted during the combustion of fossil fuels, including gaseous emissions, soot particles and particulate matter
Water pollution	actual negative impact	short and long term	Shipping (Portfolio)	Leakage of oils and chemicals	The operation of the vessels financed by the Bank results in the release of oils, chemicals or other pollutants into the marine environment
E3 – Water and marine resources					
Water	actual negative impact	short, medium and long term	Business operations (Corporate)	Water consumption by banking operations	Water is used for the sanitary facilities at the office locations as a result of activities in connection with the own banking operations
E4 – Biodiversity and ecosystems					
Direct causes of biodiversity loss	actual negative impact	long-term	Shipping (Portfolio)	Pressure on marine ecosystems, particularly from invasive species	The operation of the vessels financed by the Bank puts pressure on marine ecosystems, through the introduction of invasive species, GHG emissions, harmful paints and noise pollution
E5 – Resource use and circular economy					
Waste	actual negative impact	short, medium and long term	Business operations (Corporate)	Waste generation by banking operations	Various types of waste are generated as a result of activities in connection with the own banking operations

Results of the materiality analysis

ESRS sub-topic	Impact (positive/ negative), risk, opportunity	Time horizon	IRO driver (Dimension)	IRO	IRO description
S1 – Own workforce					
Working conditions	actual negative impact	short and medium term	Business operations (Corporate)	High workload	Challenging working conditions lead to negative impacts on the company's own workforce; these include stress, long working hours, uncertainty due to restructuring, a lack of work-life balance and a lack of co-determination
Equal treatment and opportunities for all	actual negative impact	short and medium term	Business operations (Corporate)	Insufficient consideration of equal opportunities	A company environment that does not guarantee and promote equal treatment and opportunities leads to discrimination or a lack of inclusion in its own workforce
Other work-related rights	actual negative impact	short and medium term	Business operations (Corporate)	Violations of employee rights	Violations of employee rights have a negative impact on the professional and private situation of the company's own workforce
S2 – Workers in the value chain					
Working conditions	potential negative impact	short term	Shipping (Portfolio)	Critical working conditions on vessels	Critical working conditions on the vessels financed by the Bank, such as long working hours and absences, accompanied by heavy physical and mental stress, can have a negative impact on the affected workers in the value chain
Working conditions	potential negative impact	short term	Procurement (Corporate)	Critical working conditions and violations of human rights and environmental standards	Working conditions that are not in line with generally recognized social standards and violations of human rights and environmental standards by service providers and suppliers could have a negative impact on the affected workers in the value chain
G1 – Business conduct					
Corporate culture	actual negative impact	short, medium and long term	Business operations (Corporate)	Violation of the Code of Conduct	Violation of the Code of Conduct has a negative impact on the company's own workforce, clients and society
Protection of whistleblowers	actual negative impact	short term	Business operations (Corporate)	Endangering whistleblowers	Endangering whistleblowers through inadequate protection against retaliation, which undermines personal integrity and jeopardizes their position
Political commitment and lobbying activities	actual negative impact	short term	Business operations (Corporate)	Influencing political decisions	Excessive influence on political decisions could harm public welfare

Results of the materiality analysis

ESRS sub-topic	Impact (positive/ negative), risk, opportunity	Time horizon	IRO driver (Dimension)	IRO	IRO description
Management of relationships with suppliers, including payment practices	actual negative impact	short term	Business operations (Corporate)	Unfair treatment of service providers	There is a possibility that the Bank will not treat service providers equally in the tendering and awarding process
Corruption and bribery	actual negative impact	short, medium and long term	Business operations (Corporate)	Susceptibility to corruption in banking operations	Payment transactions in daily banking operations are susceptible to corruption and bribery

The influence of the impacts, risks and opportunities on the strategy and business model is explained in "SBM-1 Strategy, business model and value chain" as well as in the tabular overviews of the material impacts on the relevant sustainability aspects identified for HCOB at the beginning of the topical standards. In addition, the individual measures are also explained in the chapters of each topical standard. No actual financial impacts were identified as part of the materiality analysis.

The resilience of the business model and strategy, particularly with regard to climate change, is explained in "E1 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model".

As this is the first reporting period, there are no changes compared to the previous year.

The impacts, risks and opportunities covered by the ESRS can be seen in the table above, as the IROs are assigned to an ESRS topic and sub-topic. HCOB does not provide any additional company-specific information as at the reporting date.

Management of impacts, risks and opportunities

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

In the 2024 financial year, HCOB carried out a materiality analysis based on the principle of double materiality in accordance with the ESRS requirements. The aim was to identify key sustainability topics that are relevant to the Bank and need to be disclosed. According to the CSRD, topic-specific ESRS information must only be published if it has a material impact on nature or society or is financially material. Non-material topics do not have to be included in the reporting so that the focus can be placed on the relevant aspects.

The topics identified form the basis for HCOB's sustainability strategy, including the formulation of specific targets, measures and metrics. The process enables a systematic assessment and strategic integration of ESG factors into the banking processes. The materiality analysis process is divided into four steps:

1. **REVIEW AND INTRODUCTION**
   a. Review of the existing materiality assessment
   b. Definition of the methodology used and approval of the detailed planning

2. **CLARIFICATION OF THE ANALYTICAL FRAMEWORK**
   a. Creation of the longlist with potentially material sustainability topics
   b. Stakeholder definition
   c. Identification of external and internal data sources
   d. Definition of the relevant value chain
   e. Clustering of the portfolio to define the IRO drivers

3. **IDENTIFICATION OF THE MATERIAL TOPICS**
   a. Qualitative: Identification of material sustainability aspects based on external data from ENCORE & UNEP FI (scope of application: entire value chain)
   b. Quantitative: Final assessment of IRO drivers based on the assessment criteria defined by the ESRS (scope of application: all IRO drivers with a portfolio share > 5 %, measured by exposure at default (EaD), as well as all IRO drivers < 5 % for which there is a high or very high materiality based on external data)

4. **DOCUMENTATION**
   a. Audit-proof documentation of the selected procedure, including assumptions, methodology and instruments in the form of a guideline
   b. Preparation of the IRO-1 reporting structure

Review and introduction (steps 1.a. and 1.b.):
First, the results of the materiality analysis from the 2023 financial year were reviewed and the need for adjustments identified. Thereafter, the process was planned and coordinated.

Creation of the longlist with potentially material sustainability topics (step 2.a.):
During the materiality assessment process, a longlist of sustainability topics was derived from various sources. In addition to the sustainability topics listed in the ESRS, the HCOB materiality assessment for 2023 in accordance with the Non-Financial Reporting Directive (NFRD), topics of the internal HCOB scoring tool and other statutory requirements and frameworks were taken into account. The longlist is divided into the areas E, S and G with various sub-topics.

Stakeholder definition (step 2.b.):
The inclusion of different perspectives is essential for assessing the materiality of impacts, risks and opportunities. Therefore, stakeholder mapping was carried out based on the following questions:

- Identification of relevant stakeholders: Who are the key internal and external stakeholders?
- Form of integration: How should stakeholder perspectives be taken into account in the materiality analysis process?
- Survey method: Should stakeholders carry out a detailed assessment, or are they involved in other processes (e.g. in the validation process)? Is the opinion of stakeholders taken into account directly or indirectly (via representatives)?
- Dimension to be assessed: Which side of the double materiality should be assessed by the relevant stakeholders?
- Category to be evaluated: On which topics can the stakeholders make meaningful assessments?

Over the years, the Bank has identified relevant stakeholder groups that are described in "SBM-2 Interests and views of stakeholders" and validated and supplemented in the stakeholder mapping. Various methods have been defined for engagement in accordance with the AA1000 Stakeholder Engagement Standard (e.g. monitoring, informing, consulting). In this context, an appropriate level of engagement was defined and documented for each stakeholder group. In order to incorporate external perspectives, internal business units that maintain close relationships with external stakeholders were also included. Internal stakeholders were therefore not only able to contribute their own views, but also reflect external views (indirect survey). Finally, the results of the materiality analysis were validated by relevant stakeholders.

Inclusion of external and internal data sources (step 2.c.):

The qualitative assessment is based on various external and internal data sources in order to increase the objectivity of the analysis. Information from the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool and the United Nations Environment Programme Finance Initiative (UNEP FI) as well as the results of the HCOB ESG scoring tool and the HCOB risk inventory were used.
ENCORE is an online tool developed by Global Canopy, UNEP FI and UNEP-WCMC that supports companies with identifying and assessing environmental dependencies, impacts, risks and opportunities in relation to a defined sector.

UNEP FI is a partnership between the United Nations Environment Programme and the global financial sector. The UNEP FI tool is another external source and supports financial institutions with developing targets for reducing greenhouse gas emissions, protecting nature and promoting sustainable consumption.

The HCOB risk inventory is performed once a year to determine the Bank's overall risk profile, assess material risks and identify risk concentrations, also in relation to ESG factors. A detailed description can be found under "E1 ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities".

The HCOB ESG scoring tool, introduced in October 2020, assesses ESG criteria in the lending and investment process. It can be applied to companies in all sectors as well as to project and asset financings. The scoring tool is based on the European Banking Authority (EBA) and BaFin guidelines for the integration of ESG factors in the lending process. A mapping was done to link the questions of the ESG scoring tool with the sub-topics of the ESRS, thus ensuring a close link between the topics.

Definition of the relevant value chain (step 2.d.):

All business units and activities along the entire value chain are included in the materiality analysis. This includes the areas described in "SBM-1 Strategy, business model and value chain".

Clustering of the portfolio to define the IRO drivers (step 2.e.):

In order to identify the IRO (impact, risks, opportunities) drivers that are relevant for HCOB, the asset classes for the loan portfolio and investment portfolio were analysed and groupings were formed based on the HCOB business segments. Here, the NACE classification (by financing purpose) were used, grouped by EaD. In order to cover the entire value chain, service providers and suppliers as well as the Bank's own business operations were taken into account in addition to the direct business partners.

Both the loan portfolio and the investment portfolio were analysed, whereby a streamlined process was used in the valuation for portfolio shares that made up less than 5 % of the total portfolio measured in terms of EaD.

The initial assessment was carried out qualitatively using external data sources such as ENCORE (for environmental topics) and UNEP FI (for E, S and G topics). The IRO drivers were then evaluated by the identified stakeholders as part of the quantitative analysis using the evaluation criteria specified in the ESRS. These include the severity (consisting of scope, scale and irremediability) and probability of occurrence of potential impacts for short, medium and long-term time horizons, respectively. The results were then validated by additional stakeholders.

IRO drivers with a share of less than 5 % EaD of the overall portfolio were only assessed on the basis of the detailed assessment criteria (quantitative analysis) if the qualitative analysis (ENCORE or UNEP FI) showed at least a high materiality.

The consolidation of the scores of the individual evaluation criteria led to a final scale of 0 to 5 on both sides of the double materiality. Based on this scale, a threshold value (> 3) was defined above which an impact is considered material. To ensure that scores which are not integers are also taken into account appropriately, five classes of equal size were defined based on the scores, which specify the corresponding number ranges.
Classes 4 and 5 are considered material, which include all IRO drivers with a score above 3.0. Qualitatively, this means that all IRO drivers with a score higher than "medium/moderate" are already classified as material.

Assessment of the impact materiality

As a credit institution, HCOB bears the greatest risk of negative impacts in the downstream value chain (loan and investment portfolio). The analysis therefore primarily derived negative impacts at portfolio level. In addition to the business activities of the parent company, the consolidated and non-consolidated subsidiaries were also analysed.

The IRO drivers identified in shares of the overall portfolio with more than 5 % EaD are comparatively homogeneous and are distributed across only a few sectors (Real Estate; Shipping; Financial Services; Renewable Energy; Media, Telecommunications & IT). In view of the diversity of the shares with less than 5 % EaD in the overall portfolio, the external data sources already mentioned were used to identify those sectors in which the potential and actual negative impacts are greatest. This information serves as the basis for the quantitative assessment.

HCOB's own business operations, including the upstream value chain that comprises service providers and suppliers, were analysed separately from the portfolio.

All relevant stakeholders were identified as part of the stakeholder mapping process. Their roles in the materiality analysis and the nature of their involvement were defined.

Assessment of the financial materiality

Similar to the impact assessment, risks and opportunities were initially analysed qualitatively using internal and external sources. In addition to the internal scoring tool and the risk inventory, ENCORE data was used to include dependencies and impacts in the analysis of financial materiality.

A quantitative assessment was then carried out for risk and opportunity drivers with more than 5 % EaD using the ESRS criteria (scope and probability of occurrence) for short, medium and long-term time horizons. The risk perspective was not analysed for the smaller portfolio shares below 5 % EaD, as no material financial risk can arise from these exposures. In contrast to the impact materiality, the exposure size (< 5 % EaD) means that no financial materiality can arise.

The scale applied and the materiality thresholds correspond to those of the impact assessment. With regard to the procedure for determining sustainability risks, please refer to the details provided in section "E1 ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities".

After the assessment was completed, the results were validated by various stakeholders. The final material topics were formally approved by the Management Board as part of its review of the combined management report. Further details on stakeholder engagement can be found in "SBM-2 Interests and views of stakeholders".

The starting point for considering sustainability risks in the risk management process is the ESG factors identified as material in the risk inventory, which are used to determine financial materiality. Further details can be found in the chapter "E1 ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities".

As part of the assessment of financial materiality, opportunities were also considered in addition to risks. No material opportunities have been identified at present.

Data was used from the external data sources ENCORE for environmental topics (to analyse the impact and financial materiality) and UNEP FI for environmental, social and governance topics (to analyse the impact materiality). In addition, the HCOB risk inventory and the HCOB ESG scoring were used to assess the financial materiality.

As this is the first reporting period, there are no changes in the process compared to the prior year. The results of the materiality analysis are reviewed annually and may change.

The methodology described above was used in the materiality analysis to identify the impacts, risks and opportunities related to climate change, pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy and business conduct. There was no further dialogue with the affected communities beyond the stakeholder dialogue described in "SBM-2 Interests and views of stakeholders".

Specific information on the methodology of the materiality analysis, in particular with regard to the identification and assessment of climate-related physical and transition risks, can be found in "E1 ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities".

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

As described in section "IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities", HCOB identified the material topics by means of a comprehensive materiality analysis and using the specified evaluation criteria. The results of this analysis were transferred to the CSRD Compliance Cockpit, an internal Bank tool based on Implementation Guidance 3 of the European Financial Reporting Advisory Group (EFRAG). This tool translates the requirements of the ESRS standards and the associated application requirements into Excel format.

The derivation methods of the CSRD Compliance Cockpit and the allocation of datapoints to the sustainability aspects defined in the ESRS enabled HCOB to create a list of reportable datapoints. This list forms the basis for sustainability reporting in accordance with the CSRD with first-time application as at the reporting date of 31 December 2024.

An overview of the material topics can be found in section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model".

No material sustainability aspects were identified under ESRS S3 and ESRS S4.

"Appendix 1 Disclosure requirements and disclosures incorporated in the Sustainability Statement by reference" contains an overview of the disclosure requirements covered by this Sustainability Statement.

"Appendix 2 Datapoints resulting from other EU legislation" lists all datapoints from other legislation, shows their allocation in the report and also indicates "non-material" datapoints.

Environmental information

Information according to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

The EU taxonomy disclosure regulation is an integral part of the EU's sustainability regulations, as it sets out clear transparency requirements for financial market participants. The integration of the taxonomy into the EU's Sustainable Finance Plan ensures that financial flows are channelled into sustainable and climate-friendly projects, which contributes to achieving the climate targets. The EU Taxonomy Regulation (Regulation (EU) 2020/852) defines a classification system for economic activities based on their environmental sustainability.

The classification system primarily serves disclosure requirements in order to enable investors and companies to make informed decisions about sustainable business activities. The taxonomy comprises six environmental goals: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems. In addition to the regulation, the supplementary FAQs, notices and interpretations of the EU Commission are also taken into account in the reporting. The latest FAQ states that business partners which are not subject to the NFRD/CSRD themselves but are part of a parent company subject to NFRD/CSRD are also in scope of Green Asset ratio (GAR).

Activities are taxonomy-eligible if they are covered by the EU delegated acts on taxonomy (Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214, Delegated Regulation (EU) 2023/2485, Delegated Regulation (EU) 2023/2486, Delegated Regulation (EU) 2021/2178) and thus contribute to one of the six environmental objectives. It must be taken into account that the business partner must be subject to the transparency requirements under Directive 2013/34/EU or that a financial product is involved which is subject to the disclosure requirements for financial products that are advertised as environmentally sustainable. Four key criteria must be met for an economic activity to be considered taxonomy-aligned:

01. SUBSTANTIAL CONTRIBUTION

An activity must make a substantial contribution to achieving one of the six environmental goals. Specifically, the economic activity referred to Articles 10 to 16 of the EU Taxonomy must make a substantial contribution to achieving one or more of the environmental objectives set out in Article 9 of the EU Taxonomy.

02. DO NO SIGNIFICANT HARM (DNSH):

In addition to the substantial contribution, an activity must not cause any significant harm of other environmental goals. Specifically, the economic activity must not lead to significant harm to one or more of the environmental goals listed in Article 9 of the EU Taxonomy, as defined in Article 17 of the EU Taxonomy.

03. MINIMUM SAFEGUARDS:
Sustainability also includes social aspects. Therefore, taxonomy-aligned activities must meet international minimum protection standards, such as the OECD guidelines for multinational enterprises or the UN Guiding Principles on Business and Human Rights. Specifically, economic activity should be carried out in compliance with the social minimum safeguards set out in Article 18 of the EU Taxonomy.

04. TECHNICAL SCREENING CRITERIA
These criteria define the conditions under which an economic activity is categorized as environmentally sustainable. They define specific requirements that must be met in order to make a substantial contribution and at the same time not cause any significant harm. Specifically, the economic activity must fulfil the technical screening criteria established by the Commission in accordance with Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of the EU Taxonomy.

The EU taxonomy also forms the core of the Bank's own Sustainable & Transformational Finance Framework (STFF). The STFF is also a classification system for financing activities with practicable criteria that are based on the criteria for sustainable business practices from the Taxonomy Regulation and are applicable to all of the Bank's clients, regardless of their size and country of domicile. Therefore the STFF offers greater coverage and applicability in relation to the Bank's business activities and applies alongside the legally mandatory EU Taxonomy.

Disclosure requirements
In connection with the Non-Financial Reporting Directive (NFRD), Article 8 of the EU Taxonomy Regulation requires banks to report how and to what extent their financing activities are associated with economic activities within the scope of the taxonomy. Regulation (EU) 2021/2178 supplements Article 8 of the Taxonomy Regulation and specifies the content and presentation of the information required from companies that are subject to the obligation to publish non-financial information in accordance with Article 19(a) or Article 29(a) of Directive (EU) 2013/34.
In particular, financial institutions shall disclose the following sheets of the reporting form for credit institutions from Annex VI of Delegated Regulation (EU) 2021/2178 amending Delegated Regulation (EU) 2021/2178 (C(2023) 3851 final):

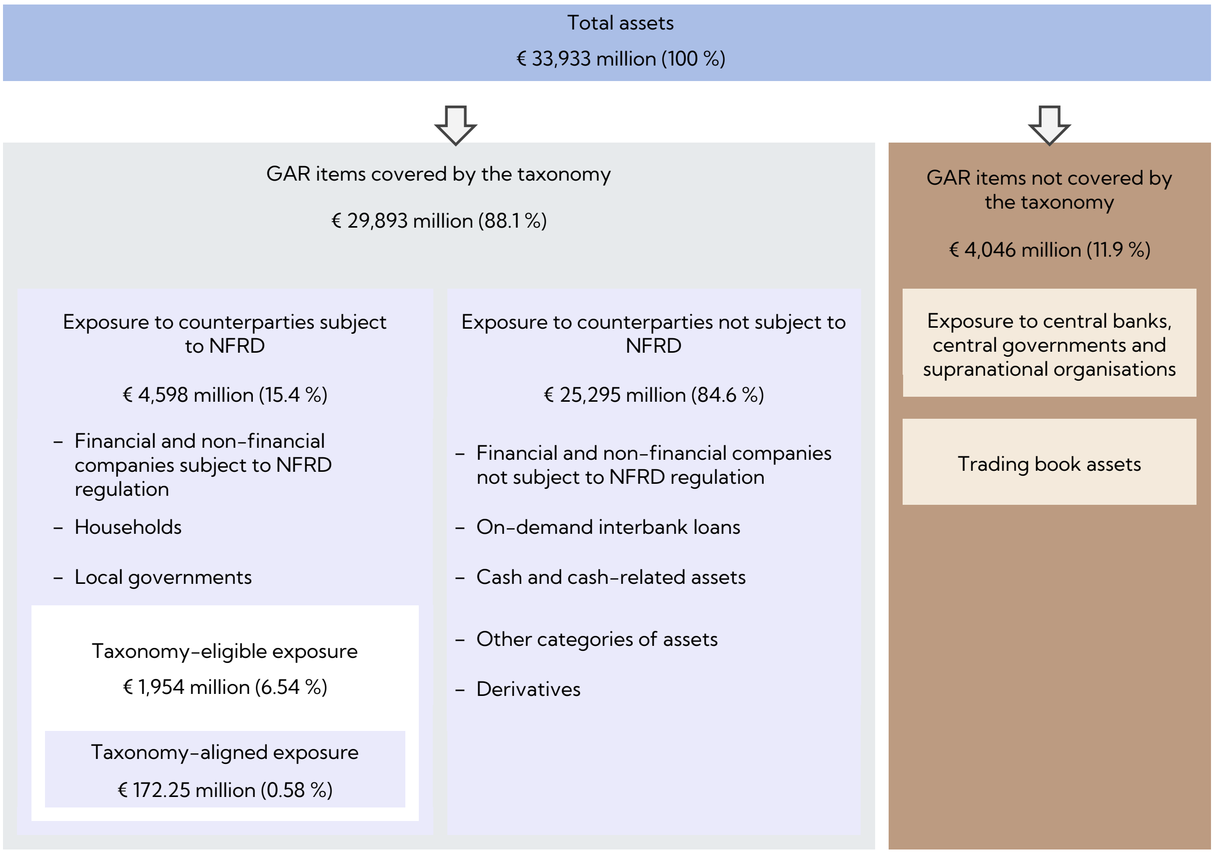
0. SUMMARY OF KPIs
1. ASSETS FOR THE CALCULATION OF GAR
2. GAR SECTOR INFORMATION
3. GAR KPI STOCK
4. GAR KPI FLOW
5. KPI OFF-BALANCE SHEET EXPOSURES

The templates 1, 3 and 4 are included in duplicate for turnover and CapEx.

In addition, the table has been included in Annex XII of Delegated Regulation (EU) 2022/1214 on activities related to nuclear energy and fossil gas.
All final announcements published by the Commission on taxonomy disclosure were also taken into account.

Reporting principles
The taxonomy KPIs and data of Hamburg Commercial Bank as at 31 December 2024 are listed in the templates on the following pages. The taxonomy-aligned assets amount to € 172.2 million (2023: € 8.8 million), resulting in a Green Asset Ratio (GAR) of 0.58 % (2023: 0.03 %) for HCOB.

Taxonomy-relevant assets



The continued low volume of taxonomy-aligned exposures is due to the limited scope for including business partners and their financing volumes within the Taxonomy Regulation. This is due to the fact that only a small proportion of business partners and their parent companies are subject to the NFRD obligation. In addition, there is no significant exposure to households. Therefore, as at 31 December 2024, only 15.4 % (€ 4,598 million) (2023: 9.16 % (€ 2,440 million)) of HCOB's total GAR assets qualify for inclusion in the GAR numerator.

Total GAR assets amounted to € 29.9 billion (2023: € 26.6 billion), whereby exposures to central banks, supranational issuers and central governments, which accounted for 11.9 % (2023: 16.46 %) of total assets, were not taken into account.

The taxonomy-eligible exposures amounted to € 1,954 million (2023: € 729 million) and consist primarily of bonds issued by financial institutions, including green bonds. A small proportion is attributable to corporate loans and loans to private households collateralised by residential property. Assessment of the taxonomy eligibility and taxonomy alignment of households was only possible to a limited extent, as this business unit is being wound up and therefore only limited financing data is available. Nevertheless, financing activities that explicitly relate to economic activities within the taxonomy could be recognised as taxonomy-eligible.

The increase in GAR is attributable to the increased availability of reported taxonomy information from financial companies and the increased coverage of special financing with non-financial companies. The latter includes taxonomy-aligned financings of existing buildings as well as wind and solar parks.

Reporting principles

The preparation of mandatory taxonomy reporting is based on FINREP reporting and the regulatory consolidation for Hamburg Commercial Bank AG in accordance with the regulatory reporting of institutions pursuant to Regulation (EU) 575/2013 of the European Parliament and of the Council and Commission Implementing Regulation (EU) 2021/451 (FINREP).

Methodological notes and limitations in data

All reported data and key figures are based on the actual data recorded in HCOB's accounting and management system. The primary basis is FINREP reporting at individual transaction level, which is supplemented by relevant sustainability information. This includes the centrally assessed NFRD/CSRD obligation of the business partner, the recording of the taxonomy ratios and financing information for determining the inclusion, taxonomy eligibility and taxonomy alignment of a transaction.

For the recognition of taxonomy-eligible or taxonomy-aligned positions in the taxonomy disclosure, HCOB has chosen an approach that focuses on the NFRD/CSRD obligation of business partners and their group parent companies. Identification is based on information provided by companies (e.g. annual financial statements), stock market data, financial data providers (e.g. Bloomberg) or publicly accessible sources. Hamburg Commercial Bank takes into account both the direct counterparties as well as their parent groups or parent companies (according to Commission Notice C/2024/6691). This represents a change to the procedure in the past, in which only direct business partners were checked for NFRD obligations. If a business partner makes use of the exemption rule as a subsidiary of a company that makes mandatory taxonomy disclosures for the group, the group figures published are used. As a significant proportion of HCOB's business partners and any parent companies are not subject to NFRD reporting obligations, only a small proportion of HCOB's business activities are included in the green asset ratio numerator.

If there are relevant transactions with partners subject to the NFRD/CSRD, the Bank checks whether specialised or general corporate financing is involved. For general financing, the published taxonomy information of the business partner or group are applied. In the case of specialised financing, the economic activity is reviewed to determine if it is taxonomy-eligible and taxonomy-aligned. Specialised financings have dedicated use of proceed where the cash flow can be allocated to an economic activity, an asset or a project. If information to validate taxonomy alignment was missing, this was requested from the respective business partner. If no conclusive, complete taxonomy alignment can be determined from the information and documents available, the exposure is classified as not taxonomy-aligned. In the case of private households, no initiation took place as this is a small wind-down portfolio. The Bank is not planning any further new business here.

Debt securities with specific uses of funds, such as green bonds and project bonds, are reviewed regarding their financing purposes and collateralisation. Although references to the taxonomy were found in the respective green bond frameworks, bond prospectuses and impact reports, there was no specific reporting on taxonomy alignment, meaning that these instruments could not be qualified as taxonomy-aligned. It is expected that the further establishment of the EU Green Bond label will improve the qualification of the instruments. Debt securities without dedicated use of proceeds are subject to the same approach as general corporate purpose financings.

The Bank uses the latest figures from the non-financial reporting of its business partners for reporting purposes. It is possible that after the publication of HCOB's CSRD report, further new reports may be published by business partners at the reporting date.

In Template 2, the "of which environmentally sustainable..." column shows the taxonomy-aligned volume related to business partners with primary activities in the respective NACE code and environmental goal. The "€ m" column shows the respective taxonomy-eligible volume.

The flow figures in Template 4 relate to new business, which is included in the calculation based on the FINREP gross carrying amounts. For line items without genuine new business, interbank loans, cash and cash-related assets and other categories of assets, a net treatment was used. If the net treatment resulted in negative values, the new business value was recognised at 0. For all other items, new business was determined using portfolio comparisons and a gross treatment was used. As with Template 3, the figures are based on the total GAR assets in the denominator.

The Bank does not operate an asset management business and therefore does not report any figures for "Assets under management" in Template 5. In addition, it does not currently provide any financial guarantees that fall under the EU Taxonomy Regulation or are relevant for business partners subject to NFRD/CSRD. Financial guarantees are based on the individual transaction portfolio for the "Financial guarantees given" reporting item from FinRep F18.00. The individual transaction portfolio is then checked for business partners subject to NFRD/CSRD and, if there are business partners subject to reporting requirements, also checked for taxonomy eligibility and alignment.

For the presentation of the nuclear and gas templates, the specialised lending transactions with counterparties subject to NFRD/CSRD were checked for possible overlaps with the economic activities specified in Delegated Regulation (EU) 2022/1214. There are currently no overlaps. In addition, the existence of general corporate financing with counterparties subject to the NFRD/CSRD and active in the nuclear and gas sectors was reviewed. Again, no information was disclosed by our counterparties.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets	KPI[3]	KPI[4]	% coverage (over total assets)[5]	excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	172.25	0.58 %	0.58 %	88.08 %	74.53 %	11.92 %

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	7.29	0.11 %	0.11 %	95.86 %	87.64 %	4.14 %
	Trading book[1]						
	Financial guarantees	0.00	0.00 %	0.00 %			
	Assets under management	0.00	0.00 %	0.00 %			
	Fees and commissions income[2]						

[1] For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

[2] Fees and commissions income from services other than lending and AuM

Institutions shall disclose forward-looking information for this KPI, including information in terms of targets, together with relevant explanations on the methodology applied.

[3] based on the Turnover KPI of the counterparty

[4] based on the CapEx KPI of the counterparty, except for lending activities where the Turnover KPI is used for general lending

[5] % of assets covered by the KPI over banks' total assets

Note 1:
Across the reporting templates: cells shaded in gray should not be reported.

Note 2:
Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs' inclusion in these KPI will only apply subject to a positive result of an impact assessment.

	1. Assets for the calculation of GAR – based on the Turnover KPI (1/8)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
			2024																
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
			of which towards taxonomy-relevant sectors (taxonomy-eligible)					of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)			
	€ m	Total [gross] carrying amount		of which environmentally sustainable (taxonomy-aligned)					of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)		
					of which use of proceeds	of which transitio-nal	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,598.17	1,894.05	172.16	90.08	7.31	3.95	0.50	0.09	0.00	0.03	0.00	0.00	0.00	0.00	6.75	0.00	0.00	0.00
2	**Financial undertakings**	2,738.82	985.98	73.80	0.00	7.31	2.00	0.50	0.09	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	2,651.53	947.91	70.48	0.00	7.05	1.95	0.50	0.09	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Loans and advances	4.89	0.33	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	2,607.81	934.04	68.91	0.00	6.65	1.92	0.49	0.09	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Equity instruments	38.83	13.54	1.56		0.41	0.03	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
7	Other financial corporations	87.30	38.07	3.32	0.00	0.25	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	of which investment firms	87.30	38.07	3.32	0.00	0.25	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Loans and advances	67.82	30.89	2.88	0.00	0.16	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	14.21	5.20	0.38	0.00	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Equity instruments	5.26	1.98	0.06		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
20	**Non-financial undertakings**	1,146.52	901.71	98.36	90.08	0.00	1.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.75	0.00	0.00	0.00
21	Loans and advances	1,070.08	894.58	91.25	90.08	0.00	1.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.75	0.00	0.00	0.00
22	Debt securities, including UoP	76.44	7.13	7.12	0.00	0.00	0.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
24	**Households**	96.84	6.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	6.35	6.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
26	of which building renovation loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
27	of which motor vehicle loans	0.00	0.00	0.00	0.00	0.00	0.00												
28	**Local governments financing**	615.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	615.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1. Assets for the calculation of GAR – based on the Turnover KPI (2/8)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
			2024																
€ m		Total [gross] carrying amount	Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
			of which towards taxonomy-relevant sectors (taxonomy-eligible)					of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)			
				of which environmentally sustainable (taxonomy-aligned)					of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)		
					of which use of proceeds	of which transitio-nal	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling
continued																			
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**																		
33	**Financial and non-financial undertakings**	23,839.28																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	13,988.50																	
35	Loans and advances	12,041.08																	
36	of which loans collateralised by commercial immovable property	4,786.88																	
37	of which building renovation loans	0.00																	
38	Debt securities	1,087.81																	
39	Equity instruments	859.61																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations	9,850.78																	
41	Loans and advances	6,063.55																	
42	Debt securities	3,781.22																	
43	Equity instruments	6.00																	
44	**Derivatives**	0.00																	
45	**On demand interbank loans**	584.23																	
46	**Cash and cash-related assets**	0.00																	
47	**Other categories of assets (e.g. goodwill, commodities etc.)**	871.75																	
48	**Total GAR assets**	**29,893.43**																	
49	**Assets not covered for GAR calculation**	4,045.84																	
50	**Central governments and supranational issuers**	737.42																	
51	**Central banks exposure**	3,085.44																	
52	**Trading book**	222.97																	
53	**Total assets**	33,939.27																	
Off-balance sheet exposures – undertakings subject to NFRD disclosure obligations																			
54	Financial guarantees	713.11																	
55	Assets under management	0.00																	
56	of which debt securities	0.00																	
57	of which equity instruments	0.00																	

	1. Assets for the calculation of GAR – based on the Turnover KPI (3/8)	continued	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	€ m		**2024**												
			Pollution (PPC)				**Biodiversity and ecosystems (BIO)**				**Total (CCM + CCA + WTR + CE + PPC + BIO)**				
			of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				
				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)			
					of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		49.16	0.00	0.00	0.00	3.26	0.00	0.00	0.00	1,953.71	172.25	90.08	7.31	3.98
2	**Financial undertakings**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	986.48	73.89	0.00	7.31	2.03
3	Credit institutions		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	948.41	70.57	0.00	7.05	1.98
4	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.33	0.01	0.00	0.00	0.00
5	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	934.53	68.99	0.00	6.65	1.95
6	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	13.55	1.56		0.41	0.03
7	Other financial corporations		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.07	3.32	0.00	0.25	0.04
8	of which investment firms		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.07	3.32	0.00	0.25	0.04
9	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.89	2.88	0.00	0.16	0.04
10	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.20	0.38	0.00	0.09	0.00
11	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	1.98	0.06		0.00	0.00
12	of which management companies		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
16	of which insurance undertakings		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
20	**Non-financial undertakings**		49.16	0.00	0.00	0.00	3.26	0.00	0.00	0.00	960.88	98.36	90.08	0.00	1.95
21	Loans and advances		4.86	0.00	0.00	0.00	3.26	0.00	0.00	0.00	909.45	91.25	90.08	0.00	1.17
22	Debt securities, including UoP		44.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51.43	7.12	0.00	0.00	0.79
23	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
24	**Households**										6.35	0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property										6.35	0.00	0.00	0.00	0.00
26	of which building renovation loans										0.00	0.00	0.00	0.00	0.00
27	of which motor vehicle loans										0.00	0.00	0.00	0.00	0.00
28	**Local governments financing**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	1. Assets for the calculation of GAR – based on the Turnover KPI (4/8)	continued	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
			2024												
			Pollution (PPC)				**Biodiversity and ecosystems (BIO)**				**Total (CCM + CCA + WTR + CE + PPC + BIO)**				
	€ m		of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				
				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)			
					of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitio-nal	of which enabling
	continued														
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**														
33	**Financial and non-financial undertakings**														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations														
35	Loans and advances														
36	of which loans collateralised by commercial immovable property														
37	of which building renovation loans														
38	Debt securities														
39	Equity instruments														
40	Non-EU country counterparties not subject to NFRD disclosure obligations														
41	Loans and advances														
42	Debt securities														
43	Equity instruments														
44	**Derivatives**														
45	**On demand interbank loans**														
46	**Cash and cash-related assets**														
47	**Other categories of assets (e.g. goodwill, commodities etc.)**														
48	**Total GAR assets**														
49	**Assets not covered for GAR calculation**														
50	**Central governments and supranational issuers**														
51	**Central banks exposure**														
52	**Trading book**														
53	**Total assets**														
	Off-balance sheet exposures – undertakings subject to NFRD disclosure obligations														
54	Financial guarantees														
55	Assets under management														
56	of which debt securities														
57	of which equity instruments														

	1. Assets for the calculation of GAR – based on the Turnover KPI (5/8)	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax
		2023																	
			Climate change mitigation (CCM)					**Climate change adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
			of which towards taxonomy-relevant sectors (taxonomy-eligible)					of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)			
	€ m	Total [gross] carrying amount		of which environmentally sustainable (taxonomy-aligned)					of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)		
					of which use of proceeds	of which transitio-nal	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,440.16	729.35	8.75	0.00	1.24	0.68	0.08	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	**Financial undertakings**	2,218.60	713.16	8.37	0.00	1.24	0.30	0.08	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	2,191.30	701.32	8.37	0.00	1.24	0.30	0.08	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	2,117.26	676.92	8.13	0.00	1.21	0.30	0.07	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Equity instruments	74.05	24.40	0.24		0.03	0.01	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
7	Other financial corporations	27.30	11.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	of which investment firms	27.30	11.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	25.55	11.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Equity instruments	1.75	0.42	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
20	**Non-financial undertakings**	114.33	5.50	0.38	0.00	0.00	0.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	Loans and advances	72.92	5.50	0.38	0.00	0.00	0.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	Debt securities, including UoP	29.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	11.67	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
24	**Households**	107.23	10.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	10.69	10.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
26	of which building renovation loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
27	of which motor vehicle loans	0.00	0.00	0.00	0.00	0.00	0.00												
28	**Local governments financing**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	1. Assets for the calculation of GAR – based on the Turnover KPI (6/8)	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax
			2023																
	€ m	Total [gross] carrying amount	**Climate change mitigation (CCM)**					**Climate change adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
			of which towards taxonomy-relevant sectors (taxonomy-eligible)					of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)			
				of which environmentally sustainable (taxonomy-aligned)					of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)		
					of which use of proceeds	of which transitio-nal	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling
	continued																		
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**																		
33	**Financial and non-financial undertakings**																		
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																		
35	Loans and advances																		
36	of which loans collateralised by commercial immovable property																		
37	of which building renovation loans																		
38	Debt securities																		
39	Equity instruments																		
40	Non-EU country counterparties not subject to NFRD disclosure obligations																		
41	Loans and advances																		
42	Debt securities																		
43	Equity instruments																		
44	**Derivatives**																		
45	**On demand interbank loans**																		
46	**Cash and cash-related assets**																		
47	**Other categories of assets (e.g. goodwill, commodities etc.)**																		
48	**Total GAR assets**																		
49	**Assets not covered for GAR calculation**																		
50	**Central governments and supranational issuers**																		
51	**Central banks exposure**																		
52	**Trading book**																		
53	**Total assets**																		
Off-balance sheet exposures – undertakings subject to NFRD disclosure obligations																			
54	Financial guarantees																		
55	Assets under management																		
56	of which debt securities																		
57	of which equity instruments																		

	1. Assets for the calculation of GAR – based on the Turnover KPI (7/8)	continued	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	€ m		**2023**												
			Pollution (PPC)				**Biodiversity and ecosystems (BIO)**				**Total (CCM + CCA + WTR + CE + PPC + BIO)**				
			of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				
				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)			
					of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	729.43	8.77	0.00	1.24	0.68
2	**Financial undertakings**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	713.24	8.39	0.00	1.24	0.30
3	Credit institutions		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	701.40	8.39	0.00	1.24	0.30
4	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	677.00	8.15	0.00	1.21	0.30
6	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	24.40	0.24		0.03	0.01
7	Other financial corporations		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.84	0.00	0.00	0.00	0.00
8	of which investment firms		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.84	0.00	0.00	0.00	0.00
9	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.42	0.00	0.00	0.00	0.00
11	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.42	0.00		0.00	0.00
12	of which management companies		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
16	of which insurance undertakings		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
20	**Non-financial undertakings**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.50	0.38	0.00	0.00	0.38
21	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.50	0.38	0.00	0.00	0.38
22	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
24	**Households**										10.69	0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property										10.69	0.00	0.00	0.00	0.00
26	of which building renovation loans										0.00	0.00	0.00	0.00	0.00
27	of which motor vehicle loans										0.00	0.00	0.00	0.00	0.00
28	**Local governments financing**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	1. Assets for the calculation of GAR – based on the Turnover KPI (8/8)	continued	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	€ m		**2023**												
			Pollution (PPC)				**Biodiversity and ecosystems (BIO)**				**Total (CCM + CCA + WTR + CE + PPC + BIO)**				
			of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				
				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)			
					of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
	continued														
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**														
33	**Financial and non-financial undertakings**														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations														
35	Loans and advances														
36	of which loans collateralised by commercial immovable property														
37	of which building renovation loans														
38	Debt securities														
39	Equity instruments														
40	Non-EU country counterparties not subject to NFRD disclosure obligations														
41	Loans and advances														
42	Debt securities														
43	Equity instruments														
44	**Derivatives**														
45	**On demand interbank loans**														
46	**Cash and cash-related assets**														
47	**Other categories of assets (e.g. goodwill, commodities etc.)**														
48	**Total GAR assets**														
49	**Assets not covered for GAR calculation**														
50	**Central governments and supranational issuers**														
51	**Central banks exposure**														
52	**Trading book**														
53	**Total assets**														
	Off-balance sheet exposures – undertakings subject to NFRD disclosure obligations														
54	Financial guarantees														
55	Assets under management														
56	of which debt securities														
57	of which equity instruments														

Notes:
1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts..
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations.
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure.

	1. Assets for the calculation of GAR – CapEx-based (1/8)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
			2024																
			Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
	Mio. €	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitio-nal	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,598.17	1,865.60	172.24	90.08	7.69	5.44	0.71	0.21	0.00	0.01	0.00	0.00	0.00	0.00	1.17	0.00	0.00	0.00
2	**Financial undertakings**	2,738.82	949.43	74.89	0.00	7.68	3.36	0.71	0.21	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	2,651.53	911.38	71.50	0.00	7.41	3.28	0.71	0.21	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Loans and advances	4.89	0.35	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	2,607.81	897.45	69.86	0.00	7.00	3.23	0.71	0.20	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Equity instruments	38.83	13.58	1.61		0.42	0.05	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
7	Other financial corporations	87.30	38.06	3.40	0.00	0.26	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	of which investment firms	87.30	38.06	3.40	0.00	0.26	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Loans and advances	67.82	30.89	2.95	0.00	0.18	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	14.21	5.19	0.38	0.00	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Equity instruments	5.26	1.97	0.06		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
20	**Non-financial undertakings**	1,146.52	916.16	97.34	90.08	0.01	2.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.17	0.00	0.00	0.00
21	Loans and advances	1,070.08	905.50	90.59	90.08	0.01	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.17	0.00	0.00	0.00
22	Debt securities, including UoP	76.44	10.66	6.76	0.00	0.00	1.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
24	**Households**	96.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	6.35	6.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
26	of which building renovation loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
27	of which motor vehicle loans	0.00	0.00	0.00	0.00	0.00	0.00												
28	**Local governments financing**	615.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	615.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	1. Assets for the calculation of GAR – CapEx-based (2/8)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
			2024																
			Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
	Mio. €	Total [gross] carrying amount		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitio-nal	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	continued																		
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**																		
33	**Financial and Non-financial undertakings**	23,839.28																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	13,988.50																	
35	Loans and advances	12,041.08																	
36	of which loans collateralised by commercial immovable property	4,786.88																	
37	of which building renovation loans	0.00																	
38	Debt securities	1,087.81																	
39	Equity instruments	859.61																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations	9,850.78																	
41	Loans and advances	6,063.55																	
42	Debt securities	3,781.22																	
43	Equity instruments	6.00																	
44	**Derivatives**	0.00																	
45	**On demand interbank loans**	584.23																	
46	**Cash and cash-related assets**	0.00																	
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	871.75																	
48	**Total GAR assets**	**29,893.43**																	
49	**Assets not covered for GAR calculation**	4,045.84																	
50	**Central governments and Supranational issuers**	737.42																	
51	**Central banks exposure**	3,085.44																	
52	**Trading book**	222.97																	
53	**Total assets**	33,939.27																	
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																		
54	Financial guarantees	713.11																	
55	Assets under management	0.00																	
56	Of which debt securities	0.00																	
57	Of which equity instruments	0.00																	

	1. Assets for the calculation of GAR – CapEx-based (3/8)	continued	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	€ m		**2024**												
			Pollution (PPC)				**Biodiversity and ecosystems (BIO)**				**Total (CCM + CCA + WTR + CE + PPC + BIO)**				
			of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				
				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)			
					of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitio-nal	of which enabling
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		46.70	0.00	0.00	0.00	8.56	0.00	0.00	0.00	1,922.74	172.44	90.08	7.69	5.45
2	**Financial undertakings**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	950.15	75.10	0.00	7.68	3.37
3	Credit institutions		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	912.09	71.70	0.00	7.41	3.29
4	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.35	0.02	0.00	0.00	0.00
5	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	898.16	70.06	0.00	7.00	3.24
6	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	13.59	1.61		0.42	0.05
7	Other financial corporations		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.06	3.40	0.00	0.26	0.08
8	of which investment firms		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.06	3.40	0.00	0.26	0.08
9	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.89	2.95	0.00	0.18	0.07
10	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.19	0.38	0.00	0.09	0.00
11	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	1.97	0.06		0.00	0.00
12	of which management companies		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
16	of which insurance undertakings		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
20	**Non-financial undertakings**		46.70	0.00	0.00	0.00	8.56	0.00	0.00	0.00	972.59	97.34	90.08	0.01	2.08
21	Loans and advances		2.81	0.00	0.00	0.00	8.56	0.00	0.00	0.00	918.04	90.59	90.08	0.01	0.50
22	Debt securities, including UoP		43.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54.55	6.76	0.00	0.00	1.58
23	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
24	**Households**										0.00	0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property										6.35	0.00	0.00	0.00	0.00
26	of which building renovation loans										0.00	0.00	0.00	0.00	0.00
27	of which motor vehicle loans										0.00	0.00	0.00	0.00	0.00
28	**Local governments financing**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	1. Assets for the calculation of GAR – CapEx-based (4/8)	continued	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
			2024												
			Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
	Mio. €		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	continued														
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**														
33	**Financial and Non-financial undertakings**														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations														
35	Loans and advances														
36	of which loans collateralised by commercial immovable property														
37	of which building renovation loans														
38	Debt securities														
39	Equity instruments														
40	Non-EU country counterparties not subject to NFRD disclosure obligations														
41	Loans and advances														
42	Debt securities														
43	Equity instruments														
44	**Derivatives**														
45	**On demand interbank loans**														
46	**Cash and cash-related assets**														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**														
48	**Total GAR assets**														
49	**Assets not covered for GAR calculation**														
50	**Central governments and Supranational issuers**														
51	**Central banks exposure**														
52	**Trading book**														
53	**Total assets**														
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees														
55	Assets under management														
56	Of which debt securities														
57	Of which equity instruments														

	1. Assets for the calculation of GAR – CapEx-based (5/8)	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax
		2023																	
			Climate change mitigation (CCM)					**Climate change adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
	€ m	Total [gross] carrying amount	of which towards taxonomy-relevant sectors (taxonomy-eligible)					of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)			
				of which environmentally sustainable (taxonomy-aligned)					of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)		
					of which use of proceeds	of which transitio-nal	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,440.16	729.35	8.75	0.00	1.24	0.68	0.08	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	**Financial undertakings**	2,218.60	713.16	8.37	0.00	1.24	0.30	0.08	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	2,191.30	701.32	8.37	0.00	1.24	0.30	0.08	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	2,117.26	413.79	8.78	0.00	1.40	0.51	0.03	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Equity instruments	74.05	13.13	0.26		0.04	0.01	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
7	Other financial corporations	27.30	0.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	of which investment firms	27.30	0.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	25.55	0.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Equity instruments	1.75	0.42	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
20	**Non-financial undertakings**	114.33	32.17	1.52	0.00	0.00	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	Loans and advances	72.92	30.92	1.52	0.00	0.00	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	Debt securities, including UoP	29.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	11.67	1.25	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
24	**Households**	107.23	10.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	10.69	10.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
26	of which building renovation loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
27	of which motor vehicle loans	0.00	0.00	0.00	0.00	0.00	0.00												
28	**Local governments financing**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1. Assets for the calculation of GAR – CapEx-based (6/8)		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax
Mio. €			**2023**																
			Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
		Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitio-nal	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
continued																			
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**																		
33	**Financial and Non-financial undertakings**																		
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																		
35	Loans and advances																		
36	of which loans collateralised by commercial																		
37	of which building renovation loans																		
38	Debt securities																		
39	Equity instruments																		
40	Non-EU country counterparties not subject to NFRD disclosure obligations																		
41	Loans and advances																		
42	Debt securities																		
43	Equity instruments																		
44	**Derivatives**																		
45	**On demand interbank loans**																		
46	**Cash and cash-related assets**																		
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**																		
48	**Total GAR assets**																		
49	**Assets not covered for GAR calculation**																		
50	**Central governments and Supranational issuers**																		
51	**Central banks exposure**																		
52	**Trading book**																		
53	**Total assets**																		
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																			
54	Financial guarantees																		
55	Assets under management																		
56	Of which debt securities																		
57	Of which equity instruments																		

	1. Assets for the calculation of GAR – CapEx-based (7/8)	continued	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
			2023												
	Mio. €		**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	470.72	10.57	0.00	1.44	2.04
2	**Financial undertakings**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	427.86	9.05	0.00	1.44	0.52
3	Credit institutions		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	426.95	9.05	0.00	1.44	0.52
4	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	413.82	8.79	0.00	1.40	0.51
6	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	13.13	0.26		0.04	0.01
7	Other financial corporations		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.91	0.00	0.00	0.00	0.00
8	of which investment firms		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.91	0.00	0.00	0.00	0.00
9	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49	0.00	0.00	0.00	0.00
11	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.42	0.00		0.00	0.00
12	of which management companies		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
16	of which insurance undertakings		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
20	**Non-financial undertakings**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.17	1.52	0.00	0.00	1.52
21	Loans and advances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.92	1.52	0.00	0.00	1.52
22	Debt securities, including UoP		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments		0.00	0.00		0.00	0.00	0.00		0.00	1.25	0.00		0.00	0.00
24	**Households**										10.69	0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property										10.69	0.00	0.00	0.00	0.00
26	of which building renovation loans										0.00	0.00	0.00	0.00	0.00
27	of which motor vehicle loans										0.00	0.00	0.00	0.00	0.00
28	**Local governments financing**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	1. Assets for the calculation of GAR - CapEx-based (8/8)	continued	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	€ m		**2023**												
			Pollution (PPC)				**Biodiversity and ecosystems (BIO)**				**Total (CCM + CCA + WTR + CE + PPC + BIO)**				
			of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				of which towards taxonomy-relevant sectors (taxonomy-eligible)				
				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)				of which environmentally sustainable (taxonomy-aligned)			
					of which use of proceeds	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
	continued														
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**														
33	**Financial and non-financial undertakings**														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations														
35	Loans and advances														
36	of which loans collateralised by commercial immovable property														
37	of which building renovation loans														
38	Debt securities														
39	Equity instruments														
40	Non-EU country counterparties not subject to NFRD disclosure obligations														
41	Loans and advances														
42	Debt securities														
43	Equity instruments														
44	**Derivatives**														
45	**On demand interbank loans**														
46	**Cash and cash-related assets**														
47	**Other categories of assets (e.g. goodwill, commodities etc.)**														
48	**Total GAR assets**														
49	**Assets not covered for GAR calculation**														
50	**Central governments and supranational issuers**														
51	**Central banks exposure**														
52	**Trading book**														
53	**Total assets**														
	Off-balance sheet exposures - undertakings subject to NFRD disclosure obligations														
54	Financial guarantees														
55	Assets under management														
56	of which debt securities														
57	of which equity instruments														

Notes:

1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations.
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure.

2. GAR-Sector Information (1/2)

		a	b	C	d	e	f	g	h	i	j	k	l	m	n	o	p
		Climate Change Mitigation (CCM)				**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)
1	C21.2 - Manufacture of pharmaceutical specialties and other pharmaceutical products	0.00	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
2	C29.1 - Manufacture of motor vehicles and motor vehicle engines	0.72	0.09			0.00	0.00			0.00	0.00			0.00	0.00		
3	D35.1 - Electricity supply	92.46	72.66			0.00	0.00			0.00	0.00			0.00	0.00		
4	D35.3 - Heat and cooling supply	0.00	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
5	F41.10 - Land development; property developers	50.31	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
6	F42.1 - Construction of roads and railway tracks	0.01	0.00			0.00	0.00			0.00	0.00			0.01	0.00		
7	H50.2 - Freight transport in sea and coastal shipping	3.27	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
8	H52.2 - Provision of other services for transport	0.00	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
9	I55.1 - Hotels, inns, and guesthouses	47.47	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
10	L68.10 - Purchase and sale of own land, buildings, and dwellings	243.46	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
11	L68.20 - Renting and leasing of own or leased land, buildings, and dwellings	301.99	24.53			0.00	0.00			0.00	0.00			0.00	0.00		
12	L68.32 - Management of land, buildings, and dwellings for third parties	0.00	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
13	M70.10 - Management and administration of enterprises and businesses	150.68	0.00			0.00	0.00			0.00	0.00			0.00	0.00		
14	N77.3 - Rental of machines, equipment, and other movable goods	0.67	0.75			0.00	0.00			0.00	0.00			4.61	0.00		
15	N82.99 - Provision of other business services for companies and private individuals n.e.c. (not elsewhere classified)	0.29	0.32			0.00	0.00			0.00	0.00			1.97	0.00		
16	Q86.1 - Hospitals	0.37	0.00			0.00	0.00			0.00	0.00			0.17	0.00		
17	Q86.9 - Healthcare services n.e.c. (not elsewhere classified)	10.00	0.00			0.00	0.00			0.00	0.00			0.00	0.00		

2. GAR-Sector Information (2/2)

	continued	q	r	s	t	u	v	w	x	y	z	aa	ab
		Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	C21.2 - Manufacture of pharmaceutical specialties and other pharmaceutical products	44.30	0.00			0.00	0.00			44.30	0.00		
2	C29.1 - Manufacture of motor vehicles and motor vehicle engines	0.00	0.00			0.00	0.00			0.72	0.09		
3	D35.1 - Electricity supply	0.00	0.00			0.00	0.00			92.46	72.66		
4	D35.3 - Heat and cooling supply	0.00	0.00			0.00	0.00			0.00	0.00		
5	F41.10 - Land development; property developers	0.00	0.00			0.00	0.00			50.31	0.00		
6	F42.1 - Construction of roads and railway tracks	0.00	0.00			0.00	0.00			0.02	0.00		
7	H50.2 - Freight transport in sea and coastal shipping	0.00	0.00			0.00	0.00			3.27	0.00		
8	H52.2 - Provision of other services for transport	0.00	0.00			0.00	0.00			0.00	0.00		
9	I55.1 - Hotels, inns, and guesthouses	0.00	0.00			0.00	0.00			47.47	0.00		
10	L68.10 - Purchase and sale of own land, buildings, and dwellings	0.00	0.00			0.00	0.00			243.46	0.00		
11	L68.20 - Renting and leasing of own or leased land, buildings, and dwellings	0.00	0.00			0.00	0.00			301.99	24.53		
12	L68.32 - Management of land, buildings, and dwellings for third parties	0.00	0.00			0.00	0.00			0.00	0.00		
13	M70.10 - Management and administration of enterprises and businesses	0.00	0.00			3.26	0.00			153.94	0.00		
14	N77.3 - Rental of machines, equipment, and other movable goods	0.00	0.00			0.00	0.00			5.28	0.75		
15	N82.99 - Provision of other business services for companies and private individuals n.e.c. (not elsewhere classified)	0.00	0.00			0.00	0.00			2.25	0.32		
16	Q86.1 - Hospitals	4.86	0.00			0.00	0.00			5.39	0.00		
17	Q86.9 - Healthcare services n.e.c. (not elsewhere classified)	0.00	0.00			0.00	0.00			10.00	0.00		

Notes:

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty.
2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

	3 GAR KPI stock – Revenue-based (1/4)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		2024																
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
	% (compared to flow of total eligible assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6.34 %	0.58 %	0.30 %	0.02 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %	0.00 %	0.00 %	0.00 %
2	**Financial undertakings**	3.30 %	0.25 %	0.00 %	0.02 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
3	Credit institutions	3.17 %	0.24 %	0.00 %	0.02 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
4	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP	3.12 %	0.23 %	0.00 %	0.02 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
6	Equity instruments	0.05 %	0.01 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
7	Other financial corporations	0.13 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
8	of which investment firms	0.13 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
9	Loans and advances	0.10 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11	Equity instruments	0.01 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
12	of which management companies	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
16	of which insurance undertakings	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
20	**Non-financial undertakings**	3.02 %	0.33 %	0.30 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %	0.00 %	0.00 %	0.00 %
21	Loans and advances	2.99 %	0.31 %	0.30 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %	0.00 %	0.00 %	0.00 %
22	Debt securities, including UoP	0.02 %	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
23	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
24	**Households**	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
25	of which loans collateralised by residential immovable property	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
26	of which building renovation loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %												
28	**Local governments financing**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
29	Housing financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**	**6.34 %**	**0.58 %**	**0.30 %**	**0.02 %**	**0.01 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.02 %**	**0.00 %**	**0.00 %**	**0.00 %**

	3. GAR KPI flow – Revenue-based (2/4)	continued	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	% (compared to flow of total eligible assets)		**2024**													
			Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		0.16 %	0.00 %	0.00 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	6.54 %	0.58 %	0.30 %	0.02 %	0.01 %	15.38 %
2	**Financial undertakings**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.30 %	0.25 %	0.00 %	0.02 %	0.01 %	9.16 %
3	Credit institutions		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.17 %	0.24 %	0.00 %	0.02 %	0.01 %	8.87 %
4	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %
5	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.13 %	0.23 %	0.00 %	0.02 %	0.01 %	8.72 %
6	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.05 %	0.01 %		0.00 %	0.00 %	0.13 %
7	Other financial corporations		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.13 %	0.01 %	0.00 %	0.00 %	0.00 %	0.29 %
8	of which investment firms		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.13 %	0.01 %	0.00 %	0.00 %	0.00 %	0.29 %
9	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.10 %	0.01 %	0.00 %	0.00 %	0.00 %	0.23 %
10	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.05 %
11	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.01 %	0.00 %		0.00 %	0.00 %	0.02 %
12	of which management companies		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
16	of which insurance undertakings		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
20	**Non-financial undertakings**		0.16 %	0.00 %	0.00 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	3.21 %	0.33 %	0.30 %	0.00 %	0.01 %	0.38 %
21	Loans and advances		0.02 %	0.00 %	0.00 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	3.04 %	0.31 %	0.30 %	0.00 %	0.00 %	0.24 %
22	Debt securities, including UoP		0.15 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.17 %	0.02 %	0.00 %	0.00 %	0.00 %	0.10 %
23	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
24	**Households**										0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.36 %
25	of which loans collateralised by residential immovable property										0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.04 %
26	of which building renovation loans										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans															
28	**Local governments financing**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.06 %
29	Housing financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.06 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**		**0.16 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.01 %**	**0.00 %**	**0.00 %**	**0.00 %**	**6.54 %**	**0.58 %**	**0.30 %**	**0.02 %**	**0.01 %**	

	3. GAR KPI flow – Revenue-based (3/4)	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw
		2023																
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
	% (compared to flow of total eligible assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.74 %	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2	**Financial undertakings**	2.68 %	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
3	Credit institutions	2.63 %	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
4	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP	2.54 %	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
6	Equity instruments	0.09 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
7	Other financial corporations	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
8	of which investment firms	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
9	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
12	of which management companies	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
16	of which insurance undertakings	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
20	**Non-financial undertakings**	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
21	Loans and advances	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
22	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
23	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
24	**Households**	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
25	of which loans collateralised by residential immovable property	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
26	of which building renovation loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %												
28	**Local governments financing**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
29	Housing financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**	**2.74 %**	**0.03 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**

	3. GAR KPI flow – Revenue-based (4/4)	continued	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	% (compared to flow of total eligible assets)		**2023**													
			Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.74 %	0.03 %	0.00 %	0.00 %	0.00 %	9.16 %
2	**Financial undertakings**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.68 %	0.03 %	0.00 %	0.00 %	0.00 %	8.33 %
3	Credit institutions		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.63 %	0.03 %	0.00 %	0.00 %	0.00 %	8.23 %
4	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.54 %	0.03 %	0.00 %	0.00 %	0.00 %	7.95 %
6	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.09 %	0.00 %		0.00 %	0.00 %	0.28 %
7	Other financial corporations		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.10 %
8	of which investment firms		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.10 %
9	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.10 %
11	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.01 %
12	of which management companies		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
16	of which insurance undertakings		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
20	**Non-financial undertakings**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.43 %
21	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.27 %
22	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.11 %
23	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.04 %
24	**Households**										0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.40 %
25	of which loans collateralised by residential immovable property										0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.04 %
26	of which building renovation loans										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans															
28	**Local governments financing**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
29	Housing financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**		**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**2.74 %**	**0.03 %**	**0.00 %**	**0.00 %**	**0.00 %**	

Notes:

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR
3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets.
4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures.

	3. GAR KPI stock – CapEx-based (1/4)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		2024																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
	% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6.24 %	0.58 %	0.30 %	0.03 %	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2	**Financial undertakings**	3.18 %	0.25 %	0.00 %	0.03 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
3	Credit institutions	3.05 %	0.24 %	0.00 %	0.02 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
4	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP	3.00 %	0.23 %	0.00 %	0.02 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
6	Equity instruments	0.05 %	0.01 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
7	Other financial corporations	0.13 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
8	of which investment firms	0.13 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
9	Loans and advances	0.10 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11	Equity instruments	0.01 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
12	of which management companies	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
16	of which insurance undertakings	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
20	**Non-financial undertakings**	3.06 %	0.33 %	0.30 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
21	Loans and advances	3.03 %	0.30 %	0.30 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
22	Debt securities, including UoP	0.04 %	0.02 %	0.00 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
23	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
24	**Households**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
25	of which loans collateralised by residential immovable property	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
26	of which building renovation loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %												
28	**Local governments financing**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
29	Housing financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**	**6.24 %**	**0.58 %**	**0.30 %**	**0.03 %**	**0.02 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**

3. GAR KPI stock – CapEx-based (2/4)		continued	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
			2024													
% (compared to total covered assets in the denominator)			**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		0.16 %	0.00 %	0.00 %	0.00 %	0.03 %	0.00 %	0.00 %	0.00 %	6.43 %	0.58 %	0.30 %	0.03 %	0.02 %	15.38 %
2	**Financial undertakings**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.18 %	0.25 %	0.00 %	0.03 %	0.01 %	9.16 %
3	Credit institutions		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.05 %	0.24 %	0.00 %	0.02 %	0.01 %	8.87 %
4	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %
5	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.00 %	0.23 %	0.00 %	0.02 %	0.01 %	8.72 %
6	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.05 %	0.01 %		0.00 %	0.00 %	0.13 %
7	Other financial corporations		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.13 %	0.01 %	0.00 %	0.00 %	0.00 %	0.29 %
8	of which investment firms		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.13 %	0.01 %	0.00 %	0.00 %	0.00 %	0.29 %
9	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.10 %	0.01 %	0.00 %	0.00 %	0.00 %	0.23 %
10	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.05 %
11	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.01 %	0.00 %		0.00 %	0.00 %	0.02 %
12	of which management companies		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
16	of which insurance undertakings		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
20	**Non-financial undertakings**		0.16 %	0.00 %	0.00 %	0.00 %	0.03 %	0.00 %	0.00 %	0.00 %	3.25 %	0.33 %	0.30 %	0.00 %	0.01 %	3.84 %
21	Loans and advances		0.01 %	0.00 %	0.00 %	0.00 %	0.03 %	0.00 %	0.00 %	0.00 %	3.07 %	0.30 %	0.30 %	0.00 %	0.00 %	3.58 %
22	Debt securities, including UoP		0.15 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.18 %	0.02 %	0.00 %	0.00 %	0.01 %	0.26 %
23	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
24	**Households**										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.32 %
25	of which loans collateralised by residential immovable property										0.02 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %
26	of which building renovation loans										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans															
28	**Local governments financing**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.06 %
29	Housing financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.06 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**		**0.16 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.03 %**	**0.00 %**	**0.00 %**	**0.00 %**	**6.43 %**	**0.58 %**	**0.30 %**	**0.03 %**	**0.02 %**	

	3. GAR KPI stock – CapEx-based (3/4)	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw
	% (compared to total covered assets in the denominator)	**2023**																
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.77 %	0.04 %	0.00 %	0.01 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2	**Financial undertakings**	1.61 %	0.03 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
3	Credit institutions	1.60 %	0.03 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
4	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP	1.55 %	0.03 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
6	Equity instruments	0.05 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
7	Other financial corporations	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
8	of which investment firms	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
9	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
12	of which management companies	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
16	of which insurance undertakings	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
20	**Non-financial undertakings**	0.12 %	0.01 %	0.00 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
21	Loans and advances	0.12 %	0.01 %	0.00 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
22	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
23	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
24	**Households**	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
25	of which loans collateralised by residential immovable property	0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
26	of which building renovation loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %												
28	**Local governments financing**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
29	Housing financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**	**1.77 %**	**0.04 %**	**0.00 %**	**0.01 %**	**0.01 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**

	3. GAR KPI stock – CapEx-based (4/4)	continued	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	% (compared to flow of total eligible assets)		**2023**													
			Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.77 %	0.04 %	0.00 %	0.01 %	0.01 %	9.16 %
2	**Financial undertakings**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.61 %	0.03 %	0.00 %	0.01 %	0.00 %	8.33 %
3	Credit institutions		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.60 %	0.03 %	0.00 %	0.01 %	0.00 %	8.23 %
4	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.55 %	0.03 %	0.00 %	0.01 %	0.00 %	7.95 %
6	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.05 %	0.00 %		0.00 %	0.00 %	0.28 %
7	Other financial corporations		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.10 %
8	of which investment firms		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.10 %
9	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.10 %
11	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.01 %
12	of which management companies		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
16	of which insurance undertakings		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
20	**Non-financial undertakings**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.12 %	0.01 %	0.00 %	0.00 %	0.01 %	0.43 %
21	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.12 %	0.01 %	0.00 %	0.00 %	0.01 %	0.27 %
22	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.11 %
23	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.04 %
24	**Households**										0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.40 %
25	of which loans collateralised by residential immovable property										0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	0.04 %
26	of which building renovation loans										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans															
28	**Local governments financing**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
29	Housing financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**		**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**1.77 %**	**0.04 %**	**0.00 %**	**0.01 %**	**0.01 %**	

Notes:.

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR
3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets.
4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures.

	4. GAR KPI flow – Revenue-based (1/2)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		2024																
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
	% (compared to flow of total eligible assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.60 %	0.11 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2	**Financial undertakings**	1.00 %	0.11 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
3	Credit institutions	0.97 %	0.10 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
4	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP	0.93 %	0.10 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
6	Equity instruments	0.04 %	0.01 %		0.01 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
7	Other financial corporations	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
8	of which investment firms	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
9	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11	Equity instruments	0.03 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
12	of which management companies	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
16	of which insurance undertakings	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
20	**Non-financial undertakings**	3.60 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
21	Loans and advances	3.60 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
22	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
23	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
24	**Households**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
25	of which loans collateralised by residential immovable property	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
26	of which building renovation loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %												
28	**Local governments financing**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
29	Housing financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**	**4.60 %**	**0.11 %**	**0.00 %**	**0.01 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**

	4. GAR KPI flow – Revenue-based 2/2	continued	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
			2024													
			Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					
	% (compared to flow of total eligible assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
					Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		0.64 %	0.00 %	0.00 %	0.00 %	0.05 %	0.00 %	0.00 %	0.00 %	5.29 %	0.11 %	0.00 %	0.01 %	0.00 %	8.58 %
2	**Financial undertakings**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.00 %	0.11 %	0.00 %	0.01 %	0.00 %	3.39 %
3	Credit institutions		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.97 %	0.10 %	0.00 %	0.01 %	0.00 %	3.32 %
4	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.93 %	0.10 %	0.00 %	0.00 %	0.00 %	3.23 %
6	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.04 %	0.01 %		0.01 %	0.00 %	0.08 %
7	Other financial corporations		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.08 %
8	of which investment firms		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.08 %
9	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.03 %	0.00 %		0.00 %	0.00 %	0.08 %
12	of which management companies		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
16	of which insurance undertakings		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
20	**Non-financial undertakings**		0.64 %	0.00 %	0.00 %	0.00 %	0.05 %	0.00 %	0.00 %	0.00 %	4.29 %	0.00 %	0.00 %	0.00 %	0.00 %	4.82 %
21	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.05 %	0.00 %	0.00 %	0.00 %	3.65 %	0.00 %	0.00 %	0.00 %	0.00 %	4.05 %
22	Debt securities, including UoP		0.64 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.64 %	0.00 %	0.00 %	0.00 %	0.00 %	0.77 %
23	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
24	**Households**										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
25	of which loans collateralised by residential immovable property										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
26	of which building renovation loans										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
28	**Local governments financing**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.36 %
29	Housing financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.36 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**		**0.64 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.05 %**	**0.00 %**	**0.00 %**	**0.00 %**	**5.29 %**	**0.11 %**	**0.00 %**	**0.01 %**	**0.00 %**	

4. GAR KPI flow – CapEx-based (1/2)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
% (compared to flow of total eligible assets)		2024																
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.66 %	0.11 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2	**Financial undertakings**	1.00 %	0.11 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
3	Credit institutions	0.97 %	0.11 %	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
4	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP	0.93 %	0.10 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
6	Equity instruments	0.04 %	0.01 %		0.01 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
7	Other financial corporations	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
8	of which investment firms	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
9	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11	Equity instruments	0.03 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
12	of which management companies	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
16	of which insurance undertakings	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
20	**Non-financial undertakings**	3.66 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
21	Loans and advances	3.66 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
22	Debt securities, including UoP	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
23	Equity instruments	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %
24	**Households**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
25	of which loans collateralised by residential immovable property	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
26	of which building renovation loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %					0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %												
28	**Local governments financing**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
29	Housing financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**	**4.66 %**	**0.11 %**	**0.00 %**	**0.01 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**

	4. GAR KPI flow – CapEx-based (2/2)	continued	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	% (compared to flow of total eligible assets)		**2024**													
			Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
					Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		0.63 %	0.00 %	0.00 %	0.00 %	0.12 %	0.00 %	0.00 %	0.00 %	5.41 %	0.11 %	0.00 %	0.01 %	0.00 %	8.58 %
2	**Financial undertakings**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.00 %	0.11 %	0.00 %	0.01 %	0.00 %	3.39 %
3	Credit institutions		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.97 %	0.11 %	0.00 %	0.01 %	0.00 %	3.32 %
4	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.93 %	0.10 %	0.00 %	0.00 %	0.00 %	3.23 %
6	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.04 %	0.01 %		0.01 %	0.00 %	0.08 %
7	Other financial corporations		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.08 %
8	of which investment firms		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.03 %	0.00 %	0.00 %	0.00 %	0.00 %	0.08 %
9	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
10	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.03 %	0.00 %		0.00 %	0.00 %	0.08 %
12	of which management companies		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
13	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
14	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
15	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
16	of which insurance undertakings		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
17	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
18	Debt securities, including UoP		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
19	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
20	**Non-financial undertakings**		0.63 %	0.00 %	0.00 %	0.00 %	0.12 %	0.00 %	0.00 %	0.00 %	4.42 %	0.00 %	0.00 %	0.00 %	0.00 %	4.82 %
21	Loans and advances		0.00 %	0.00 %	0.00 %	0.00 %	0.12 %	0.00 %	0.00 %	0.00 %	3.78 %	0.00 %	0.00 %	0.00 %	0.00 %	4.05 %
22	Debt securities, including UoP		0.63 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.63 %	0.00 %	0.00 %	0.00 %	0.00 %	0.77 %
23	Equity instruments		0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %		0.00 %	0.00 %	0.00 %
24	**Households**										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
25	of which loans collateralised by residential immovable property										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
26	of which building renovation loans										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
27	of which motor vehicle loans										0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
28	**Local governments financing**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.36 %
29	Housing financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
30	Other local government financing		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.36 %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
32	**Total GAR assets**		**0.63 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.12 %**	**0.00 %**	**0.00 %**	**0.00 %**	**5.41 %**	**0.11 %**	**0.00 %**	**0.01 %**	**0.00 %**	

Notes

1. Institution shall disclose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures.

5. KPI off-balance sheet exposures - stock		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		2024																
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
% (compared to total eligible off-balance sheet assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	1.35 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2	Assets under management (AuM KPI)	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

		continued	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
			2024												
			Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
% (compared to total eligible off-balance sheet assets)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.35 %	0.00 %	0.00 %	0.00 %	0.00 %
2	Assets under management (AuM KPI)		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Notes:

1. Institution shall disclose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures.

5. KPI off-balance sheet exposures – inflow		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		2024																
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**			
% (compared to total eligible off-balance sheet assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2	Assets under management (AuM KPI)	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

		continued	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
			2024												
			Pollution (PPC)				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
% (compared to total eligible off-balance sheet assets)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2	Assets under management (AuM KPI)		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

ESRS E1 Climate change

Strategy

E1-1 Transition plan for climate change mitigation

Corporate: In its banking operations, HCOB focuses on energy efficiency and the use of renewable energies. It has already implemented several measures to reduce electricity and heat consumption. These include the installation of motion detectors, the conversion to LED lighting and policies for needs-based heating at the Hamburg and Kiel locations (see "E1-3 Actions and resources in relation to climate change policies"). The CO_2 reduction options at the current locations Hamburg and Kiel have largely been exhausted. HCOB will move to new corporate headquarters in Hamburg in 2026, which aims for WELL and LEED Platinum certifications. The energy-efficient building will therefore meet the highest sustainability standards and enable a further reduction in the carbon footprint caused by banking operations.

As the Bank has a much greater impact on climate change with its financed emissions in the portfolio than with its corporate activities, it will set itself a specific transition plan for the portfolio.

Portfolio: The financial sector plays a key role in financing the transformation to support climate change mitigation. HCOB actively assumes responsibility and takes climate factors into account in its lending and investment decisions.

HCOB addresses climate change in two dimensions: climate change mitigation – the reduction of global greenhouse gas emissions to limit global warming to a maximum of 1.5 °C in line with the Paris Climate Agreement – and climate change adaptation – measures to cope with existing and expected climatic changes. HCOB also considers both physical climate risks and transition risks. The former exist if the physical consequences of climate change (e.g. sea level rise) can directly affect HCOB's strategy and business model and any adaptation options. The latter exist when the corporate strategy and management of HCOB are no longer in line with the changing regulatory, political and/or social landscape in which the company conducts its business activities.

HCOB has laid the initial foundations for a transition plan for climate change mitigation for the portfolio. This includes the measurement of financed emissions (see "E1-6 Gross Scope 1, 2 and 3 and total GHG emissions") and the publication of decarbonisation targets as part of the Pillar III disclosure (see "E1-4 Targets related to climate change mitigation and adaptation"). The Bank will continue developing this plan in the medium term and embed it as an integral part of its corporate strategy.

The transition plan will as formally required by the ESRS include decarbonisation targets, actions and resources required to transparently highlight HCOB's past, present and future climate change mitigation efforts. It should also ensure that the strategy and business model, as required by the ESRS, are compatible with (i) the transition to a sustainable economy, (ii) limiting global warming to 1.5 °C in accordance with the Paris Agreement and (iii) achieving climate neutrality by 2050.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Corporate: The Bank has not identified any material climate-related physical or transition risks in its own business operations. Accordingly, the focus of the resilience analysis, as set out in the breakdowns for the portfolio dimension below, is on the real estate finance, ship finance, project finance and corporate clients business areas.

Portfolio: With regard to the climate-related risks identified, please refer to the details provided in "IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities".

To ensure the resilience of the business model, HCOB utilises a set of exposure-based, portfolio-based and scenario-based instruments and business approaches. Examples include customised ESG scoring, analyses of portfolio developments along sector-specific "net zero" paths and internal stress tests. These tools and business approaches are used to identify current opportunities and risks at client and portfolio level and to anticipate future developments at an early stage and take them into account in planning. To assess unexpected developments in connection with climate change, the Bank uses a 1.5 °C stress scenario, which is calculated and reported to management on a quarterly basis. In line with the results of the materiality analysis, the focus is on transition climate risks with a resilience analysis both for the overall Bank and, in particular, for the real estate, shipping and project finance business areas as well as the corporate clients business.

The methodology of the resilience analysis is based on the 1.5 °C stress scenario and includes the following assumptions:

- The scenario is based on the Network for Greening the Financial System (NGFS) scenarios and has been combined with HCOB-specific elements
- It describes an abrupt and unforeseen political change and a subsequent sharp drop in demand for fossil fuels based on a combination of several independent events, in particular the manifestation of physical risks from climate change (a severe natural disaster, such as a severe drought, together with disruptions in fossil fuel supplies due to global conflicts)
- Governments abruptly increase CO_2 costs (modelled as a combination of CO_2 taxes, price increases in the emissions trading system (ETS) and early introduction of the Carbon Border Adjustment Mechanism (CBAM) in order to drive the energy transition forward
- This unforeseen change in climate change policy, which is in line with the 1.5 °C target, sends shockwaves through the global economy and financial system, reduces demand for fossil fuels and leads to an abrupt devaluation of companies in carbon-intensive sectors and a general tightening of financial conditions

For the 1.5 °C stress scenario, as with all other climate and business scenarios, a time horizon of three years is used for medium-term planning. Events in the long-term NGFS Delayed Transition scenario are also brought forward into the time horizon of the medium-term planning and thus taken into account. This scenario therefore serves to identify transition risks. The following impacts on the individual sectors are modelled in the scenario:

Shipping: Tankers and bulkers in particular will be affected by the decline in demand for fossil fuels.

Real estate: Older buildings with low energy efficiency are particularly affected. The portfolio analysis based on the EPC data available has shown that the HCOB portfolio is moderately affected.

Corporates: Companies are fundamentally affected by the economic slowdown and the rising costs of CO_2 emissions.

Project finance with a focus on renewable energies: The sector is being positively influenced by the increasing demand for wind and solar parks.

The Bank's business model is resilient in the 1.5 °C stress scenario, with declining but still positive earnings overall due to higher refinancing costs and a decline in new business. The total assets would decrease due to the decline in new business, with a slight reduction in the CET1 ratio immediately after the shock followed by a rapid recovery.

The results of the resilience analysis for each business unit show the specific measures to be taken if the 1.5 °C stress scenario materializes (e.g. the adjusted composition of new business) and are in line with the ESG business approaches already anchored today that serve to limit physical and transition risks and exploit market opportunities:

Real estate finance
The decarbonisation of the energy supply and district heating will further reduce CO_2 intensity, even without additional energy measures for existing buildings.

Energy-efficient refurbishment of existing buildings is another key lever for decarbonisation, which requires considerable investment. HCOB sees this as an opportunity and contributes its expertise in the financing of property refurbishment and development.

Individual case reviews when granting loans help to avoid or manage risks, and HCOB's decarbonisation target manages transition risks. Exclusion criteria for ESG scores of 5 and 6 and the ESG Blacklist support this approach.

Ship finance
The shipping industry is undergoing profound change as a result of the desired decarbonisation, and it therefore requires investment in alternative fuels and energy-efficient technologies. As it is the most efficient means of transporting goods, supporting clients with decarbonisation remains essential.

HCOB minimises transition risks through short credit periods in order to avoid lock-in effects and to react flexibly to technological developments. In addition, it favours ships with CII (Carbon Intensity Indicator) ratings of D or better in order to keep the physical CO_2 intensity in line with the market average. A decarbonisation target for the shipping portfolio, derived from the current International Maritime Organization (IMO) decarbonisation pathway, is supported by exclusion criteria (ESG scores 5 and 6) and new business targets under the STFF, among other things.

Project finance
In addition to the traditional business with wind and solar energy, the market for renewable energies also offers opportunities in the areas of green hydrogen, battery storage and other new technologies for the transformation of the energy sector. Growth in these new areas is expected in the medium term, particularly in Europe.

HCOB can draw on over 25 years of experience in financing renewable energies in order to develop market opportunities and assess risks. In the areas of green hydrogen and battery storage, the Bank focuses on continuous knowledge development and market monitoring in order to identify attractive financing opportunities.

Corporate client business
Corporate clients, especially in carbon-intensive industries, face major challenges as significant investments are required to reduce their carbon footprint. However, these industries only represent a small part of HCOB's corporate client portfolio. Overall, the broad sector diversification of the HCOB portfolio ensures stable cash flows.

The Bank is increasingly using the ESG dialogue with its clients to support the decarbonisation of their business models and production processes with appropriate financing. Carbon-intensive sectors in particular are subject to a detailed analysis of transition and technology risks before lending decisions are made in order to minimize potential risks. Further risk management is carried out using exclusion criteria for ESG scores of 5 and 6 and the ESG Blacklist.

The resilience analysis underpins the management's assessment that HCOB's business model can withstand the effects of climate change and the resulting transformation of the economy towards carbon neutrality.

Management of impacts, risks and opportunities

ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Corporate: As part of the annual risk inventory, the impact of transition risks on HCOB was analysed and the extent to which the Bank's office locations are exposed to physical climate risks was determined using insurance data. Impacts were analysed in accordance with the process described in the portfolio section of "ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities" to analyse materiality. The results of the risk inventory are presented in full in the same place. Information on the scenarios used in this context can also be found there under "Stress testing and scenario analyses".

Portfolio: The starting point for considering sustainability in the risk management process is the ESG risks identified as material in the risk inventory. HCOB does not view ESG risks as a separate risk type, but rather as a driver for the respective risk types, which can have a negative impact on the Bank's earnings, net assets or financial position and/or reputation if relevant influencing factors change. In line with the Bank's business model, the analysis in the risk inventory process focuses in particular on climate-related risks (physical risks and transition risks) and also includes biodiversity risks and social risks. The risk inventory takes place at least once a year.

ESG risks can flow into traditional financial risk types via many channels. When assessing the materiality of ESG risks, the focus is therefore on evaluating the drivers that influence ESG-related developments in the economy and the own business model. Short (0-1 year), medium (1-5 years) and long-term (5-30 years) time horizons are analysed. The risk drivers identified as part of the risk inventory are described in more detail in the following table:

ESG risks by risk category

Risk category	ESG risk
Physical risks	**Acute physical risks** Acute physical risks relate to the financial impact of climate change due to more frequent extreme weather events (e.g. storms or flooding).
	Chronic physical risks Chronic physical risks relate to the financial impact of climate change due to gradual changes in climate (e.g. droughts).
Transition risks	**CO_2 price** The pricing of greenhouse gases incentivises a "green" carbon-neutral transformation of the economy.
	Green regulations Government initiatives such as the EU's Green Deal are aimed at reducing greenhouse gas emissions. Measures include, for example, a ban on CO_2-emitting technologies or regulations to reduce energy consumption in buildings.
	Green technology In the course of the transformation of the economy, old CO_2-intensive technologies, such as combustion engines, may become economically unviable.
	Market sentiment Consumer preferences and investor expectations are increasingly favouring green products. Companies that do not adapt to these changing preferences could suffer a competitive disadvantage.
	ESG reputation clients Clients who are known for poor ESG practices can damage the Bank's reputation, which can lead to reputational damage among stakeholders.
Biodiversity risks	**Protecting ecosystems** Biodiversity risks can affect profitability through the loss of species or the implementation of environmental protection regulations.
Social risks	**Human rights / labour standards** Events, developments or conduct related to social aspects (e.g. violations of human rights / labour standards) can have a negative impact on a company's earnings, net assets and financial position.

With regard to governance risks, the Bank has compliance procedures in place and therefore considers these risks to be limited effectively.

The impacts of the ESG risks are specified at the level of risk types, which should enable an appropriate description of the various impacts, the assessed relevance and the materiality. In order to ensure adequate capitalisation and liquidity, the current risk situation as well as expected and unexpected developments are taken into account in the evaluation. The Bank bases its evaluation on qualitative assessments and quantitative analyses. The latter take into account both externally collected data (such as insurance data for physical risks, energy certificates and shipping data from Scope) and internally generated data (such as ESG scores, concentration analyses and stress test results).

As a result, the risk inventory shows the influence of identified ESG risk drivers on relevant risk types. At the end of this process, the results are approved by the Management Board.

Result of the risk inventory

Risk type		Default	Market	Liquidity	Operational	Reputation	Business strategy	Other
Physical risks	Acute	minor	low	low	low	low	low	low
	Chronic	minor	low	low	low	low	low	low
Transition risks	CO_2 price	moderate	low	low	low	low	low	low
	Green regulations	moderate	low	low	low	low	low	low
	Green technology	moderate	low	low	low	low	low	low
	Market sentiment	moderate	low	low	minor	minor	low	low
	Client ESG reputation	minor	low	minor	minor	minor	low	low
Biodiversity risks	Protection of the ecosystems	minor	low	low	low	low	low	low
Social risks	Human rights / labour standards	minor	low	low	low	low	low	low

Materiality low minor moderate high

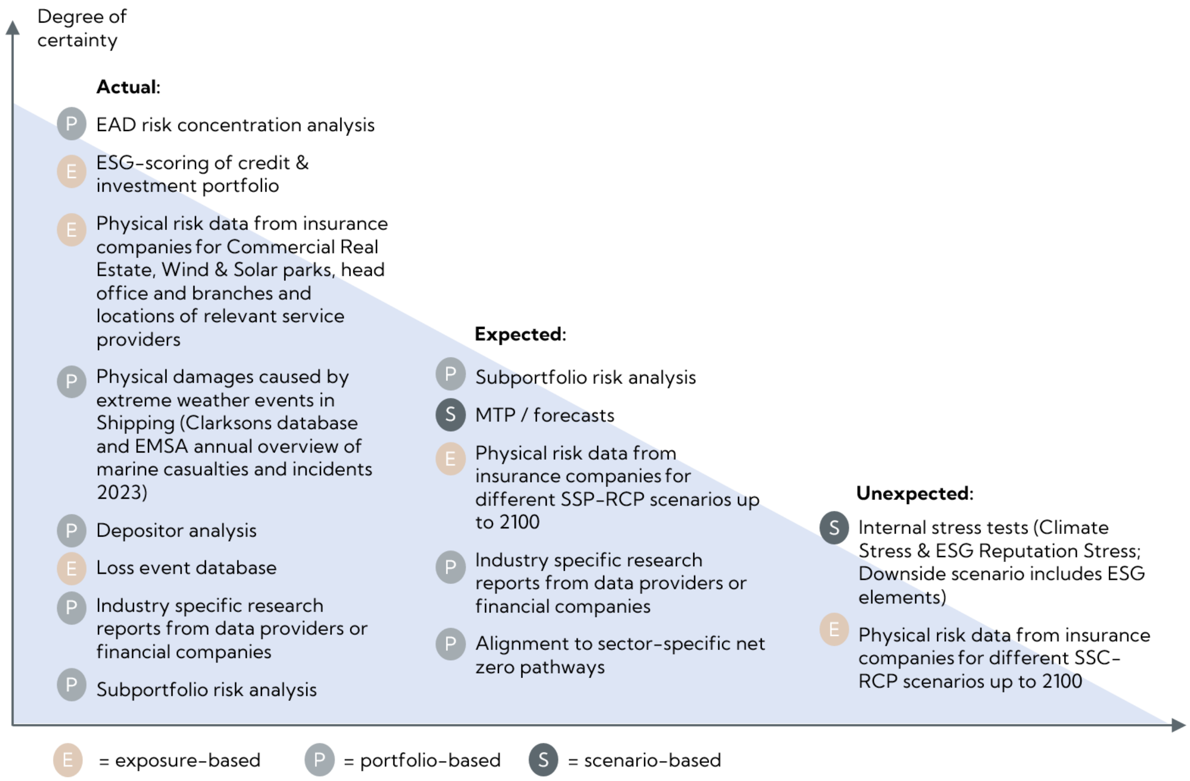
Of all risk types, default risk is considered to be the most significant due to the Bank's business model. Here, the analysis is carried out at asset class level, as the individual asset classes are exposed to physical and transition risks in different ways (e.g. the risk profile of wind and solar parks differs from that of shipping).

As a result of the risk inventory, the CO_2 price, green regulation, green technologies and market sentiment were identified as the most relevant drivers, particularly with regard to business activities in the Shipping and Commercial Real Estate segments.

HCOB has no material loan collateral that is exposed to high physical risk. A regional breakdown is therefore not provided.

Management of ESG risks

HCOB uses various instruments to identify and limit ESG risks. For example, ESG risks are integrated into risk strategies, investment policy and credit standards, stress tests and scenario analyses as well as management reporting and disclosure. The following diagram shows which instruments were used and what purpose they serve:



ESG risks in the lending business

HCOB aims to support the sustainable transformation of the economy and society through its business activities. The Bank not only pays attention to environmental aspects, but also consciously incorporates social and governance aspects. Human rights and working conditions are also taken into account in this context. To fulfil this requirement, HCOB has developed an assessment system to identify assets and business activities that are not compatible with the transition to a sustainable and climate-neutral economy. The assessment system is based on four core elements: the Blacklist, the ESG decision matrix, ESG scoring and the Sustainable and Transformational Finance Framework (STFF). Further details and results for the four core elements can be found in "SBM-1 Strategy, business model and value chain". From a corporate governance perspective, ESG risks in the lending business are fully embedded in the three lines of defence. In particular, the ESG assessment process is aligned with the rating process in that the second line of defence approves the ESG scores.

Stress testing and scenario analyses

In general, the Bank considers stress tests and scenario analyses to be important components of risk management.

The bank conducts stress tests across risk types as well as risk-specific stress tests on a quarterly or ad hoc basis, in order to better estimate the impacts of potential adverse scenarios on key performance indicators, such as the capacity utilization of the risk-bearing capacity, regulatory capital ratios, profit and liquidity, and thus on the overall risk situation of HCOB. On the basis of observed market developments and macroeconomic forecasts by central banks, the Scenario Steering Committee adopts macroeconomic and segment-specific forecasts for conducting dynamic stress tests. These expected and stress forecasts are incorporated into various simulation scenarios, such as a severe economic downturn or business area-specific crises, as well as scenarios that involve potential transition, reputation and physical risks that are associated with climate change and other environmental risks. The results are presented to the ALCO (Asset Liability Committee) and the Overall Management Board on a quarterly basis. In addition, HCOB's stress tests and scenario analyses form the basis for deriving the risk appetite and the consistent limit framework. This approach ensures appropriate consideration of sustainability risk drivers in the ICAAP.

HCOB has developed a climate stress scenario specifically - but not exclusively - for the assessment of transition risks that materialize in the long term. Accelerated by climate-related natural disasters, politicians initiate an abrupt and unexpected transition of the economy in order to achieve carbon neutrality (1.5 °C) by 2050, accompanied by a generally very weak consumer climate that is characterized by fears of a further worsening of the climate crisis. The HCOB-specific scenario is based on the long-term scenarios of the Network for Greening the Financial System (NGFS), but it brings the impacts forward into the Bank's planning horizon. The NGFS plans to publish short-term scenarios in 2025. Based on the current state of discussions, HCOB expects that its own scenario is already similar to the planned "sudden wake-up call" scenario.
HCOB uses insurance data as a source for analysing the financial risks of natural hazards in order to estimate the physical risk for real estate, wind and solar parks as well as for its own operations (e.g. headquarters and branches). The scenario set provided consists of the following IPCC scenarios:

- Sustainability: SSP1-2.6
- Middle of the Road: SSP2-4.5
- Fossil-fuelled Development: SSP5-8.5

The physical risk for the shipping sector is analysed using the Clarksons Research World Fleet Register and the information provided by the European Maritime Safety Agency (EMSA) on losses due to natural hazards. Otherwise, HCOB uses the client-specific findings on chronic and acute physical risks obtained using the ESG scoring tool, which are summarized in an overall classification of the physical risk.

E1-2 Concepts related to climate change mitigation and adaptation

The following table summarises the material impacts for HCOB in E1 Climate change of the relevant sustainability aspects identified as a result of the materiality analysis (see "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model") and presents the mitigating policies:

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks and opportunities	**Policies and impact management**	**Measures**	**Targets**
Climate change adaptation			
Negative impact: Current financing activities do not sufficiently reflect the need for transformation (Dimension: Portfolio) Positive impact: Financing renewable energies promotes climate change adaptation (Dimension: Portfolio)	– "ESG in the lending and investment process" for the Blacklist; – "Credit Manual" – "ESG in the lending and investment process" for ESG scoring; – "Sustainable and Transformational Finance Framework" for the STFF classification	– Full application of the Blacklist and ESG scoring for new transactions – Exclusion of new business with a score of 5 or 6 – Appraisal of new business in accordance with SDG contribution – Classification of net new business according to STFF	Achieving STFF-compliant new business of at least 15 % in 2025 and 18 % in 2026 based on total net new business

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks and opportunities	Policies and impact management	Measures	Targets
Climate change mitigation			
Negative impact: CO_2 emissions from banking operations (Dimension: Corporate)	– Environmental policy	– Energy-saving measures – Use of renewable energies – Heating through combined heat and power generation – Mobility measures – Purchase of MoorFutures® certificates	no targets defined
Negative impact: CO_2 emissions from the operation of ships, real estate, data centres, fibre optic networks and radio masts (Dimension: Portfolio) Positive impact: Financing of renewable energies leads to a reduction in GHG emissions (Dimension: Portfolio)	– "ESG in the lending and investment process" for the Blacklist – "Credit Manual" – "ESG in the lending and investment process" for ESG scoring – "Sustainable and Transformational Finance Framework" for the STFF classification	– Full application of the Blacklist and ESG scoring for new transactions – Exclusion of new business with a score of 5 or 6 – Appraisal of new business in accordance with SDG contribution – Classification of net new business according to STFF	– Reduction in CO_2 intensity of the real estate portfolio by 9 % to 47 $kgCO_2/m2/a$ in 2026 (adjustment to 40.7 kgCO2/ m2/a due to methodological improvements in the calculation of building emissions) – Reduction in CO_2 intensity of the shipping portfolio by 9.5 % to 7.73 $gCO_2/t*nm$ in 2026 – Upper limit of CO_2 intensity for the energy portfolio of < 180 gCO_2/kWh in 2026 – Achieving STFF-compliant new business of at least 15 % in 2025 and 18 % in 2026 based on total net new business
Risk: Loan default due to physical and transition climate risks for real estate and ships (Dimension: Portfolio)	– "Credit Manual"	– Appraisal of physical risks	no targets defined
Energy			
Negative impact: Energy consumption by banking operations and data centres (Dimension: Corporate)	– Environmental policy	– Energy-saving measures – Use of renewable energies	no targets defined
Negative impact: Energy consumption in the operating phase of financed properties (Dimension: Portfolio) Positive impact: Financing of renewable energies leads to a reduction in GHG emissions (Dimension: Portfolio)	– "ESG in the lending and investment process" for the Blacklist – "Credit Manual" – "ESG in the lending and investment process" for ESG scoring – "Sustainable and Transformational Finance Framework" for the STFF classification	– Full application of the Blacklist and ESG scoring for new transactions – Exclusion of new business with a score of 5 or 6 – Appraisal of new business in accordance with SDG contribution – Classification of net new business according to STFF	Achieving STFF-compliant new business of at least 15 % in 2025 and 18 % in 2026 based on total net new business

Corporate: HCOB manages the topic of resource protection and climate change mitigation both in its loan and investment portfolio and in its business operations. As a non-manufacturing company, the greatest environmental impact at corporate level is caused by energy and water consumption and waste production. The impact identified in "CO_2 emissions and energy consumption due to banking operations" is regulated by the internal environmental policy, which covers all relevant topics related to resource consumption and carbon footprint. This addresses the use of energy, electricity, heat and fuel as well as the conversion into carbon dioxide equivalent (CO_2e) emissions. It also describes the process for data collection, validation and the associated responsibilities.

Since 2021, HCOB has been using the VfU calculation tool ("VfU Kennzahlen 2024, Version 1.4") to record the environmental indicators for banking operations as well as Scope 1, Scope 2 and significant Scope 3 (except Category 15) emissions. This standard instrument for reporting the operational environmental indicators of financial institutions enables transparent disclosure of environmental indicators and supports the reduction of resource consumption.

In the reporting year, the Bank quantified the impact of energy consumption by external data centres, which was identified as a material impact, for the first time.

Responsibility for environmental protection at company level lies with Facility Management, which is also responsible for energy management, occupational safety and the collection and monitoring of energy and environmental indicators.

The environmental policy applies to the entire business operations of HCOB AG.

Portfolio: HCOB has policies and guidelines for managing the material impacts and risks associated with climate change mitigation and adaptation. The aim is to present the identification, assessment, management and/or elimination of material impacts and risks. The topics here are climate change mitigation, climate change adaptation, energy efficiency, use of renewable energies and other - more wide-ranging - topics.

These policies and guidelines in the lending and investment process (a detailed description of these can be found in "SBM-1 Strategy, business model and value chain") include in particular the document "ESG in the lending and investment process" for the Blacklist, the "Credit Manual" and the document "ESG in the lending and investment process" for ESG scoring and the "Sustainable and Transformational Finance Framework" for STFF classification. The scope of application of these policies and guidelines is the entire HCOB AG. In addition to the Management Board, the highest levels of responsibility are the departmental management of the "ESG & Business Development" department for the methodical design of the policies and guidelines, while the BU head of the Credit Risk Center is responsible for implementing them in daily operations.

As part of the document "ESG in the lending and investment process", the Blacklist significantly restricts, or in some cases even excludes, financing in many carbon-intensive industries at industry level. The Blacklist consists of three levels: country level, the aforementioned industry level and company level. The application of the Blacklist is also supplemented by the ESG decision matrix, which enables an efficient pre-selection of new business opportunities, also with regard to sustainability.

The "Credit Manual" regulates the application of ESG scoring in the lending process, while further information on this can be found in the document "ESG in the lending and investment process". The ESG scoring recognizes the topic of climate in its 50 % weighted E score with four specific questions on climate risk potential and five specific questions on CO_2 emissions and energy. A total of 18 questions on climate and environmental aspects are answered for each financing transaction, as well as seven questions on social aspects and nine questions on governance topics.
HCOB's ESG scoring approach is based on the EBA's Action Plan on Sustainable Finance and BaFin's Guidance Notice on Dealing with Sustainability Risks published at the end of 2019. It includes a analysis of the climate, environmental, social and governance risk factors for each financing transaction. An overall score of at least '4' is required for a positive lending decision.

The "Sustainable and Transformational Finance Framework" on which the STFF classification is based is in turn based on the requirements of the Paris Climate Agreement and thus addresses the topic of climate comprehensively. The STFF determines which HCOB financing activities are considered sustainable or transformational, in addition to the EU taxonomy criteria. There is an Overall Bank target for new business, which can be found in "E1-4 Targets related to climate change mitigation and adaptation".

The document "ESG in the lending and investment process" and the Sustainable and Transformational Finance Framework can be downloaded from the HCOB website.

E1-3 Actions and resources in relation to climate change policies

Corporate: The policies and guidelines mentioned under "E1-2 Policies related to climate change mitigation and adaptation" were further operationalized and implemented during the reporting year through the climate change mitigation measures, energy-saving measures and climate change adaptation measures described below.

By signing the PRB, the Bank has set itself the goal of achieving a net-zero emissions target for 2050 at corporate level for its banking operations. These are in line with the efforts to further reduce energy consumption and they will continue even after the energy-saving measures already implemented, including the installation of motion detectors and conversion to LED lighting as well as a reduction in room temperature and needs-based heating. HCOB will continue reviewing which measures can contribute to further reductions.

The consumption of resources directly attributable to banking operations in the form of energy and water consumption and waste production was in line with the corresponding requirements set out in the internal environmental policy. This requires the careful use of resources in business operations in order to minimize the impact on the environment. The carbon footprint associated with resource consumption for own business operations was calculated using the calculation tool of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (Association for Environmental Management and Sustainability in Financial Institutions) (VfU) to determine emissions and resource consumption.

The electricity requirements for the Hamburg and Kiel sites were once again fully covered by renewable energy in the reporting year. These locations are heated by district heating from combined heat and power generation.

In addition, the Bank has also taken mobility-related measures to reduce resource consumption. For example, HCOB offers its employees a fully subsidised "Deutschlandticket" nationwide local public transport ticket, which was used by 783 employees in 2024. In addition, the number of company cars has been reduced in favour of pool cars, which employees can share if necessary. The Bank intends to further reduce its vehicle fleet, which comprised ten vehicles on 31 December 2024, with a reduction of six vehicles already having been made in 2024.

Additional measures at corporate level for the Hamburg and Kiel locations include the reduction of Scope 1 and Scope 2 emissions by 30 % in 2024 (compared to CO_2 emissions of 683 t in 2020) and the purchase of electricity from 100 % renewable energies in the reporting year.

An additional measure taken by the Bank includes the annual purchase of MoorFutures® certificates from Ausgleichsagentur Schleswig-Holstein GmbH in the amount of its own Scope 1 and Scope 2 emissions as well as Scope 3 emissions due to business flights. The financed certificates contribute to the German climate change mitigation targets. Although HCOB cannot reduce its own remaining emissions with these certificates, it contributes to climate change mitigation measures in Germany overall with these carbon credits (more in "E1-7 GHG removals and GHG mitigation projects financed through carbon credits").

It is not possible to quantify the reduction in GHG emissions achieved at the level of the individual measures, but the aggregated effects can be seen from the change in the reported emissions (see "E1-6 Gross Scope 1, 2, 3 and total GHG emissions").

The measures and resources described in connection with the climate policies focus primarily on the Hamburg and Kiel locations due to their great significance; there are currently no measures for the other locations. All measures are coordinated by the „ESG & Business Development" department.
The time horizon of the actions and resources described in relation to climate change policies generally relates to the reporting year, unless otherwise stated.

In addition to the actions described during the reporting year, the Bank plans to implement further measures in the short and medium term to reduce its energy consumption and carbon footprint. These include the move to a certified, energy-efficient building at the Hamburg site in the year 2026 and the further reduction of the vehicle fleet.

At present, HCOB has not defined any measures beyond quantifying the impact of energy consumption by external data centres, which has been identified as a material impact.

Portfolio: The policies and guidelines mentioned under "E1-2 Policies related to climate change mitigation and adaptation" were further operationalized and implemented during the reporting year through the climate change mitigation measures and climate change adaptation measures described below. In line with the policies explained above, each loan undergoes a Blacklist check, the ESG scoring process, an STFF classification and SDG appraisal. The Bank plans to continue implementing the measures described during the reporting year in the future.

The Blacklist, which is anchored in the document "ESG in the lending and investment process", was applied in full as part of the lending and investment decision process when reviewing new transactions, and only compliant transactions were concluded.

ESG scoring, the application of which is regulated in the "Credit Manual", was applied in full as part of the lending and investment decision process when reviewing new transactions, and only transactions with an overall score of at least '4' were concluded. Accordingly, loans with a score of 5 or 6 are excluded.

The STFF classification was also applied in full as part of the lending and investment decision process when reviewing new transactions and HCOB financing activities were identified that count as sustainable or transformational.

The assessment of physical risks is regulated in the "Credit Manual" and carried out annually. Physical risks are assessed for financed buildings, wind farms and solar parks using insurance data together with the identification of material deterioration compared to the previous year. (also PRB target for climate change adaptation)

In addition to the four-step lending process, the Bank assesses all new business in accordance with the requirements of the Sustainability Framework based on its contribution to the SDGs in order to measure the impact of its business activities on achieving the SDGs.

All of these measures are aimed at creating transparency about the lending and investment decisions made, measuring the corresponding progress and establishing manageability.

Results of the ESG scoring

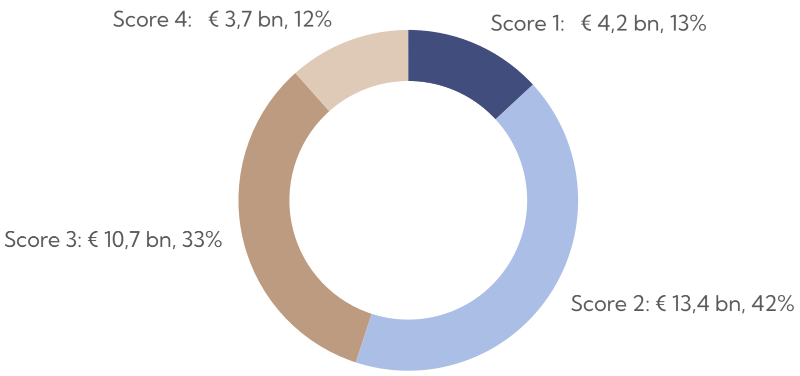
In total, EaD of € 32.0 billion was assessed with an ESG score at the end of the 2024 financial year (2023: 30.1 billion), which corresponds to 99.5 % (2023: 99 %) of the total assessable EaD of € 32.2 billion (2023: 30.1 billion). An EaD amount of € 4.4 billion (2023: € 5.0 billion), which includes deposits with central banks, government bonds and loans, derivatives and exposures to retail clients, was excluded from the scoring, as the methodology is not applicable to such counterparties.

Overall, this results in an average ESG score of 2.43 (2023: 2.46). Overall, 55 % of the loan portfolio assessed with an ESG score (measured in EaD) achieved the top scores of 1 and 2 (2023: 51 %), and 45 % achieved the scores of 3 and 4 (2023: 48 %). The portfolio does not contain any financing with ESG quality that is classified as unfavourable (score of 5 or 6) (see figure "Distribution of ESG scores in the loan and investment portfolio (31.12.2024)").

In a comparison of the scoring results of HCOB's business units, the top scorers are Renewable Energy financing (average score of 1.9), Treasury & Group functions (average score of 2.0) and Corporates Germany (average score of 2.1.), Infrastructure (average score of 2.2) and Real Estate (average score of 2.4) have roughly average ESG scores, while Corporates International & Specialised Lending (average score of 2.8), Shipping (average score of 3.5) and Aviation (average score of 3.8) are at the lower end of the ESG ranking (see figure "Distribution of ESG scores by business unit (31.12.2024)").

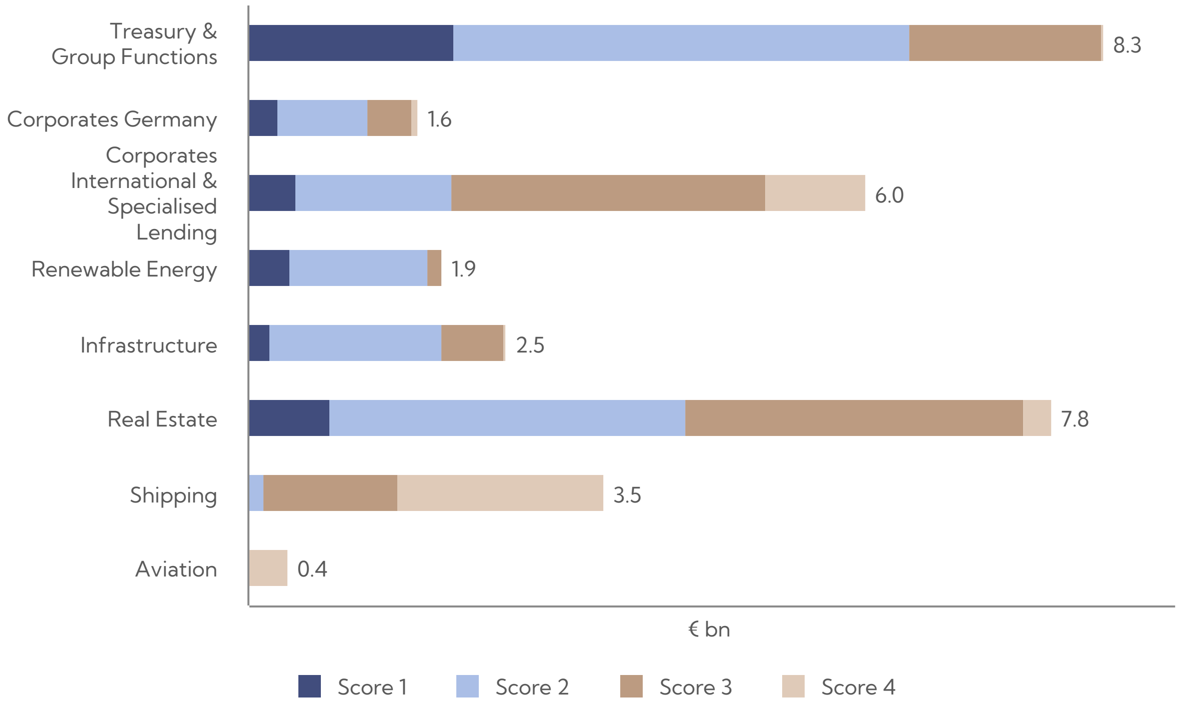
Distribution of ESG scores in the loan and investment portfolio (31.12.2024)

(€bn / %) [total: € 32.0 bn]



Distribution of ESG scores by business unit (31.12.2024)

(EaD by score in € bn), [total: € 32.0 bn]



The STFF classification, which is based on the Sustainable and Transformational Finance Framework (STFF), is applied accordingly as part of the lending and investment decision process for each new financing transaction. The measure aims to create transparency about the credit and investment decisions made, to measure progress and to establish controllability. A distinction is made between three classifications and each financing is clearly assigned accordingly:

01. Sustainable Finance
Economic activities that, from today's perspective, comply with the Paris Climate Agreement over the term of the loan. The Paris climate goals aim to limit the global temperature increase to well below 2 °C above pre-industrial levels and to endeavor to limit the increase to 1.5 °C. Financing in the area of sustainable finance is in line with this goal or contributes to achieving this goal (e.g. financing renewable energies or projects to reduce CO_2 emissions).

02. Transformational Finance
Economic activities where adaptation to the Paris Agreement is either not yet commercially or technologically feasible and/or which support the transition to environmental sustainability in every sector. Transformational finance therefore refers to the financing of activities and technologies that are not yet considered green, but are essential for the transition to a sustainable economy. This type of financing differs from sustainable financing, which supports activities that are already considered green or are in transition.

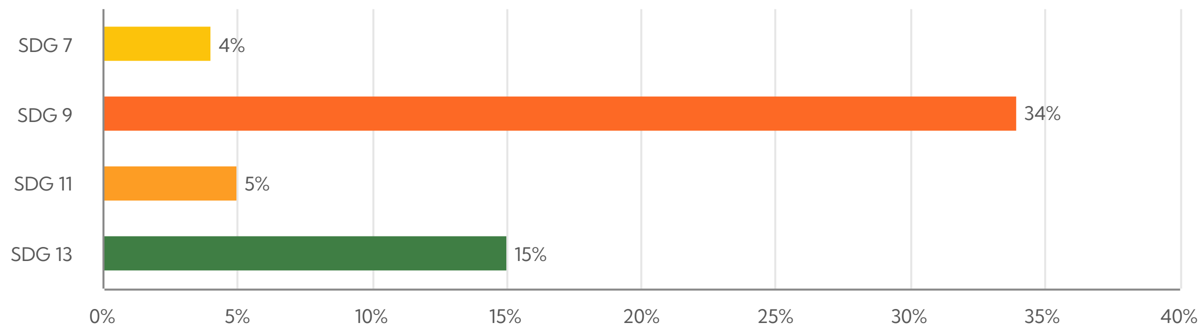
03. Other
All other financings that cannot be categorised as either sustainable or transformational. This includes financings that pursues an economic activity which is covered by the STFF but do not meet the screening criteria. It also includes financings that pursue an economic activity which is not covered by the framework, as well as financings for which the use of proceed cannot be analysed in more detail as these represent general corporate financing or portfolio investments that finance a large number of companies. In addition, it includes financings of governmental or supranational counterparties or off-balance sheet transactions that do not fall within the scope of the STFF.

The scope of application of the actions and resources described in relation to climate change policies is the entire HCOB AG.

The actions and resources described have a direct effect (e.g. STFF) and indirect effect (e.g. ESG scoring, ESG Blacklist, SDG mapping) as decarbonisation levers at portfolio level. It is currently not possible to quantify the reduction in GHG emissions achieved at the level of the individual measures, but the aggregated effects can be seen from the change in the reported emissions (see "E1-6 Gross Scope 1, 2, 3 and total GHG emissions").

In addition to the four-step lending process, the Bank assesses all new business in accordance with the requirements of the Sustainability Framework based on its contribution to the SDGs in order to measure the impact of its business activities on achieving the SDGs. The purpose of this transparency measure is to provide an overview of business activities which help to achieve the SDGs in order to take further measures in future with regard to active portfolio management. HCOB assesses each new loan to determine whether it makes a positive contribution to achieving the SDGs. The following chart shows an overview of the positive contribution of new lending business in the fiscal year 2024. HCOB's new lending business makes a positive contribution to four SDGs: SDG 7 Affordable and clean energy, SDG 9 Industry, innovation and infrastructure, SDG 11 Sustainable cities and communities and SDG 13 Climate action, whereby a financing transaction can contribute to achieving several SDGs simultaneously. The negative impacts have not yet been analysed. HCOB also points out that there may be conflicting goals between SDGs, which cannot always be completely avoided.

Positive SDG contribution of total new lending business (2024)



The time horizon of the actions and resources described in relation to climate change policies generally relates to the reporting year, unless otherwise stated. The Bank plans to continue implementing the measures described during the reporting year in the future.

Metrics and targets

E1-4 Targets related to climate change mitigation and adaptation

Corporate: HCOB does not currently have a specific target related to climate change mitigation and adaptation at an operational level, as the Bank has implemented policies and measures to address material negative impacts as far as possible with the elements mentioned above.

Portfolio: In the context of climate change mitigation and adaptation, HCOB has set itself a number of targets at portfolio level, which serve to address the effectiveness of the measures taken against material impacts, risks and opportunities in this context.

By signing the Principles of Responsible Banking (PRB) on 22 September 2020, HCOB committed to the goals of the Paris Climate Agreement. Accordingly, the Bank's ambition is to achieve the net-zero emissions target at portfolio level for the loan and investment portfolio by 2050.

In the 2024 reporting year, HCOB set itself decarbonisation targets for the first time as part of the Pillar 3 disclosure as at 30.06.2024, taking into account the relevant requirements. They are as follows:

- Reduction in CO_2 intensity of the real estate portfolio by 9 % to 47 kgCO_2/m2/a in 2026 (science-based target based on the CRREM methodology) (also PRB target for climate change mitigation). This target is considered feasible due to the increasing use of renewable energies in buildings, energy refurbishments and the increase in the proportion of new buildings.
  Status as at 31 December 2024: 43.3 kgCO_2/m2/a. As part of the Pillar 3 disclosure as of December 31, 2024, the target will be adjusted to 40.7 kgCO2/m2/a due to methodological improvements in the calculation of building emissions.
- Reduction in CO_2 intensity of the shipping portfolio by 9.5 % to 7.73 gCO_2/t*nm in 2026 (target set on the basis of the applicable IMO regulation from 2018, but not yet science-based) (also PRB target for climate change mitigation). This is a realistic target due to the expected decarbonisation of the shipping industry, for example through biofuels, and the continuous renewal of the global fleet.
  Status as at 31 December 2024: 8.2 gCO_2/t*nm
- Upper limit of CO_2 intensity for the energy portfolio (power generation) of < 180 gCO_2/kWh in 2026 (science-based target based on a scientifically sound decarbonisation scenario from the International Energy Agency (IEA)) (also PRB target for climate change mitigation). The target is higher than the current, very low CO_2 intensity in order to allow potential, more carbon-intensive businesses to support the energy transition (e.g.

flexible gas-fired power plants). This upper limit is still 30 % below the IEA net zero path in 2026.
Status as at 31 December 2024: 2.7 gCO_2/kWh

At present, these targets do not fully meet the ESRS requirements. As they are based on the methodological requirements of Pillar 3 disclosure, the year 2026 was defined as the target achievement year and not 2030. The base year for the defined targets is 2023 (reporting date 31.12.2023). The decarbonisation targets are also subject to the proviso that there are no material changes in the respective portfolio composition.

The Bank has also set itself the following climate-related targets:

– Classification of new business as part of the lending process according to the Sustainable & Transformational Finance Framework (STFF) and achieving STFF-compliant new business of at least 15 % in 2025 and 18 % in 2026 in relation to total net new business (also PRB target for climate change mitigation; not science-based)

The interests of internal stakeholders from the Bank's market sectors were taken into account during the preparation of all targets. In addition, all of the above objectives are anchored in the Bank's medium-term planning.

In order to manage the targets set above in the context of the STFF, HCOB continuously measures the status and progress of the targets set for 2025 and 2026; the results for 2024 are as follows:

Results of the STFF classification

(€ m)	2024
Total new business volume	**6,069**
of which new business volume "sustainable" and "transformational"	1,542
of which proportion of "sustainable" and "transformational" new business in %	25 %
of which new business volume "sustainable"	748
of which new business volume "transformational"	794
of which new business volume "other"	4,527

In the 2024 financial year, € 2024 million of new business qualifies as compliant with the STFF requirements. This corresponds to 25 % of the Bank's new business.

The majority of these are projects that can be categorized as transformational, which corresponds to the focus of the Bank's business activities. Of the other new business, the majority of projects cannot be classified under the STFF as they relate to financing activities outside the STFF, cannot be assessed due to their complexity or are outside the scope of application. A much smaller proportion is made up of projects that were examined as part of the STFF but do not fulfil the criteria.

E1-5 Energy consumption and mix

Corporate: HCOB's energy consumption is measured and managed by Facility Management. In 2024, total energy consumption amounted to 7,970 MWh. Energy consumption is recorded at the Hamburg and Kiel locations by means of invoices and meter readings. At the other locations, precise data collection is not possible due to the tenancy. Therefore, the energy consumption for these locations is extrapolated using the consumption per FTE based on the data collected for Hamburg and Kiel.

The consumption is made up of electricity, heat and fuel consumption, partly from renewable sources and partly from fossil sources. 100 % of the electricity comes from renewable energies and accounts for 45 % of the bank's total energy consumption. The remaining 55 % is attributable to heat, which the bank obtains from the local district heating network in Hamburg and Kiel, as well as fuel consumption, which is used for a few pool vehicles and for diesel for emergency power generation.

Renewable energies subsidized under the German Renewable Energy Sources Act (EEG) are included in the calculation of the share of renewable energies. This share is set by law and is passed on to all electricity consumers.

Energy consumption and mix

	Comparison 2023	2024		
(MWh / %)	Hamburg/ Kiel	Hamburg/ Kiel	Other locations	Total
1. Total energy consumption from fossil sources (in MWh)	3,515	3,920	493	4,413
2. Share of fossil fuels in total energy consumption (in %)	51 %	55 %	55 %	55 %
3. Total energy consumption from nuclear sources (in MWh)	–	–	–	–
4. Share of nuclear sources in total energy consumption (in %)	– %	– %	– %	– %
5. Fuel consumption for renewable sources including biomass (in MWh)	–	–	–	–
6. Consumption of purchased or acquired electricity, heat, steam and cooling and from renewable sources (in MWh)	3,438	3,159	398	3,557
7. Consumption of self-generated non-fuel renewable energy (in MWh)	–	–	–	–
8. Total consumption of renewable energy (in MWh) (sum of lines 5. to 7.)	3,438	3,159	398	3,557
9. Share of renewable sources in total energy consumption (in %)	49 %	45 %	45 %	45 %
10. Total energy consumption (in MWh) (sum of lines 1., 3. and 8.)	6,953	7,079	891	7,970

The Bank is not associated with any high climate impact sectors.

E1-6 Gross Scope 1, 2 and 3 and total GHG emissions

Corporate: HCOB records its CO_2 emissions in Scope 1 (direct emissions) and Scope 2 (indirect energy emissions) based on the Greenhouse Gas Protocol (GHG Protocol) using the VfU tool. For Scope 3 emissions resulting from activities at facilities not owned or controlled by the reporting organisation, HCOB only records emissions identified as significant at company level. The significance of Scope 3 emissions was determined in accordance with the 7 criteria of the GHG Protocol. Of these, the following four Scope 3 categories with the corresponding emission sources are significant for HCOB: purchased goods and services (paper, water, data centre services), upstream energy (electricity, heating), waste generated (waste) and business travel (train journeys, air travel). A Radiative Forcing Index (RFI) of 1.0 was set for Scope 3 emissions from air travel in 2024. The RFI describes the ratio of the climate impact of all climate-relevant effects of air traffic (the so-called non-CO_2 effects) to the climate impact of CO_2 caused by air traffic. Taking into account an RFI of 1.7, Scope 3 Category 6 emissions would amount to 317 t CO_2e. For 2025, the bank will develop its own approach to take all climate-relevant effects into account. Scope 3 emissions for data centre services were calculated for the first time for the reporting period. The so-called "spend-based approach" was used for this, in which an emissions factor was applied for the expenditure related to purchased data centre services. In addition, HCOB reports emissions for Scope 3 Category 15 (Investments), as these represent by far the largest proportion of Scope 3 emissions.

The precise measurements are largely based on the Hamburg and Kiel locations and were extrapolated for the other locations on the basis of full-time employees where necessary. The HCOB collects the actual consumption data for the pool cars (six vehicles) that are available to employees, while the actual consumption data is not available for four vehicles that are available to the board of directors and department heads. The bank estimates these values based on the average consumption per vehicle class and the average distance travelled by the pool cars.

Since the term "net revenue" is not defined for credit institutions, interest and commission income are used to calculate the intensity. In comparison to the 2023 report, it should be noted that the bank had not yet recorded any emissions for data centres at that time. In addition, in 2023, only the customers' Scope 1 and 2 emissions and the Scope 3 emissions for energy-intensive industries were used to calculate Scope 3, Category 15 emissions. In contrast, all of the customers' Scope 3 emissions were taken into account to calculate Scope 3, Category 15 emissions in 2024. For this reason, a direct comparison of the two values is only possible to a limited extent.

Total GHG emissions disaggregated by Scope 1, Scope 2 and significant Scope 3 emissions

	Retrospective				Milestones and target years			
	Base year	Compari-son 2023	2024	Delta in % 2024/2023	2025	2030	2050	Annual % target / base year
Scope 1 GHG gas emissions								
Gross Scope 1 GHG emissions ($t\ CO_2e$)	–	20	33	65 %	–	–	–	– %
Gross Scope 1 GHG emissions ($t\ CO_2e$) Hamburg/Kiel	–	20	33	65 %	–	–	–	– %
Gross Scope 1 GHG emissions ($t\ CO_2e$) other locations	–	–	–	– %	–	–	–	– %
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	–	–	–	– %	–	–	–	– %
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions ($t\ CO_2e$)	–	–	1,814	– %	–	–	–	– %
Gross location-based Scope 2 GHG emissions ($t\ CO_2e$) Hamburg/Kiel	–	–	1,611	– %	–	–	–	– %
Gross location-based Scope 2 GHG emissions ($t\ CO_2e$) other locations	–	–	203	– %	–	–	–	– %
Gross market-based Scope 2 GHG emissions ($t\ CO_2e$)	–	–	500	– %	–	–	–	– %
Gross market-based Scope 2 GHG emissions ($t\ CO_2e$) Hamburg/Kiel	–	444	444	0 %	–	–	–	– %
Gross market-based Scope 2 GHG emissions ($t\ CO_2e$) other locations	–	–	56	– %	–	–	–	– %
Significant Scope 3 greenhouse gas emissions								
Total indirect (Scope 3) Gross GHG emissions (tCO_2e)	–	2,885,904	5,646,066	96 %	–	–	–	– %
1. Purchased goods and services	–	10	1,944	19,340 %	–	–	–	– %

Total GHG emissions disaggregated by Scope 1, Scope 2 and significant Scope 3 emissions

	Retrospective				Milestones and target years			
	Base year	Comparison 2023	2024	Delta in % 2024/2023	2025	2030	2050	Annual % target / base year
of which: Cloud computing and data centre services	–	–	1,935	– %	–	–	–	– %
2. Capital goods	–	–	–	– %	–	–	–	– %
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	–	196	504	157 %	–	–	–	– %
of which Hamburg/Kiel	–	196	448	129 %	–	–	–	– %
of which other locations	–	–	56	– %	–	–	–	– %
4. Upstream transportation and distribution	–	–	–	– %	–	–	–	– %
5. Waste generated in operations	–	10	15	50 %	–	–	–	– %
of which Hamburg/Kiel	–	10	13	30 %	–	–	–	– %
of which other locations	–	–	2	– %	–	–	–	– %
6. Business trips	–	256	201	–21 %	–	–	–	– %
7. Employee commuting	–	–	–	– %	–	–	–	– %
8. Upstream leased assets	–	–	–	– %	–	–	–	– %
9. Downstream transportation	–	–	–	– %	–	–	–	– %
10. Processing of sold products	–	–	–	– %	–	–	–	– %
11. Use of sold products	–	–	–	– %	–	–	–	– %
12. End-of-life treatment of sold products	–	–	–	– %	–	–	–	– %
13. Downstream leased assets	–	–	–	– %	–	–	–	– %
14. Franchises	–	–	–	– %	–	–	–	
15. Investments	–	2,885,432	5,643,402	96 %	–	–	–	– %
Total GHG emissions (location-based) (t CO_2e)	–	–	5,647,913	– %	–	–	–	
Total GHG emissions (market-based) (t CO_2e)	–	2,886,368	5,646,598	96 %	–	–	–	– %

Total GHG emissions / GHG intensity per net revenue

	Comparison 2023	2024	Delta in % 2024/2023
Total GHG emissions (location-based) per net revenue (t CO_2e/ monetary unit)	–	3,048.0	– %
Total GHG emissions (market-based) per net revenue (t CO_2e/ monetary unit)	–	3,047.3	– %

Portfolio: The following information applies to the Portfolio dimension:

Calculation of the portfolio's financed emissions in accordance with the PCAF standard

Financed emissions by business segment

2024 Business segment	Covered loan amount, € m	Financed emissions, t CO_2e Scope 1 & Scope 2	 Scope 3	Average Scope 1 & Scope 2 data quality score	Financial emission intensity Scope 1 & Scope 2, t CO_2e/€ m
Real Estate	7,557	133,265	93	3.3	18
Global Transportation	3,605	2,442,454	92,725	3.3	678
Project Finance	3,854	352,509	290,823	3.9	92
Corporates	3,841	440,447	1,890,964	3.8	115
Treasury	106	61	61	2.3	1
Total	18,963	3,368,736	2,274,666	3.5	178
Including emission-intensive industries:					
Oil and gas	120	96,831	55,603	4.2	807
Cement	–	–	–	–	–
Steel, aluminium and other metals	–	–	–	–	–
Automobiles	142	1,016	6,965	4.1	7
Electricity and heat generation	1,688	172,345	30,308	4.0	102

Financed emissions by PCAF asset class

2024 PCAF asset class	Covered loan amount, € m	Financed emissions, t CO_2e Scope 1 & Scope 2	 Scope 3	Average Scope 1 & Scope 2 data quality score	Financial emission intensity Scope 1 & Scope 2, t CO_2e/€ m
Commercial Real Estate	7,733	140,163	–	3.4	18
Project Finance	3,678	320,137	271,309	3.9	87
Business Loans & Unlisted Equity	3,972	502,648	1,973,297	4.1	127
Listed Equity & Corporate Bonds	546	8,352	30,060	1.8	15
Ship Finance	3,034	2,397,436	–	3.0	790
Total	18,963	3,368,736	2,274,666	3.5	178

Measuring financed emissions

In 2021, HCOB committed to measuring and disclosing its greenhouse gas (GHG) emissions in accordance with the PCAF standard in order to increase transparency about the Bank's climate impact. This initiative is in line with Scope 3 Category 15 of the GHG Protocol ("Investments") and focuses on financed emissions. The aim is to cover the lending business as fully as possible.

Financed emissions account for more than 99.9 % of the Bank's carbon footprint. Shipping, as the financing segment with the Bank's highest emissions, and the Real Estate segment, which has the largest lending volume, are of particular importance. HCOB uses building energy certificates, external data providers and published sustainability reports from its clients to collect data. If reported or activity-based physical emissions data are not available, PCAF emission factors are used for estimates. By using scientifically-derived financial emission intensities from the PCAF emission factor database, HCOB ensures that emission estimates at the lower data quality levels of 4 and 5 are standards-compliant and in line with industry practice.

The financed emissions are presented as the sum of Scope 1 and Scope 2 emissions at business area level. Scope 3 emissions are also reported, supplemented by detailed disclosure for the so-called energy-intensive industries, which include the following NACE sectors: – oil and gas industry (NACE 06.10, 06.20, 09.10, 19.20, 35.21) – cement (NACE 23.51, 23.52, 23.61, 23.62, 23.63, 26.64, 26.65, 23.69) – steel, aluminium and other metals (NACE 24.10, 24.20, 24.41, 24.42, 24.43, 24.44, 24.45) – motor vehicles (NACE 29.10, 29.20, 29.31, 29.32) – energy and utilities (NACE 35.11, 35.12, 35.13, 35.14, 35.22, 35.23, 35.30).

Purpose and scope

Measuring and disclosing the GHG emissions financed increases the transparency of HCOB's indirect climate impact from its financing activities. The calculated Scope 1 and Scope 2 emissions of the financed assets and projects serve as the basis for the calculation of sector-specific physical emission intensities and the setting of decarbonisation targets in the loan portfolio. These measures are in line with the Bank's ambition to achieve net zero emissions by 2050 as part of the PRB commitment.

Portfolio coverage

With this reporting on financed emissions, HCOB achieved coverage of 56 % (2023: 53 %) of total assets as at 31 December 2024, excluding investment positions and central bank receivables held as part of liquidity management. Coverage in the loan portfolio is 91 % (2023: 88 %), with ratios of 100 % (2023: 95 % to 99 %) in the Global Transportation, Real Estate and Project Finance segments. In the Corporates segment, on the other hand, around 42 % of the lending volume was excluded, as the PCAF standard does not include certain product and client types or the Bank has excluded items for reasons of materiality. First and foremost, the following are not included in the calculation of the financed emissions in the loan portfolio:

- exposures to private clients, primarily mortgage loans for residential property (this business was discontinued in 2019)
- lending to or investment in structured investment vehicles (such as securitisation structures) that hold diversified corporate loan portfolios
- exposures from the municipal lending business to regional and local governments and municipal commercial enterprises

As at 31 December 2024, HCOB applied the PCAF asset classes "Commercial Real Estate", "Project Finance", "Business Loans and Unlisted Equity" and "Listed Equity and Corporate Bonds". For ship financing in the Global Transportation segment, the Bank uses its own "Ship Finance" PCAF asset class, which is based on "Commercial Real Estate", as the "Project Finance" methodology is not suitable for this. In future, HCOB's own "Aircraft Finance" methodology will also be developed for the aircraft financing business; until then, this will be included via "Project Finance". There is currently no need to apply the "Sovereign Debt", "Mortgages", "Motor Vehicle Loans" and "Facilitated Emissions" PCAF asset classes. The inclusion of avoided emissions from the financing of wind and solar parks has not yet been implemented.

Results of the calculation of financed emissions

The financed emissions of HCOB (aggregated for Scope 1 and Scope 2) amount to a total of 3,369 (2023: 2,752) million tonnes of CO_2e. This increase was primarily driven by the higher ship financing volume, the increase in the aircraft financing portfolio and the first-time inclusion of additional lending volumes in the coverage. Of the financed emissions, 73 % are attributable to Global Transportation (2023: 79 %), 4 % to Real Estate (2023: 8 %), 10 % to Project Finance (2023: 4 %) and 13 % to Corporates (2023: 10 %). The energy-intensive sectors, which are also reported separately, contributed 8 % (2023: 3 %) of the total emissions financed by HCOB.

The average data quality score ranges from 2.3 in Treasury to 3.9 in Project Finance and improved overall in the financial year 2024 to a value of 3.5 (2023: 3.7). A methodological improvement in the estimation of emissions from buildings contributed significantly to this.

If the calculated financed emissions of a business segment are set in relation to the loan amount, financial emission intensities can be calculated, expressed in tonnes of CO_2e per million euros of loan amount. At 17.6 t CO_2e/€ m (2023: 26 t CO_2e/€ m), the Real Estate business unit continues to have the lowest financed GHG emissions intensity of all the Bank's business units. Older buildings also cause only low absolute GHG emissions per property and comparatively low emissions in relation to their market value. Nevertheless, the average energy efficiency and CO_2 intensity of buildings must improve significantly in the future in order to reduce the GHG emissions of the entire sector to a net zero level. The decrease in financial emission intensity compared to the previous year is primarily due to the first-time full inclusion of the energy certificate information in the building emissions calculations, as can be seen from the improved data quality score for the business unit.

In the Project Finance segment, there was a sharp increase in financed emissions and financial emission intensity to 92 t CO_2e/€ m (2023: 31 t CO_2e/€ m). While a significant proportion of the projects financed continue to consist of low-emission projects in the field of renewable energies and fibre optic networks, financing for completed and now operational projects in gas infrastructure contributed to the sharp increase in 2024.

At 115 t CO_2e/€ m (2023: 91 t CO_2e/€ m), the Corporates segment is also well below the Bank's overall average of 178 t CO_2e/€ m (2023: 166 t CO_2e/€ m), as in the previous year. Comparability with the previous year at Overall Bank level is limited by the fact that financed emissions for the aircraft financing business and for fund-linked investments in diversified corporate loan portfolios were included for the first time in 2024. However, the financial emission intensity does not say much about the actual physical energy and CO_2 intensity of an asset or industry. A good example of this is maritime transport. Although causing high absolute greenhouse gas emissions per ship and having a very high financial emission intensity, cargo ships are the most GHG-efficient means of transporting goods among all the modes of transport.

Against this background, the Global Transportation segment is an outlier in the portfolio with a share of 73 % (2023: 79 %) of the total financed emissions, a share of only 19 % (2023: 15 %) of the total included lending volume and a high financial emission intensity of 678 t CO_2e/€ m (2023: 896 t CO_2e/€ m). Due to the acquisition of the NIBC shipping loan portfolio in June 2024 and the resulting increase in the financing volume, the financed emissions from the ship financing business increased in absolute terms, while the financial emission intensity of it declined year-on-year to 790 t CO_2e/€ m. This was driven both by shifts in the portfolio structure and by the IMO's regulatory requirements for the annual reduction of CO_2 intensity in the operation of ships. The aircraft financing business, which was included in the segment for the first time, also contributed to a reduction in the average financial emission intensity for Global Transportation. However, it should be noted, that in the absence of a separate methodology in the PCAF standard, aircraft financing is included by using the project finance methodology, which however does not adequately reflect the GHG intensity of aircraft.

Maritime transport is considered a difficult sector to decarbonise, as technological restrictions make it difficult to switch to emission-free propulsion systems quickly. In 2023, the IMO adopted a decarbonisation strategy with net zero emissions by 2050 and interim targets of at least a 20 % reduction by 2030 and a 70 % reduction by 2040 (compared to 2008). Before that, there was an ambition to achieve net zero by 2100. This updated strategy still needs to be implemented in an emissions regulation that is intended to replace the current CII regulation, which applies until 2026. By focusing on short credit periods, the Bank can react flexibly to technological advances and new regulatory requirements in the shipping industry.

Use of estimated values for emission levels

Due to the Bank's financing focus, the coverage ratio of measured CO_2e emissions reported by clients is only 9 %. Client reported emission figures relate to the Project Finance and Corporates segments, whereas in Asset Finance, estimates based on activity-based, physical emission intensities have been used to date. This is the case for 100 % of ship financing, whereas for real estate financing, around 65 % (2023: 0 %) of properties are included on the basis of full EPC data and 34 % (2023: 95 %) of properties are included on the basis of statistical building characteristics (land, type of use, year of construction and usable space). If emissions cannot be determined on a reported or activity-based estimated basis, emission factors from the PCAF database are used for estimation.

Calculation methodology for financed emissions

Internal CO_2e emission models and external data were used to estimate the financed emissions. These models are based on the PCAF standard and have been supplemented by specific HCOB requirements. One example is the "Ship Finance" method, which is based on the "Commercial Real Estate" PCAF asset class, but takes into account the special features of ship financing. Differences relate to the estimation of GHG emissions and the data quality scores. The models are subject to an annual review.

Ship-related GHG emissions are based on satellite tracking of ship activities (AIS). This combines distances, routes and speeds with technical ship data such as fuel consumption. CO_2 emission figures derived in this manner are obtained from an external data supplier. These are subject to an adjustment on the model side to take account of non-CO_2-related GHG emissions in order to arrive at CO_2e emission values. In particular, this takes into account the so-called "methane slip" of LNG-powered ships, as methane emissions contribute significantly to the CO_2e footprint. The Bank uses EPCs and information on country, type of use, year of construction and size to calculate the emissions of buildings. This data is combined with statistical energy consumption data and energy source-specific emission factors.

If a model-based greenhouse gas calculation is not possible due to a lack of client or asset data, the Bank uses emission factors provided by the PCAF Secretariat (PCAF emission factor database). In particular, EXIOBASE emission factors are used here, which are assigned to the NACE codes of the clients' financed economic activities using a mapping table. The use of EXIOBASE emission factors at sub-sector level is preceded by a separate plausibility check of the values provided. In accordance with the recommendation of the PCAF Secretariat, implausible EXIOBASE emission factor values are identified at sub-sector level and replaced by the more robust emission factors at sector level. The emission factors for wind and solar parks receive special treatment. In contrast to EXIOBASE, emission factors of zero are used for them, as such renewable energy projects only generate electricity without GHG emissions. For property projects and new ships, GHG emissions are recorded as zero during the construction phase.

Strategy for improving data quality

HCOB strives to gradually improve data quality, taking into account the special features of the business units. The targeted improvements relate to both the calculation methodology and the quality of the collected or estimated emission values.

One future focus will be the development of HCOB's own "Aircraft Finance" PCAF asset class. The PCAF standard recommends separate methods for ships and aircraft for the further development of the standard. As has already happened with ship financing, the Bank will not wait for a formal standard extension, but will develop its own HCOB methodology, supported by exchanges with other PCAF members and bodies.

HCOB currently relies on estimates from an external data provider for the quality of emissions data in the Shipping segment. In addition, the Bank uses technical ship data to further improve the accuracy of the model and thus enable a calculation of CO_2e emissions. The Bank intends to collect certified fuel consumption reports from borrowers in order to gradually replace estimated values with actual emissions data, so that an average data quality score of 1 can be achieved in the longer term. On the regulatory side, the IMO is expected to extend the reporting obligation for ship emissions to include non-CO_2-related GHG emissions in 2027, which will potentially eliminate the need for separate model-based CO_2e adjustments in the future.
For the Aviation business unit, HCOB plans to replace emission factor-based estimates with activity-based CO_2e data at individual aircraft level, with the aim of improving the average data quality score to 3.

In the Real Estate sector, EPCs have already been recorded systematically for about four years and has already reached a high degree of coverage. The challenge in using EPCs to estimate CO_2e emissions lies in ensuring homogeneity, international comparability and data quality. Here, the new EU Energy Performance of Buildings Directive can ensure greater standardization and transparency in the long term. However, a fundamental problem with EPCs is that they legally only record building-specific GHG emissions, but not the tenant-specific consumption. In order to comply with the "whole building approach" of the PCAF standard, HCOB takes the latter into account by adding percentage additions to the emissions calculations. The data quality improvement strategy is therefore aimed both at an empirically-based improvement in the percentage additions for tenant energy consumption and, in the longer term, at collecting actual total building energy consumption data from borrowers.

In Project Finance and Corporates, emission data must be collected directly from clients and project sponsors, unless there is an external reporting obligation. In the EU, the CSRD will gradually oblige more business partners to disclose CO_2 emissions, thereby improving data availability and the average data quality score.

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

Corporate: HCOB has taken further measures as part of its commitment to climate change mitigation and nature conservation. These include the annual purchase of MoorFutures® certificates from Ausgleichsagentur Schleswig-Holstein GmbH, a subsidiary of the Stiftung Naturschutz Schleswig-Holstein state foundation for nature conservation. Each MoorFutures® certificate represents the prevention of one tonne of CO_2 through the rewetting of upland moor habitat in Schleswig-Holstein. The MoorFutures® certificates do not serve to reduce the Bank's own remaining emissions, but instead contribute overall to Germany's climate protection measures as part of the formal requirement.

The Bank has identified moorlands as an important factor in reducing emissions and promoting biodiversity. Although moorlands only cover 3 % of the Earth's surface, they store twice as much carbon as all forests worldwide. In Schleswig-Holstein, drained moorlands are responsible for around 18 % of the state's emissions. The Stiftung Naturschutz Schleswig-Holstein is renaturalising upland moors, which were degraded by drainage in the 20th century, to serve as CO_2 reservoirs and promote biodiversity.

Each MoorFutures® certificate sold is documented – the GHG emissions stored by the moorlands are guaranteed for a period of 50 years – and entered in the Stilllegungsregister register of credits used, which is deposited with the Ministry for Energy Transition, Climate Protection, Environment and Nature (MEKUN) of the state of Schleswig-Holstein. An update takes place at the end of each quarter.

During the reporting year, HCOB acquired MoorFutures® certificates in the amount of its own Scope 1 and Scope 2 emissions as well as Scope 3 emissions due to business flights.

E1-8 Internal carbon pricing

HCOB does not use an internal carbon pricing system.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Corporate: The financial impact of physical risks on the own operations is summarized under operational risks. Please refer to the details provided on the risk inventory in "ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities".

Portfolio: The financial impact of physical risks is described in the notes on the risk inventory under "ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities".

ESRS E2 Pollution

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The following table summarises the material impacts on the relevant sustainability aspects that were identified for HCOB as a result of the materiality analysis (see chapter "ESRS 2 General disclosures", in particular section "ESRS2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model") and presents the mitigating policies.

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks and opportunities	Policies and impact management	Measures	Targets
Air pollution			
Negative impact: Emission of pollutants through the combustion of fuels (Dimension: Portfolio)	– "Credit Manual" – "ESG in the credit- and investment-process" for ESG Scoring	– Full application of the ESG Scoring for new transactions – Exclusion of new transactions with a score of 5 or 6	no targets defined
Water pollution			
Negative impact: Leakage of oils and chemicals (Dimension: Portfolio)	– "Credit Manual" – "ESG in the credit- and investment-process" for ESG Scoring	– Full application of the ESG Scoring for new transactions – Exclusion of new transactions with a score of 5 or 6	no targets defined

Management of impacts, risks and opportunities

E2-1 Policies related to pollution

Portfolio: At portfolio level, the IROs "Emission of pollutants through the combustion of fuels" and "Leakage of oils and chemicals" were identified in the Shipping segment. The emissions caused by the operation of the ships financed by the Bank include gaseous pollutants such as CO_2 and sulphur dioxide as well as soot particles and particulate matter. There is also a risk of oils, chemicals or other pollutants entering the marine environment and contaminating it. In order to address these material negative impacts in connection with air and water pollution, HCOB has developed its own policies based on external guidelines.

In defining its policies, HCOB builds on the global guidelines of the IMO, which set out regulations for reducing air and marine pollution from ships. Accordingly, the Bank's clients are obliged to provide information on compliance with these standards, which HCOB ensures through its lending processes, in particular the ESG scoring. In addition, the Bank joined the RSRS initiative in 2020 in order to promote environmentally friendly and safe ship scrapping processes. As part of the initiative, HCOB ensures that the ships it finances are only scrapped during the term of the loan in accordance with recognised standards for environmental protection and the safety of the workers involved.

HCOB's own policies and guidelines that are anchored in the lending and investment process (for details see "SBM-1 Strategy, business model and value chain" and "E1-2 Policies related to climate change mitigation and adaptation") include in particular the "Credit Manual" and the document "ESG in the lending and investment process" for ESG scoring.

For details on the Credit Manual and the application of ESG scoring in the lending process, see chapter "E1 Climate change". The E score (environmental aspects), weighted at 50 %, explicitly takes into account air, water and soil pollution, both during operations and in the event of unusual incidents. Each financing transaction is reviewed to see whether it has a negative impact on the environment; this is done by asking specific questions, e.g. about pollution of air, water and sediments, as well as possible noise pollution. Possible incidents involving environmental pollution are also taken into account.

In addition to the Management Board, the highest levels of responsibility are the departmental management of the department "ESG & Business Development" for the methodical design of the policies and guidelines, while the BU heads of Shipping and the Credit Risk Center are responsible for the operational implementation.

E2-2 Actions and resources related to pollution

Portfolio: The policies and guidelines described in "E2-1 Policies related to pollution" were further operationalised and implemented in the reporting year through measures to prevent and reduce air and water pollution. In line with the policies explained above, each loan goes through the ESG scoring process, where specific questions related to pollution have to be answered in order to assess compliance with certain environmental standards.

The ESG scoring, which is regulated in the Credit Manual, was fully applied in the lending and investment process during the reporting year. Only transactions with an overall score of at least 4 were concluded, while loans with scores of 5 and 6 were excluded.

This approach is also planned for 2025.

For details of the application of ESG scoring, see chapter "E1 Climate change".

Metrics and targets

E2-3 Targets related to pollution

Portfolio: HCOB has not currently set a specific target for reducing air and water pollution, as banks can only influence this topic indirectly through their financing activities. Nevertheless, policies and measures were implemented as far as possible with the above-mentioned elements in order to address material negative impacts.

ESRS E3 Water and marine resources

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The following table summarizes the material impacts on the relevant sustainability aspects that were identified for HCOB as a result of the materiality analysis (see chapter "ESRS 2 General disclosures", in particular section "ESRS2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model") and presents the mitigating policies.

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks and opportunities	Policies and impact management	Measures	Targets
Water / water consumption			
Negative impact: Water consumption by banking operations (Dimension: Corporate)	– Environmental policy	– Creation of transparency through monthly meter readings	no targets defined

Management of impacts, risks and opportunities

E3-1 Policies related to water and marine resources

Corporate: HCOB's water consumption, utilization and procurement are regulated by the environmental policy. The Bank obtains drinking water exclusively from the public water network and does not treat or reuse any water itself. It only consumes the amount of water required for office operations (ESRS 2 65(a)). Five premises are located in areas with high water stress – Piraeus (12 employees), London (26), Berlin (6), Frankfurt (8) and Stuttgart (1) – but their impact on regional water availability is considered to be low. Therefore, there is currently no separate policy for water consumption in these regions.

As marine resources have not been identified as material, HCOB does not pursue any specific policies in this regard. The department "ESG & Business Development" is responsible for the methodical design of environmental measures, while Facility Management is responsible for the operational implementation. For more details on responsibility for the policy and the scope of application, see chapter "E1 Climate change".

E3-2 Actions and resources related to water and marine resources

Corporate: HCOB has been recording its water consumption for many years by taking monthly readings of the water meters at its Hamburg and Kiel locations. The primary purpose of this measure is not to reduce consumption, but rather to ensure transparency in order to monitor consumption, which has been minimized as far as possible, detect irregularities at an early stage and take targeted countermeasures in the event of deviations.

The Bank does not currently have any specific measures in place with regard to locations in areas of high water stress.

Metrics and targets

E3-3 Targets related to water and marine resources

Corporate: HCOB strives to keep water consumption low in the course of its office activities. No explicit reduction targets were formulated, as water use is already considered to be optimized.

E3-4 Water consumption

Corporate: Water consumption for the Hamburg and Kiel locations totaled 17,779 m³ in the 2024 reporting year (2023: 10,370 m³). The data is based on monthly readings that are consolidated annually. Stored water is only used in insignificant quantities for the sprinkler system in Hamburg and stored there. The water consumption for the other locations is extrapolated based on the number of full-time employees.

Water consumption

	2024			2023
(in m³)	Hamburg/Kiel	Other locations	Total	Hamburg/Kiel
Total water consumption	17,779	2,237	20,016	10,370
Water intensity (in m³ per FTE)	21.5	21.5	21.5	12.7
Water intensity (in m³ per € m net revenue)	–	–	10.8	–

ESRS E4 Biodiversity and ecosystems

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The following table summarizes the material impacts on the relevant sustainability aspects that were identified for HCOB as a result of the materiality analysis (see chapter "ESRS 2 General disclosures", in particular section "ESRS2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model") and presents the mitigating policies.

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks and opportunities	Policies and impact management	Measures	Targets
Direct causes of biodiversity loss			
Negative impact: Pressure on marine ecosystems, particularly from invasive species (Dimension: Portfolio)	– "Credit Manual" – "ESG in the lending and investment process" for ESG-scoring	– Full application of the ESG scoring tool for new transactions – Exclusion of new business with grade 5 or 6 – Analysis of the shipping portfolio using the Clarksons database	no targets defined

Strategy

E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Portfolio: HCOB does not currently consider its business model to be exposed to any material risks in connection with biodiversity and ecosystems. This was confirmed by the double materiality analysis, in which biodiversity risks were analysed as part of the risk inventory. The Bank does not operate in sectors that are typically exposed to increased biodiversity risks, such as agriculture, forestry or mining.

Nevertheless, HCOB takes into account the impact of its activities, particularly in the shipping sector, where biodiversity and ecosystems can be affected by the financing of ships.

Management of impacts, risks and opportunities

E4-2 Policies related to biodiversity and ecosystems

Portfolio: The financing of ships has a negative impact on marine ecosystems, for example through the introduction of invasive species, GHG emissions, harmful paints and noise pollution. To counteract this, HCOB has implemented its own policies for managing and measuring biodiversity impacts in the shipping sector, which are in line with external guidelines.

The "Credit Manual" regulates the application of ESG scoring in the lending process, while the document "ESG in the lending and investment process" describes the ESG instruments used in the lending and investment process. For each financing transaction, it is checked whether there is a negative impact on biodiversity. This is done with specific questions, e.g. on environmental standards that the ships comply with or technical

specifications such as ballast water treatment systems (BWTS) or painting of the hull, as well as the type of waste disposal.
In defining its policies and derived measures, HCOB builds on the global guidelines of the IMO on biodiversity. These include the Ballast Water Management Convention for the protection of marine ecosystems as well as measures to reduce sulphur emissions and exhaust gas purification. The monitoring of whether the financed ships comply with these requirements is largely carried out as part of the inspections initiated by the respective flag states, which ensure that all relevant regulations are complied with.

In 2020, HCOB also joined the RSRS initiative, which sets minimum standards for ship recycling in line with environmental and occupational safety requirements. Under the initiative, HCOB ensures that the ships it finances are only scrapped during the term of the loan in accordance with recognised standards for environmental protection and the safety of the workers involved.

Accordingly, the Bank's clients are obliged to provide information on compliance with these standards, which HCOB ensures through its lending processes, in particular the ESG scoring. For details on the Credit Manual and the application of ESG scoring in the lending process, see chapter "E1 Climate change".

E4-3 Actions and resources related to biodiversity and ecosystems

Portfolio: The policies described in "E4-2 Policies related to biodiversity and ecosystems" were further operationalised and implemented during the reporting year.

The ESG scoring, which is regulated in the Credit Manual, was fully applied in the lending and investment process. In line with the policies explained above, each loan goes through the ESG scoring process, where specific questions related to biodiversity have to be answered in order to assess compliance with certain environmental standards. Only transactions with an overall score of at least 4 were concluded, while loans with scores of 5 and 6 were excluded, which will also be the case in 2025. For details of the application of ESG scoring, see chapter "E1 Climate change".

In addition, the ship portfolio was analysed regarding BWTS technical equipment using the Clarksons database in order to gain a better understanding of the negative impacts on biodiversity and ecosystems. This analysis is also planned for 2025.

No compensation measures in connection with biodiversity are planned at present.

Metrics and targets

E4-4 Targets related to biodiversity and ecosystems

Portfolio: HCOB currently has no specific target for measuring the effectiveness of its measures related to conservation of biodiversity and ecosystems, as banks can only influence the topic indirectly through their financing activities. Nevertheless, policies and measures were implemented as far as possible with the above-mentioned elements in order to address material negative impacts.

E4-5 Impact metrics related to biodiversity and ecosystems change

Portfolio: Relevant metrics were identified to make HCOB's negative impacts on biodiversity and ecosystems more transparent and measurable. These are based on publicly available data on the characteristics of the financed ships, and in the reporting year the ship portfolio was analysed for the first time with regard to BWTS installed. As the environmental impact differs depending on the BWTS technology used, the portfolio was analysed accordingly. UV irradiation is particularly environmentally friendly, as it does not use any harmful chemicals and leaves no toxic residues.

The evaluation resulted in the following breakdown:

Proportion of ships in the portfolio with a BWTS installed

Installation (in %)	2024
BWTS installed	94.6
BWTS installation pending	0.2
No BWTS	5.2

Proportion of BWTS implemented by technology type

Technology type (in %)	2024
UV irradiation	22.1
Electrochemical treatment	60.6
Chemical treatment	3.2
Thermal treatment	0.2
Unknown	14.0

ESRS E5 Resource use and circular economy

Management of impacts, risks and opportunities

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The following table summarizes the material impacts on the relevant sustainability aspects that were identified for HCOB as a result of the materiality analysis (see chapter "ESRS 2 General disclosures", in particular section "ESRS2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model") and presents the mitigating policies.

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks, opportunities	Policies and impact management	Measures	Targets
Waste			
Negative impact: Waste generation by banking operations (Dimension: Corporate)	The environmental policy regulates the consumption of resources and therefore also the handling of waste generated.	– Waste separation system – Digital transformation – Campaigns for the re-use of discarded office furniture and equipment	no targets defined

E5-1 Policies related to resource use and circular economy

Corporate: HCOB's environmental policy regulates the consumption of resources in business operations, including the handling of waste. Employees are encouraged to separate waste at the workplace in order to enable full recycling, while non-recyclable waste is utilized for energy recovery. The head of the Facility Management department is responsible for the operational implementation.
For more details regarding responsibility for the policy and application framework see chapter "E1 Climate change".

E5-2 Actions and resources related to resource use and circular economy

Waste separation system
The Bank has introduced a waste separation system that collects residual waste, organic waste, recyclables and glass, while paper is collected separately for data protection reasons. All waste is disposed of appropriately by waste type and, where possible, recycled or used for energy recovery. Almost 60 waste separation systems were installed at the Hamburg and Kiel locations in order to increase the recycling rate.

Digital transformation
Progressive digitalization has steadily reduced HCOB's paper consumption in recent years (see section "E5-5 Resource outflows"). The printing paper used is wood-free and meets EU eco-standards, with at least 50 % recycled or sustainable material.

Re-use of office furniture and equipment

During the reporting year, HCOB once again offered a program at its Hamburg and Kiel locations for the re-use of discarded office furniture and equipment. Employees can use this for their home office, as can non-profit organizations for their own activities. This helps to conserve resources and avoid waste.

Metrics and targets

E5-3 Targets related to resource use and circular economy

Corporate: Although HCOB strives to further reduce waste volumes, no quantitative reduction targets have been defined as the possibilities at the existing locations have largely been exhausted.

E5-5 Resource outflows

Corporate: In 2024, the total amount of waste generated at the Hamburg and Kiel locations was 59.3 t (2023: 81.0 t). The data is collected quarterly by regional waste service providers and broken down by waste type. For the other locations, the amount of waste is extrapolated based on the number of full-time employees. The waste is disaggregated as shown below.

Waste quantities

	2024			2023
	Hamburg and Kiel	Other locations	Total	Hamburg and Kiel
Total amount of waste (in t)	59.3	7.4	66.7	81.0
Waste intensity (in kg/FTE)	71.4	71.4	71.4	98.8
Total amount of non-recycled waste (in t)	22.0	2.8	24.8	19.0
Total amount of non-recycled waste (in %)	37 %	37 %	37 %	23 %
Total amount of hazardous waste (in t)	–	–	–	–
Total amount of radioactive waste (in t)	–	–	–	–

Waste quantities by disposal method

	Non-hazardous waste				Hazardous waste			
	2024			2023	2024			2023
(t)	Hamburg and Kiel	Other locations	Total	Hamburg and Kiel	Hamburg and Kiel	Other locations	Total	Hamburg and Kiel
Recovery methods								
Preparation for reuse	–	–	–	–	–	–	–	–
Recycling	37.3	4.7	42.0	62.0	–	–	–	–
Other recovery methods	–	–	–	–	–	–	–	–
Disposal								
Combustion	22.0	2.8	24.8	19.0	–	–	–	–
Landfill	–	–	–	–	–	–	–	–
Other types of disposal	–	–	–	–	–	–	–	–

Paper consumption

	2024			2023
(t)	Hamburg and Kiel	Other locations	Total	Hamburg and Kiel
Total paper consumption	4.0	0.5	4.5	4.0
Intensity of paper consumption (in kg/FTE)	4.8	4.8	4.8	4.9

Social information

ESRS S1 Own workforce

Definition of own workforce
The workforce comprises all employees who have a contractually regulated employment relationship with the Bank (in accordance with Section 611a of the German Civil Code (BGB)). This applies throughout the Group and is independent of position or function within the company. The reporting covers active full-time and part-time employees, including interns, students and trainees, as well as employees on long-term sick leave, parental leave and leave of absence. Any deviations from this definition are noted where applicable.

As they are members of the executive body, members of the Management Board do not count as employees in this sense and are not included in the reporting on the own workforce. Non-employees are not included due to the phase-in regulation (ESRS 1, Appendix C).

Strategy

ESRS 2 SBM-2 Interests and views of stakeholders

Information relating to the integration of the interests, views and rights of the company's own workforce into HCOB's strategy and business model can be found in the chapter "ESRS 2 General disclosures" in section "SBM-2 Interests and views of stakeholders".

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The following table summarises the material impacts, risks and opportunities of the relevant sustainability aspects that were assessed as part of the materiality analysis (see chapter "ESRS 2 General disclosures", in particular section "ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model") for the employees of HCOB. It also provides an overview of the policies and impact management. The information in this chapter covers only the company's own business operations, so the sections are not additionally marked with the Corporate dimension.

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks and opportunities	Policies and impact management	Measures	Targets
Working conditions			
Negative impact: High workload (Dimension: Corporate)	– Employer/works council agreements regarding working hours – Employer/works council agreement on occupational health and safety – Employee representatives to promote co-determination – Internal communication strategy	– Measures to promote work-life balance – Occupational health and safety measures – Measures to promote co-determination	no targets defined
Equal treatment and opportunities for all			
Negative impact: Insufficient consideration of equal opportunities (Dimension: Corporate)	– Code of Conduct – Code of Diversity – Employer/works council agreement on equal opportunities for women and men – Employer/works council agreement on the inclusion of severely disabled persons and those with equivalent status – Remuneration strategy – Employer/works council agreement on performance management – Employer/works council agreement on talent management	– Measures to ensure adequate wages – Measures for gender equality and equal pay for work of equal value – Measures to promote diversity in the company – Measures for training and skills development	– Achieve a proportion of 33 % for the underrepresented gender (currently women) in management functions / at senior expert level by the end of 2027 – Achieve a proportion of 33 % for the underrepresented gender (currently women) at BU head level by the end of 2027
Other work-related rights			
Negative impact: Violations of employee rights (Dimension: Corporate)	– Code of Conduct – Whistleblowing-Policy	– Whistleblowing procedure	no targets defined

No material differences were identified between different employee groups (e.g. employees, managers, executives) when determining the impact of the Bank and its strategy on the workforce and the associated risks and opportunities. The workforce performs banking, administrative and technical tasks in a regulated environment. Their high level of professional qualification facilitates the Bank's customer service, strategic orientation and operational processes. Activities are primarily carried out in the offices of HCOB. In this sense, they are exposed to the same working conditions every day and do not perform activities that are categorized as particularly hazardous.

Negative impacts related to human trafficking, forced or compulsory labour and child labour are completely ruled out. HCOB takes targeted measures to prevent them. Due to compliance with high standards within Germany and the EU, which is a strictly regulated legal environment, the risk of human rights violations in the direct supply chain or within the Bank is considered to be low. Legal requirements and guidelines are in place at all Group locations in order to minimize risks in these areas (e.g. UN Guiding Principles on Business and Human Rights, Modern Slavery Act 2015).

Management of impacts, risks and opportunities

S1-1 Policies related to own workforce

The workforce of HCOB is a key factor for sustainable growth and long-term success. Policies and guidelines have been implemented and measures have been derived to counteract the negative impacts identified as part of the double materiality analysis. In this context, employer/works council agreements regulate working conditions and promote work-life balance, health and safety as well as equal opportunities and treatment. The works councils were involved in shaping them. Unless otherwise stated, the employer/works council agreements apply to all employees in Germany pursuant to Section 5 (1) of the German Works Constitution Act (BetrVG), with the exception of executives pursuant to Section 5 (3) BetrVG. In line with the respective goals and benefits, agreements were reached for executives through the executives' committee. The employer/works council agreements are accessible to all employees and their representatives in the Bank's written rules of procedure.

Strategy adjustments in the 2024 reporting year: The Code of Conduct is revised annually as a standard process. With regard to the CSRD standards, the need for adjustments was identified during the 2024 reporting year. In addition, an agreement on phased-in early retirement was concluded with the co-determination bodies.

Working conditions: high workload

Challenging working conditions lead to negative effects on one's own workforce; these include stress, long working hours, uncertainty due to restructuring, a lack of work-life balance and a lack of co-determination.

Employer/works council agreement on flexible working hours

The employer/works council agreement on flexible working hours regulates the working hours of employees in order to ensure a better work-life balance and counteract an increased workload. It covers the distribution of working time, service times, flextime, transfer/overtime and trust-based working time. Implementation is the responsibility of HR.

Employer/works council agreement on mobile working

The flexibility of individual working arrangements and the choice of work location play an increasingly important role in achieving the best possible work-life balance. To increase the attractiveness of the workplace, HCOB offers its employees a more flexible organisation of work in terms of location and time through the employer/works council agreement on mobile working. This should lead to greater self-determination and have a positive impact on health and job satisfaction. Implementation is the responsibility of HR.

Employer/works council agreement on phased-in early retirement

The employer/works council agreement on phased-in early retirement enables early retirement for employees. Early retirement via the instrument of phased-in early retirement is a modern way of meeting both the needs of older employees and the company requirements. Implementation is the responsibility of HR.

Employer/works council agreement on occupational health and safety

HCOB fulfils the legal requirements for occupational health and safety at all locations. The guiding principle of modern, preventive occupational health and safety is a comprehensive, holistic understanding of the health and safety of all employees. The employer/works council agreement promotes the health of employees, supplements statutory regulations and aims to minimise health risks. HR is responsible for the implementation in cooperation with the occupational safety specialist.

Employee representation to promote co-determination

HCOB has implemented various employee representative bodies, some of which go beyond the statutory requirements, in order to promote employee co-determination. Further information on employee representation can be found in "S1-2 Processes for engaging with own workforce and workers' representatives about impacts".

Communication strategy

HCOB pursues an "Inform, Engage, Excite" approach to internal communication in order to promote dialogue with employees and create a sense of belonging:

- INFORM: Employees understand the Bank's strategy and their contribution to pursuing it, and they are informed about the market activities. The following channels are used for this: intranet, video, e-mail, posters/flyers and information screens.

- ENGAGE: Employees feel heard and valued and identify with the Bank's brand. The following channels are used for this: employee survey, event formats with a focus on dialogue (with the Management Board and other departments) and the intranet.
- EXCITE: Employees are motivated at work, act as brand ambassadors and interact with each other beyond compulsory work. The following channels are used for this: event formats.

Communication is always bilingual (German/English), and interpreters are available for events. Responsibility lies with the Marketing & Communications business unit. The strategy is implemented in close consultation with the Management Board and is implemented Bank-wide.

Equal treatment and opportunities for all: insufficient consideration of equal opportunities
A working environment that does not guarantee and promote equal treatment and equal opportunities leads to discrimination or a lack of inclusion within the Bank's own workforce.

Code of Conduct
The Code of Conduct serves as a central orientation framework for responsible behaviour and ensures compliance with legal, ethical and social standards. The Code of Conduct ensures that the rights of employees are protected in the workplace and that false or malicious statements or actions that could harm employees are not tolerated.

HCOB does not tolerate any form of discrimination, harassment, threats or other hostile or abusive behaviour in the workplace. In particular, HCOB undertakes to comply with all laws on equal opportunities and to promote equal career development opportunities for all employees without distinction or discrimination on the basis of ethnic background, skin colour, gender, country of birth, age, religion, disability, marital status, pregnancy, sexual orientation, nationality or other characteristics. General information on the Code of Conduct can be found in "G1-1 Business conduct policies and corporate culture".

The Compliance business unit is responsible for the Code of Conduct. In general, monitoring compliance is the responsibility of management; these controls are supplemented by monitoring activities carried out by the Compliance department. The equal opportunities officers/diversity managers and the general works council of HCOB were involved in preparing and shaping the Code of Conduct. It applies without restriction to all employees of HCOB throughout the Group. It is always accessible on the intranet and on the Bank's homepage.

Code of Diversity
The Code of Diversity makes HCOB's values and principles on diversity visible both internally and externally and serves as a guideline for practising diversity, fairness and equal opportunities within the Bank. It reaffirms HCOB's stance against discrimination, racism, anti-Semitism and homophobia. The Code of Diversity was developed by the employees themselves and approved by the Management Board. Diversity Management is responsible for shaping it. It applies without restriction to all employees and is accessible on the HCOB intranet and homepage at all times.

Employer/works council agreement on equal opportunities for women and men
The employer/works council agreement on equal opportunities is permanently anchored and applies to all employees. As a private bank, HCOB is not subject to the German Federal Act on Gender Equality (BGleiG) and therefore has no legal obligations with regard to equal opportunities. This agreement is a voluntary commitment by the Bank which integrates aspects of the state equality laws of Hamburg and Schleswig-Holstein and pursues the goal of actively demanding and promoting gender equality. Topics such as communication, staffing, development and qualifications, work-life balance and the rights and duties of the equal opportunities officers/ diversity managers are regulated in the agreement. HR and the equal opportunities officers/diversity managers are responsible for the implementation.

Employer/works council agreement on the inclusion of severely disabled persons and those with equivalent status

The aim of the inclusion agreement is to provide severely disabled persons and those with equivalent status permanently disability-friendly workplaces. It includes promoting the principle of inclusion, professional development opportunities, workplace design and training for managers. HR and the representative body for severely disabled persons (SBV) are responsible.

Remuneration strategy in connection with equal opportunities

HCOB's remuneration system is gender-neutral and aims to ensure equal opportunities and fairness. Regular equal pay analyses ensure transparency and uncover potential unequal treatment, which is addressed in a targeted manner. HR is responsible for the implementation. The strategy applies to HCOB in accordance with Section 10 of the German Banking Act (KWG) in conjunction with Section 27 of the German Ordinance on the Remuneration of Financial Institutions (IVV) and is accessible to all employees in the bank's written rules of procedure at all times. Employee representatives were not involved in defining the strategy.

Employer/works council agreement on performance management

Managers shall encourage and motivate their employees, provide regular feedback and support their personal and professional development. The performance management process was established for this purpose, which serves as the basis for HCOB's strategic HR development. The employer/works council agreement on performance management establishes a clear process and ensures transparency through clear definitions and specifically described conduct. HR is responsible for the implementation.

This employer/works council agreement applies to employees at the German locations. HCOB AG also uses the performance management system at foreign locations on a voluntary basis.

Employer/works council agreement on talent management

Talent management at HCOB begins each year with the HR conference, at which cross-divisional talents are identified, the assessments are calibrated to ensure standardised evaluation across the Bank, and development measures are defined. In addition to the benefits offered to all employees, the employer/works council agreement aims to promote and develop identified talents through further measures. Along with traditional management positions, the focus is also on promoting specialist career paths in order to offer employees flexible career opportunities. Further training measures are recorded in the system. HR is responsible for the implementation and reviews the effectiveness of the measures annually.

Other work-related rights: Violations of employee rights

Violations of employee rights lead to negative effects on the professional and private situation of the Bank's own workforce.

Code of Conduct

Information on the Code of Conduct with regard to other work-related rights can be found in this section under the IRO "Equal treatment and opportunities for all: insufficient consideration of equal opportunities." General information on the Code of Conduct can be found in "G1-1 Business conduct policies and corporate culture".

Whistleblowing-Policy

HCOB has a whistleblowing procedure through which information can be submitted anonymously. The whistleblowing office is staffed by ombudspersons from an international auditing firm, who all employees at the head office, branches and representative offices (including former employees) as well as all external third parties can contact directly. Further information can be found in "G1-1 Business conduct policies and corporate culture".

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Company co-determination

In order to promote equal opportunities, health and safety in the workplace, the HCOB has implemented procedures for employee co-determination. HR bears operational responsibility for involving employees and their representatives. The results flow directly into the Bank's strategic planning in order to achieve continuous improvements. Regular feedback meetings with employees and their representatives ensure that their interests are taken into account.

Protection of employee interests by the works councils

HCOB has works councils at its locations in Hamburg, Kiel and Luxembourg. The works councils in Hamburg and Kiel also form a general works council. The legal basis for action at the German locations is the German Works Constitution Act (BetrVG) and other relevant labour laws as well as the collective bargaining agreement for the private banking industry. In Luxembourg, Luxembourg labour law forms the basis for the work performed by the works council.

The works councils represent the interests of the workforce vis-à-vis the employer, in particular with regard to working time organisation, job security, salary structures and remuneration systems. Cooperation between the works councils and the Bank is based on transparent communication. Exchange formats are held at least every two weeks, which also involve the Management Board and HR management, among others. Employer/ works council agreements, which are drawn up jointly, are binding and accessible to all employees on the intranet and in the Bank's written rules of procedures.

The works councils have resources at their disposal to perform their tasks and fulfil their duties. During their representative activities, all members are released from their official duties by the Bank, and two members of the works council are fully released from their official duties. HCOB provides premises for secure and confidential exchanges and provides access to HR applications, thereby ensuring a fast and transparent flow of information. In addition, HR Controlling regularly provides data and analyses to support the work of the works councils.

The works councils meet weekly for consultations and organise exchange formats with employees, both digitally and in person (details on the information channels can be found later in this section). These formats are also used to conduct ad hoc surveys and promote employee participation. In addition, works meetings are held twice a year, at which all employees can submit questions anonymously using a question tool.

The effectiveness of the works councils is assessed on the basis of election results, the voter turnout among employees, the agreements concluded, the number of meetings held and the participation in campus talks and works meetings.

Safeguarding the interests of executives through the executives' committee

In accordance with the Executives' Committee Act (SprAuG), the executives' committee represents the interests of the Bank's executives. A chairperson is elected by the executives to represent their interests within HCOB.

Finance committee

The finance committee, consisting of five members appointed by the general works council, discusses financial matters related to the Bank, such as productivity, profitability and ratings, with the management and informs the general works council. The committee meets monthly in rooms provided by the Bank and informs the general works council.

Inclusion of persons particularly vulnerable to impacts or persons at risk at the Bank

HCOB has implemented measures to hear the perspectives of employees who may be vulnerable to negative impacts, marginalised or at risk. There are special contact persons and confidants for minorities, people of all genders and young employees as well as severely disabled persons and those with equivalent status, who safeguard and promote their interests.

Representative body for severely disabled persons (SBV)

The SBV represents severely disabled persons and those with equivalent status in accordance with the legal principles of Book IX of the German Social Code (SGB IX). It advises on applications, supports the design of accessible workplaces, including any work equipment required, and is involved in the recruitment process and company integration management (BEM). As part of the inclusion agreement, measures such as awareness training, increasing the proportion of severely disabled employees and promoting inclusion were agreed between the Bank and employee representatives.

The SBV participates in the meetings of the works councils, the general works council and their committees and remains in constant dialogue with the employee representatives. It has a fixed agenda item in the meetings and works closely with the diversity managers. In addition, the SBV participates in meetings of the occupational health and safety committee and is an integral part of the occupational health management.

Equal opportunities officers/diversity managers

The Bank employs two equal opportunities officers/diversity managers, one full-time and one part-time, who work together with HR and the SBV to ensure equal opportunities and diversity. They protect employees from discrimination based on their gender and/or origin, among other things, and are committed to enforcing the German General Act on Equal Treatment (AGG). They have extensive rights and act independently.

Their tasks include organising awareness formats, workshops and lectures to promote an inclusive working environment. They are also active in the #networkingwomen women's network and analyse remuneration information in order to ensure transparency and fairness. Regular collaboration with other departments such as HR, social counselling and ESG promotes a holistic view of diversity. A diversity campaign was launched in 2024, which includes interactive formats such as discussion rounds and online training, in order to further raise awareness of diversity. In addition, the diversity managers develop an annual roadmap with specific goals and measures to systematically integrate diversity into all company processes.

Youth and trainee representation (JAV)

The JAV represents the interests of employees under the age of 18 and apprentices/trainees. It ensures compliance with applicable laws and agreements and is available as a contact for all matters related to this group. It also works closely with the works councils in order sustainably support the working conditions and interests of young employees.

Employee survey

HCOB actively seeks the opinions and concerns of its employees. In addition to the employee representatives, the employee survey serves as a central instrument for involvement in internal company issues. In the surveys, employees can anonymously express their opinions on topics such as change, hierarchy, identification, IT, benefits, diversity and leadership. The surveys are managed by the HR department and conducted and analysed anonymously with the help of an external service provider.

The results are passed on to the business units in order to derive appropriate measures. The effectiveness is evaluated based on the participation rate, results and derived measures. Managers take on the role of change managers.

Information channels/formats

The Bank informs its employees continuously and bilingually (German/English) through various channels such as the intranet, displays, posters and communication mailboxes. These are used to provide information on current topics, internal events and campaigns.

These channels are supplemented by formats such as video interviews with the Management Board members, which are accessible via the intranet, and the quarterly management talk, where there is active dialogue between employees and the Management Board. HR publishes a newsletter on relevant topics every 8-10 weeks, while the works councils keep employees up to date through newsletters (every 6-8 weeks), works meetings and interactive campus talks. In addition, X-Change formats promote dialogue within the Bank by enabling departments to present their projects and tasks in Hamburg and Kiel. These diverse communication channels ensure transparency, promote dialogue and strengthen cooperation.

Respect for human rights

HCOB is consistently committed to protecting and respecting human rights within its own workforce. For a more detailed description of respect for human rights, please refer to the description of the Code of Conduct in "S1-1 Policies related to own workforce" and "G1-1 Business conduct policies and corporate culture".

Dealing with conflicts of interest between employees

No conflicts of interest were identified during the 2024 reporting year. Employees have the right to lodge a complaint under the German Works Constitution Act (BetrVG), which they can exercise through the works councils or managers. They endeavour to resolve conflicts objectively.

Information on the complaints mechanisms and reporting channels can be found in "S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns".

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

The Code of Conduct obliges all employees to act fairly and in accordance with the law. Misconduct is reported and dealt with via internal channels (e.g. HR, Compliance, employee representation) and external channels (e.g. ombudsperson, anonymous whistleblower tool). Remedial measures are developed and implemented depending on the individual case (e.g. warnings, formal warnings under labour law, dismissals, reduction of variable remuneration components, transfers) in order to remedy grievances as quickly as possible and prevent future cases.

Reporting channels for employees

Across the HCOB Group, all employees at all locations can report information, concerns and complaints via internal channels such as the compliance hotline (by e-mail or telephone) or anonymously via external channels such as an ombudsperson. External third parties can also submit a report via the anonymous external whistleblowing office. Since 2024, HCOB's whistleblower system has been supplemented by free telephone numbers and an anonymous whistleblower chat tool that enables confidential communication on legal violations. The system is accessible via the intranet and the Bank's homepage. Further information on the whistleblower protection system and the whistleblowing procedure can be found in "G1-1 Business conduct policies and corporate culture" and "G1-3 Prevention and detection of corruption and bribery".

In accordance with Section 13 of the German General Act on Equal Treatment (AGG), an independent complaints office has been established, which has been managed by the equal opportunities officers since 2024. The works councils, the JAV and the SBV are also available as contacts. Information on the various contact persons can be found on the intranet.

Anonymous questions and concerns can also be raised before campus talks, works meetings and dialogues with the Management Board. HR exchange days and employee surveys offer further feedback opportunities. Any concerns expressed are followed up and addressed by top management.

HCOB actively promotes the use of these communication channels and integrates them into the corporate culture. Contact details for trade unions and the German Federal Anti-Discrimination Agency are available on the intranet. These measures ensure that all employees have access to effective reporting channels. Further details on employee representation and communication channels can be found in "S1-2 Processes for engaging with own workforce and workers' representatives about impacts" as well as in "S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns" and "G1-3 Prevention and detection of corruption and bribery".

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

HCOB has developed measures to address negative impacts identified in the double materiality analysis, such as high workload, lack of equal opportunities and violations of employee rights.

HCOB provides (financial) resources and the capacities of (HR) employees for this purpose. These come from the current budget and no additional funds were provided. The aim is to unite and utilize the business activities of HCOB and the interests of stakeholders, in particular employees, in the best interests of all. This is reflected in the measures and benefits offered by the Bank.

As a matter of principle, these measures and benefits are available to all employees except executives. Specific regulations apply to executives in consultation with the executives' committee. The measures and benefits are adapted to the circumstances of the respective Group branches. Unless otherwise stated, the measures also apply beyond the 2024 reporting period.

Measures to promote work-life balance

Through the following measures, HCOB expects to create a better work-life balance, and thereby promote the careers of its employees with special family commitments, among other aims.

Regulation of working time

HCOB strengthens work-life balance through flexible working time models such as full-time and part-time work, job sharing, flexible working hours and mobile working in order to meet the individual needs of employees and counteract the negative effects of a high workload.

Focus on the family

The respective national legal regulations apply at all locations in the case of sick children. In Germany, HCOB also offers free emergency childcare if regular childcare is cancelled as well as subsidised holiday programmes and advice from the pme Familienservice family counselling service. HCOB also supports employees with returning to work after a leave of absence.

Occupational health and safety measures

The occupational health management (OHM) aims to promote the health and well-being of employees and ensure their long-term motivation and performance. It offers measures designed to help employees cope better with increasing workloads and, if necessary, recognise and prevent physical and mental health problems at an early stage. These measures may vary depending on the company location.

In Germany, company doctors advise on and support employees with questions related to occupational and social medical matters, while maintaining strict medical confidentiality. Two part-time employees in Hamburg and Kiel provide the continuously available social counselling service, which offers employees professional help with stress, conflicts and difficult situations at work, as well as with topics such as mental illness, addiction and personal matters, in order to counteract the consequences of an increased workload. Seminars are also offered on stress management, nutritional advice, conflict management and behaviour-oriented health promotion. In the 2024 reporting year, height-adjustable desks were installed at the German locations, the sports programme with an external service provider was extended and bicycle leasing was introduced for the first time.

The OHM also includes analysing quantitative key figures such as the health rate, evaluating the Bank's measures and channels and conducting information and counselling sessions. For example, the occupational safety specialist advises managers and employees on safe, ergonomic and healthy work practices. It strengthens employee rights and carries out departmental inspections in order to recognise and assess mental stress and specific hazards. Furthermore, the occupational safety committee (OSC) discusses health and safety issues at regular meetings and evaluates the effectiveness of occupational safety measures. Employees can raise concerns in the OSC meetings via their representatives. Important OSC decisions are communicated via the intranet.

Measures to promote co-determination

Access authorisation of the works councils to the HR systems
In order to facilitate and promote co-determination, the works councils and the equal opportunities officers were granted access rights to the SAP HR systems as part of an employer/works council agreement. This enables the proper fulfilment of their duties in accordance with the German Works Constitution Act (BetrVG) and the employer/works council agreement on gender equality.

Employee survey
In addition to the employee representatives, the employee survey is used to involve employees in important internal company issues. The Bank endeavours to conduct the employee survey at least every two years. The next employee survey is planned for 2025.

Further information is available in "S1-2 Processes for engaging with own workforce and workers' representatives about impacts".

Measures to ensure adequate wages
The Bank ensures adequate wages through processes and agreements with the employee representatives. At least once a year, HCOB reviews the remuneration of all employees and adjusts it in line with performance and the market. The Bank reviews the appropriateness and attractiveness of its own remuneration both internally and externally by means of annual and ad hoc benchmarks and remuneration comparisons. Further information can be found in "S1-10 Adequate wages".

Measures for gender equality and equal pay for work of equal value
HCOB is committed to equal pay and has been carrying out gender pay gap calculations for the German locations for several years. The results are analysed by HR and the equal opportunities officers with the help of external software. This year, the gender pay gap was calculated Group-wide for the first time. Further details can be found in "S1-16 Remuneration metrics (pay gap and total remuneration)".

Measures to promote diversity in the company
With the appointment of two equal opportunities officers/diversity managers, the Bank has established clear responsibility for the topic of diversity and equal opportunities. A Code of Diversity and various internal and external measures emphasise the commitment to diversity and inclusion.

Internal measures:
Measures for the reporting year 2024 include, for example, the development of an internal transgender guideline in 2024, the development of an annual plan for the communication of diversity topics, which includes, for example, quarterly diversity reports and networking events, the organisation of various formats by the #networkingwomen (e.g. lunch and speed networking formats and workshops with external women's networks) as well as the organisation of a Culture X-Change and events on the topic of age and generational diversity.

External measures:
Measures include signing the “Charter of Diversity” 2020 to create a prejudice-free working environment with equal opportunities, publicly declaring ourselves as a PATRON OF WELCOMING OUT for LGBTIQ+ acceptance, and signing the #positivarbeiten declaration for respectful and discrimination-free treatment of HIV-positive people in working life. The effectiveness of the measures is demonstrated in the reporting year 2024 with the receipt of the Gold Award from the PRIDE Index for supporting the LGBTIQ+ community (the acronym LGBTQ stands for Lesbian Gay Bisexual Transgender Queer). As part of this commitment, specific awareness-raising campaigns were carried out to anchor diversity as an integral part of the corporate culture.

Measures for training and skills development

HCOB promotes to developing the skills of its employees and promoting young talent. As part of its HR development programme, the Bank offers a wide range of opportunities that cater to the individual needs of employees and at the same time strengthen Bank-wide skills. These offers – unless otherwise stated – are available to all employees regardless of their level of employment (e.g. full-time/part-time), location, age, gender and nationality.

As a result, HCOB expects the wide range of opportunities for skills development to promote equal career development for all employees and strengthen their ability to deal with periods with high workloads.

Performance management and succession planning

HCOB has implemented a Bank-wide performance management process, which consists of at least two appraisal and development meetings per year as well as a performance management and target agreement system. This process promotes equal opportunities through the appraisal system, which is implemented according to uniform standards throughout the Bank and is calibrated at HR conferences, among other occasions. The development meetings serve to identify development needs and equip employees for challenging workloads through skills development.

At the beginning of the year, a performance appraisal takes place between the manager and employee, during which feedback is given on the previous year's performance and development, and targets and training plans are agreed for the coming year. Training can include internal or external measures that promote personal development, professional expertise and general banking knowledge. Results are considered and calibrated holistically in HR conferences.

The information provided in "S1-13 Training and skills development metrics" shows the effectiveness of the measures.

HR development

Since 2023, every employee has had access to the Masterplan e-learning platform, which offers a wide range of online training for professional and personal development. In addition, online language seminars and social counselling workshops, e-learning courses such as Moody's cash flow training, data analytics training and individual coaching are offered.

In 2024, specific departmental training for new employees was introduced for the first time along with a standardised onboarding day. This training was offered for two departments for the first time and will be further expanded in the coming years. This training is aimed at all new employees, both nationally and internationally. The aim is to give employees a good insight into the Bank's business and business units so that stakeholders and synergies can be identified more easily.

With these offers, HCOB counters the negative impacts identified, such as insufficient equal opportunities or an increased workload. The information provided in "S1-13 Training and skills development metrics" shows the effectiveness of the measures.

Talent management

In order to promote identified talents the bank offers various instruments such as job shadowing, career guidance and sparring partners to enable them to develop an individually customised development plan. In the 2024 reporting year, the growth programme was introduced for the first time, which supports 20 employees through workshops and training on the topics of personality analysis, self-reflection, strategic thinking and communication.

Promoting young talent

In cooperation with the Hamburg School of Business Administration (HSBA), the Bank enables a dual study programme in business administration or business informatics. The dual study programme lasts three years, during which the Bachelor's degree is obtained and experience is gained in various departments of the Bank (in Hamburg and Kiel). Graduates with above-average results receive an offer of permanent employment. In 2024, six new dual students started at HCOB.

The Bank also offers internships for students to gain initial work experience. University graduates can complete an individual 18-month trainee program, which is practically oriented in various areas. In 2024, 17 new trainees started at HCOB.

Internal job market

HCOB offers a wide range of different job profiles and thus creates solid alternatives for further internal development. By making a voluntary commitment to advertise every vacancy internally, HCOB promotes internal mobility through an internal job market, which offers all employees equal development opportunities and thus promotes equal opportunities in the workforce.

Effectiveness of the measures

The measures and benefits offered by HCOB are tailored to the needs of employees and the Bank. To ensure this, employees and employee representatives were involved in preparing them and the underlying strategies (see "S1-1 Policies related to own workforce"). Weekly meetings with the works councils support exchanges during negotiations and lead to finalised employer/works council agreements. The employee survey also plays a decisive role in the introduction of measures. The results of the employee surveys were decisive for the introduction of bicycle leasing and the sports programme. The measures are also optimised in close cooperation with the works councils, with regular monthly dialogue ensured.

The effectiveness of the measures is monitored and evaluated by various mechanisms to ensure that the desired results are achieved and no negative impacts occur. HR Controlling reports on important KPIs such as sick days, the proportion of women and the gender pay gap in order to recognise potential trends at an early stage. Monthly dialogue with the works councils serves to address employee concerns and review the impact of the measures. In addition, employee surveys provide valuable insights into satisfaction with and acceptance of the measures, which ensures continuous improvement and guarantees the achievement of targets.

Metrics and targets

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

HCOB has identified the following targets for the coming 2025 reporting year in order to address the topic of "Equal treatment and opportunities for all: insufficient consideration of equal opportunities" identified in "S1 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model":

1. Achieve a proportion of 33 % for the underrepresented gender (currently women) in management functions / at senior expert level[1)] by the end of 2027.

To measure progress, the proportion of the underrepresented gender (currently women) in management functions / at senior expert level in the 2024 reporting year (31.4 %, reporting date: 31 December 2024) was used as a starting point.

The equal opportunities officers/diversity managers were involved in shaping this target.

[1)] Management functions below BU head level; based on the number of employees (excluding permanently inactive employees).

2. Achieve a proportion of 33 % for the underrepresented gender (currently women) at BU head level[2)] by the end of 2027.

To measure progress, the proportion of the underrepresented gender (currently women) at BU head level in the 2024 reporting year (22.2 %, reporting date: 31 December 2024) was used as a starting point.
The equal opportunities officers/diversity managers were involved in shaping this target.

Note:
[2)] Based on the number of employees (excluding permanently inactive employees).

Methodology and scope of target setting

The targets cover all of HCOB's Group locations and are managed and monitored by HR. No specific methodologies were applied or significant assumptions made when setting the targets. As the targets were set in the course of sustainability reporting in 2024, there were no changes to the metrics and/or measurement methods compared to the previous year. The targets are measured in absolute figures. Stages and interim goals are not defined.

Supporting measures to achieve the above targets

In particular, the measures for gender equality and equal pay for work of equal value, training and skills development, promotion of work-life balance and promotion of diversity, which are described in "S1-4 Taking action on material impacts on own workforce", contribute to achieving the targets.

S1-6 Characteristics of the undertaking's employees

Breakdown of employees by gender (headcount)

Gender	31.12.2024
Women	405
Men	631
Non-binary	–
Not specified	–
Total	1,036

Note:
The employee data relates to employees of HCOB and all Group companies. Active employees, employees on parental leave, employees on long-term sick leave and employees on leave of absence are taken into account, but not early retirees. The stated number of employees corresponds to 930.4 FTEs.

Breakdown of employees by country (headcount)

Country	31.12.2024
Germany	952

Note:
Presentation of the number of employees in countries in which the company has at least 50 employees who account for at least 10 % of the company's total number of employees.

Breakdown of employees by contract type and gender (headcount)

Employee headcount 31.12.2024	Women	Men	Non-binary	Not specified	Total
Total employees	405	631	0	0	1,036
Permanent employees	380	591	0	0	971
Fixed-term employees	25	40	0	0	65
Temporary workers	0	0	0	0	0
Full-time employees	244	596	0	0	840
Part-time employees	136	22	0	0	158

Note:
The employee data relates to employees of HCOB and all Group companies. The full-time/part-time split only takes into account active employees, but not employees on parental leave, employees on long-term sick leave, early retirees and employees on leave of absence. Temporary workers are not included in the reporting for 2024 due to the phase-in regulations (ESRS 1, Appendix C).

Breakdown of employees by region (headcount)

Employee headcount 31.12.2024	Germany	Abroad	Total
Total employees	952	84	1,036
Permanent employees	889	82	971
Fixed-term employees	63	2	65
Temporary workers	0	0	0
Full-time employees	764	76	840
Part-time employees	152	6	158

Note:
The employee data relates to employees of HCOB and all Group companies. The full-time/part-time split only takes into account active employees, but not employees on parental leave, employees on long-term sick leave, early retirees and employees on leave of absence. Temporary workers are not included in the reporting for 2024 due to the phase-in regulations (ESRS 1, Appendix C).

Staff turnover

In the 2024 reporting period, 74 employees left the Bank and Group companies. This figure includes all employees who left the company, whether voluntarily or due to dismissal, (early) retirement or death. The resulting annual staff turnover rate is 7.3 % (at Group level as at 31 December 2024). Of this figure, 3.8 % is attributable to employees leaving the company due to resignations (at Group level as at 31 December 2024). The staff turnover rates are calculated as the ratio of employees who left the company in the current reporting year to the average number of employees in the current reporting year.

S1-7 Characteristics of non-employees in the undertaking's own workforce

In the 2024 reporting year, HCOB does not provide information on the activities or characteristics of non-employees.

S1-8 Collective bargaining coverage and social dialogue

Breakdown of employees by collective bargaining coverage (headcount)

2024	Collective bargaining agreement coverage		Social dialogue
Coverage ratio	Employees – EEA (for countries with > 50 employees, which make up > 10 % of the total)	Employees – non-EEA countries (estimate for regions with > 50 employees, which account for > 10 % of the total)	Representation in the workplace (EEA only) (for countries with > 50 employees, which make up > 10 % of the total number)
0 – 19 %	–	–	–
20 – 39 %	Germany	–	–
40 – 59 %	–	–	–
60 – 79 %	–	–	–
80 – 100 %		–	Germany

Note:
There is no European works council for the 2024 reporting year.

S1-9 Diversity metrics

Equality/diversity: Number of employees (headcount)

	2024								
Age in years	Total (number)	Women (number)	Women (%)	Men (number)	Men (%)	Non-binary (number)	Non-binary (%)	Not specified (number)	Not specified (%)
Top management level[1]	18	4	22 %	14	78 %	–	– %	–	– %
Under 30	–	–	– %	–	– %	–	– %	–	– %
30 to 50	6	2	33 %	4	67 %	–	– %	–	– %
Over 50	12	2	17 %	10	83 %	–	– %	–	– %
Other employees[2]	1,018	401	39 %	617	61 %	–	– %	–	– %
Under 30	131	49	37 %	82	63 %	–	– %	–	– %
30 to 50	490	197	40 %	293	60 %	–	– %	–	– %
Over 50	397	155	39 %	242	61 %	–	– %	–	– %
Total	1,036	405	39 %	631	61 %	–	– %	–	– %
Under 30	131	49	37 %	82	63 %	–	– %	–	– %
30 to 50	496	199	40 %	297	60 %	–	– %	–	– %
Over 50	409	157	38 %	252	62 %	–	– %	–	– %

[1] The top management level within the meaning of ESRS 2 comprises all BU heads.
[2] Including department heads.

S1-10 Adequate wages

HCOB's remuneration system comprises fixed and variable components, which are tailored to the relevant market, and serves to attract and retain employees. It rewards sustainable performance and ensures appropriate development at all levels. No employees (0 %) are paid below the applicable benchmark (minimum wage) for adequate wages.

In addition, reference is made to "S1-8 Collective bargaining coverage and social dialogue" with regard to adequate wages based on extensive collective bargaining coverage and regulations.

S1-11 Social protection

HCOB attaches great importance to the social protection of its employees. At all Group locations, its employees are 100 % insured against loss of income due to illness, unemployment, accidents at work, parental leave and retirement. These insurance policies are either required by law or regulated by the company (e.g. additional company pension scheme and assumption or subsidisation of private health insurance at selected locations). The range and amount of company insurance cover can vary depending on the location.

S1-12 Persons with disabilities

Proportion of employees with disabilities

(%)	2024
Total employees	5.0 %
of which women	2.8 %
of which men	2.2 %
of which non-binary	– %
of which not specified	– %

Note:
The data on employees with disabilities relates to all HCOB Group companies and includes active employees, employees on parental leave, employees on long-term sick leave, employees on leave of absence and early retirees.

S1-13 Training and skills development metrics

All HCOB employees were subject to Bank-wide performance management during the 2024 financial year. This includes at least two performance and career development reviews per year. The Group company Klarphos is not subject to formal performance management.

Further information on performance management can be found in "S1-1 Policies related to own workforce" and "S1-4 Taking action on material impacts on own workforce".

Training and skills development

	2024
Participation in regular performance and career development reviews	**Percentage of employees**
Total	99 %
of which women	98 %
of which men	99 %
of which non-binary	– %
of which not specified	– %
Training hours for HR development	**Average training hours per employee**
Total	25
of which women	26
of which men	24
of which non-binary	–
of which not specified	–

Note:
The average number of training hours for staff development includes mandatory training hours.

S1-14 Health and safety metrics

100 % of employees are covered by a health and safety management system. In 2022, HCOB was certified as a "company with exemplary occupational safety" by the Hamburg state authority for occupational health and safety (valid for six years).

In the 2024 reporting year, there were three reportable accidents at work and no work-related illnesses. There were no fatalities due to work-related injuries and work-related illnesses.

Further information on safety standards and measures can be found in "S1-1 Policies related to own workforce" and "S1-4 Taking action on material impacts on own workforce".

S1-15 Work-life balance metrics

The employees (in 2024: 100 %) of HCOB are entitled to leave for family reasons within the framework of the social policy and (or) collective bargaining agreements.

Leave taken for family reasons

2024	Proportion in %
Total	10.7 %
of which women	6.6 %
of which men	4.1 %
of which non-binary	– %
of which not specified	– %

S1-16 Remuneration metrics (pay gap and total remuneration)

Gender pay gap

HCOB promotes equal treatment and opportunities for all through fair pay without gender-specific disadvantages. The gender pay gap is calculated annually by HR. HCOB has calculated an unadjusted gender pay gap of 24.6 % for 2024. Employees at all levels below the Management Board were included in the analysis, including all of the Bank's locations abroad. The unadjusted gender pay gap looks at the percentage difference between the average gross hourly earnings of women and men – irrespective of career level, experience, qualifications and occupation.

Annual ratio of total remuneration

The analysis of total annual remuneration examines the relationship between the highest-paid individual (including Management Board members) and the median of the total annual remuneration of all employees. For 2024, the annual ratio of total remuneration is 74.6.

S1-17 Incidents, complaints and severe human rights impacts

Incidents related to human rights

2024	Number / € m
Number of incidents of discrimination	–
Number of complaints submitted via the channels through which employees can raise concerns	4
Number of complaints submitted to the national contact points for OECD multinational enterprises	–
Amount of material fines, penalties and damages resulting from violations of social and human rights factors including harassment and complaints filed	€–
Number of serious human rights issues and incidents related to own workforce	–

Note:
The complaints submitted were duly examined by those responsible. This examination did not reveal any substantiated cases of discrimination, which is why no fines, penalties or compensation payments were imposed.

ESRS S2 Workers in the value chain

Strategy

ESRS 2 SBM-2 Interests and views of stakeholders

Information relating to the integration of the interests, views and rights of the company's own workforce into HCOB's strategy and business model can be found in the chapter "ESRS 2 General disclosures" in section "SBM-2 Interests and views of stakeholders".

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The following table summarises the material impacts on the relevant sustainability aspects identified for HCOB as a result of the materiality analysis (see chapter "ESRS 2 General disclosures", in particular the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model") and presents the mitigating policies.

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks, opportunities	Policies and impact management	Measures	Targets
Working conditions			
Negative impact: Critical working conditions and violations of human rights and environmental standards (Dimension: Corporate)	– Supplier Code	– Review process for potential suppliers	no targets defined
Negative impact: Critical working conditions on ships (Dimension: Portfolio)	– "Credit Manual" – "ESG in the credit- and investment process" for ESG Scoring	– Full application of the Blacklist and the ESG Scoring for new transactions – Exclusion of new transactions with a score of 5 or 6	no targets defined

Corporate: As part of ESRS 2 General disclosures, HCOB analyses the impacts, risks and opportunities related to workers in the value chain. This analysis is crucial for developing strategies that combine economic success with social responsibility and ecological sustainability. The identified potential negative impacts relate to working conditions that are not in line with generally recognised social standards, as well as potential violations of human rights and environmental standards at suppliers. These could lead to negative impacts on the affected workers in the value chain.

HCOB takes into account all workers in the value chain, in particular workers in the upstream supply chain. The Bank primarily procures business, IT and advisory services as well as building services and office supplies from suppliers, which operate either at HCOB locations or externally. No information is available on the type of contract or employment of the workers involved. There are no specific groups of workers in the value chain that have been identified as particularly vulnerable.

An increased risk of child labour or forced labour was not identified, because HCOB primarily awards its contracts in Europe and to a company based in India that operates internationally and is therefore subject to international standards.

Negative impacts are checked by signing of the Supplier Code for all outsourced services, but do these not occur systematically.

In order to better understand risks, HCOB carries out risk analyses to identify critical product groups. The potential negative impacts analysed in the double materiality analysis are reviewed for all outsourced services through the screening process for potential suppliers, but no systemic impacts have been identified (see "S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions").
To better understand potential negative impacts and risks and to identify critical commodity groups, the HCOB conducts risk analyses.

Portfolio: As part of the double materiality analysis, HCOB identified potential negative impacts on workers on financed ships in the downstream value chain. Critical working conditions such as long working hours and prolonged absences from home accompanied with physical and psychological stress can have a negative impact on the affected workers. No incidents were reported in this context during the reporting year. Due to the characteristics of shipping, no clear geographical reference can be made. In this context, no increased risk of child labour or forced labour was identified. The potential negative impacts are linked to the business strategy in that HCOB provides ship financing. The strategy is influenced indirectly, particularly as part of the credit monitoring process. HCOB has not identified any positive impacts or opportunities in this area.

Management of impacts, risks and opportunities

S2-1 Policies related to value chain workers

Corporate: HCOB pursues a strategic approach to identifying, assessing and managing material social and environmental negative impacts in the value chain. The focus is on minimising negative impacts such as the violation of human rights as well as labour and environmental standards. International standards such as the UN Guiding Principles on Business and Human Rights and the OECD guidelines for multinational enterprises form the basis of the strategy. HCOB is not aware of any cases that violate these guiding principles. The Supplier Code contains clear requirements for compliance with human rights and environmental standards. Particular attention is paid to critical product groups such as buildings and land, office and business equipment and IT hardware, as there are higher risks here. Procurement & Vendor Management is responsible for implementation.

The Supplier Code obliges all uppliers, among other things, to comply with human rights standards, including the prohibition of forced labour, child labour and human trafficking. Suppliers must agree to the Supplier Code in writing prior to contractual collaboration. Contracts usually contain audit rights, which ensure that compliance with these standards can be verified. This enables ad hoc monitoring and adjustments, if necessary.

No workers in the value chain are currently involved in the process of the policies described or their creation. The Bank offers workers in the value chain the opportunity to report grievances or human rights violations anonymously. These complaint mechanisms are supported by an external ombudsperson who helps to assess reported violations and take remedial action. The aim is to ensure that every reported violation is dealt with and that long-term solutions are implemented — see detailed information in chapter "G1-1 Business conduct policies and corporate culture".

Portfolio: The potential negative impact of "critical working conditions" includes long working hours, prolonged absences and physical and mental stress. Such conditions can have serious consequences for the affected workers and require targeted measures. Good working conditions on board ships are not only important for the health of workers, but also for the safety of shipping. Compliance with standards such as equality and non-discrimination helps to minimise risks. Good working conditions also help to reduce the likelihood of accidents caused by human error.

In order to manage the potential negative impacts on workers in the value chain, which have been identified as material for the shipping sector, HCOB not only relies on its own concepts, but primarily on international standards, which are used as guidelines for its clients. Therefore, the Bank mainly relies on the IMO's external concepts and guidelines when managing the material impacts identified.

The IMO has introduced comprehensive regulations aimed at ensuring compliance with working conditions in the shipping industry. These standards are applied worldwide. Monitoring whether the financed ships comply with these requirements is largely carried out as part of the inspections initiated by the respective flag states, which ensure that all relevant regulations are complied with.

The international legal framework for maritime activities, which is also binding for ships financed by HCOB, is defined by the United Nations Convention on the Law of the Sea (UNCLOS). In addition, there are four main conventions or regulatory frameworks known as the "four pillars of international maritime law", which comprehensively cover safety, environmental, training and labour aspects:

- SOLAS 1974 (International Convention for the Safety of Life at Sea of 1974)
  UN convention on ship safety, international minimum standard for safety on board merchant ships, which covers a variety of topics such as stability, fire protection, rescue equipment, radio communication, safe navigation and safety measures for ships operating in polar regions
- MARPOL (International Convention for the Prevention of Pollution from Ships)
  Convention of the IMO, a globally applicable environmental agreement for shipping, which represents the legal basis for environmental protection in shipping and includes relevant provisions on topics such as the reduction of air pollution, special regulations for the so-called emission control areas (ECAs) and requirements for the energy efficiency of ships.
- STCW (International Convention on Standards of Training, Certification and Watchkeeping for Seafarers)
  Convention of the IMO, which sets binding minimum standards for the training of seafarers worldwide, serves in particular to protect human life, but is also intended to protect material goods at sea and the marine environment; contains binding rules, including minimum requirements for training content for personnel and the captain, rules on radio communication and emergencies, as well as on occupational safety, medical care and survival functions. The convention applies to seafarers working on seagoing vessels flying the flag of a state for which the convention has entered into force, but also to ships from other flag states when they call at the ports of a so-called "STCW state".
- MLC 2006 (Maritime Labour Convention of 2006)
  Globally harmonised minimum standards for decent working and living conditions on board seagoing vessels – regardless of the nationality of the seafarers and the flag under which the ship sails. These minimum standards cover a wide range of topics, such as working and rest periods, medical fitness and care, accommodation and leisure time as well as the training of seafarers. Ships from flag states that have not ratified the convention cannot circumvent its standards if they call at ports in states that have ratified the convention. If violations are found during inspections at such ports, severe sanctions can be imposed – from fines right through to arrest of the ship.

The four conventions cover the areas of safety, environment, training and working conditions and aim to continuously improve the quality of international shipping through uniform standards. Maritime shipping is the only sector in the world with such a dense and globally effective regulatory framework, which fully addresses the specific challenges of working at sea.

The policies implemented by HCOB build on the shipping industry regulations described above and include in particular the document "ESG in the lending and investment process" for the Blacklist, the Credit Manual and the ESG scoring, which have already been described in terms of process description, scope, communication and strategic responsibility in the section "E1-1 Transition plan for climate change mitigation".

The policies and guidelines regulate the integration of ESG criteria into the lending process and manage the portfolio accordingly. In the S score (social aspects) of the ESG scoring, one question assesses the topic of working conditions by checking whether the relevant flag states of the financed ships have ratified the MLC 2006, as well as through the inspection results. The current White, Grey and Black (WGB) List of flag performance published by the Paris Memorandum of Understanding (MoU) serves as a reference.

Responsibility for operational implementation lies with the Credit Risk Center BU head. The White, Grey and Black (WGB) List published by the Paris MoU can be found on the homepage of the Paris MoU.
The Bank has also set up mechanisms, as described above, through which human rights violations can be reported anonymously.

S2-2 Processes for engaging with value chain workers about impacts

Corporate: Although HCOB enforces important standards through the Supplier Code, there is currently no general process beyond signing of the code in order to engage with the suppliers' workers.

Portfolio: There are no direct processes for engaging with value chain workers at portfolio level. The negative impacts identified, in particular "Critical working conditions on ships", are addressed, further operationalised and implemented through the policies and measures described in "S2-1 Policies related to value chain workers" and "S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions".

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Corporate: HCOB has implemented a whistleblower system to identify criminal offences at an early stage. This is staffed by an external ombudsperson from an international auditing firm. This means that all workers in the value chain can also confidentially and anonymously report information on criminal offences to the detriment of or involving abuse of the Bank, although the scope is focused on the Bank's business partners and suppliers. Regardless of the reporting channel, the ombudsperson guarantees the highest level of confidentiality in all cases, as the Bank waives its right to information and disclosure. Cases are dealt with in accordance with the General Data Protection Regulation while respecting personal rights and privacy. An anonymous chat tool with the ombudsperson was introduced during the reporting year. This is an even stronger response to the need to protect whistleblowers from reprisals such as dismissal, harassment or demotion and to strengthen trust in the whistleblower system.

In addition to contacting the ombudsperson, all whistleblowers, such as employees or suppliers, can also contact the HCOB whistleblower office (the Bank's Compliance department) by telephone, in writing (letter or e-mail) or in person.

The contact details for the external ombudsperson and the internal whistleblower office are published on the HCOB website and on the intranet. The written rules of procedure also contain a defined process for handling suspected cases and a Whistleblowing-Policy (see "G1-1 Business conduct policies and corporate culture")

The HCOB whistleblower office (the Bank's Compliance department) assesses information provided for plausibility, criminal relevance and risk. Relevant information is recorded by the whistleblower unit and, if necessary, dealt with further with the involvement of the investigation committee or other parties. Material and non-material information is part of the periodic compliance reporting. In the 2024 reporting year, the ombudsperson received two reports, neither of which came from value chain workers.

Portfolio: HCOB has established measures for reporting and dealing with complaints.
The complaints procedure is based on internal guidelines, process specifications and the "Principles of complaints management" approved by the Management Board. These principles are published on the HCOB website and contain rules on communication, deadlines and procedures for resolving issues, as well as possible external parties to be involved.

Complaints can be submitted by telephone, in writing (letter or e-mail) or in person. The contact details are available on the Bank's homepage and on the intranet, along with information on alternative dispute resolution.

Complaints management is primarily aimed at restoring client satisfaction, but can also be used by workers in the value chain or external third parties to provide feedback or express criticism. In such cases, parties are referred to the whistleblower system or the external whistleblowing office. This is where the provisions of the whistleblower protection system come into play.

Complaints are assessed for relevance upon receipt and documented accordingly. The Bank complies with reporting deadlines to the supervisory authorities and always informs complainants of the results. The documentation takes place centrally in a complaints database. Quarterly reports are submitted to the Management Board and the Risk Committee of the Supervisory Board. In addition, a complaints report pursuant to Article 26 (6) of Delegated Regulation (EU) 2017/565 is submitted to BaFin annually.

There were no complaints from workers in the value chain during the reporting period.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Corporate: HCOB addresses critical working conditions and violations of human rights and environmental standards as key aspects of its corporate responsibility. The Bank implements various measures to overcome these challenges. The effectiveness of these approaches is not verified.

Review process for potential suppliers

Sustainability aspects are an integral part of the supplier review process and are anchored in the Supplier Code, which is based on the HCOB Code of Conduct. The review process includes credit checks as well as comparisons with sanctions and embargo lists and negative reports. Suppliers must comply with data protection rules and sign the Supplier Code, which covers compliance, labour law, equal opportunities and environmental protection. Violations may lead to termination of the business relationship.

Suppliers who do not accept the Supplier Code may be excluded. Violations may lead to termination of the business relationship. Beyond the existing measures, no additional means are used to counteract the challenges identified.

Portfolio: The policies and guidelines mentioned under "S2-1 Policies related to value chain workers" were further operationalised and implemented during the reporting year through measures to protect workers in the value chain. In line with the policies explained above, each loan undergoes a Blacklist check and the ESG scoring process.

The Blacklist in the document "ESG in the lending and investment process" was fully applied in the lending and investment decision process. Only compliant transactions were concluded.
The ESG scoring, which is regulated in the Credit Manual, was fully applied in the lending and investment process. Only transactions with an overall score of at least 4 were concluded, while loans with scores of 5 and 6 were excluded. The Blacklist and ESG scoring measures will continue to be implemented in 2025.

The effectiveness of these measures and initiatives in terms of achieving the desired results for the value chain workers is not tracked.

No serious problems or incidents related to human rights in the upstream and downstream value chain were reported in the 2024 reporting year.

No additional means were allocated for managing these material impacts. They were fully dealt with as part of the lending and investment decision process.

Metrics and targets

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

HCOB has not currently set a target for assessing the effectiveness of measures to protect value chain workers, as Banks can only manage the topic indirectly via financing activities, among other things. However, policies and measures were implemented as far as possible, as described.

Governance information

ESRS G1 Business conduct

Governance

ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies

The disclosure requirements and information on the role of the administrative, management and supervisory bodies can be found in chapter "ESRS 2 General disclosures" in the section "GOV-1 The role of the administrative, management and supervisory bodies".

Management of impacts, risks and opportunities

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The following table summarises the material impacts on the relevant sustainability aspects that were identified for HCOB as a result of the materiality analysis (see chapter "ESRS 2 General disclosures", in particular the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model") and presents the mitigating policies. The explanations in this chapter relate exclusively to the company's own business operations, which is why the sections are not additionally labelled with the Corporate dimension.

Influence of the material impacts, risks and opportunities on HCOB

Impacts, risks and opportunities	Policies and impact management	Measures	Targets
Corporate culture			
Negative impact: Violation of the Code of Conduct (Dimension: Corporate)	– Code of Conduct – Code of Diversity – Training policy	– Employee training – Legal monitoring – Compliance management and monitoring activities – Compliance reporting	no targets defined
Protection of whistleblowers			
Negative impact: Endangering whistleblowers (Dimension: Corporate)	Whistleblowing policy	– Whistleblowing procedure – Investigation committee (IC)	no targets defined
Political involvement			
Negative impact: influence on political decisions (Dimension: Corporate)	– Donation and sponsorship policy – Benefits policy – Anti-fraud policy	– Employee training	no targets defined
Management of relationships with suppliers			
Negative impact: unfair treatment of service providers (Dimension: Corporate)	– Supplier Code – Procurement Principles	– Supplier onboarding process	no targets defined
Prevention and detection of corruption and bribery			
Negative impact: Susceptibility to corruption in banking operations (Dimension: Corporate)	– Benefits policy – Anti-fraud policy – Know Your Customer (KYC) policy – Conflict of interest policy	– Procedures for the prevention and detection of fraud and corruption – Employee training	no targets defined

The bank plans to continue to implement the measures described in the year under review.

G1-1 Business conduct policies and corporate culture

Corporate culture: Violation of the Code of Conduct

An inappropriate corporate culture can have a negative impact on the well-being of employees, clients and society. In order to prevent this, HCOB has implemented central guidelines that serve as the basis for a positive corporate culture, which are described below.

Code of Conduct

HCOB's Code of Conduct serves as a central orientation framework for responsible conduct for all employees and fulfils legal, ethical and social requirements. It summarises key rules and is aimed at employees, service providers, suppliers, clients and external third parties.
Further details regarding content, responsibility, scope of application and employee involvement in the preparation are described in section "S1-1 Policies related to own workforce".

Code of Diversity

The Code of Diversity promotes diversity, fairness and equal opportunities. Diversity is seen as a strength and all forms of discrimination are rejected. The Code of Diversity was developed by the employees and approved by the Management Board, and it is implemented by the diversity managers.

Further information on responsibility, scope of application and involvement of employees in the preparation can be found in section "S1-1 Policies related to own workforce" and on measures in the area of diversity in chapter "S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions".

Training policy

The Compliance business unit carries out Bank-wide awareness-raising measures on compliance topics. This can take the form of online training, face-to-face training or publications on the HCOB intranet / roadshows in order to achieve a high level of awareness among the Bank's employees.

Training procedures and methods are anchored in the training policy, which is set out in the written rules of procedure and for which the Compliance department is responsible. The training policy and the resulting obligation to provide training is relevant for all Group employees.

Protection of whistleblowers: Endangering whistleblowers

Whistleblowing-Policy

To support whistleblowers, HCOB has implemented a whistleblowing-policy that enables early reporting and investigation of criminal offences.

The policy defines procedures for providing confidential information and guarantees anonymity, confidentiality and protection against reprisals. It applies to all employees of the Bank as well as to external third parties, including clients and value chain workers. Information can be reported to the external ombudsperson, whose contact details are available on the Bank's website.

The whistleblowing-policy is the responsibility of the business unit Compliance, in cooperation with an external ombudsperson. They ensure that all reports are assessed objectively and independently and that appropriate measures are taken to minimise risks for HCOB and its stakeholders.

Further details, also for use by the company's own employees ("S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns") or value chain workers ("S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns" can be found in the respective chapters.

Political involvement: Influencing on political decisions

Influencing political decisions by prioritising the Bank's own interests can be detrimental to the common good. The donation and sponsorship process ensures that all donations and sponsorship activities are transparent and in line with internal guidelines and legal requirements.

Donation and sponsorship policy

HCOB's donation and sponsorship policy contains guidelines and procedures to ensure adherence to compliance requirements and marketing objectives. Donations in cash or in kind to political parties or party-affiliated political organisations are strictly prohibited. The policy applies to all HCOB employees throughout the Group. The Marketing & Communications division is responsible for implementation and compliance. In addition to coordination and agreement, the approval process includes checking eligibility for funding and the final decision by the Management Board. Monitoring is carried out through regular reporting and evaluation of the donation activities.

Benefits policy

HCOB's benefits policy includes guidelines and procedures for accepting and granting benefits in order to ensure that all activities are in line with the Bank's compliance requirements and ethical standards. Responsibility for the benefits policy lies with the Compliance division; the policy is relevant for all Group employees.

Anti-fraud policy

HCOB's anti-fraud policy includes measures to prevent money laundering, terrorist financing and corruption. It defines binding rules and procedures for investigating suspected cases, including competition and cartel offences, and is based on the fourth EU Anti-Money Laundering and Terrorist Financing Directive (AMLD IV). Responsibility for the anti-fraud policy lies with the Compliance division; the policy is relevant for all Group employees.

Compliance monitoring and compliance reporting

HCOB's sustainable success is based on compliance with rules and standards as set out in the Code of Conduct and Code of Diversity. A compliance culture practised should support adherence to the law and regulations along with the well-being of employees, clients and society; the following principles and procedures should ensure this.

Employee training

In order to work towards a high level of awareness and adherence to the (compliance) regulations, online and face-to-face training were implemented on topics such as the prevention of money laundering, terrorist financing, financial sanctions, embargoes, fraud prevention, capital market compliance and the Code of Conduct. Training is also provided on information security, data protection, equal treatment (AGG) and ESG. All HCOB employees are required to complete these training courses every three years. For details, see the table in section "G1-3 Prevention and detection of corruption and bribery".

Legal monitoring

The Bank is obliged to comply with statutory and regulatory provisions in accordance with Minimum Requirements for Risk Management (MaRisk) AT 4.4.2. New rules are entered into a central monitoring system on a weekly basis and assigned to the business units. This monitoring enables the Bank to recognise risks at an early stage and respond to them proactively. At the same time, this systematic approach ensures that the Bank not only fulfils current requirements, but is also well-placed for future requirements.

This is not a reactive measure, but a continuous implementation of the legal prevention obligations.

Compliance management and monitoring activities

Annual risk analyses form the basis for monitoring and management activities. Measures resulting from these activities followed up. The business unit Compliance works closely with the business units to ensure the effectiveness of the management activities. Potential for optimisation is identified through regular reviews (at least in a three-year cycle) in order to further improve processes.

Compliance reporting

The Compliance business unit reports directly to the CRO and the Overall Management Board at least quarterly. The quarterly compliance report is also submitted to the Risk Committee of the Supervisory Board. An overall assessment of the compliance risk is carried out at least once a year as part of the compliance risk analysis. Reporting also includes statements on unlawful behaviour that contradicts HCOB's Code of Conduct or similar internal regulations.

Regular meetings are held between the head of Compliance and the CRO and all other members of the Management Board. In addition, the Supervisory Board's rules of procedure stipulate that the chairperson of the Risk Committee can request information directly from the compliance officer, the head of Internal Audit and/or the head of Risk Control at any time. If necessary, the Management Board should be informed thereof. The compliance officer, the head of Internal Audit and/or the head of Risk Control may inform the chairperson directly if they deem it necessary. In addition, there is an ongoing dialogue between Compliance and Internal

Audit, with Compliance being both the owner of the Investigation Committee and a member of the Malus Committee.

Whistleblowing procedure

Details on the structure and scope of the whistleblowing procedure can be found in section "S2-1 Policies related to value chain workers".

Investigation committee

HCOB AG has set up an investigation committee to investigate fraud, embezzlement, corruption or other criminal acts that could jeopardise the Bank's assets. The committee is chaired by the Compliance BU head and comprises the heads of Internal Audit, HR and Corporate Legal & Board Affairs. It is convened if there is reasonable suspicion of material criminal offences in order to take appropriate measures. The results of the investigations are generally reported to the Management Board; in the event of a conflict of interest, the results are reported to the Chairman of the Supervisory Board. In addition, anonymised information is provided on an ad hoc basis as part of compliance reporting (to the Management Board and the Risk Committee of the Supervisory Board).

G1-2 Management of relationships with suppliers

Management of relationships with suppliers: Unfair treatment of service providers

HCOB maintains relationships with numerous suppliers and attaches great importance to treating them equally.

Supplier Code

The Supplier Code acts as a guideline for the HCOB Group and contains key requirements on compliance, equal opportunities and social responsibility. Suppliers with the largest volume are evaluated annually, while others in the outsourced value chain are reviewed for relevance. The Code applies to all suppliers and is the responsibility of the Procurement & Vendor Management division. Further information on the Supplier Code can be found in the section "S2 Workers in the value chain".

Purchasing principles

The HCOB purchasing principles are designed to align the bank's purchasing strategy with its business strategy, in particular to align procurement activities with the HCOB's long-term goals. They serve to ensure transparency and efficiency in the purchasing process and to ensure compliance with standards. The HCOB purchasing principles also ensure equal opportunities in the tendering and awarding process, promote fair competition and avoid conflicts of interest. The scope of application applies without restriction to all HCOB suppliers and is the responsibility of the Procurement & Vendor Management division.

Measures to avoid negative effects

To ensure fair treatment, the Procurement & Vendor Management division has installed various processes and measures.

Supplier onboarding process

Before being commissioned, all suppliers go through the onboarding process, which includes checks against sanctions and embargo lists, credit checks and signing the supplier code of conduct. Suppliers from the region are preferred in order to strengthen local economic cycles and reduce CO_2 emissions by reducing transport routes.

Individually agreed payment practices

The HCOB treats all suppliers uniformly, without distinguishing between small and medium-sized enterprises (SMEs) and others. Payment practices and deadlines are independent of the size of the company, individually agreed and contractually fixed. There are no specific guidelines to avoid late payment.

G1-3 Prevention and detection of corruption and bribery

Concepts on Corruption and bribery

Payment transactions in banking operations harbour risks of corruption, which should be mitigated by an anti-fraud policy with binding rules and procedures for investigating suspected cases.

This primarily includes four guidelines: benefits policy, anti-fraud policy, conflict of interest policy and Know Your Customer (KYC) policy. Responsibility for all four policies lies with the Compliance department; all four policies are relevant for all employees of the Group.

Conflict of interest policy

The conflict of interest policy governs the management of conflicts of interest within the Bank. It defines measures for identifying, avoiding and monitoring business relationships, secondary employment, mandates and compliance-relevant information.

Know Your Customer (KYC) policy

HCOB's Know Your Customer Policy complements the anti-fraud guideline and serves as a central tool in the fight against money laundering and terrorist financing.

Further details on the benefits policy and anti-fraud policy can be found in section "G1-1 Business conduct policies and corporate culture".

Measures to prevent corruption and bribery

HCOB does not tolerate any illegal activities and resolutely sanctions such misconduct. A whistleblowing procedure has been implemented to receive and process reports of violations both internally and externally; for further details, please refer to section "S2-1 Concepts relating to workers in the value chain".

Procedures for the prevention and detection of corruption and bribery

HCOB has systems in place to monitor transactions, including the prevention of money laundering and terrorist financing and compliance with financial sanctions and embargo regulations. This also includes "bad guy" and politically exposed person (PEP) screening.

The risk assessment includes country-specific parameters such as the Corruption Perceptions Index (CPI), which rates countries on a scale of 0 (high corruption) to 100 (no corruption) based on perceived corruption in politics and administration. The CPI 2023, compiled by Transparency International, covers 180 countries and is based on data from experts and executives (source CPI | Transparency International Deutschland e.V.).

Employee training on corruption and bribery

In order to prevent corruption and bribery, the Bank has introduced training programmes that raise awareness of ethical conduct and provide guidelines for dealing with risks. Regular training promotes integrity and transparency in daily work. Details of these measures can be found in section "G1-1 Business conduct policies and corporate culture".

Training to prevent corruption and bribery

31.12.2024	High-risk functions	BU heads	Bodies	Other own employees	of which Compliance (excluding BU head)
Coverage through training					
Total (number)	403	18	4	615	30
Total number of people trained	403	18	4	615	30
Training method and duration					
Computer-based training					
Duration (hours)	441	15	1	625	52
Frequency	every 3 years	every 3 years	every 3 years	every 3 years	every 3 years
Face-to-face training					
Duration (hours)		14 (Chief Compliance Officer)		12	12
Frequency	individual	individual	individual	individual	annual
Topics covered					
Definition of corruption	X	X	X	X	X
External/internal fraud	X	X	X	X	X
Typologies	X	X	X	X	X
Duties of care	X	X	X	X	X
Conduct in the event of suspicion and indications	X	X	X	X	X
Embargoes and financial sanctions against terrorism	X	X	X	X	X
Human trafficking	X	X	X	X	X

In accordance with the legal basis, the bank has defined risky functions as follows:

- Employees in all market areas and in procurement who have a close relationship and contact with customers/suppliers
- Employees who are directly involved in the evaluation of restructuring cases:
- Employees who are involved in the commissioning of law firms and who participate in official investigations
- Employees who are also at risk due to their general work in accounting, the appointment of auditors, contact with supervisory authorities (possibly tax authorities) and rating agencies
- All managers in all departments from department heads (separate identification in the table above)
- Board of directors (separate identification in the table above)

As can be seen in the table above, the percentage of risky functions covered by training programs is 100 %.

All employees of the bank are included in the training program on corruption and bribery. The relevant training courses were partially revised conceptually or rolled out for the first time on September 30, 2024, which meant that the completion deadline ran over the turn of the year 2024/25. As of 31 December 2024, the following completion rates were achieved: risky functions 93 %, division heads 79 %, bodies 33 %, other in-house employees 97 %. All training courses were completed at the beginning of 2025. All employees of the bank are currently in the regular repetition cycle of training, which must generally be completed every three years.

Metrics and targets

G1-4 Incidents of corruption or bribery

HCOB did not record any incidents of corruption or bribery during the reporting year.

Incidents of corruption or bribery

2024	Number
Convictions for violations of anti-corruption and anti-bribery laws	–
Fines for violations of anti-corruption and anti-bribery laws	–
Measures taken against violations	–
Confirmed incidents of corruption and bribery	–
Legal proceedings for corruption and bribery initiated against companies and own employees	–
Incidents in which own employees were dismissed or disciplined for corruption or bribery	–

G1-5 Political influence and lobbying activities

Corporate: HCOB does not exert any direct political influence and does not make donations of money or in-kind donations to political parties or party-affiliated political associations. The Federal Association of German Banks (BdB), of which HCOB is a member, represents the interests of its members in legislative processes. The Bank is also represented in several BdB regional associations through its domestic locations. An overview of current topics and positions can be found on the BdB website.

In addition, HCOB is a member of the Auditing Association of German Banks (PV) and the Association of German Pfandbrief Banks (vdp). In the reporting year, the Bank incurred expenses of around 447 T€ for contributions to the associations.

The Bank is also a member of the Hamburg Chamber of Commerce and other chambers of commerce at its German locations in Berlin, Düsseldorf, Frankfurt am Main, Kiel, Munich and Stuttgart. HCOB is also a member of the International Chamber of Commerce (ICC) Germany, which represents the interests of German companies and economic stakeholders at an international level.

HCOB is represented on BdB committees and on the board of a regional association by two Management Board members.

None of the members of the Management Board or Supervisory Board had held a comparable position in public administration in the two years prior to their appointment.

HCOB is registered in the German Transparency Register (EKRN) with the identification number DE959667522496 and thus fulfils the legal requirements of the German Money Laundering Act (GwG). A current extract from the transparency register can be provided on request.

G1-6 Payment practices

Corporate: HCOB does not have fixed standard terms of payment, but offers its service providers and suppliers various payment options.

In order to analyse the payment metrics in a representative manner, and in view of the fact that primarily intercompany settlements take place at the foreign locations, the Bank has only included the invoices of the German locations of the HCOB Group in the calculation. Excluded are expense reports, reimbursements to employees as well as invoices for individual transaction and portfolio-related commissions and fees for asset management. To calculate these key figures, the Bank analysed all invoices with regard to the contractually agreed payment terms and determined the actual payment days weighted by the invoice amount. The date of receipt of the invoice was used as the starting point for determining the number of payment days and the number of overdue payment days.

HCOB pays around 53 % of invoices within the agreed contractual payment terms. In doing so, 77 % of invoices with payment terms of up to 14 days are paid on time, 32 % with payment terms of between 15 and 30 days and 36 % with payment terms of between 31 and 60 days.
During the reporting period, the Bank paid its invoices after an average of 24 days. Within the agreed period, invoices are paid on average after 19 days, and overdue invoices are paid after 31 days.
As at the reporting date of 31 December 2024, there were no pending court proceedings due to late payment by HCOB.

Appendix 1

Disclosure requirements and disclosures incorporated in the Sustainability Statement by reference

The following table contains an overview of all disclosure requirements that have arisen in this Sustainability Statement based on the results of the double materiality analysis. Disclosure requirements in accordance with ESRS S3 and ESRS S4 were not listed, as the sustainability aspects contained therein were not classified as relevant for HCOB as part of the double materiality analysis. The reporting requirements listed in the table can be found in the sections of the same name in this sustainability statement.

Dimension	Standard	Topic	Location of disclosure requirements in the sustainability statement
Corporate	ESRS 2	General disclosures	BP-1, BP-2, GOV-1, GOV-2, GOV-3, GOV-4, GOV-5, SBM-1, SBM-2, SBM-3, IRO-1, IRO-2
	ESRS E1	Climate change	E1-1, ESRS 2 SBM-3, ESRS 2 IRO-1, E1-2, E1-3, E1-4, E1-5, E1-6, E1-7, E1-8, E1-9
	ESRS E3	Water and marine resources	ESRS 2 SBM-3, E3-1, E3-2, E3-3, E3-4
	ESRS E5	Resource use and circular economy	ESRS 2 SBM-3, E5-1, E5-2, E5-3, E5-5
	ESRS S1	Own workforce	ESRS 2 SBM-2, ESRS 2 SBM-3, S1-1, S1-2, S1-3, S1-4, S1-5, S1-6, S1-7, S1-8, S1-9, S1-10, S1-11, S1-12, S1-13, S1-14, S1-15, S1-16, S1-17
	ESRS S2	Workers in the value chain	ESRS 2 SBM-2, ESRS 2 SBM-3, S2-1, S2-2, S2-3, S2-4, S2-5
	ESRS G1	Business conduct	ESRS 2 GOV-1, ESRS 2 SBM-3, G1-1, G1-2, G1-3, G1-4, G1-5, G1-6
Portfolio	ESRS 2	General disclosures	BP-1, BP-2, GOV-1, GOV-2, GOV-3, GOV-4, GOV-5, SBM-1, SBM-2, SBM-3, IRO-1, IRO-2
	ESRS E1	Climate change	E1-1, ESRS 2 SBM-3, ESRS 2 IRO-1, E1-2, E1-3, E1-4, E1-6, E1-8, E1- 9
	ESRS E2	Pollution	ESRS 2 SBM-3, E2-1, E2-2, E2-3
	ESRS E4	Biodiversity and ecosystems	ESRS 2 SBM-3, E4-1, E4-2, E4-3, E4-4, E4-5
	ESRS S2	Workers in the value chain	ESRS 2 SBM-2, ESRS 2 SBM-3, S2-1, S2-2, S2-3, S2-4, S2-5

Appendix 2

Datapoints resulting from other EU legislation

Appendix 2 contains a list of all datapoints resulting from other EU legislation (in accordance with ESRS 2 Appendix B). It also indicates which datapoints are included in the report or categorised as "not material".

Disclosure requirement	Datapoint	Contents	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Relevance for HCOB
ESRS 2 GOV-1	21(d)	Board's gender diversity	x		x		Relevant
ESRS 2 GOV-1	21(e)	Percentage of board members who are independent			x		Relevant
ESRS 2 GOV-4	30	Statement on due diligence	x				Relevant
ESRS 2 SBM-1	40(d)i	Involvement in activities related to fossil fuel activities	x	x	x		Not relevant
ESRS 2 SBM-1	40(d)ii	Involvement in activities related to chemical production	x		x		Not relevant
ESRS 2 SBM-1	40(d)iii	Involvement in activities related to controversial weapons	x		x		Not relevant
ESRS 2 SBM-1	40(d)iv	Involvement in activities related to cultivation and production of tobacco			x		Not relevant
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	Relevant
ESRS E1-1	16(g)	Undertakings excluded from Paris-aligned benchmarks		x	x		Relevant
ESRS E1-4	34	GHG emission reduction targets	x	x	x		Relevant
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				Relevant
ESRS E1-5	37	Energy consumption and mix	x				Relevant
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				Relevant
ESRS E1-6	44	Gross Scope 1, 2 and 3 and total GHG emissions	x	x	x		Relevant
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x		Relevant
ESRS E1-7	56	GHG removals and carbon credits				x	Relevant
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks					Relevant

Disclosure requirement	Datapoint	Contents	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Relevance for HCOB
ESRS E1-9	66(a); 66(c)	Disaggregation of monetary amounts by acute and chronic physical risk; location of significant assets at material physical risk		x			Relevant
ESRS E1-9	67(c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Relevant
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Not relevant
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material
ESRS E3-1	9	Water and marine resources	x				Relevant
ESRS E3-1	13	Dedicated policy	x				Relevant
ESRS E3-1	14	Sustainable oceans and seas	x				Relevant
ESRS E3-4	28(c)	Total water recycled and reused	x				Relevant
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	x				Relevant
ESRS 2 SBM-3 E4	16(a)	Disclosure of activities that have a negative impact on biodiversity	x				Not material
ESRS 2 SBM-3 E4	16(b)	Significant negative impacts in terms of land degradation, desertification or soil sealing	x				Not material
ESRS 2 SBM-3 E4	16(c)	impact of own activities on endangered species	x				Not material
ESRS E4-2	24(b)	Sustainable land / agriculture practices or policies	x				Relevant
ESRS E4-2	24(c)	Sustainable oceans / seas practices or policies	x				Relevant
ESRS E4-2	24(d)	Policies to address deforestation	x				Relevant
ESRS E5-5	37(d)	Non-recycled waste	x				Relevant
ESRS E5-5	39	Hazardous waste and radioactive waste	x				Relevant
ESRS 2 SBM-3 S1	14(f)	Risk of incidents of forced labour	x				Relevant
ESRS 2 SBM-3 S1	14(g)	Risk of incidents of child labour	x				Relevant
ESRS S1-1	20	Human rights policy commitments	x				Relevant

Disclosure requirement	Datapoint	Contents	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Relevance for HCOB
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		Relevant
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Relevant
ESRS S1-1	23	Workplace accident prevention policy or management system	x				Relevant
ESRS S1-3	32(c)	Grievance/complaints handling mechanisms	x				Relevant
ESRS S1-14	88(b) and (c)	Number of fatalities and number and rate of work-related accidents	x		x		Relevant
ESRS S1-14	88(e)	Number of days lost to injuries, accidents, fatalities or illness	x				Relevant
ESRS S1-16	97(a)	Unadjusted gender pay gap	x		x		Relevant
ESRS S1-16	97(b)	Excessive CEO pay ratio	x				Relevant
ESRS S1-17	103(a)	Incidents of discrimination	x				Relevant
ESRS S1-17	104(a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		Relevant
ESRS 2 SBM-3 S2	11(b)	Significant risk of child labour or forced labour in the value chain	x				Not material
ESRS S2-1	17	Human rights policy commitments	x				Relevant
ESRS S2-1	18	Policies related to value chain workers	x				Relevant
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		Relevant
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		Relevant
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				Relevant
ESRS S3-1	16	Human rights policy commitments	x				Not material
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD Guidelines	x		x		Not material

Disclosure requirement	Datapoint	Contents	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Relevance for HCOB
ESRS S3-4	36	Human rights issues and incidents	x				Not material
ESRS S4-1	16	Policies related to consumers and end-users	x				Not material
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		Not material
ESRS S4-4	35	Human rights issues and incidents	x				Not material
ESRS G1-1	10(b)	United Nations Convention against Corruption	x				Relevant
ESRS G1-1	10(d)	Protection of whistleblowers	x				Relevant
ESRS G1-1	24(a)	Fines for violation of anti-corruption and anti-bribery laws	x		x		Relevant
ESRS G1-1	24(b)	Standards of anti-corruption and anti-bribery	x				Relevant

Hamburg, 11 March.2025

Luc Popelier

Ulrik Lackschewitz

Christopher Brody

Marc Ziegner

Annual financial statements of Hamburg Commercial Bank AG

Balance sheet of Hamburg Commercial Bank AG

as at 31 December 2024

Assets

Assets(€ k)	(Note)				31.12.2024	31.12.2023
1 Cash reserve						
a) Cash on hand				1		1
b) Balances with central banks				144,039		135,716
thereof:					**144,040**	**135,717**
with Deutsche Bundesbank		143,626				
		(previous year: 135,303)				
2 Loans and advances to banks	(6, 7, 24–27)					
a) Payable on demand				170,515		118,554
b) Other loans and advances				3,280,644		3,944,825
					3,451,159	**4,063,379**
3 Loans and advances to customers	(6, 7, 24–27)				**19,546,385**	**17,666,512**
thereof:						
secured by mortgages		6,669,074				
		(previous year: 6,070,167)				
public-sector loans		516,703				
		(previous year: 763,458)				
secured by ship mortgages		2,707,116				
		(previous year: 2,163,785)				
4 Debentures and other fixed-interest securities	(9, 24–29, 33)					
a) Money market instruments						
aa) from other issuers			–			–
				–		
b) Bonds and debentures						
ba) from public-sector issuers			883,638			331,836
thereof:						
eligible as collateral at Deutsche Bundesbank		883,638				
bb) from other issuers			7,566,649			7,326,626
thereof:				8,450,287		
eligible as collateral at Deutsche Bundesbank		3,524,078				
		(previous year: 3,355,246)				
c) Own debentures				822,038		821,938
Nominal value		820,387			**9,272,325**	**8,480,400**
		(previous year: 820,000)				
To be carried forward					**32,413,909**	**30,346,008**

Assets

		(Note)		31.12.2024	31.12.2023
		Carried forward		**32,413,909**	**30,346,008**
5	**Shares and other non-fixed-interest securities**	(9, 28, 29, 33)		**889,955**	**785,745**
6	**Trading portfolio**	(10, 30)		**239,434**	**550,080**
7	**Equity holdings in non-affiliated companies**	(16, 28, 33, 65)		**5,440**	**5,652**
	thereof:				
	in banks	327			
		(previous year: 327)			
8	**Interests in affiliated companies**	(16, 28, 33, 65)		**4,602**	**3,829**
	thereof:				
	in banks	–			
		(previous year: –)			
9	**Trust assets**	(32)		**19,597**	**19,643**
	thereof:				
	trust loans	19,597			
		(previous year: 19,643)			
10	**Intangible fixed assets**	(17, 33)			
	a) Industrial property rights acquired in-house and similar rights and assets		5,293		6,158
	b) Licenses, industrial property rights and similar rights and assets as well as licenses to use such rights and assets purchased		76,094		69,081
				81,387	**75,239**
11	**Tangible fixed assets**	(18, 33)		**12,056**	**11,428**
12	**Other assets**	(34)		**556,394**	**491,201**
13	**Prepaid expenses**	(6, 20, 35)		**89,358**	**116,531**
14	**Deferred tax assets**	(19, 36)		**596,522**	**579,289**
Total assets				**34,908,654**	**32,984,645**

Liabilities

(€ k)		(Note)			31.12.2024	31.12.2023
1	**Liabilities to banks**	(20, 40–42)				
	a) Payable on demand			13,201		41,492
	b) With agreed maturities or notice periods			3,897,575		4,633,503
					3,910,776	**4,674,995**
2	**Liabilities to customers**	(20, 40–42)				
	a) Savings deposits					
	aa) With agreed notice period of three months		–			0
	ab) With agreed notice period of more than three months		71			105
				71		105
	b) Other liabilities					
	ba) Payable on demand		4,986,656			4,474,376
	bb) With agreed maturities or notice periods		10,027,754			9,141,302
				15,014,410		13,615,678
					15,014,481	**13,615,783**
3	**Securitised liabilities**	(20, 42.70)				
	a) Debentures issued			10,057,887		8,792,155
					10,057,887	**8,792,155**
4	**Trading portfolio**	(10, 43)			**47,234**	**55,547**
5	**Trust liabilities**	(44)			**19,597**	**19,643**
	thereof:					
	trust loans	19,597				
		(previous year: 19,643)				
6	**Other liabilities**	(45)			**500,167**	**334,883**
7	**Deferred income**	(6, 20, 46)			**155,663**	**214,543**
8	**Deferred tax liabilities**	(19, 47)			**1,702**	**3,686**
9	**Provisions**	(21)				
	a) Provisions for pensions and similar obligations			74,186		122,134
	b) Tax provisions			94,041		94,984
	c) Other provisions	(48)		355,892		272,968
					524,119	**490,086**
10	**Subordinated debt**	(49)			**918,674**	**910,258**
11	**Fund for general banking risks**	(50)			**777,366**	**807,852**
	thereof special items under Section 340e (4) HGB	27,366				
		(previous year: 57,852)				
To be carried forward					**31,927,666**	**29,919,431**

Liabilities

(€ k)	(Note)			31.12.2024	31.12.2023
	Carried forward			**34,908,654**	**29,919,431**
12 Equity	(51)				
a) Subscribed capital					
aa) Share capital		301,822			301,822
			301,822		
b) Capital reserve			1,537,968		1,534,666
c) Retained earnings					926,904
ca) Other retained earnings		926,904			
			926,904		
d) Accumulated profit/loss			214,294		301,822
				2,980,988	**3,065,214**
Total liabilities				**34,908,654**	**32,984,645**

1 Contingent liabilities	(63)				
a) Liabilities from guarantees and indemnity agreements				**711,819**	**630,591**
2 Other commitments	(63)				
a) Irrevocable loan commitments				**4,849,099**	**4,688,950**

Income statement of Hamburg Commercial Bank AG

	for the period 1 January to 31 December 2024(€ k)	(Note)			2024	2023
1	**Interest income from**	(52, 53)				
	a) lending and money market transactions		2,398,830			1,972,348
	negative interest resulting from loan and money market transactions		–1,083	2,397,747		–2,632
	b) fixed-interest securities and book-entry securities		281,992			271,023
	negative interest resulting from securities and book entry securities		–	281,992		–
				2,679,739		**2,240,739**
2	**Interest expenses**	(53)				
	from the banking business		2,161,309			1,565,104
	positive interest resulting from the banking business		–1,993			–3,470
				2,159,316		1,561,634
					520,423	**679,105**
3	**Current income from**	(52)				
	a) shares and other non-fixed-interest securities			57,328		44,742
	b) equity holdings in non-affiliated companies			93		162
	c) interests in affiliated companies			1,492		2,046
					58,913	**46,950**
4	**Commission income**	(52, 54)		40,444		37,724
5	**Commission expenses**	(54)		5,713		5,865
					34,731	**31,859**
6	**Net income/Net expenses from the trading portfolio**	(52)			**30,583**	**47,867**
7	**Other operating income**	(52, 55)			**122,089**	**180,308**
8	**General administrative expenses**					
	a) Personnel expenses					
	aa) Wages and salaries		160,470			124,586
	ab) Compulsory social security contributions, expenses for retirement pensions and other employee benefits		22,795			24,167
				183,265		148,753
	thereof:					
	for retirement pensions	2,974				
		(previous year: 2,948)				
	b) Other administrative expenses	(30)		168,685		204,774
					351.950	**353,527**
9	**Depreciation, amortisation and impairments on intangible fixed assets and tangible fixed assets**	(33)			**6.711**	**3,880**
10	**Other operating expenses**	(56)			**136.963**	**34,888**
11	**Write-down and impairment of loans and advances and certain securities and additions to provisions in the lending business**				**85.906**	**61,320**
	To be carried forward				**185.209**	**532,474**

(€ k)		(Note)		2024	2023
		Carried forward		**185,209**	**532,474**
12	**Income from additions to loans and advances and certain securities as well as from the reversal of provisions in the lending business**			**–**	**–**
13	**Income from additions to equity holdings in non-affiliated and interests in affiliated companies and securities treated as fixed assets**			**14,670**	**13,486**
14	**Expenses from the transfer of losses**			**171**	**180**
15	**Profit on ordinary activities**			**199,708**	**545,780**
16	**Income tax expenses**	(58)	–13,570		200,905
17	**Other taxes not shown under item 10**		–1,016		789
				–14,586	**201,694**
18	**Annual net profit / loss**			**214,294**	**344,086**
19	**Loss carried over from the previous year**			**–**	**89,741**
20	**Transfer to other retained earnings**			**–**	**–132,005**
21	**Accumulated profit**			**214,294**	**301,822**

Notes for the 2024 financial year

General information and notes

1. Hamburg Commercial Bank AG and its shareholders

Hamburg Commercial Bank AG, formerly HSH Nordbank AG, with its registered offices in Hamburg, was established by the merger of Hamburgische Landesbank – Girozentrale –, Hamburg, and the Landesbank Schleswig-Holstein Girozentrale, Kiel, on 2 June 2003. For accounting and tax purposes, the merger took effect retroactively as of 1 January 2003. Since 28 November 2018, the Bank has shareholders who are independent of each other: Cerberus Capital Management, L.P., J. C. Flowers & Co. LLC, GoldenTree Asset Management LP, Centaurus Capital LP and BAWAG P.S.K and/or funds initiated by these shareholders. Since 4 February 2019, the Bank has been operating under the name Hamburg Commercial Bank AG.

Hamburg Commercial Bank AG is entered in the Hamburg commercial register under HRB 87366.

Hamburg Commercial Bank AG prepares Group financial statements as the ultimate parent company.

The following overview shows Hamburg Commercial Bank AG and its shareholders with their respective direct and indirect holdings of voting capital as at 31 December 2024 (percentages were rounded):

Ownership structure

Several funds initiated by **Cerberus Capital Management, L.P.**	Promontoria Lux Holding 221 S.à r.l. 9.24 % Promontoria Lux Holding 231 S.à r.l. 12.98 % Promontoria Lux Holding 233 S.à r.l. 17.52 %	**39.74 %**
One fund advised by **J.C. Flowers & Co. LLC**	JCF IV Neptun Holdings S.à r.l.	**32.87 %**
One fund initiated by **GoldenTree Asset Management LP**	GoldenTree Asset Management Lux S.à r.l.	**11.79 %**
Centaurus Capital LP	Chi Centauri LLC	**7.06 %**
BAWAG P.S.K. (incl. P.S.K. Beteiligungsverwaltung GmbH) Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft		**2.35 %**
HCOB Members of the board and senior management of the Bank (since Nov. 2018, active and inactive members)		**6.18 %**

2. Events after the reporting date

There were no events of material significance after the reporting date.

3. Deposit guarantee fund, guarantee obligation (Gewährträgerhaftung) and maintenance obligation (Anstaltslast)

HCOB is assigned to the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken GmbH, EdB). EdB is entrusted with the task of acting as the statutory compensation scheme for all CRR credit institutions assigned to it. The EdB generally protects all deposits up to EUR 100,000 per HCOB depositor.

Moreover, HCOB has also voluntarily participated in the deposit guarantee fund of the Association of German Banks (ESF).

In accordance with its by-laws, the ESF protects deposits of certain HCOB clients, subject to the exceptions provided therein or agreed between the ESF and HCOB. Protected deposits are essentially demand, time and savings deposits that have been accepted at a domestic head office or branch office. Not protected are, in particular, deposits of financial firms, public authorities including regional and local authorities, deposits that have arisen in connection with money laundering or terrorist financing, and bearer bonds.

The transitional agreement reached in the understanding with the EU Commission dated 17 July 2001 on the expiration of the maintenance obligation (Anstaltslast) and guarantee obligation (Gewährträgerhaftung) mechanisms on 18 July 2005 also applies to Hamburg Commercial Bank AG pursuant to Section 2 of the treaty signed by the Free and Hanseatic City of Hamburg and the Federal State of Schleswig-Holstein on 4 February 2003 concerning the merger of the predecessor institutions. Liabilities entered into on or before 18 July 2001 are therefore covered by the guarantee obligation, regardless of their maturities.

As previous owner of Landesbank Schleswig-Holstein Girozentrale, Landesbank Baden-Württemberg, Stuttgart is liable within the scope of the guarantee obligation described above for the liabilities agreed upon prior to its withdrawal effective 23 May 2003 and transferred to Hamburg Commercial Bank AG by way of the merger. Westdeutsche Landesbank, Düsseldorf, and/or its legal successor are liable for liabilities entered into before the expiry of the guarantee obligation.

4. Accounting standards applied

We prepared the annual financial statements and the management report of Hamburg Commercial Bank AG as at 31 December 2024 in accordance with the provisions of the German Commercial Code (HGB), the German Stock Corporation Act (AktG), the German Bank Accounting Regulation (RechKredV) and the German Mortgage Bond Act (PfandBG). In addition, we complied with the applicable pronouncements of the Institute of Public Auditors in Germany, Incorporated Association – IDW.

Further explanatory information on selected items and scenarios is set out below.

ACCOUNTING AND MEASUREMENT PRINCIPLES

Accounting and valuation are based on the assumption that the Bank is a going concern. HCOB’s corporate planning forms the basis for the going concern assumption.

5. Cash reserve and receivables

The cash reserve is recognised at nominal amounts.

We recognise loans and advances to banks and to customers (asset items 2 and 3) at their nominal value or at their cost of acquisition. Premiums or discounts are recorded under prepaid expenses or deferred income and amortised on a straight-line basis over the term of the loan or the fixed-interest period, whichever is shorter. Pro-rata interest is recognised on an accrual basis and disclosed in the corresponding loans and advances line items. We observe the strict lower-of-cost-or-market principles by rigorously applying our risk provisioning principles, which are described below.

If, in the case of non-genuine securitisation transactions, our loans and advances are not derecognised and the risk on such loans and advances remains fully with Hamburg Commercial Bank AG, we recognise any necessary loan loss provisions solely on our original loans and advance amounts.

6. Valuation allowances and provisions in the lending business (loan loss provisions)

In order to provide for possible loan losses, we make valuation allowances in accordance with the following principles. These adjustments are set off against the corresponding items in the balance sheet. For off-balance sheet business, the valuation allowances are achieved by means of provisions. In order to ensure that our loan loss provisions cover all identifiable counterparty default and country risks, risk is determined in three steps:

Our loan exposures are monitored on an ongoing basis. We make individual valuation allowances in the amount of the expected loss for all counterparty default risks in the lending business identifiable when examined individually. We calculate the expected loss from the carrying amount of loans and advances less the net present value of all payments still expected to be received. The expected incoming payments comprise in particular all expected interest and redemption payments, as well as payments from the liquidation of collateral; with any liquidation costs taken into account.

Finally, we set up portfolio valuation allowances in accordance with the German commercial law for the remaining loan exposures not accounted for, but still involving latent risks.

In accordance with IDW RS BFA 7 (para. 26) the Bank applies the IFRS 9 methodology for the measurement of the general loan loss provision. In the event of a significant increase in the credit default risk, which is identified on the basis of HCOB's internal rating of a financial instrument, increased loan loss provisions are applied in accordance with the IFRS 9 methodology. Portfolio valuation allowances are not reported separately, i.e. not broken down into the latent and the significantly increased credit default risk.

As part of the allocation to loan loss provisions for loans and advances to customers in accordance with the expected credit loss model, adjustments in the form of model overlays were also taken into account as at 31 December 2024. For explanations regarding the need for these adjustments and details with regard to their composition, please refer to the next section of this Note ("Model Overlays").

Provided the credit risk no longer exists or is reduced, all loan loss provisions mentioned above are reversed accordingly. We thereby comply with the obligation to reverse impairments in accordance with tax law and with the provisions of the German Commercial Code.

If the Bank determines that a loan must be classified as unrecoverable (in whole or in part), its write-down is initiated.

I. Loan loss provisions and impairments

The calculation of loan loss provisions and impairments in accordance with IFRS 9 uses a model that is based on the calculation of expected credit losses. The scope of the model includes financial assets that are recognised at amortised cost or at fair value through other comprehensive income, irrevocable loan commitments and financial guarantees that are not recognised at fair value through profit or loss, leasing receivables and contract assets.

The basic principle of the model relates to the creation of loan loss provisions depending on changes in the credit quality of the financial asset since initial recognition over the term. Depending on the extent of the change in credit quality, the financial asset is assigned to one of the following three stages:

a. Stage 1: No significant increase in the loan default risk, 12-month expected loss

For financial assets, whose loan default risk is not significantly increased, the portion of expected credit losses that is attributable to defaults within the next twelve months is recognised under loan loss provisions.

b. Stage 2: Significant increase in the loan default risk, lifetime expected loss

For financial assets, whose loan default risk has increased significantly since the time of initial recognition, expected credit losses are recognised over the entire remaining term of the financial asset.

Input parameters, assumptions and methods for calculating expected credit losses at Stage 1 and 2

Expected credit losses at Stage 1 and 2 are calculated based on the following credit risk parameters:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EaD)

The internal credit risk models which – where necessary – are expanded to include forward-looking information are taken as a basis in this regard.

In the context of credit risk modelling, the default risk over a certain period is described by the PD. In order to assess the loan default risk associated with financial assets or debtors, specific rating procedures are used that allow statements to be made on the probability of default within one year. As part of the development and validation of these procedures, a check is performed, on the basis of historical observations for different pieces of qualitative and quantitative information, to determine whether these explain the default risk as risk drivers. Using the rating procedures modelled on the basis of historical information, current and forward-looking information on the risk drivers can be condensed to arrive at a preliminary rating as part of the rating process. This information is then adjusted to include assessments of the debtor's creditworthiness to arrive at a final rating.

The rating classifications resulting from rating procedures each correspond to a specific 12-month PD which is used to calculate the loan loss provisions at Stage 1. At Stage 2, the 12-month PD is adjusted over a multi-year horizon to arrive at lifetime PDs on the basis of migration matrices. The migration matrices used reflect the observed rating migrations of debtors within a year and are calculated based on an extensive cross-economic historical observation period. The 12-month and lifetime PDs calculated in this manner are enhanced to reflect macroeconomic information where necessary. This involves aggregating internal and external macroeconomic forecasts to arrive at economic scenarios that are used as standard for various bank functions. The impact of the scenarios on the PDs is determined using statistical methods.

The LGD describes the amount of the loss expected in the event of default. Statistical methods are used to estimate the expected recovery rates from the realisation of collateral and other unsecured loan portions based on historically measured losses. Together with the market value of the collateral and the amount of the claim, this produces the LGD for the financial instrument in question that is used to calculate the loan loss provisions for Stage 1. The LGD model is assigned on the basis of the customer rating procedure used. In addition, the LGD takes into account not only borrower-specific information and collateral relevant to the financial asset, but also transaction-specific information such as the seniority and type of financial asset. The forward projection of the LGD over the multiannual period is based primarily on the expected collateralisation ratio of the financial asset, which comprises the expected collateral value and the expected amount of the receivable. The estimate of the collateral value takes into account both expected ageing effects associated with the collateral and forecast macroeconomic developments, such as property prices, which influence the collateral value. The receivable amount is influenced by repayment and amortisation effects.

The EaD represents the outstanding receivables volume of the financial asset at the time of default. For the balance sheet business, the outstanding receivables volume corresponds to the gross carrying amount calculated using the effective interest method. As part of EaD modelling, the balance sheet gross carrying amount is adjusted over a 12-month period (Stage 1) or over a lifetime horizon (Stage 2) to reflect amortisation and repayment effects.

Within this context, fixed cash flows that have been contractually agreed and expectations regarding the exercise of options and their impact on the cash flows are taken into account. The impact of optionalities is determined both on the basis of historical information and on the basis of financial mathematical methods.

For the off-balance-sheet business in the form of irrevocable loan commitments and financial guarantee contracts, the EaD constitutes the expected future utilisation of the financial asset up until the time of default. The borrower's expected drawdown behaviour within a year prior to the default event is reproduced via the credit conversion factor (CCF). The EaD for Stage 1 is calculated by multiplying the CCF by the line that is open on the reporting date. In order to calculate the EaD at Stage 2, the drawdown behaviour several years prior to the default is also calculated based on drawdown rates. The drawdown rates are modelled subject to the proviso that no default occurs within a year. The multi-year EaD for the year in question for Stage 2 is calculated by combining the expected drawdown one year before the assumed default event based on the CCF by the expected drawdown behaviour based on the drawdown rates for the prior years.

When calculating expected credit losses, Hamburg Commercial Bank takes into account the maximum contractually agreed term during which the Bank is exposed to a credit risk. Debtor extension options are also taken into account. Longer terms are not taken into account even if this is in line with standard business practice.

One exception related to current accounts and framework facilities for which there is no set term or repayment structure and in respect of which the Bank does not enforce its option of forcing immediate repayment in daily management. The calculation of expected losses for these financial assets is based on the behavioural term. The behavioural term is derived from the existing Credit Risk Management processes that serve to minimise the credit risk. At Hamburg Commercial Bank, a debtor's credit quality is monitored on a regular and ad hoc basis and, if necessary, corresponding credit risk-mitigating measures are taken. As a result, the average monitoring interval is used as the estimate for the behavioural term.

Expected credit losses are calculated at the level of the individual financial asset. Groups of financial assets with risk features in common are not grouped for the purposes of calculating the loan loss provisions. The 12-month expected loss is calculated by multiplying the (one-year) credit risk parameters. The lifetime expected loss is calculated by multiplying the period-specific credit risk parameters determined during the term. Discounting to the reporting date is based on the effective interest rate in each case.

Incorporation of forward-looking information

Hamburg Commercial Bank uses the same economic forecasts for planning, internal control and loan loss provisions. At the end of each quarter, the Bank takes into account the main macroeconomic forecasts in two weighted scenarios (base and stress scenario). Forecasts are made for the next three financial years (end of year). The base scenario reflects the development that is deemed most likely to occur. This can be both an economic upswing and an economic downturn. The other two scenarios reflect more optimistic (upside) or more pessimistic (stress) developments in relation to the base scenario.

The scenario estimates are based on internal Bank economic forecasts, which are discussed within the affected areas, taking into account the forecasts of the Bundesbank and the ECB, Bloomberg consensus estimates as well as actual forward rates for the relevant areas. Segment-specific parameters are added to these market forecasts.

The estimates parameters cover forward-looking information in the following areas:

- Economy (gross domestic product and inflation rate for various regions)
- Direction of interest rates
- Movement in exchange rates
- Bond market (credit spreads)
- Oil prices
- Share prices
- Shipping (in particular charter rates and second-hand prices)

- Real estate prices (broken down by location and type of property)

The impact of this forward-looking information on the credit risk parameters PD and LGD is determined using statistical procedures and is taken into account when calculating the expected credit losses. Within this context, PD and LGD are adjusted to reflect base scenario forecasts. Model overlays take risk factors that are relevant to the valuation into account, unless they are already included in the calculation parameters of the models. In this case, the loan loss provisions are adjusted either directly or indirectly by altering the credit risk parameters to reflect these effects. In addition, the Bank's portfolios are regularly screened for potential climate risks based on the already implemented ESG risk management and ESG stress testing functions. By evaluating ESG-specific key figures for sensitive assets such as CII ratings for ships or Energy to Performance Certificates (EPCs) for real estate, HCOB ensures that ESG issues are appropriately factored in the forecasts (e.g. charter and ship prices or property values) and are therefore included in the risk provisioning calculation by incorporating macroeconomic scenarios.

Significant increase in the loan default risk

In order to assess a significant increase in the loan default risk associated with a financial asset, Hamburg Commercial Bank uses internal ratings. Within this context, Hamburg Commercial Bank constantly furnishes proof that the change in rating and corresponding change in the 12-month PD takes the main risk drivers into account that lead to the change in the lifetime PD, meaning that changes in rating constitute a suitable assessment criterion for the allocation to stages. In the case of non-substantial modifications, it must be reassessed at the time of modification whether there has been a significant increase in credit risk since the time of initial recognition. The rating of substantially modified financial assets is determined based on the adjusted conditions.

At Hamburg Commercial Bank, the assessment object that is relevant for the purposes of allocating financial assets to specific stages is the individual financial asset as a general rule. The rating of the corresponding debtor that applies at the time of addition to allocated to each financial asset.

The rating expected, based on the time at which a financial asset was recognised for the first time, for the reporting date in question serves as a benchmark for assessing a significant deterioration in credit quality. The expected rating is compared with the current rating to determine whether the change in rating that is defined as significant is exceeded. As such, a sector-specific deviation of three or two rating levels was defined as significant. If this is the case then the financial asset in question is allocated to Stage 2. Otherwise, it remains at Stage 1.

In addition, financial assets are allocated to Stage 2 at the latest if forbearance measures have been applied to the financial asset, the default has lasted more than 30 days or the PD has increased by more than 3% in absolute terms since the transaction was entered into. In addition, the level of supervision and any covenant breaches are also included as indicators of a significant deterioration in credit quality. I they were assigned to Stage 1 when they were first assessed, customers on the credit watch list with a rating of BB or lower are also transferred to Stage 2 Furthermore, the Bank added another transfer criterion to the stage transfer concept in the current reporting year: A Stage 2 trigger to LTV>=85% was introduced specifically for the CRE portfolio. Since 1 December 2024, loans on the credit watchlist with a rating of 13 or higher and thus an average PD of 0.88% (until 30 November 2024 with a PD of 1.0% or higher) are assigned to Stage 2. This resulted in an increase in loan loss provisions of € 0.7 million. During the reporting year, the Collective Staging approach was introduced as a new transfer criterion, allowing multiple similar transactions to be manually assigned to Stage 2 if an expert assessment identifies a clear deterioration in the portfolio's credit quality. As at 31 December 2024 there was no reason to apply this criterion.

HCOB does not make use of the option set out in IFRS 9.5.5.10, which allows financial assets with a low loan default risk to be assigned to Stage 1.

A financial asset is transferred from Stage 2 to Stage 1 if the loan default risk is no longer significantly increased based on the rating.

Definition of default

On the basis of the permission of the Governing Council of the ECB (banking supervision) of 13 March 2020, the default guideline of the Hamburg Commercial Bank was adjusted effective from 21 March 2020.

This implemented requirements of the ECB and the EBA respectively, which clarified the application of the default definition under Article 178 of EU Regulation No. 575/2013 with the detailed guidance EBA/GL/2016/07.

Specific loan loss provisions on financial assets

On each reporting date, an assessment is made as to whether there are objective indications of an impairment that could have a negative impact on the expected future cash flows from the financial asset.

The criteria for the impairment of loans essentially comprise considerable financial difficulties of the debtor as well as indications of a massive and permanent inability to service debt, whereby an improvement in the situation cannot be demonstrated.

Loans with objective evidence of impairment are accounted for by setting up specific loan loss provisions for the receivable in question. To calculate the amount of the individual valuation allowance, the net present value of the anticipated cash flows arising from the loan or advance – that is achievable amount – is compared to its carrying amount. The anticipated cash flows may comprise capital repayments, interest payments or the proceeds from disposal of collateral less liquidation costs. The realisable amount is calculated using various scenarios and compared against the carrying amount. If the carrying amount is higher than the realisable amount for the scenario in question, then this scenario results in a loss in the amount of the difference. The specific loan loss provision is set up in the amount of the average losses from among the various scenarios, weighted to reflect the probability of occurrence.

Assessments as to the need for loan loss provisions are frequently made on the basis of information which is partly provisional in nature (e.g. planned restructuring of borrowers, draft reorganisation reports) or are subject to increased volatility (e.g. collateral value of real estate and ships). This results in increased uncertainty regarding estimates of key parameters of loan loss provisions. In such cases the large degree of uncertainty is mainly due to the assessment of expected cash flows which are dependent on borrowers, industries, the assessment of the overall economy among other factors. The assumptions made are subject to a periodic review and are adapted to the changed underlying conditions where necessary.

If the estimate of the expected cash flows leads to the complete reversal of a debtor's specific loan loss provisions, the sustainability of the debtor's recovery must be determined: a recovery is only deemed to have occurred after various conditions have been fulfilled. This includes making substantial and regular payments and catching up on the debt service not made in the event of default. In addition, there must be no signs of an event of default (e.g. "90 days past due" or "unlikely to repay") and a period of good behaviour is required. Depending on the default event, this lasts at least 92 or 366 days, respectively. During this period of good conduct, the debtor is still considered to be in default.

II. Model Overlays

The impact of forward-looking information on the credit risk parameters Probability of default (PD) and Loss given default (LGD) is generally determined using statistical procedures and is taken into account when calculating the expected credit losses. In this process, various macroeconomic forecasts (cf. table on "Essential macroeconomic forecasts for 2025 (as at 31.12.2024)") are taken into account and regular checks are performed to analyse whether alternative macroeconomic developments have a material non-linear impact on the amount of loan loss provisions.

So-called model overlays take risk factors that are relevant to the valuation into account, unless they are already included in the calculation parameters of the models used to determine the original loan loss provisions. Loan loss provisions are then adjusted either directly or indirectly by altering the credit risk parameters to reflect these effects.

Loan loss provisions (for on- and off-balance-sheet transactions) amount to € 354 million as at 31 December 2024 (previous year: € 426 million). Out of this amount, € 70 million (previous year: € 81 million) is attributable to the adjustments to the loan loss provision through model overlays, which are created on credit exposures for which general loan loss provisions have been made. No overlays are formed for individual valuation allowances.

As at the reporting date, the model overlays are structured as follows:

COMPOSITION OF MODEL OVERLAYS

(€ m)	2024	2023
Effect of macroeconomic forecasts	18	21
Address and portfolio related adjustments		
Office buildings sub-portfolio	28	47
Retail sub-portfolio	10	6
Land financing sub-portfolio	1	5
Corporates sub-portfolio Cyclically sensitive	8	-
Additions to ECL method	5	2
Total	**70**	**81**

III. Effect of macroeconomic forecasts

The impact of forward-looking information on the macroeconomic environment of Hamburg Commercial Bank's business activities is calculated in separate scenarios. For this purpose, the Bank takes into account two weighted scenarios (base and stress scenario). These scenarios are based on the following macroeconomic forecasts:

ESSENTIAL MACROECONOMIC FORECASTS FOR 2025 (AS AT 31 DECEMBER 2024)

	2024		2023	
	Base scenario	Stress scenario	Base scenario	Stress scenario
GDP USA (%)	2.10	0.50	1.40	-1.00
GDP eurozone (%)	1.10	-0.30	0.80	-1.50
Unemployment rate Germany (%)	0.10	-0.50	0.40	-2.00
Fed Funds rate (%)	3.88	3.38	5.38	5.38
ECB MRO rate (%)	1.90	1.90	4.13	4.63
3M EURIBOR (%)	1.98	1.75	2.31	3.70
10Y Bunds (%)	2.34	2.00	2.19	2.50
EUR/USD exchange rate	1.07	0.98	1.11	0.98
Unemployment rate Germany (%)	6.30	6.70	5.80	6.50
Inflation rate Germany (%)	2.40	2.20	2.80	3.80

The base scenario (60 % probability of occurrence) represents the expected development, while the stress scenario (40 % probability of occurrence) takes into account the additional uncertainties arising from economic and geopolitical developments, in particular the uncertainties regarding the development of inflation and interest rates and the associated economic impact. Depending on the macroeconomic scenarios for determining the model overlays, the risk parameters (PD and LGD) are adjusted for the entire portfolio. The difference between the result of the calculation with the adjusted risk parameters and the original loan loss provisions is included in the loan loss provisions as a model overlay.

The additional loan loss provisions required as a result of the two scenarios amount to € 18 million (previous year: € 25 million). Compared to 31 December 2023, the decline in these overlays can essentially be explained by lower scenario premiums on the risk parameters due to improved macroeconomic forecasts, particularly for GDP figures, in connection with the materialisation of the current difficult situation in the real estate market in the original calculation of loan loss provisions.

IV. Address and portfolio related adjustments

In addition to the macroeconomic forecasts, the model overlays also take into account potential adverse macroeconomic effects on sub-portfolios.

Due to the continued heightened uncertainties and difficult macroeconomic situation, parts of the real estate portfolio in particular are included in the valuation basis for the calculation of model overlays at the portfolio level. The respective risk parameters (PD and LGD) for the exposures to these sub-portfolios are adjusted by the relevant experts to determine the overlays. As a result of the increase in the PD for the national real estate portfolio and the ongoing market corrections, the Bank has simulated rating downgrades in the calculation of the overlays for severely impacted sub-portfolios. In addition, the real estate market is currently experiencing buyer reluctance, and the Bank expects further price discounts on sold properties. As office and retail properties as well as land financing are considered particularly affected, the Bank accounts for potential impairments in these sub-portfolios by increasing the LGD in the calculation of the overlays.

In the office buildings sub-portfolio, the changed demand structure with the trend towards remote working and a shift in the tenant market towards ESG-compliant properties are further drivers of the less favourable market conditions. In total, the sub-portfolio comprises an EaD of € 2,811 million (previous year: € 3,448 million), with model overlays totalling € 28 million (previous year: € 47 million). The decline is mainly due to new defaults that are not allocated any overlays in Stage 3. Mixed-use properties that contain both office and retail space are included in the assessment basis for office properties.

The retail portfolio (in particular department stores, shopping centres and specialist shops) continues to be affected by the current loss of purchasing power, the structural shift towards e-commerce (at the expense of stationary retail) and the macroeconomic environment. In total, this portfolio has EaD of € 1,400 million (previous year: € 1,372 million). The corresponding model overlays amount to € 10 million (previous year: € 6 million).

Land financing was identified as another portfolio particularly affected by high inflation, rising construction costs and the increase in interest rates. The underlying EaD of € 273 million (previous year: € 424 million) includes overlays totalling € 1 million (previous year: € 5 million).

In addition, the Corporates portfolio is a focus of attention due to increased sensitivity to economic developments and refinancing risks. This is due in particular to increased geopolitical uncertainties and conflicts with global repercussions In the context of these increased uncertainties, transactions with high economic sensitivity based on the sector indicator and associated refinancing risks based on increased leverage were identified as potentially particularly affected and a new overlay in the form of a rating downgrade was introduced.The sub-portfolio comprises an EaD of € 3,144 million, with overlays totalling € 8 million.

V. Additions to ECL method

Independently of adjustments to loan loss provisions because of macroeconomic developments as well as borrower or portfolio risks, the Bank determines mark-ups for pending adjustments to internal models. As at the reporting date, these amount to € 5 million and are based on adjustments in the rating modules for domestic and international real estate (previous year: € 2 million).

VI. Sensitivity analyses

The sensitivity of Hamburg Commercial Bank's ECL model to expert adjustments of borrower and portfolio related risk parameters is shown by an upward and downward shift in the forecast assumptions.

To simulate the potential effects on the loan loss provisions, a rating shift of two notches and one notch respectively was simulated.

A rating downgrade for the borrowers and portfolios affected by two notches would result in an increase in the model overlays of € 47 million, while a downgrade by one notch would result in an increase of € 20 million. A rating upgrade by two notches would reduce the model overlays by € 25 million, while an upgrade by one notch would lead to a reduction of € 14 million.

A change in the weighting between the base and the stress scenario of ten percent would result in an increase or decrease in the macroeconomic model overlays of € 4 million or € 3 million, respectively.

7. Determining fair value

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is determined on the basis of the listed price on an active market (mark-to-market), or, if this is not possible, on the basis of recognised valuation techniques and models (mark-to-matrix or mark-to-model, respectively).

Fair value can be determined using the mark-to-market method if a market price is available at which a transaction could be entered into or has been entered into. This is generally the case with regard to securities and derivatives traded on liquid markets.

The mark-to-matrix method is used to determine fair value where the fair value cannot be determined on the basis of market or transaction prices of an identical financial instrument. For this purpose, prices of comparable financial instruments or indices, which are representative for the financial instrument, are used as an alternative and adjusted where necessary.

Fair value is determined by the mark-to-model valuation using a suitable model (e.g. option price model, discounted cash flow method, collateralised debt obligation model) if a valuation cannot be derived either of adequate quality or at all. Trading assets and liabilities are measured using mid-market rates.

Where valuation techniques and models are concerned, a distinction can be drawn between procedures based exclusively on observable market data or parameters that are non-observable only to an insignificant extent on the one hand and those based to a significant extent on non-observable parameters on the other hand. Observable market data is generally available for liquid securities and simple OTC derivatives traded in liquid markets (e.g. interest rate swaps, forward exchange transactions and currency options in certain currencies as well as equity derivatives on certain listed shares or indices). Valuation techniques and models based on unobservable market data or measurement parameters, and which therefore require assumptions to be made with regard to these parameters, are usually necessary for structured securities – or more generally for securities whose markets are illiquid – and for complex OTC derivatives. Examples of non-observable parameters are special correlations and volatilities. In these cases, a significant number of judgements have to be made with regard to the selection of both the model and the parameter estimates. If the valuation technique or model used to determine the value of a derivative does not appropriately reflect modelling risks, parameter uncertainties, funding costs and benefits as well as credit or counterparty risk, the value is correspondingly adjusted by HCOB. The methods used make partial use of parameters that are not observable on the market in the form of estimates.

If the measurement of a financial instrument is based partly on non-observable parameters, the fair value determined is the best estimated value in accordance with a discretionary decision made by HCOB. However, it remains subjective in that there may be alternative parameter selection options that cannot be refuted by observable market data.

A substantial proportion of securities held in the trading portfolio is valued using liquid market prices. If a current price from a liquid market is not available, interest-bearing securities are valued using the discounted and sector-dependent yield curves derived from market data of fixed-income securities.

Exchange-traded derivatives are also valued based on stock market prices. If no current price is available, recognised valuation models (such as the Black-Scholes model for European options) are used for the valuation that are based on estimates of unobservable parameters to an insignificant extent at most.

8. Securities

For valuation purposes, we divide our securities (asset items 5 and 6) not assigned to the trading portfolio in accordance with the provisions under German commercial law into an investment portfolio and a liquidity reserve, depending on the respective purpose.

Given that securities held in the investment portfolio are intended for long-term investment, we value them at the moderate lower-of-cost-or-market value. When impairments are considered to be temporary, we recognise the corresponding securities at acquisition cost. Impairments are considered to be temporary if they are not considered indications of future disruptions in the servicing of interest and capital payments. This is the case, for example, where impairments are caused by changes in interest rates. We thus avoid reporting performance volatility, which would not be economically justified based on the short-term nature of the value fluctuations. As part of the risk provisioning process for securities, we have defined comprehensive criteria ("trigger events") for identifying possible permanent impairments. These are identified on a quarterly basis. All securities triggered including any cover assets/underlyings are subjected to an analysis and a two-stage risk assessment process. Depending on the security's asset class, this analysis includes additional indicators (e.g. external ratings, calculation of over-collateralisation for mezzanine tranches, cash flow analyses). As long as this analysis of an individual case does not confirm a trigger event in economic terms or no trigger event is identified, there is no permanent impairment. In the case of impairments expected to be permanent – usually caused by changes in the credit rating – we write down the security to the lower of the exchange price, market price or fair value.

We value the securities held in the liquidity reserve in accordance with the strict lower-of-cost-or-market principle. Accordingly, securities are stated at the lower of cost or exchange price, market price or fair value, irrespective of whether impairment is permanent.

For the balance sheet treatment and the presentation of hedging relationships, please refer to our remarks under Note 13.

Interest resulting from HCOB's own securities holdings is reported as interest income. In this connection, pro rata interest is recognised on an accrual basis. Valuation gains or losses and realised profits on securities held in the investment portfolio are allocated to Net income from financial investments (item 14 in the income statement); in the case of securities held in the liquidity reserve, they are allocated to Credit risk income/expense (item 13 in the income statement).

Dividends and other disbursements are reported under current income from shares and other non-fixed-interest securities

During the financial year, there were no reclassifications between the trading portfolio, liquidity reserve and/or investment portfolio.

9. Financial instruments held in the trading portfolio

We include in the assets and liabilities held for trading (asset item 6 and liability item 4) all financial instruments that we acquired for purposes of realising a short-term proprietary trading profit. In addition to securities, these include in particular derivative financial instruments, but also certain receivables. Securities, receivables and derivatives with a positive fair value are disclosed under Trading portfolio (assets) (item 6); derivatives with a negative fair value are disclosed under Trading portfolio (liabilities) (item 4). The criteria for allocation to the Trading portfolio remained unchanged during the financial year. We value all financial instruments held in the trading portfolio at fair value less a risk discount. Where no stock market or market prices are available for financial instruments, fair value is calculated on the basis of generally accepted valuation models (cf. also Note 7). In order to account for counterparty risks from derivatives held in the trading portfolio, we have created so-called credit valuation adjustments and have reduced the Trading portfolio (assets) accordingly. Furthermore, we have created debt valuation adjustments and have increased the Trading portfolio (liabilities) accordingly.

Funding valuation adjustments are used to take account of the funding costs and advantages arising from the provision or receipt of cash collateral in connection with the hedging of an uncollateralised OTC derivative with a collateralised OTC derivative.

The risk discount represents a potential loss (value at risk) determined by mathematical methods and is based on all positions held in Hamburg Commercial Bank AG's trading portfolio. The value at risk (VAR) is calculated in such a way that a potential loss on items held for trading will not be exceeded within a holding period of ten days with a confidence level of 99 %. The observation period for the VaR is 250 trading days. The VaR discount is calculated taking into account correlations between the individual transactions in the Trading portfolio. In general, the risk discount is deducted from the assets held for trading. In those exceptional cases in which the liabilities held for trading are larger than the assets held for trading, a risk mark-up is instead disclosed under Trading portfolio (liabilities).

Income and expense (current income and expense) from financial instruments held for trading are generally disclosed under Net trading income/expense from the trading portfolio. Current income and expenses from securities and receivables are exempt from this. In line with the internal management of Hamburg Commercial Bank AG, these are recorded under interest income, interest expenses, or current income from shares and other non-fixed-interest securities.

Each year that Hamburg Commercial Bank AG discloses net income from its trading portfolio, at least 10 % of this net income is allocated to the special item Fund for general banking risks (liability item 11), provided that the special item does not exceed 50 % of the average of the last five years' net income from the trading portfolio. Reversals of this item are only possible in order to balance net expenses in the trading portfolio or as far as the item exceeds 50 % of the average of the past five years net income from the trading portfolio. Expenses from the addition to and income from the reversal of the item are stated respectively under the net expenses or net income from the trading portfolio. In the past financial year, € 30 million (previous year: € 0 million) of the special item was released and added to net income from the trading portfolio.

10. Balance sheet presentation on a net basis

We net the fair values of trading portfolio derivatives traded over the counter and cash collateral, for which measurement is performed and collateral provided on a daily basis under a master agreement with collateral agreement. The netting has no effect on the disclosure of net income from the trading portfolio. Cf. also Note 65.

11. Derivative financial instruments

Derivative financial instruments are recognised and valued in accordance with the general rules of commercial law. Internal transactions and their accounting are required to comply with uniformly determined conditions. In particular, the term must be in line with market conditions.

Income and expenses from option contracts held in the non-trading portfolio are disclosed under Other operating income or Other operating expenses in accordance with the disclosure requirements of IDW RS BFA 6. Income and expenses from interest rate cap agreements are disclosed under Interest income or Interest expenses. We recognise credit derivatives held in the non-trading portfolio in accordance with IDW RS BFA 1. For credit default swaps concluded in financial year 2024 in which Hamburg Commercial Bank AG takes the position of a collateral taker, the rules in accordance with IDW RS BFA 1 in conjunction with IDWS RS BFA 6 apply.

A provision is recognised in the amount of the negative fair value to take account of the default risk as at the reporting date if a payout is likely to be triggered. Freestanding protection buyer credit default swaps are subject to an impairment test and written down accordingly if necessary.

In the year under review, there were no internal derivatives in place. Accounting for internal derivatives in the financial year thus results in interest income of € 0 million (previous year: € 139 million) and interest expense of € 0 million (previous year: € 40 million).

Premiums paid or received on purchased or written options, which are not part of the Trading portfolio, are disclosed under Other assets or Other liabilities. If necessary, we conduct write-offs or create provisions to comply with the lower-of-cost-or-market or the recognition-of-loss principle (imparity principle).

In cases involving financial instruments featuring a margin system (especially futures and OTC derivatives), initial margin payments made/received are recognised under Other assets (cf. Note 33) or Other liabilities (cf. Note 43). The same applies to variation margin payments. In the case of OTC derivatives in the trading portfolio with a netting agreement, the asset and liability positions are netted both against the corresponding variation margin payments and against each other. Unrealised gains and losses from open future positions under trading portfolio assets and liabilities are netted against the variation margin payments made/received on the face of the balance sheet. The results are reflected in Net income from the trading portfolio. The same applies to the investment portfolio in the Other operating result.

The amount, the time and the certainty of future cash flows from derivatives, and thereby their fair values, are uncertain. Major influencing factors are:

- future developments with regard to interest rates, exchange rates, market prices, commodity prices, credit indices and other market prices;
- the future volatility of such prices;
- the default risk of the respective counterparty.

12. Structured products

We account for structured products in accordance with the IDW RS HFA 22 interpretation. Structured products valued at fair value or in accordance with the strict lower-of-cost-or-market principle are not subject to separate accounting. Structured assets that are valued in accordance with the moderate lower-of-cost-or-market principle are subject to separate accounting with regard to derivative components and the host instrument. As a matter of principle, the separated derivative components are included in valuation units (cf. also Note 13). Derivative components of equity-linked structured products, however, are valued individually under the recognition-of-loss principle (imparity principle).

13. Hedge accounting via valuation units

We account for hedging relationships with regard to which the clear assignment of hedged items to hedging instruments is documented in a comprehensible manner in risk management as valuation units within the meaning of Section 254 German Commercial Code (HGB) in accordance with the IDW RS HFA 35 in cases where the requirements for the application of Section 254 German Commercial Code (HGB) are met, if the transactions cannot be considered in full in the valuation of the banking book, according to IDW RS BFA 3 with the corresponding changes.

Hedged items included in valuation units are assets and liabilities in the form of securities and securitised liabilities. Hedging instruments are derivative financial instruments. All types of market risks may be hedged. However, by far the largest share of valuation units has the purpose of hedging interest rate risk. The clear assignment of the hedged item to the related hedging instrument, the determination of the risk hedged as well as the risk management strategy, information as to the prospective effectiveness and to the methods for determining effectiveness are documented for balance sheet hedging relationships. In addition, the intention to retain or the period of time for which the hedging relationship is to remain in place is included in the documentation. In principle, the intention is to maintain all hedging relationships for the full residual maturity of the hedged transaction. In individual cases, hedging relationships are designated only for a certain term of hedged items and/or hedging instruments.

We present not only micro hedges but also portfolio hedges as valuation units.

A micro hedging relationship is present where a certain risk from a hedged item is hedged by a singly hedging instrument. A portfolio hedging relationship is present where a certain risk from a portfolio of hedged items of the same type is hedged with multiple hedges of the same type. In the case of micro valuation units, the combination into a related unit within the system is already required in the trading system upon the conclusion of the transaction. These are perfect hedging relationships where the value parameters are the same for the hedged portion of the hedged item and the hedging portion of the hedging instrument (e.g. currency, nominal amount, interest rate, interest due date, term). In the case the interest rate risk of a securities portfolio of the same type of fixed-interest securities is hedged by multiple interest rate swaps, this hedging relationship may be considered for purposes of forming a portfolio valuation unit. We create portfolio valuation units for the corresponding securities portfolios included in the liquidity reserve.

The depiction of hedging relationships accounted for as valuation units is made in two steps. In the first step, the changes in value to be attributed to the hedged risk from the hedged item and the hedging instruments are determined with regard to a valuation unit. We apply the so-called “net hedge presentation method”. Changes in value are neither recognised in the carrying amount of the hedged items/hedging instruments on the face of the balance sheet nor in the income statement. Any unrealised loss arising on the netting of such changes in value is recognised in the income statement in accordance with the recognition-of-loss principle as provision for contingent losses, which is disclosed on the balance sheet under Other provisions. Additions to valuation allowances for liquidity reserve portfolios as well as additions to loan loss provisions in the lending business are disclosed in the income statement under Depreciation and impairments on loans (and advances) and certain securities and reversals of such provisions under Income from additions to loans and advances and certain securities as well as from the reversal of provisions in the lending business. Other holdings are disclosed under Other operating expenses. In the second step, the residual change in fair value of the hedged item and hedging instrument are determined on the basis of the individual transaction. This represents the change in fair value attributable to the non-hedged risks. This is separately accounted for in accordance with the recognition-of-loss principle under general accounting standards. In the second step, unrealised losses relating to the liquidity reserve are disclosed in the same manner as in the first step.

The prospective and retrospective effectiveness of a hedging relationship is substantiated and documented at least once a year at the time the annual financial statements are prepared. In the case of micro hedges, the prospective documentation of effectiveness is made on the basis of the critical-terms-match method. As part of this substantiation, it needs to be shown that the value parameters of the hedged item and the hedging instruments to be allocated to the hedged risk match. If they match, it is to be presumed that changes in value attributable to the hedged risk will be offset over the entire residual maturity/the designated term of the transactions. In the case of portfolio hedges, prospective substantiation of effectiveness is accomplished by means of quantitative and maturity range-dependent sensitivity analyses in relation to the hedged risk. In the case of a corresponding offset of sensitivities of hedged items and hedging instruments in the relevant maturity ranges, it may be presumed that there will be a high degree of correlation between the changes in the value attributable to the hedged item and those attributable to the hedging instrument over the entire residual maturity of the transactions. The retrospective measurement of effectiveness is generally accomplished, not only for micro but also for portfolio hedges by mathematically determining the ratio of the cumulative changes in value on the part of the hedged item to be attributed to the hedged risk arising since the designation of the hedge to those of the hedging instruments.

AMOUNT OF HEDGED ITEMS AND HEDGING INSTRUMENTS INCLUDED IN VALUATION UNITS

The following table shows the carrying amounts of assets and liabilities included in the valuation units by balance sheet item. The carrying amounts include accrued interest. Derivative financial instruments included in valuation units are disclosed under the items Positive market value of derivatives/Negative market value of derivatives at their respective fair values.

Underlying transactions

(€k)	31.12.2024		31.12.2023	
	Micro valuation units	Portfolio valuation units	Micro valuation units	Portfolio valuation units
Assets				
Loans and advances to customers	9,892	–	–	–
Debentures and other fixed-interest securities	–	2,085,595	–	1,937,231
Liabilities				
Securitised liabilities	–	–	–	–
Negative market value of derivatives	–	–	–	–

Hedging instruments

(€k)	31.12.2024		31.12.2023	
	Micro valuation units	Portfolio valuation units	Micro valuation units	Portfolio valuation units
Positive market value of derivatives	–	73,547	–	144,044
Liabilities to customers	9,892	–	–	–
Negative market value of derivatives	–	28,865	–	–

In relation to the underlying nominal values, only interest rate risks are hedged in the portfolio valuation units. By establishing a portfolio valuation unit, one-sided interest-driven valuation effects on the underlying transaction under the strict lower-of-cost-or-market principle are to be avoided In specific cases, micro-hedging units are established for risks outside the interest rate book This also includes the incorporation of structured financial instruments as defined in IDW RS HFA 22. The currently existing micro-hedging units contain price risks from back-to-back equity structures.

AMOUNT OF THE RISKS HEDGED IN VALUATION UNITS

The following table shows the effective portion of the changes in value to be allocated to the hedged risks on a cumulative basis since the designation of the valuation unit.

Underlying transactions

(€k)	31.12.2024				31.12.2023			
	Micro valuation units		Portfolio valuation units		Micro valuation units		Portfolio valuation units	
	Positive change in value	Negative change in value	Positive change in value	Negative change in value	Positive change in value	Negative change in value	Positive change in value	Negative change in value
Assets								
Debentures and other fixed-interest-securities	–	–	28,359	57,321	–	–	–	117,957
Liabilities								
Securitised liabilities	–	–	–	–	–	–	–	–
Derivatives	–	–	58,018	20,863	–	–	–	–

Positive changes in value on the part of the hedged items are offset by corresponding negative changes in value on the part of the hedging instruments for which no provisions for contingent losses were created, and negative changes in value on the part of the hedged items are offset by corresponding positive changes on the part of the hedging transactions.

14. Accounting for interest-related financial instruments held in the banking book

We have performed the loss-free valuation of interest-related transactions in the banking book by means of a computation based on the present value approach in accordance with IDW RS BFA 3 latest version. We have included all balance sheet and off-balance sheet interest-related financial instruments that are not part of the trading book. The whole banking book was used as the net risk exposure for the purpose of the calculation – in line with the funding context. Within the framework of the calculation, we have compared the carrying amount of balance sheet and off-balance sheet transactions in the banking book under commercial law with the interest-related net present values. We then deducted the risk costs and administrative costs determined on a present value basis from the amount of the net present values exceeding the carrying amounts.

If a negative balance arises on comparing the present values to the carrying amounts, this amount is recognised in the income statement as a provision for contingent losses, which is disclosed under Other provisions on the balance sheet. Based on the results of the calculation, no provisions needed to be created as at 31 December 2024.

Derivative financial instruments not allocated to the trading book and neither included in a valuation unit nor in the net risk exposure of the loss-free valuation and do also not fall under the specific cover are valued individually under the recognition-of-loss principle.

15. Equity holdings in non-affiliated companies and interests in affiliated companies

We recognise equity holdings in non-affiliated companies and interests in affiliated companies at acquisition cost. In the case of impairment expected to be permanent we write them down to the lower fair value.

16. Intangible fixed assets

We account for in-house developed and purchased software under Intangible fixed assets. In-house developed software is recognised in the amount of the production costs incurred in its development. Development costs include the expenses incurred in the application of research results or other knowledge for the new development or further development by means of significant changes to the software. Expenditure on pre-development research is not included in cost of sales, but recognised in profit or loss in the year in which it is incurred. In the financial year, development costs for internally-developed intangible fixed assets amounted to € 1 million (previous year: € 1 million) and were recognised under in-house developed software under development. No research costs were incurred.

Purchased software is valued at acquisition cost. In connection with the Bank's IT transformation, which mainly involves the renewal of IT applications and IT infrastructure, development costs of € 1 million were recognised in the reporting year (previous year: € 47 million) and reported under Acquired software under development.

Intangible fixed assets are subject to scheduled, straight-line amortisation. We assume a useful life of three years for acquired standard software. A useful life of five years is used for the amortisation of intangible fixed assets that were developed in-house. If the useful life cannot be reliably estimated, the amortisation period is ten years. In the case impairments are expected to be permanent, we conduct exceptional write-downs. If the reasons for such write-downs no longer exist, we conduct reversals up to the maximum amount of the amortised acquisition or production cost.

17. Property, plant and equipment

Tangible fixed assets are recognised at acquisition cost. For depreciable assets, we calculate scheduled straight-line depreciation for the following periods of useful life:

Tangible fixed asset category	Useful life in years
Buildings	50
Leasehold improvements	The useful life is determined on the basis of the remaining period of the lease.
Other operating equipment	3–15
Leasing assets	Customary useful life
Low-value items (€ 250.00 to 1,000.00)	5

In the case of tangible fixed assets, we conduct extraordinary write-downs where it is likely that permanent impairment has occurred. If the reasons for the write-downs no longer exist, we conduct write-ups up to the maximum amount of the (amortised) acquisition or production costs.

Any acquisition cost subsequently incurred is capitalised and depreciated in line with the adjusted depreciation schedule. Expenses for the maintenance of tangible fixed assets are recognised as expenses in the appropriate accounting period.

Tangible fixed assets with a purchase price of up to € 250 are recognised as an expense in the year of acquisition in accordance with the applicable tax provisions.

18. Deferred Taxes

Deferred taxes are calculated based on the different carrying amounts of assets and liabilities in the balance sheet drawn up for accounting tax purposes. We recognise deferred taxes on differences that are expected to offset in future financial years and will thereby lead to future tax expenses or benefits. Deferred tax assets are additionally attributed to tax losses carried forward to the extent the tax benefit from the losses carried forward is expected to be realised within the next five years. Deferred taxes are calculated using the tax rates expected to apply to the respective domestic and foreign operations when the differences reverse, or the tax loss carryforwards are utilised. The overall tax rate for Germany is currently 32.16 % (previous year: 32,15%), while the overall tax rate assumed for Luxembourg is 24.94 % (previous year: 24,94%). In accordance with the relevant regulations, deferred taxes are not discounted. Deferred tax assets and deferred tax liabilities are stated in the balance sheet on a gross basis (asset item 14 and liability item 6a).

At each reporting date, Hamburg Commercial Bank AG makes an assessment as to whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. Amongst other things, this requires a management assessment of the tax benefits that arise from the existing tax strategies and future taxable income as well as the consideration of other positive and negative factors. The deferred tax assets recognised could decrease if the estimates of the planned taxable income and the tax benefits achievable under the existing tax strategies are revised downwards, or if changes to current tax legislation restrict the timing or extent of the realisability of future tax benefits.

In accordance with Section 274 (3) German Commercial Code (HGB), differences from the application of the Minimum Tax Act and corresponding foreign regulations were not taken into account when recognising and measuring deferred taxes.

19. Liabilities

We recognise liabilities at the amount repayable. Premiums and discounts are shown as deferred income or prepaid expenses, respectively, and are reversed over the term. We treat pro-rata interest on an accrual basis and report it in the corresponding liabilities line item.

20. Provisions

We value provisions at the expected call on the provisions in accordance with reasonable commercial judgement. Provisions with a residual maturity of more than one year are generally discounted on the basis of the average market rate determined and published by the Deutsche Bundesbank in accordance with the Regulations on the Determination and Disclosure of Discount Rates for Provisions (RückAbzinsV) in the versions applicable at the reporting date, which corresponds to the residual maturity. We disclose income and expenses from the discounting or compounding of provisions under Other operating income (cf. also Notes 53 and 54).

Provisions for pensions and similar obligations are calculated by independent actuaries based on the projected-unit-credit method. For this purpose, the unmodified 2018 G mortality tables from Professor Klaus Heubeck are employed as the biometrical basis. The following assumptions were made in determining the obligation:

	2024	2023
Salary growth	2.0 %	2.0 %
Personnel growth	0.5 %	0.5 %
Pension growth		
Employment contract 1/old pension provision rules	individual	individual
New pension provision rules	2.0 %	2.0 %
Employment contract 4	2.0 %	2.0 %
Staff turnover		
Age up to 30	6.0 %	6.0 %
Age 30-55	linear decline to 0 %	linear decline to 0 %
Age above 56	0.0 %	0.0 %
Retirement age	pursuant to the 2007 AGAnpassG	pursuant to the 2007 AGAnpassG

Provisions for pensions and similar obligations are discounted, in accordance with Section 253 (2) sentence 2 German Commercial Code (HGB), at the average market interest rate for the past ten years based on an assumed duration of 15 years. The discount rate applied as at the reporting date was 1.90 % p.a. (previous year: 1.82 % p. a.). The non-distributable difference in accordance with Section 253 (6) German Commercial Code (HGB) based on the average seven-year interest rate of 1.96 % p.a. (previous year: 1.74 % p.a.) amounts to € -7 million as at 31 December 2024 (previous year: € 11 million) (cf. Note 58). The seven-year average interest rate is currently lower than the underlying actuarial interest rate, resulting in a negative (-) difference.

Assets, whose sole purpose is the fulfilment of pension obligations and to which no other creditors have access (fund assets) are recognised at their fair value of € 841 million (previous year: € 812 million), while the amortised costs of the assets amount to € 778 million (previous year: € 809 million). An association called HCOB Trust e.V. ("Trust") was founded for the main part of the fund assets totalling € 834 million (previous year: € 806 million), which has concluded a bilateral contractual trust agreement with the Bank ("Contractual Trust Agreement" or "CTA"). The CTA is used to build up an insolvency-protected asset fund, which provides additional security for pension liabilities in the event of the Bank's insolvency. This structure enables the Bank to actively manage its pension obligations in order to make targeted investments in a wide range of assets from a risk-return perspective and thus generate the necessary funds to cover its pension obligations. On the balance sheet, the assets tied up in the trust qualify as fund assets pursuant to Section 246 (2) German Commercial Code (HGB).

In accordance with Section 246 (2) sentence 2 German Commercial Code (HGB), the fund assets of the CTA are offset with Provisions for pension obligations and similar obligations covered by the CTA. On balance, the amount required to meet the resultant liability was € 845 million as at 31 December 2024 (previous year: € 849 million). If the fair value of the assets exceeds the amount of liabilities, the excess amount is disclosed under the separate item Difference resulting from asset offsetting in accordance with Section 246 (2) sentence 3 German Commercial Code (HGB). Expenses of € 38 million (previous year: € 15 million) were offset by income of € 70 million (previous year: € 87 million) from plan assets in the reporting period, leaving net expenses of € 32 million (previous year: € 67 million).

Furthermore, Hamburg Commercial Bank AG has contractual rights to reimbursement for the pension benefits already paid from plan assets, which has led to a reduction in the acquisition cost of the cover assets. These reimbursement rights are recognised as receivables under Other assets. As at 31 December 2024, the reimbursement rights amount to € 31 million (previous year: € 62 million). In the reporting period, € 62 million (previous year: € 59 million) was repaid to the Bank for pension benefits paid in the years 2022 and 2023.

21. Currency translation

Currency translation is performed pursuant to Section 256a German Commercial Code (HGB) in conjunction with Section 340h German Commercial Code (HGB) as well as the IDW interpretation IDW RS BFA 4.

Currency translation with regard to financial instruments included in the trading portfolio is an implicit part of the valuation of such transactions.

Remaining assets, liabilities and pending transactions – including financial instruments that are not classified as held for trading – are translated at the average spot rate prevailing as at the balance sheet date. As forward exchange transactions serve to hedge interest-bearing positions, we divide the agreed-upon forward exchange rate into the spot exchange rate and swap positions, and allocate the swap positions over the term of the transactions. The corresponding expense and income are reported in Net interest income. Positive and negative spot exchange rate differences from pending transactions are netted within the same currency and reported as adjustment item under other assets or other liabilities.

To the extent the assets, liabilities and pending transactions are specifically hedged by other assets, liabilities or pending transactions, all expenses and income from currency transaction are reported through profit and loss. All assets, liabilities and pending transactions in the same currency are in principle specifically hedged, as the foreign exchange risk is managed via a currency position for each foreign currency, the individual currency items are transferred to the corresponding currency position and the amounts of positions or transactions in a foreign currency match. In addition, we also view matching foreign currency transactions, which are not managed under a currency position as specifically hedged. If, in exceptional cases, there is no specific hedge (e.g. in case of assets with an acute default risk) and the residual term of the corresponding transactions is more than one year, valuation is made under the recognition-of-loss principle. Unrealised income from the currency translation is only recognised to the extent the acquisition costs of assets are not exceeded or the settlement amount of liabilities is not undercut. In the case of residual terms of less than one year, we also recognise unrealised income in the case of corresponding transactions if such income is not specifically hedged. Expenses and income from currency translation related to items not classified as held for trading are disclosed under Other operating income/Other operating expenses. As part of foreign currency valuation, liabilities denominated in foreign currencies are converted at the foreign exchange spot middle rate on the balance sheet date. The exchange differences arising from this are recognized in the relevant adjustment item under other liabilities

For financial statements of entities to be consolidated that have been prepared in a foreign currency, we translate the assets and liabilities at the corresponding mid-market rate of the ECB on the balance sheet date. In the reporting period, the Bank used average exchange rates for the translation of expenses and income.

22. Accounting treatment applied to the restructuring

Provisions for restructuring are recognised in accordance with the regulations of Section 249 (1) sentence 1 German Commercial Code (HGB) in conjunction with Section 253 (1) sentence 2 German Commercial Code (HGB) and Section 253 (2) German Commercial Code (HGB), as far as a restructuring programme has resulted in obligations or pending obligations from which the Bank cannot escape. The Bank discloses provisions for announced personnel measures as well as provisions for administrative cost measures under Other provisions. As soon as the obligation is sufficiently certain or can be quantified – e.g. through the signing of agreements – it is transferred to Other liabilities or Provisions for pensions and similar obligations as a matter of principle. The bank's transformation and restructuring process has been completed, only existing issues from this completed process are still being processed.

If significant, the resultant income and expense is disclosed under the Extraordinary result. Subsequent minor expenses and income are recognised in other operating income/expenses.

Notes on balance sheet assets

23. Affiliated companies

As in the previous year, there were no loans and advances to affiliated companies as at the reporting date.

24. Non-affiliated companies

As in the previous year, there were no loans and advances to non-affiliated companies as at the reporting date.

25. Subordinated assets

Assets must be reported as subordinated if they can only be honoured after the claims of other creditors in the event of the liquidation or insolvency of the debtor. We disclose subordinated assets under the following balance sheet items:

(€k)	31.12.2024	31.12.2023
Loans and advances to customers		
Debentures and other fixed-interest securities		
Bonds and debentures	119,232	153,070

26. Residual maturities

The balance sheet items listed below are classified by their residual maturities as follows:

(€k)	31.12.2024	31.12.2023
Loans and advances to banks		
Other loans and advances		
Up to 3 months	3,275,894	3,936,325
Between 3 months and 1 year	–	–
Between 1 year and 5 years	4,750	8,500
More than 5 years	–	–
Loans and advances to customers		
Up to 3 months	2,390,844	1,798,347
Between 3 months and 1 year	2,555,135	3,518,617
Between 1 year and 5 years	12,353,063	10,173,161
More than 5 years	2,247,343	2,176,387
With an indefinite term	–	–
Debentures and other fixed-interest securities		
Due in the following year	387,831	709,859

27. Negotiable securities

(€k)	Listed		Unlisted		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Debentures and other fixed-interest securities	5,374,634	4,562,104	3,897,691	3,918,296	9,272,325	8,480,400
Shares and other non-fixed-interest securities	23,124	70,414	23,333	31,487	46,457	101,901

28. Negotiable securities not valued using the lower-of-cost-or-market principle

(€k)	31.12.2024	31.12.2023
Debentures and other fixed-interest securities		
Carrying amount of securities valued using the moderate lower-of-cost-or-market principle	3,922,139	3,533,489
Carrying amount of securities reported above their fair value	2,154,713	1,322,005
Market value of securities reported above their fair value	2,113,321	1,301,319
Unrealised losses	41,392	20,686
thereof unrealised losses on securities that are not part of a valuation unit	41,392	20,686
Shares and other non-fixed-interest securities		
Carrying amount of securities valued using the moderate lower-of-cost-or-market principle	845,353	1,261

The unrealised losses stated above result from the difference between the market value and carrying amount without taking the effects from the valuation units into account. Any collateral or guarantees are similarly not taken into account in calculating the unrealised losses.

Unrealised losses relating to securities held in valuation units, which are not to be allocated to the hedged risk (resulting for the most part from the creditworthiness of the issuer) amounted to € 0 million as at 31 December 2024 (previous year: € 0 million). These also include unrealised losses on securities relating to the unhedged risk, which would show an unrealised loss without taking the valuation unit into account.

If there is not a permanent but rather only a temporary impairment of securities held as fixed assets to be expected, which generally is not induced by changes in the credit rating, a write-down to fair value is not undertaken (cf. Note 8).

Grouped by the corresponding reason, unrealised losses relating to securities that are expected to suffer temporary impairments are as follows (stating in each case the difference between the carrying amount and the fair value):

(€k)	Rating of the securities	31.12.2024	31.12.2023
There were no trigger events		**41,392**	**14,394**
	Investment grade rating or higher	38,309	13,750
	Investment grade rating or lower	3,083	644
Trigger events		**–**	**6,292**
	Investment grade rating or lower	–	6,292
Total		**41,392**	**20,686**

29. Trading portfolio (assets)

The trading portfolio is reported under the following balance sheet items:

(€k)	31.12.2024	31.12.2023
Derivative financial instruments	135,560	140,538
Debentures and other fixed-interest securities	114,828	423,631
Other assets	19	46
Risk discount	–10,973	–14,135
Total	**239,434**	**550,080**

30. Investment assets

Below we provide information on investment assets in which HCOB holds an individual share of more than 10 %.

The shares are reported under asset item 5 "Shares and other non-fixed-interest securities".

(€k) 2024 Fund	Investment objectives	Carrying amount	Share value pursuant to the German Investment Code (KAGB)	Delta	Distributed in the financial year
HPS Elbe Unlevered Direct Lending Fund, SCSp, Luxembourg	Investment in corporate loans	320,059	321,838	1,779	25,724
Apollo Alster Lending Fund (Lux), SCSp, Luxembourg	Investment in corporate loans	381,461	398,169	16,708	30,297
BSP Michel Unlevered Direct Lending Fund SCSp, Luxembourg	Investment in corporate loans	60,160	60,589	429	1,137
Bain Capital Credit Schanze (Lux), SCSp, Luxembourg	Investment in corporate loans	81,817	85,177	3,360	–

Redemption of shares in the HPS Elbe Unlevered Direct Lending Fund, Apollo Alster Lendíng Fund and BSP Michel Unlevered Direct Lending Fund is subject to a notice period of three months.

Redemption of shares in Bain Capital Credit Schanze (Lux) is also subject to a notice period of 3 months after the expiry of the one-year lock-up period as of March 2025.

The shares in the HI Port Fund were redeemed in full on 23 December 2024. There were no distributions from the fund in the financial year.

Based on the performance to date, there are no triggers for a permanent impairment of the above fund positions. Investment assets in the liquidity reserve are written off in accordance with the strict lower-of-cost-or-market principle to any lower market value of the funds.

31. Trust assets

Trust assets are reported under the following balance sheet items:

(€k)	31.12.2024	31.12.2023
Loans and advances to customers	19,597	19,643
Total	**19,597**	**19,643**

32. Statement of changes in fixed assets

Development of fixed assets

(€k)	1.1.2024	2024			31.12.2024	31.12.2024	31.12.2024	31.12.2023
	Historical cost of acquisition	Additions	Disposals	Exchange rate changes	Historical cost of acquisition	Accumulated depreciation	Carrying amount	Carrying amount
Securities	4,143,636	1,275,367	799,426	147,915	4,767,492	–	4,767,492	4,143,636
Long-term equity investments	75,162	–	352	–	74,810	69,370	5,440	5,652
Interests in affiliated companies	17,568	800	623	–	17,745	13,143	4,602	3,829
Land and buildings	9,473	–	–	–	9,473	391	9,082	9,334
Plant and equipment	16,534	1,873	5,798	4	12,613	9,639	2,974	2,094
Intangible fixed assets	82,686	11,645	–	–	94,331	12,944	81,387	75,239
Total	**4,345,059**	**1,289,685**	**806,199**	**147,919**	**4,976,464**	**105,487**	**4,870,977**	**4,239,784**

As at 31 December 2024, land and buildings include a carrying amount of € 8,176 thousand (previous year: € 8,762 thousand) for land and buildings used for HCOB's own activities.

Development in depreciation/amortisation

(€k)	1.1.2024	2024						31.12.2024
	Accumulated depreciation	Depreciation in the financial year	Write-ups in the FY	Change in total depreciation in connection with additions	Change in total depreciation in connection with disposals	Change in total depreciation in connection with transfers	Exchange rate changes	Accumulated depreciation
Long-term equity investments	69,510	200	–	–	340	–	–	69,370
Interests in affiliated companies	13,739	27	–	–	623	–	–	13,143
Land and buildings	138	253	–	–	–	–	–	391
Plant and equipment	14,441	961	–	–	5,763	–	–	9,639
Intangible fixed assets	7,447	5,497	–	–	–	–	–	12,944
Total	**105,275**	**6,938**	**–**	**–**	**6,726**	**–**	**–**	**105,487**

33. Other assets

The major components of other assets are:

(€k)	31.12.2024	31.12.2023
Initial and variation margins from OTC derivatives (cf. Note 11)	439,849	321,151
Premiums paid from options trading and from interest limitation agreements	56,510	25,535
Claim for reimbursement from plan assets	18,400	62,087
Freestanding protection buyer Credit default swaps	38,110	–
Receivables from fiscal authorities	15,859	39,147
Shares in closed-end real estate funds	6	6
Adjustment item for currency translation	–135	35,553

34. Prepaid expenses

Prepaid expenses are recognised at nominal value.

The major items disclosed here are:

(€k)	31.12.2024	31.12.2023
Deferred income from derivatives	46,477	84,139
Discount accruals from issuing business	21,365	19,037
Premium accruals from claims	1,048	1,298
Discount accruals from liabilities	645	167

35. Deferred tax assets

Deferred tax assets reported for the financial year result from the following balance sheet items:

(€k)	31.12.2024	31.12.2023
Assets		
Loans and advances to customers	43,097	53,712
Debentures and other fixed-interest securities	29,833	27,187
Shares and other non-fixed-interest securities	303	1,691
Long-term equity investments	3,342	3,498
Interests in affiliated companies	1,596	1,596
Property, plant and equipment	2	2
Other assets	33,992	39,664
Prepaid expenses	357	466
Liability		
Other liabilities	450	349
Prepaid expenses	19,684	968
Provisions	140,545	179,132
Loss carryforwards	323,321	271,024
Total	**596,522**	**579,289**

The deferred tax assets increased by € 17 million in the financial year.

Deferred tax assets on loss carryforwards in the amount of approximately € 216 million are attributable to the head office, while € 107 million are attributable to the Luxembourg branch. The increase compared to the previous year mainly relates to the head office.

The analysis of recoverability of deferred tax assets did not require a valuation allowance on deferred tax assets on temporary differences at the end of the financial year (unchanged to previous year).

36. Genuine repurchase agreements

In the reporting year, we sold assets with a carrying amount of € 1,833 million (previous year: € 1,471 million) as a repurchaser of genuine repurchase agreements with a simultaneous agreement to repurchase. We continue to report these assets in our balance sheet, while the considerations received are recognised under the corresponding liability items.

37. Assets transferred as collateral

In addition to the assets sold under repurchase agreements (cf. Note 36) and the receivables serving as cover for bonds issued (cf. Note 67), we have further assets serving as collateral. These are mainly securities lodged with central banks and Eurex as collateral for participation in stock exchanges and clearing organisations and for funding as well as loan notes and loan receivables assigned as collateral for borrowings at central banks and other banks.

(€k)	31.12.2024	31.12.2023
Assets transferred as collateral	2,358,123	3,405,036
thereof for		
Liabilities to banks (without derivatives)	1,959,848	3,104,090
Trading portfolio (liabilities) and liabilities from derivatives	398,275	300,946

Notes on balance sheet liabilities

38. Affiliated companies

Liabilities to affiliated companies are included in the following balance sheet items:

(€k)	31.12.2024	31.12.2023
Liabilities to banks	–	5,033
Liabilities to customers	15,180	11,360

39. Non-affiliated companies

As in the previous year, there were no loans and advances to non-affiliated companies as at the reporting date.

40. Residual maturities

The balance sheet items listed below are classified by their residual maturities as follows

(€k)	31.12.2024	31.12.2023
Liabilities to banks		
With agreed maturities or notice periods		
Up to 3 months	407,216	313,391
Between 3 months and 1 year	826,888	1,824,284
Between 1 year and 5 years	1,352,541	874,107
More than 5 years	1,310,930	1,621,721
Liabilities to customers		
Savings deposits with agreed notice periods of up to 3 months	71	105
Other liabilities with an agreed maturity or notice period		
Up to 3 months	5,149,765	4,493,567
Between 3 months and 1 year	2,927,036	2,181,948
Between 1 year and 5 years	1,250,465	736,444
More than 5 years	700,488	1,729,343
Securitised liabilities		
Debentures issued		
Due in the following year	2,426,245	1,803,251

41. Trading portfolio (liabilities)

The trading portfolio is reported under the following balance sheet items:

(€k)	31.12.2024	31.12.2023
Derivative financial instruments	47,130	55,499
Other liabilities	104	48
Total	**47,234**	**55,547**

42. Trust liabilities

Trust liabilities are reported under the following balance sheet items:

(€k)	31.12.2024	31.12.2023
Liabilities to customers	19,597	19,643
Total	**19,597**	**19,643**

43. Other liabilities

The major components of this balance sheet item are the following:

(€k)	31.12.2024	31.12.2023
Variation margin OTC derivatives	207,776	195,715
Adjustment item for currency valuation	205,058	44,018
Collateral provided for liabilities assumed	46,740	46,947
Pro rata interest on subordinated debt, profit participation rights and silent participations	7,101	8,033
Personnel liabilities	3,695	5,663
Tax liabilities	5,197	5,696
Liabilities from profit and loss transfer agreements and from dividends	549	558

The increase in other liabilities is primarily attributable to the exchange rate development of the US dollar.

44. Deferred income

The major components of deferred income are the following:

(€k)	31.12.2024	31.12.2023
Deferrals from advance loan fees	90,676	90,505
Deferred income from derivatives	50,715	115,653
Discount deferrals from receivables	12,736	4,701
Premium deferrals from issuing business	280	3,254

45. Deferred tax liabilities

Deferred tax liabilities reported for the financial year result from the following balance sheet items:

(€k)	31.12.2024	31.12.2023
Assets		
Intangible fixed assets	1,702	1,980
Other assets	–	1,706
Total	**1,702**	**3,686**

The deferred tax liabilities have decreased by approximately € 2 million in the year under review. They relate to intangible fixed assets developed in-house.

46. Other provisions

Other provisions primarily relate to the following items:

(€k)	31.12.2024	31.12.2023
Litigation risks and costs	146,026	47,733
Personnel expenses	84,667	63,646
Lending business	27,930	43,470
Outstanding invoices	26,511	29,310
Securities transactions and financial derivatives	16,775	28,880
Regulatory expenses	15,390	16,800
Transformation expenses	9,213	10,531
Interest on corporate tax and trade tax	8,590	6,992
Archiving expenses	4,968	4,968
Restructuring measures	2,978	6,457
Processing fees for commercial loans	1,196	1,196
Provisions for pending losses	–	3,009

Hamburg Commercial Bank has made provisions for litigation risks and costs as at the reporting date. In the reporting year, there was an increase in provisions for litigation risks due to the addition for risks from existing legal disputes To determine for which claim the possibility of a loss is likely, and in order to estimate the amount of the potential payment obligations, Hamburg Commercial Bank takes a variety of factors into account. These include, among other things, the type of claim and the underlying facts of the case, the status of the individual proceedings, (provisional) decisions made by courts and arbitration bodies, the experience of the Hamburg Commercial Bank and third parties in comparable cases (as far as they are known to the Bank), prior settlement negotiations, as well as the expert opinions and assessments of the Bank's internal and external legal advisors and other professionals.

After the extensive investments made in IT in recent years, the Bank will be adjusting its workforce and processes to reflect the state-of-the-art IT platform that has been implemented. Within this context, HCOB's Management Board decided in the second half of the reporting year, to implement cost-saving measures amounting to € 20 million per year and to reduce workforce as part of the strategy and planning process. For this purpose, a provision was recognized in the reporting year, resulting in an increase in the provision for personnel expenses.

Transformation expenses mainly comprise provisions in connection with the IT changeover. As the transformation has been completed, only subsequent issues are reported under this item.

The provisions for restructuring measures result from an "old restructuring measure" from 2018 in which there are still remaining funds.

47. Subordinated debt

Subordinated debt was issued in the form of bearer bonds and is denominated in EUR and USD. The original maturities range from just under 30 years to 40 years. The interest rates payable are between 3.28 % p.a. (previous year: 4.282 %) and 6.44 % p.a. (previous year: 6.44 %).

Individual items exceeding 10 % of total subordinated debt as of 31 December 2024 are listed in the following table:

(€ m)	Currency	Interest rate	Maturity date	Termination rights
138	USD	5.45 %	21 March 2031	None
92	EUR	3.581 %	22 January 2041	None

Individual items exceeding 10 % of total subordinated debt as of 31 December 2023 are listed in the following table:

(€ m)	Currency	Interest rate	Maturity date	Termination rights
129	USD	6.04 %	21 March 2031	None
92	EUR	4.38 %	22 January 2041	None

In principle, subordinated liabilities meets the requirements of Article 63 Capital Requirements Regulation (CRR) for recognition as Tier 2 capital. Subordinated liabilities of € 0 million (previous year: € 0 million) are set to mature in less than two years. Interest expense on subordinated debt amounted to € 43 million in financial year 2024 (previous year: € 39 million).

48. Fund for general banking risks

In the reporting period, € 30 million (previous year: € 0 million) of the special item fund for general banking risks was reversed and allocated to the net income from the trading portfolio, as the special item significantly exceeded the amount of 50% of the average of the last five annual net income from the trading portfolio. Expenses from the addition and income from the reversal of the item are reported in the net expense or net income of the trading portfolio.

As in the previous year, the amount of the fund for general banking risks in accordance with Section 340g German Commercial Code (HGB) was maintained in the reporting year.

49. Equity

Pursuant to Section 25 (1) of the German Bank Accounting Regulation (RechKredV), subscribed capital consists of the share capital of Hamburg Commercial Bank AG.

Subscribed capital of Hamburg Commercial Bank AG was divided into 301,822,453 no-par value shares, each with a notional par value of € 1 per share. All shares issued are fully paid up.

As at 31 December 2024, several funds launched by Cerberus Capital Management L.P., New York, indirectly held a total of 39.74 % of the voting rights via three acquisition companies (Promontoria Holding 221 B.V. 9.24 %, Promontoria Holding 231 B.V. 12.98 % and Promontoria Holding 233 B.V. 17.52 %). Funds advised by J.C. Flowers & Co LLC, New York, indirectly hold a 32.87 % stake through JCF IV Neptun Holdings S.à r.l. as an acquisition company. In addition, a fund launched by Golden Tree Asset Management LP, New York, indirectly holds a share of 11.79% in Hamburg Commercial Bank AG via GoldenTree Asset Management Lux S.à r.l. as an acquisition company, while Centaurus Capital LP, Houston, indirectly holds a share of 7.06 % via Chi Centauri LLC as an acquisition company. BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft, Vienna, holds a share of 2.35 % and the members of the governing bodies and the senior management of HCOB (since November 2018, active and inactive members) hold a share of 6.18 %.

JCF IV Neptun Holdings S.à r.l., Luxembourg, informed us in November 2018 that it directly owned more than one quarter of the shares of Hamburg Commercial Bank AG pursuant to Section 20 (1) of the German Stock Corporation Act (AktG). In addition, the following companies and natural persons notified us in November 2018 that they indirectly owned more than one quarter of the shares of Hamburg Commercial Bank AG pursuant to Section 20 (1) sentence 1, sentence 2 in conjunction with Section 16 (4) German Stock Corporation Act (AktG).

- JCF IV Europe S.à r.l.,
- J.C. Flowers IV L.P.,
- JCF Associates IV L.P.,
- JCF Associates IV Ltd.,
- Mr. James Christopher Flowers,
- Mr. Stephen A. Feinberg.

Neither Hamburg Commercial Bank AG nor any company dependent on it or majority-owned companies hold treasury stock. There are no cross-shareholdings as defined by Section 19 AktG.

The capital reserve includes amounts from share-based compensation of € 23 million (previous year: € 20 million).

In accordance with their statutory authority, the Management Board and the Supervisory Board of HCOB AG allocated an amount of € 42 million from the net profit for 2023 and an amount of € 90 million from the net profit for 2022 in 2023 to other retained earnings. No additional allocations to retained earnings were made in 2024

By resolution of the Annual General Meeting of 24 April 2024, a dividend of € 302 million or € 1.00 per no-par share was approved for distribution. For the financial year 2024, Hamburg Commercial Bank intends to distribute the entire net profit, amounting to € 214 million or € 0.71 per share. However, this requires a corresponding resolution by the Annual General Meeting.

Notes on the income statement

50. Breakdown of income items by geographical markets

(€k)	2024			2023		
	Germany	Rest of Europe	Asia	Germany	Rest of Europe	Asia
Interest income from	2,461,197	218,542	–	2,123,980	116,758	–
Current income from share and other non-fixed-interest securities, equity holdings in non-affiliated companies and interests in affiliated companies	1,585	57,329	–	2,901	44,048	–
Income from profit pooling, profit transfer and partial profit transfer agreements	–	–	–	–	–	–
Commission income	37,693	2,751	–	36,010	1,713	–
Net income from the trading portfolio	31,487	-904	–	49,032	-1,165	–
Other operating income	120,117	1,972	–	176,696	3,612	–

51. Net interest income

The consolidated net interest income for 2024 decreased by approximately € 147 million compared to the previous year.
The main driver of this change is the net result from swaps, which decreased by approximately € 178 million. In 2023, a significant number of swaps were closed as a one-time measure, resulting in a gain that year.
The remaining change results from opposing effects – increased expenses from new securitisations offset by improvements in the credit and money markets.
Net interest income includes one-time expenses from the disposal of receivables in the amount of € 2 million (previous year: € 5 million).

52. Net commission income

Net commission income is composed of the following:

(€k)	2024	2023
Payment transactions and foreign business, documentary business	18,211	15,950
Lending business	13,313	10,610
Guarantee business	2,931	4,451
Securities business	140	-298
Other	136	1,145
Total	**34,731**	**31,858**

53. Other operating income

Other operating income is mainly composed of the following in the year under review:

(€k)	2024	2023
Earn-out agreements in connection with subsidiaries sold in previous financial years	39,200	18,000
Income and expenses from provisions for pensions and similar obligations and fund assets	30,970	73,202
thereof for Changes in the valuation of plan assets	31.230	45.004
thereof for Income from cover assets	28.683	31.929
thereof for Release of pensions and similar obligations	135	5.544
thereof for Interest rate effect of pensions and similar obligations	10.474	5.815
thereof for Non-recurring income from pensions and similar obligations	0	1.194
thereof for Interest expense and tariff adjustment fr. pensions and similar obligat- tions	-39.552	-16.284
Cost allocations and reimbursement of expenses	14,039	8,955
Income from the reversal of other provisions	12,480	13,960
Income from option premiums received as well as compensation payments received for op- tions held in the non-trading portfolio	8,007	–
Income from reversals of provisions for litigation	–	53,764
Income from the disposal of tangible fixed assets	–	384

Other operating income in the reporting year primarily related to income from earn-out agreements in connection with subsidiaries sold in previous financial years, as well as the income and expenses to be offset in accordance with Section 246 (2) sentence 2 German Commercial Code (HGB) from provisions for pensions and similar obligations and plan assets.

54. Other operating expenses

Other operating expenses primarily include the following items:

(€k)	2024	2023
Expenses from additions to provisions for litigation risks	99,652	896
Expenses paid in advance for transaction fees, legal fees, servicing	12,894	9,334
Interest expenses pursuant to Section 233 AO	2,240	2,714
Expenses from additions to other provisions	790	7,612
Expenses relating to option premiums paid as well as compensation payments for options held in the investment portfolio	–	9,289

55. Income tax expenses

Income tax expense is composed of the following:

(€k)	2024	2023
Deferred income taxes	19,216	–178,595
from temporary differences	–33,082	–131,617
from losses carried forward	52,298	–46,978
Current income taxes	–5,646	–22,310
Total	**13,570**	**–200,905**

The deferred tax income of € 19 million (previous year: expense of € 179 million) results from the deferred tax expense on temporary differences of € 33 million (previous year: income of € 132 million) offset by deferred tax income on loss carryforwards of € 52 million (previous year: expense of € 47 million). The deferred tax income on temporary differences is almost exclusively attributable to the head office. The deferred tax income on loss carryforwards is attributable to the head office with € 44 million and to the Luxembourg branch with € 8 million.

Current income taxes of € 1 million relate to the tax expense for the current year in Germany. This refers to operations outside of Germany. The decrease in current tax expenses compared to the previous year is due to a tax loss incurred at the Head Office, primarily as a result of the decline in ordinary business activity earnings. Tax expenses for previous years amount to € 5 million.

The provisions of the Minimum Tax Act (MinStG) of 21 December 2023 (Federal Law Gazette 2023 I No. 397), which has been in force since 28 December 2023, generally apply for the first time to financial years beginning after 30 December 2023 (cf. Section 101 MinStG). As a multinational group of companies, the HCOB Group generates consolidated revenue of more than EUR 750 million within the meaning of Section 1 (1) German Minimum Tax Act (MinStG) and is therefore affected by the minimum taxation regulations, with business units identified in nine countries. HCOB acts as the ultimate parent company and thus the Group parent. There is no impact on the actual tax expense for 2024. Effects on deferred taxes are not recognised due to the application of Section 274 (3) German Commercial Code (HGB).

56. Fees and activities of the auditor

AUDITOR'S ACTIVITIES

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements and Group financial statements of Hamburg Commercial Bank as at 31 December 2024. In addition, the review of the half-year financial report as at June 30, 2024, the audit in accordance with Section 89 WPHG, the review of the sustainability declaration, the audit of the preliminary study on the DORA sales level, the issue of comfort letters in accordance with IDW PS 910 and, to a lesser extent, certain services for confirmations for protection schemes were also performed. Training sessions were also conducted.

AUDITORS' FEES WITHIN THE MEANING OF IDW ACPS HFA 36 (NEW VERSION)

(€k)	2024	2023
Audits of annual financial statements PWC GmbH	–3,106	–3,567
Other certification and valuation services PWC GmbH	–923	–206
Other services PWC GmbH	–171	–24
Audits of annual financial statements PWC network (outside of Germany)	–78	–134
Other certification and valuation services PWC network (outside of Germany)	–44	–66
Other services PWC network (outside of Germany)	–28	–13
Total	**–4,350**	–3,580

57. Non-distributable amounts

A total of € 663 million (previous year: € 652 million) of freely available reserves are blocked for distribution. The amount blocked for distribution is made up as follows: € 596 million (previous year: € 578 million) corresponds to the amount by which the deferred tax assets recognised in the balance sheet exceed the deferred tax liabilities – as far as these are not taken into account in the amounts below. An amount of € 0 million (previous year: € 11 million) relates to the difference in accordance with Section 253 (6) German Commercial Code (HGB) in connection with the discount rate for pension provisions. The distribution block in accordance with Section 268 (8) Sentence 3 German Commercial Code (HGB) amounts to € 63 million (previous year: € 59 million) and results from the difference between the fair value of the cover assets and their amortised cost less the deferred tax liabilities created for this purpose. As in the previous year, the distribution block of € 4 million (previous year: € 4 million) results from the capitalization of internally generated intangible assets, less the deferred tax liabilities recognized on them.

Other disclosures

58. Leasing business

Assets related to the leasing business in the amount of € 26 million (previous year: € 28 million) are recognised under Loans and advances to customers. As in the previous year, there are no liabilities from the leasing business.

59. Contingent liabilities and other commitments

Contractually agreed obligations, the realisation of which is unlikely as at the reporting date, constitute contingent liabilities. This item mainly comprises financial guarantees provided in the course of our lending business, which contain a legally possible call right and it is unlikely that they will be drawn upon. Irrevocable loan commitments are reported under Other commitments. Credit guarantees and irrevocable loan commitments are subject to the Bank's loan loss provision process (cf. Note 6). As part of this process, the relevant commitments are continually monitored on the basis of certain criteria with respect to exposure to any acute default risk. If there are indications that the borrower's financial situation makes the fully repayment of the loan unlikely and there is a threat of a call on the guarantee, the default risk is covered by the recognition of a provision. Provisions are additionally recognised for irrevocable loan commitments where drawdown is probable and the borrower is not expected to repay the agreed loan amount in full or in part, due to financial difficulties. Provisions are disclosed on the liability side of the balance sheet; contingent liabilities or other commitments are reduced accordingly. To this extent, there is no acute credit risk for the Bank with regard to the contingent liabilities and other commitments disclosed on the balance sheet as at the reporting date.

Contingent liabilities do not include any material liabilities.

Irrevocable loan commitments relate to domestic customers with € 1,311 million (previous year: € 1,363 million) and to foreign customers with € 3,519 million (previous year: € 3,326 million).

As was the case in the previous year, there were no placement or underwriting commitments as at 31 December 2024.

60. Letters of comfort

Except in the case of political risk, Hamburg Commercial Bank AG ensures that its affiliated company HCOB Securities S.A., Luxembourg is able to meet its obligations.

In addition, Hamburg Commercial Bank AG has undertaken – except in the case of political risk – to provide HCOB Residual Value Ltd., Hamilton, with sufficient funds to allow it to meet when due the obligations it entered into during the period when Hamburg Commercial Bank AG held an equity interest in HCOB Residual Value Ltd.

61. Other financial obligations

The transactions listed below include payment obligations under pending contracts or continuing obligations that cannot be recognised in the balance sheet as well as other financial obligations that could have a material effect on the future financial position of Hamburg Commercial Bank AG. Hamburg Commercial Bank AG has other financial obligations in the amount of € 19 million.

The main obligations arising from long-term leases for land and buildings used for operational purposes amount to € 7 million (previous year: € 10 million). Additional obligations resulting from leasing agreements for IT services amounted to € 9 million (previous year: € 19 million).

As part of its former guarantor function, the Bank also has a general liability towards Deka Bank Deutsche Girozentrale together with other former shareholders. This applies to liabilities entered into before 18 July 2001, irrespective of their term.

There are no material other financial obligations apart from those listed above.

62. Notes on shareholdings

The following list contains information on the companies in which Hamburg Commercial Bank AG holds either a direct or indirect interest:

Affiliated companies – other domestic companies

Seq. no.	Name/place	Share	Voting rights	Currency code	Equity capital in respective currency	Income/loss in respective currency
1	BINNENALSTER-Beteiligungsgesellschaft mbH, Hamburg[2]	100.00	100.00	EUR	843,373.72	152,979.76
2	Bu Wi Beteiligungsholding GmbH, Hamburg	100.00	100.00	EUR	31,551.71	–736.89
3	GmbH Altstadt Grundstücksgesellschaft, Hamburg[1, 2]	89.90	89.90	EUR	138,695.43	–33,979.76
4	HCOB Auffang- und Holdinggesellschaft mbH & Co. KG, Hamburg	100.00	100.00	EUR	2,715,676.14	–3,073.11
5	PERIMEDES GmbH, Hamburg	100.00	100.00	EUR	19,271.63	–10,972.67

Affiliated companies – other foreign companies

Seq. no.	Name/place	Share	Voting rights	Currency code	Equity capital in respective currency	Income/loss in respective currency
6	Elbe CA Holdings, LLC, Wilmington, USA[1, 3]	100.00	100.00		–	–
7	Elbe CA Subsidiary, SCSp, Luxembourg, Luxembourg[1, 3]	100.00	100.00		–	–
8	HCOB Finance (Guernsey) Limited, St. Peter Port, Guernsey	100.00	100.00	EUR	259,673.00	–30,579.00
9	HCOB Residual Value Ltd., Hamilton, Bermuda	100.00	100.00	USD	4,441,278.00	253,097.00
10	HCOB Securities S.A., Senningerberg, Luxembourg	100.00	100.00	EUR	2,907,464.96	95,617.56
11	HCOB Structured Situations Limited, St. Helier, Jersey[4]	100.00	100.00	USD	347,000.00	551.00
12	Klarphos S.àr.l., Findel, Luxembourg	100.00	100.00	EUR	4,037,704.86	–61,850.73

Long-term equity investments

Seq. No.	Name/place	Share	Voting rights	Currency code	Equity capital in respective currency	Income/loss in respective currency
13	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	1.33	1.33	EUR	291,821,103.15	8,025,000.00
14	GLB GmbH & Co. OHG, Frankfurt am Main	15.77	15.77	EUR	2,750,007.31	–42,040.81
15	GLB-Verwaltungs-GmbH, Frankfurt am Main	15.80	15.80	EUR	65,575.15	1,982.14
16	Global Format GmbH & Co. KG, Munich	28.57	28.57	EUR	2,083,326.94	96,643.77
17	Hamburgische Grundbesitz und Anlage GmbH & Co. Objekte Hamburg und Potsdam KG, Hamburg	5.15	5.16	EUR	4,168,090.64	794,057.49
18	HGA New Office Campus-Kronberg GmbH & Co. KG, Hamburg	44.72	44.56	EUR	10,253,659.48	–61,785.76
19	HGA Objekt Stuttgart GmbH & Co. KG, Hamburg	7.25	7.26	EUR	8,247,239.99	688,425.54
20	HGA Objekte Hamburg und Hannover GmbH & Co. KG, Hamburg	5.10	5.09	EUR	6,590,722.35	169,920.69
21	Hines European Development Fund Limited Partnership, Houston, USA[1]	9.90	9.90	EUR	1,022,000.00	–2,502,000.00
22	Next Commerce Accelerator Beteiligungsgesellschaft mbH & Co. KG, Hamburg	9.90	9.90	EUR	696,409.00	–205,773.14
23	RSU GmbH & Co. KG, Munich	13.60	13.60	EUR	10,860,709.85	–58,807.20
24	Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T. SCRL), La Hulpe, Belgium	0.02	0.02	EUR	719,274,000.00	55,313,000.00
25	True Sale International GmbH, Frankfurt am Main	7.69	7.69	EUR	4,535,862.39	–135,876.37
26	Vofü-Fonds I Hamburgische Grundbesitz und Anlage GmbH & Co. KG, Hamburg	5.10	5.09	EUR	8,827,819.26	6,286,096.75

[1] Indirect holding.
[2] A profit transfer agreement with the company is in place.
[3] No data available.
[4] Only data as at 31 December 2017 is available.

Foreign exchange rates for €1 as at 31 December 2024

United States	USD	1.0389

Hamburg Commercial Bank AG is the general partner of GLB GmbH & Co. OHG, Frankfurt am Main.
There are no equity holdings exceeding five percent of the voting rights in major corporations.

63. Notes on foreign currencies

The amounts of assets and liabilities denominated in foreign currencies as at the reporting date are as follows:

(€k)	31.12.2024	31.12.2023
Assets	12,080,656	5,799,693
Liabilities	11,971,162	5,365,438

64. Information on the net balance sheet presentation

The netting of the fair values of trading portfolio derivatives traded over the counter against the cash collateral provided and received had the following impact with regard to the transactions included in the netting process:

(€k)	31.12.2024			31.12.2023		
	Value before netting	Netting	Value after netting	Value before netting	Netting	Value after netting
Trading portfolio (assets)						
thereof derivative financial instruments	131,865	16,015	115,850	165,462	40,830	124,632
Other assets	290,500	3,787	286,713	268,562	45,025	223,537
Total assets	**422,365**	**19,802**	**402,563**	**434,024**	**85,855**	**348,169**
Trading portfolio (liabilities)						
thereof derivative financial instruments	88,679	54,217	34,462	125,218	75,789	49,429
Other liabilities	172,650	-34,415	207,065	196,993	10,066	186,927
Total liabilities	**261,329**	**19,802**	**241,527**	**322,211**	**85,855**	**236,356**

65. Derivatives business

The following section presents the business conducted by Hamburg Commercial Bank AG in the area of derivative financial instruments (forward transactions within the meaning of Section 36 RechKredV) as at the reporting date.

Transactions held in the non-trading portfolio serve mainly to hedge interest, currency exchange rate or market price fluctuations. The following overview of the non-trading portfolio does not include derivatives that are a component of accounting valuation units (the nominal volume of these derivatives amounts to € 2,213 million as at 31 December 2024 (previous year: € 2,031 million).

The following tables show, in addition to the nominal amounts of the contracts with counterparties outside of Hamburg Commercial Bank AG, the term structure and counterparty classification, broken down into interest rate risk, interest rate and foreign exchange risk, foreign exchange risks and other price risks. In addition, the following tables contain information on non-concluded foreign-currency-related, interest-dependent and other forward transactions as defined under Section 36 RechKredV.

I. Presentation of volumes and market values

Trading portfolio

(€ m)	Nominal values		Positive market values		Negative market values	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Interest rate swaps	2,834	4,873	114	120	29	42
Swaptions						
Purchases	–	–	–	–	–	–
Sales	7	7	–	–	–	–
Caps, floors	92	165	–	–	–	–
Exchange-traded contracts	–	–	–	–	–	–
Other forward interest rate transactions	23	22	7	9	2	–
Interest rate risks	**2,956**	**5,067**	**121**	**129**	**31**	**42**
Interest rate/currency swaps	26	35	–	–	–	–
Interest rate and foreign exchange risk	**26**	**35**	**–**	**–**	**–**	**–**
Forward exchange transactions	258	304	4	2	3	1
Currency options						
Purchases	–	–	–	–	–	–
Sales	–	–	–	–	–	–
Foreign exchange risks	**258**	**304**	**4**	**2**	**3**	**1**
Exchange-traded contracts	–	–	–	–	–	–
Equity and other price risks	**–**	**–**	**–**	**–**	**–**	**–**
Collateral taker	–	–	–	–	–	–
Credit Derivatives	**–**	**–**	**–**	**–**	**–**	**–**
Structured products	**340**	**403**	**10**	**8**	**13**	**12**
Total	**3,580**	**5,809**	**135**	**139**	**47**	**55**

Non-trading portfolio

(€ m)	Nominal values		Positive market values		Negative market values	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Interest rate swaps	22,773	17,985	307	199	211	418
Swaptions						
Purchases	–	–	–	–	–	–
Sales	35	–	–	–	3	–
Caps, floors	3,736	4,327	6	25	4	21
Exchange-traded contracts	–	–	–	–	–	–
Other forward interest rate transactions	–	–	–	–	–	–
Interest rate risks	**26,544**	**22,312**	**313**	**224**	**218**	**439**
Interest rate/currency swaps	2,226	42	–	–	94	29
Interest rate and foreign exchange risk	**2,226**	**42**	**–**	**–**	**94**	**29**
Forward exchange transactions	5,547	4,808	30	64	115	9
Foreign exchange risks	**5,547**	**4,808**	**30**	**64**	**115**	**9**
Equity options						
Purchases	–	–	–	–	–	–
Equity/index-based swaps	–	–	–	–	–	–
Equity and other price risks	**–**	**–**	**–**	**–**	**–**	**–**
Collateral provider	–	–	–	–	–	–
Collateral taker	296	–	–	–	24	–
Credit Derivatives	**296**	**–**	**–**	**–**	**24**	**–**
Structured products	**230**	**237**	**1**	**2**	**27**	**28**
Total	**34,843**	**27,399**	**344**	**290**	**478**	**505**

II. Counterparty classification

Trading and non-trading portfolio

(€ m)	Nominal values		Positive market values		Negative market values	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
OECD banks	32,585	27,074	331	280	466	462
Non-OECD banks	–	–	–	–	–	–
Non-banks (incl. stock exchanges)	5,780	6,009	147	149	58	96
Public sector entities	59	59	2	2	2	2
Total	**38,424**	**33,142**	**480**	**431**	**526**	**560**

III. Maturities

Trading and non-trading portfolio nominal values

(€ m)	Interest rate risks		Credit risks		Foreign exchange risks		Equity and other price risks		Structured products	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Residual maturity										
Up to 3 months	4,057	1,853	–	–	2,757	4,404	–	–	–	–
Up to 1 year	6,095	6,070	–	–	2,081	211	–	–	–	26
Up to 5 years	17,790	15,125	296	–	967	497	–	–	136	131
More than 5 years	3,810	4,408	–	–	–	–	–	–	434	483
Total	**31,752**	**27,456**	**296**	**–**	**5,805**	**5,112**	**–**	**–**	**570**	**640**

IV. Carrying amounts of derivative financial instruments held in the non-trading portfolio

Derivatives held in the non-trading portfolio are in principle not recognised as they are pending transactions. There are exceptions in cases where Hamburg Commercial Bank AG has paid option premiums as a purchaser or has received option premiums as the seller. These are capitalised under Other assets/are expensed under Other liabilities. In addition, the recognition of provisions for contingent losses may be necessary where the individual valuation of derivatives results in negative market values. Furthermore, adjustment items are recorded for currency transactions. As at 31 December 2024, the net amount of reconciliation items shown under Other assets amounted to € 0 million (previous year: € 36 million) and the adjustment items shown under Other liabilities amounted to € 205 million (previous year: € 44 million).

(€ m)	Option premiums paid		Option premiums received	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Interest rate contracts	14	21	16	20
Equity and other contracts	4	4	–	–
Total	**18**	**25**	**16**	**20**

We have created provisions for contingent losses in the amount of € 25 million (previous year: € 19 million) for derivative financial instruments outside the trading portfolio where no effective hedging relationship could be demonstrated.

66. Information in accordance with Section 28 of the German Pfandbrief Act (PfandBG)

The total amounts of Mortgage Pfandbriefe, Public-sector Pfandbriefe and Ship Pfandbriefe in circulation, and the corresponding cover funds, stated in terms of the nominal value, net present value and risk-adjusted present value in accordance with PfandBarwertV [1] are as follows:

(€ m)	Nominal value		Net present value		Risk-adjusted net present value incl. currency stress	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Mortgage Pfandbriefe	2,700	2,661	2,691	2,607	2,630	2,711
Cover funds	3,201	3,269	3,284	3,279	3,144	3,349
thereof derivatives	–	–	–	–	–	–
Surplus coverage	**501**	**608**	**593**	**672**	**514**	**638**

(€ m)	Nominal value		Net present value		Risk-adjusted net present value incl. currency stress	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Public-sector Pfandbriefe	552	608	595	660	573	625
Cover funds	604	685	670	756	591	677
thereof derivatives	–	–	–	–	–	–
Surplus coverage	**52**	**77**	**75**	**96**	**18**	**52**

(€ m)	Nominal value		Net present value		Risk-adjusted net present value incl. currency stress	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Ship Pfandbriefe	1,525	1,400	1,557	1,402	1,546	1,391
Cover funds	2,114	1,747	2,171	1,767	1,915	1,568
thereof derivatives	–	–	–	–	–	–
Surplus coverage	**589**	**347**	**614**	**365**	**369**	**177**

1) Statutory order on the provision of collateral for the current coverage of Mortgage Pfandbriefe, Public-sector Pfandbriefe and Ship Pfandbriefe according to net present value and its calculation at mortgage credit banks dated 14 July 2005.

Composition of the additional cover assets

(€ m)		Receivables according to Section 19 (1) Sentence 1 no. 2 a & b PfandBG		Receivables according to Section 19 (1) Sentence 1 no. 3 a to c PfandBG		Mortgage Pfandbriefe
Section 28 (1) no. 8 to 10 PfandBG registered receivables 2024	Total	Total	thereof covered debentures	Total	thereof covered debentures	Receivables according to Section 19 (1) no. 4 PfandBG
Germany	52	–	–	–	–	52
France	42	–	–	–	–	42
United States	298	–	–	–	–	298
Total	**392**	**–**	**–**	**–**	**–**	**392**

(€ m)		Receivables according to Section 19 (1) Sentence 1 no. 2 a & b PfandBG		Receivables according to Section 19 (1) Sentence 1 no. 3 a to c PfandBG		Mortgage Pfandbriefe
Section 28 (1) no. 8 to 10 PfandBG registered receivables 2023	Total	Total	thereof covered debentures	Total	thereof covered debentures	Receivables according to Section 19 (1) no. 4 PfandBG
Germany	54	–	–	–	–	54
France	42	–	–	–	–	42
United States	40	–	–	–	–	40
Total	**136**	**–**	**–**	**–**	**–**	**136**

(€ m)		Receivables according to Section 20 (2) no. 2 PfandBG		Receivables according to Section 20 (2) s. 1 no. 3 a) to b) PfandBG		Receivables according to Section 20 (2) s. 1 no. 4 a)		Public-sector Pfandbriefe
Registered receivables 2024	Equalisation claims	Total	thereof covered debentures	Total	thereof covered debentures according to Article 129 of Regulation (EU) No. 575/2013	Total	thereof covered debentures according to Article 129 of Regulation (EU) No. 575/2013	Total
Germany	–	–	–					–
Total	**–**	**–**	**–**					**–**

(€ m)		Receivables according to Section 20 (2) no. 2 PfandBG		Receivables according to Section 20 (2) s. 1 no. 3 a) to b) PfandBG		Receivables according to Section 20 (2) s. 1 no. 4 a)		Public-sector Pfandbriefe
Registered receivables 2023	Equalisation claims	Total	thereof covered debentures	Total	thereof covered debentures according to Article 129 of Regulation (EU) No. 575/2013	Total	thereof covered debentures according to Article 129 of Regulation (EU) No. 575/2013	Total
Germany	–	–	–					–
Total	**–**	**–**	**–**					**–**

As in the previous year, there were no receivables that exceeded the limits set out in Section 20 (2) of the German Pfandbrief Act (PfandBG).

(€ m)		Receivables according to Section 26 (1) Sentence 1 no. 3 PfandBG		Receivables according to Section 26 (1) Sentence 1 no. 4 PfandBG		Ship Pfanbriefe
Section 28 (1) no. 8 to 10 PfandBGRegistered receivables 2024	Total	Total	thereof covered debentures	Total	thereof covered debentures	Receivables according to Section 26 (1) Sentence 1 no. 5 PfandBG
Germany	25	–	–	–	–	25
EU institutions	20	–	–	–	–	20
France	23	–	–	–	–	23
United States	353	–	–	–	–	353
Total	**421**	**–**	**–**	**–**	**–**	**421**

(€ m)		Receivables according to Section 26 (1) Sentence 1 no. 3 PfandBG		Receivables according to Section 26 (1) Sentence 1 no. 4 PfandBG		Ship Pfandbriefe
Section 28 (1) no. 8 to 10 PfandBG Registered receivables 2023	Total	Total	thereof covered debentures	Total	thereof covered debentures	Receivables according to Section 26 (1) Sentence 1 no. 5 PfandBG
Germany	25	–	–	–	–	25
EU institutions	20	–	–	–	–	20
France	22	–	–	–	–	22
United States	57	–	–	–	–	57
Total	**124**	**–**	**–**	**–**	**–**	**124**

As in the previous year, there were no receivables that exceeded the limits set out in Section 26 (1) of the German Mortgage Bonds Act (PfandBG).

The Mortgage Pfandbriefe, Public-sector Pfandbriefe and Ship Pfandbriefe in circulation, and the corresponding cover assets, have the following maturity structure:

(€ m)	Mortgage Pfandbriefe		Cover funds	
Nominal value	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Up to 6 months	–	11	222	466
Between 6 and 12 months	–	–	264	392
Between 12 and 18 months	500	–	607	219
Between 18 months and 2 years	200	150	590	230
Between 2 years and 3 years	1,000	500	577	1,038
Between 3 years and 4 years	1,000	1,000	251	504
Between 4 years and 5 years	–	1,000	213	207
Between 5 years and 10 years	–	–	179	172
More than 10 years	–	–	298	40
Total	**2,700**	**2,661**	**3,201**	**3,268**

(€ m)	Public-sector Pfandbriefe		Cover funds	
Nominal value	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Up to 6 months	71	10	5	11
Between 6 and 12 months	87	27	4	164
Between 12 and 18 months	31	70	4	8
Between 18 months and 2 years	40	87	3	8
Between 2 years and 3 years	99	70	47	13
Between 3 years and 4 years	31	99	25	55
Between 4 years and 5 years	13	30	13	8
Between 5 years and 10 years	85	122	111	40
More than 10 years	95	94	394	377
Total	**552**	**609**	**606**	**684**

(€ m)	Ship Pfandbriefe		Cover funds	
Nominal value	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Up to 6 months	500	–	151	190
Between 6 and 12 months	250	550	230	197
Between 12 and 18 months	500	500	241	232
Between 18 months and 2 years	–	250	207	196
Between 2 years and 3 years	25	100	315	394
Between 3 years and 4 years	250	–	341	289
Between 4 years and 5 years	–	–	225	143
Between 5 years and 10 years	–	–	51	30
More than 10 years	–	–	353	77
Total	**1,525**	**1,400**	**2,114**	**1,748**

The proportion of fixed-interest-bearing cover assets in the corresponding cover funds and the ratios of fixed-interest-bearing Pfandbriefe to the liabilities to be covered are as follows:

(in %)	Mortgage Pfandbriefe	
	31.12.2024	31.12.2023
Proportion of fixed interest-bearing cover funds	61	52
Proportion of fixed interest-bearing bonds	93	94

(in %)	Public-sector Pfandbriefe	
	31.12.2024	31.12.2023
Proportion of fixed interest-bearing cover funds	93	80
Proportion of fixed interest-bearing bonds	89	90

(in %)	Ship Pfandbriefe	
	31.12.2024	31.12.2023
Proportion of fixed interest-bearing cover funds	20	8
Proportion of fixed interest-bearing bonds	82	54

The following tables show the net present value for each foreign currency:

(€ m)	Mortgage Pfandbriefe	
Foreign currency	31.12.2024	31.12.2023
DKK	19	6
GBP	8	8
USD	249	80

(€ m)	Public-sector Pfandbriefe	
Foreign currency	31.12.2024	31.12.2023
CHF	41	107
USD	84	32

(€ m)	Ship Pfandbriefe	
Foreign currency	31.12.2024	31.12.2023
USD	1,761	1,431

The loans and advances used to cover Mortgage Pfandbriefe, Public-sector Pfandbriefe and Ship Pfandbriefe are broken down by size as follows:

(A) Mortgage bond register

(€ m)	Covering mortgages	
Nominal value	31.12.2024	31.12.2023
Up to € 300,000	8	9
Between € 300,000 and € 1 million	24	31
Between € 1 million and € 10 million	503	589
More than € 10 million	2,274	2,504
Total	**2,809**	**3,133**

(B) Public-sector Pfandbriefe

(€ m)	Covering mortgages	
Nominal value	31.12.2024	31.12.2023
Up to € 10 million	33	37
Between € 10 million and € 100 million	216	235
More than € 100 million	355	413
Total	**604**	**685**

(C) Ship register

(€ m)	Covering mortgages	
Nominal value	31.12.2024	31.12.2023
Up to € 500,000	–	–
Between € 500,000 and € 5 million	182	258
More than € 5 million	1,511	1,365
Total	**1,693**	**1,623**

The breakdown of loans and advances used to provide ordinary cover for Mortgage Pfandbriefe by the country in which the mortgaged property is located, as well as the use to which the property is put, is as follows:

(€ m)	31.12.2024	31.12.2023
Used for residential purposes	623	538
Used for commercial purposes	2,186	2,595

(€ m) 2024	Apartments	Single and semi-detached dwellings	Multiple dwellings	Office buildings	Retail properties	Industrial premises	Other commercial properties	Unfinished new buildings	Building plots	Total
Germany	–	3	604	438	637	–	632	191	6	2,511
Denmark	–	–	–	–	–	–	19	–	–	19
France	–	–	–	16	–	–	–	–	–	16
Great Britain/Northern Ireland/Brit. Channel Islands	–	–	–	8	–	–	–	–	–	8
Netherlands	–	–	3	199	54	–	–	–	–	256
United States	–	–	–	–	–	–	–	–	–	–
Total	**–**	**3**	**607**	**661**	**691**	**–**	**651**	**191**	**6**	**2,810**

(€ m) 2023	Apart ments	Single and semi-de-tached dwell-ings	Multi-ple dwell-ings	Office build-ings	Retail prop-erties	In-dus-trial premi ses	Other com-mer-cial prop-erties	Un-fin-ished new build-ings	Build-ing plots	Total
Germany	–	3	502	763	731	–	596	183	1	2,779
Denmark	–	–	–	–	–	–	5	–	–	5
France	–	–	–	16	–	–	–	–	–	16
Great Britain/Northern Ireland/Brit. Channel Islands	–	–	–	8	–	–	–	–	–	8
Netherlands	–	–	13	222	64	–	–	–	–	299
United States	–	–	–	26	–	–	–	–	–	26
Total	**–**	**3**	**515**	**1,035**	**795**	**–**	**601**	**183**	**1**	**3,133**

(€ m)	31.12.2024	31.12.2023
Total of payments at least 90 days in arrears	–	–
Total amount of these receivables provided that the amount in arrears accounts for at least 5 % of the receivable	–	–

Other key figures relating to the regular cover assets of the Mortgage Pfandbriefe:

		31.12.2024	31.12.2023
Total amount of receivables that exceed the limits set out in Section 13 (1) PfandBG	€ m	–	–
Volume-weighted average age of the receivables	in years	5	5
Average weighted loan-to-value ratio	in %	58	57

The following tables show the breakdown of the total amount of loans and advances used to cover Public-sector Pfandbriefe based on the borrowers and the countries in which the borrowers are domiciled.

(€ m)	Country		Regional public authority		Local public authority		Other		Total	Thereof guarantees received for export promotion reasons
2024	owed	guaranteed	owed	guaranteed	owed	guaranteed	owed	guaranteed		
Germany	–	–	259	5	12	34	–	–	310	–
Belgium	30	–	7	–	–	–	–	–	37	–
Denmark	–	–	–	–	–	–	25	–	25	–
Iceland	40	–	–	–	–	–	–	–	40	–
Poland	20	–	–	–	–	–	–	–	20	–
EU institutions	–	–	–	–	–	–	25	–	25	–
Portugal incl. Azores and Madeira	–	–	–	–	–	–	–	–	–	–
Switzerland	–	–	42	–	–	–	–	–	42	–
United States	–	105	–	–	–	–	–	–	105	–
Total	**90**	**105**	**308**	**5**	**12**	**34**	**50**	**–**	**604**	**–**

(€ m)	Country		Regional public authority		Local public authority		Other		Total	Thereof guarantees received for export promotion reasons
2023	owed	guaranteed	owed	guaranteed	owed	guaranteed	owed	guaranteed		
Germany	–	51	311	9	14	37	–	–	422	51
Belgium	30	–	–	1	–	–	–	–	31	–
Portugal incl. Azores and Madeira	–	83	–	–	–	–	–	–	83	–
Switzerland	–	–	113	–	–	–	–	–	113	–
United States	–	36	–	–	–	–	–	–	36	–
Total	**30**	**170**	**424**	**10**	**14**	**37**	**–**	**–**	**685**	**51**

The following amounts are in arrears concerning these loans and advances:

(€ m) 2024	Country	Regional public authority	Local public authority	Other	Total
Total of payments at least 90 days in arrears	–	–	–	–	–
Total amount of these receivables provided that the amount in arrears accounts for at least 5 % of the receivable	–	–	–	–	–

(€ m) 2023	Country	Regional public authority	Local public authority	Other	Total
Total of payments at least 90 days in arrears	–	–	–	–	–
Total amount of these receivables provided that the amount in arrears accounts for at least 5 % of the receivable	–	–	–	–	–

The following table shows the breakdown of loans and advances used to cover Ship Pfandbriefe by the country in which the ships pledged are registered:

(€ m)	31.12.2024		31.12.2023	
	Ocean-going vessels	Inland water vessels	Ocean-going vessels	Inland water vessels
Bahamas	11	–	22	–
Belgium	19	–	3	–
Germany	66	–	137	–
Denmark	46	–	28	–
Greece	65	–	17	–
Hong Kong	12	–	39	–
Liberia	501	–	392	–
Malta	92	–	90	–
Marshall Islands	549	–	590	–
Panama	113	–	201	–
Barbados	18	–	–	–
Bermuda	22	–	–	–
Great Britain/Northern Ireland/Brit. Channel Islands	34	–	–	–
Singapore	83	–	62	–
Portugal	13	–	–	–
Cyprus	49	–	42	–
Total	**1,693**	**–**	**1,623**	**–**

The following amounts are in arrears concerning these loans and advances:

(€ m)	31.12.2024	31.12.2023
Total of payments at least 90 days in arrears	**–**	**–**
Total amount of these receivables provided that the amount in arrears accounts for at least 5 % of the receivable	**–**	**–**

In the financial year and the previous year, there were no foreclosures, judicially enforced receiverships and land and ships acquired to prevent losses in relation to the loans and advances used for coverage.

In the financial year and the previous year, there were no arrears on interest payments or repayments due from mortgage debtors.

Of the receivables from banks, € 5 million (previous year: € 9 million) and of the receivables from customers, € 12,114 million (previous year: € 13,004 million) serve as collateral for issued bond.

Publication according to Section 28 (1) sentence 1 no. 2 Pfandbrief Act (PfandBG)

International Securities Identification Numbers (ISIN) of the International Organisation for Standardisation by Pfandbrief category:

As at 31 Dec. 2024 Mortgage Pfandbriefe

ISIN – DE000HCB0BC0, DE000HCB0BH9, DE000HCB0BN7, DE000HCB0BP2, DE000HCB0BV0, DE000HCB0B77

As at 31 Dec. 2023 Mortgage Pfandbriefe

SIN – DE000HCB0BC0, DE000HCB0BH9, DE000HCB0BN7, DE000HCB0BP2, DE000HCB0BV0, DE000HCB0BX6

As at 31 Dec. 2024 Public-sector Pfandbriefe

ISIN – DE000A0D4ST5

As at 31 Dec. 2023 Public-sector Pfandbriefe

ISIN – DE000A0D4ST5

As at 31 Dec. 2024 Ship Pfandbriefe

ISIN – DE000HCB0BL1, DE000HCB0B28, DE000HCB0B51, DE000HCB0B93, DE000HCB0CB0

As at 31 Dec. 2023 Ship Pfandbriefe

ISIN – DE000HCB0AU4, DE000HCB0BD8, DE000HCB0BG1, DE000HCB0BL1, DE000HCB0B10

Information on a maturity extension of the Pfandbriefe

	Q4 2024	Q4 2023
Prerequisites for the extension of maturity of the Pfandbriefe	The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity (prevention of insolvency), the Pfandbrief bank with limited business activity is not overindebted (no overindebtedness) and there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension (positive fulfilment forecast). See also, in addition, Section 30 para 2b Pfandbrief Act.	The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity (prevention of insolvency), the Pfandbrief bank with limited business activity is not overindebted (no overindebtedness) and there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension (positive fulfilment forecast). See also, in addition, Section 30 para 2b Pfandbrief Act.
Powers of the cover pool administrator in the event of the extension of maturity of the Pfandbriefe	The cover pool administrator may extend the maturity dates of the principal payments if the relevant requirements pursuant to Section 30 para. 2b Pfandbrief Act are met. The cover pool administrator determines the duration of the extension, which may not exceed a period of 12 months, according to necessity. The cover pool administrator may extend the maturity dates of the principal and interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides in favour of such an extension of the maturity, the existence of the prerequisites pursuant to Section 30 para. 2b Pfandbrief Act shall be irrefutably presumed. Such an extension shall be taken into account within the maximum extension period of 12 months. The cover pool administrator may only exercise his authorisation uniformly for all Pfandbriefe of an issue. In this connection, the maturities may be extended in full or on a pro rata basis. The cover pool administrator must extend the maturity for a Pfandbrief issue in such a way that the original order of servicing of the Pfandbriefe which could be overtaken by the postponement is not changed (prohibition of overtaking). This may result in the maturities of later maturing issues also having to be extended in order to comply with the prohibition on overtaking. See also, in addition, Section 30 para. 2a and 2b Pfandbrief Act.	The cover pool administrator may extend the maturity dates of the principal payments if the relevant requirements pursuant to Section 30 para. 2b Pfandbrief Act are met. The cover pool administrator determines the duration of the extension, which may not exceed a period of 12 months, according to necessity. The cover pool administrator may extend the maturity dates of the principal and interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides in favour of such an extension of the maturity, the existence of the prerequisites pursuant to Section 30 para. 2b Pfandbrief Act shall be irrefutably presumed. Such an extension shall be taken into account within the maximum extension period of 12 months. The cover pool administrator may only exercise his authorisation uniformly for all Pfandbriefe of an issue. In this connection, the maturities may be extended in full or on a pro rata basis. The cover pool administrator must extend the maturity for a Pfandbrief issue in such a way that the original order of servicing of the Pfandbriefe which could be overtaken by the postponement is not changed (prohibition of overtaking). This may result in the maturities of later maturing issues also having to be extended in order to comply with the prohibition on overtaking. See also, in addition, Section 30 para. 2a and 2b Pfandbrief Act.

67. Average number of employees

The average number of employees as at the reporting date is calculated based on quarterly levels and on a per capita basis:

	2024			2023		
	Male	Female	Total	Male	Female	Total
Full-time employees	564	222	786	547	203	750
Part-time employees	24	139	163	24	139	163
Total	**588**	**361**	**949**	**571**	**342**	**913**
Apprentices/trainees	14	9	23	9	7	16

68. Corporate Governance

Hamburg Commercial Bank AG supports the aims of the German Corporate Governance Code and has recognised the Code's rules on a voluntary basis as an unlisted company.

The Management Board and the Supervisory Board of Hamburg Commercial Bank AG have given the Declaration of Conformity pursuant to Section 161 German Stock Corporation Act (AktG) and have made it available to the shareholders. The Declaration of Conformity is published on the website of Hamburg Commercial Bank AG. The Declaration of Conformity does not form part of these explanatory notes.

69. Remuneration paid to members of the Management Board and Supervisory Board

The remuneration of persons in key positions at Hamburg Commercial Bank is based on the German Remuneration Regulation for Institutions (Institutsvergütungsverordnung). In addition to the fixed annual salary, the fixed remuneration of the Management Board includes a pension contribution corresponding to up to 20 % of the fixed annual salary, other fringe benefits and appropriate remuneration in kind.

Long-term variable remuneration programme, including share-based payment
Each member of the Management Board also receives performance-related variable remuneration. This means that the members of the Management Board receive 50 % of their annual bonus for the agreed performance years in cash (cash bonus) and 50 % in the form of shares in Hamburg Commercial Bank AG (share bonus).

The annual targets relevant for the share bonus (as well as for the cash bonus) and their weightings are to be determined by the Supervisory Board of the Bank on the basis of agreed targets (KPIs) within the first three months of the respective performance year at the latest and include targets relating to the overall success of the Bank or Group, the success of the Management Board and individual performance targets. After the end of the respective performance year, the Supervisory Board determines the target achievement of the annual targets and, taking into account the multi-year assessment basis of the variable remuneration, the overall degree of target achievement and the resulting amount of the cash bonus and the share bonus in Euro for the respective performance year. The Bank's Supervisory Board uses an independent valuation for each performance year to determine the price at which the share bonus earned in euros is converted into shares in the Bank. In the transfer of shares (like in the payment of the cash bonus), 40 % are paid in the year following the respective performance year, while 60 % is subject to a deferral period of usually five years, but up to seven years for new Management Board members, during which the payment of the retained component is made annually in equal pro rata tranches. During the retention period, the Supervisory Board conducts a clawback review, and variable remuneration components are subject to a clawback until two years after payment of the last instalment. Before the retained portion of the cash bonus and the shares from the share bonus are granted, the beneficiaries have no claim or entitlement to the portions of the cash bonus and the share bonus that have not yet been transferred. The shares not yet transferred do not bear interest and the retained shares of the share bonus do not entitle their beneficiary to the distribution of a dividend. All shares transferred under the share bonus are subject to a holding period of one year from the date of transfer.

For the years 2019 to 2023, Hamburg Commercial Bank AG concluded a Fulfilment and Contribution Agreement with its shareholders. Under this agreement, the shareholders have undertaken to assume the Bank's obligation to the beneficiaries to transfer the shares under the share bonus for the above-stated years, free of debt and without consideration. In financial year 2024, a total of 385,509 shares (previous year: 360,049 shares) were transferred to eligible persons under the share bonus programme. Until 31 December 2023, a total of 1,349,518 shares have been transferred under the share bonus programme (until 31 December 2023: 964,009 shares).

The share bonus is a share-based payment settled in equity instruments and is accounted for in accordance with IFRS 2. The performance-related variable remuneration under the share bonus represents a service received that is recognised as personnel expense in the income statement. The consideration for the service received is recognised in equity. At Hamburg Commercial Bank AG, the consideration is recognised in the Capital reserve item.

As at 31 December 2024, the Capital reserve includes an amount of € 23 million for share-based remuneration (increase of € 3 million in 2024). This includes an amount of € 12 million attributable to shares already transferred by the shareholders.

The following table shows the remuneration paid to active and former members of corporate bodies (and their surviving dependants).

Total remuneration of active members of corporate bodies comprises short-term benefits, payments to pensions schemes and variable compensation.

Remuneration of corporate bodies

(€k)	2024	2023
Total remuneration of all active members of corporate bodies		
Management Board	23,867	22,523
Supervisory Board	4,503	4,316
Total	**28,370**	**26,839**
Total remuneration of former members of corporate bodies and their surviving dependants		
Management Board	4,507	4,725

As at 31 December 2024, pension provisions for former members of the Management Board and their surviving dependants amounted to €k 45,418 (previous year: €k 47,531).

As at the reporting date of the previous year, there were no advances, loans or other contingent liabilities to members of the Management Board or the Supervisory Board as at 31 December 2024.

Disclosure of Supervisory Board remuneration

The members of the Supervisory Board receive remuneration for their activities in a financial year without any further resolution by the Annual General Meeting being required. In accordance with the resolution of the Annual General Meeting of Hamburg Commercial Bank AG, the total annual remuneration is paid in four equal instalments after the end of each quarter.

The remuneration system for the Supervisory Board is based on the requirements of the German Corporate Governance Code. The remuneration system in force since 30 May 2024 was adopted at an Annual General Meeting of Hamburg Commercial Bank AG on 30 May 2024 and is structured as follows:

Remuneration system

(€)	From 30 May 2024	Until 30 May 2024
Supervisory Board member	200,000	200,000
Addition (cumulative) for		
Chair	450,000	450,000
Chair of a Committee	225,000	200,000
Member of a Committee	15,000	15,000

The first Chair of the Supervisory Board elected by the Supervisory Board after the Annual General Meeting on 30 May 2024, who serves as Chair of the Supervisory Board only for a limited period in 2024, receives an additional monthly remuneration of € 60,000 for each month in which they serve as Chair of the Supervisory Board in 2024.

The maximum remuneration amounts to €k 850. The remuneration is paid pro rata temporis based on the membership in a committee

An amount of €k 3,343 was paid to the members of the Supervisory Board for their activities in the Supervisory Board in financial year 2024. For the portion of Supervisory Board remuneration for financial year 2024 (fourth quarter) paid out at the beginning of 2025, a provision of €k 1,160 was recognised as at 31 December 2024.

In the previous year, a provision of €k 1,065 had been formed as at 31 December 2023 for the Supervisory Board remuneration for the fourth quarter of 2023. The amount paid out to the members of the Supervisory Board for this purpose in the 2024 financial year amounted to €k 1,065.

The remuneration for financial year 2024 paid to the members of the Supervisory Board in 2024 and at the beginning of 2025 breaks down as follows:

Supervisory Board members

(€)	Fixed remuneration		Total	
Supervisory Board members	2024	2023	2024	2023
Chad Leat, Chair from 30 May 2024 to 31 December 2024	850,000	426,250	850,000	426,250
Juan Rodríguez Inciarte (until 30 May 2024), Chair until 30 May 2024	352,610	850,000	352,610	850,000
Paulus de Wilt Chair from 30 May 2024 to 31 December 2024	488,970	215,000	488,970	215,000
Olaf Behm, Vice Olaf Behm, Deputy Chair from 17 January 2022 to 30 May 2024	215,591	215,000	215,591	215,000
Simone Graf (until 30 May 2024)	89,190	215,000	89,190	215,000
Oliver Dircks (until 30 May 2024)	89,190	226,250	89,190	226,250
Bert Ehlers (until 30 May 2024)	89,190	215,000	89,190	215,000
Manuel González Cid[1)]	–	–	–	–
Frederick Haddad	215,591	215,000	215,591	215,000
Klaus Heinemann	445,879	441,250	445,879	441,250
Manuel Lagares Gómez-Abascal (from 27 October 2023)[1]	–	–	–	–
Sylvie Matherat (from 30 May 2024)	126,401	–	126,401	–
Maren Tina Matthies (from 30 May 2024)	126,401	–	126,401	–
Rieka Meetz-Schawaller (until 30 May 2024)	89,190	215,000	89,190	215,000
Mark Neporent (until 26 October 2023)[1]	–	–	–	–
Lennart Ramberg (from 30 May 2024)	126,401	–	126,401	–
Sally Rocker (from 30 May 2024)[1]	–	–	–	–
Dr Ilinca Rosetti	200,549	211,250	200,549	211,250
Astrid Sahm (from 30 May 2024)	126,401	–	126,401	–
Stefan Schlatermund	215,591	215,000	215,591	215,000
Mag. Friedrich Spandl	215,591	215,000	215,591	215,000
Katrin Waechter (from 30 May 2024)	126,401	–	126,401	–
Mark Werner	224,409	226,250	224,409	226,250
Stephan Wilcke (until 30 May 2024)	89,190	215,000	89,190	215,000
Peter Yordán[1]	–	–	–	–
Total[2]	**4,502,733**	**4,316,250**	**4,502,733**	**4,316,250**

1) Supervisory Board remuneration waived
2) Total differences are rounding differences

The members of the Supervisory Board have not provided any advisory and brokerage services or any other personal services to the Bank in 2024. Accordingly, no additional remunerations were granted.

The IT Transformation Committee established on 1 July 2021 was dissolved on 1 October 2023.

70. Seats on supervisory bodies

On the reporting date, the following seats are held in statutory supervisory bodies of major corporations or financial institutions:

(a) Members of the Management Board

In contrast to the previous year, no seats in statutory supervisory bodies of major corporations or banks were held by members of the Management Board as at the reporting date.

(b) Employees

PETER AXMANN
Hanseatische BG, Hamburg
Member of the Supervisory Board

JAN LÜHRS-BEHNKE
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt Deputy Member of the Supervisory Board

JENS THIELE
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt Member of the Supervisory Board

KATRIN WÄCHTER
Technosis AG, Hamburg
Member of the Supervisory Board

71. The Supervisory Board of Hamburg Commercial Bank AG

CHAD LEAT, NEW YORK
Interim Chair (from 30 May 2024 until 31 December 2024)
Financial Advisor

JUAN RODRÍGUEZ INCIARTE, MADRID
Chair (until 30 May 2024)
CEO of Sareema Inversiones S.A.
(Member until 30 May 2024)

PAULUS DE WILT, BREUKELEN
Chair (from 1 January 2025)
Deputy Chair (from 30 May 2024 until 31 December 2024)
CEO and Chairman of the Board at NIBC Holding N.V. and NIBC Bank N.V.

OLAF BEHM, HAMBURG
Deputy Chair (until 30 May 2024)
Employee of Hamburg Commercial Bank AG

OLIVER DIRCKS, KIEL
Employee of Hamburg Commercial Bank AG
(until 30 May 2024)

BERT EHLERS, SEEVETAL
Employee of Hamburg Commercial Bank AG
(until 30 May 2024)

MANUEL GONZÁLEZ CID, MADRID
Senior Independent Advisor Cerberus Global Investment Advisors, LLC

SIMONE GRAF, BUCHHOLZ
Employee of Hamburg Commercial Bank AG
(until 30 May 2024)

FREDERICK HADDAD, RUMSON
Partner & Manager Family Office FLGC

KLAUS HEINEMANN, PALMA
Founding Partner and Managing Director HH Kapital B.V.

SYLVIE MATHERAT, MILAN
Senior Advisor and Member of the Supervisory Board
(from 30 May 2024)

MAREN TINA MATTHIES, HAMBURG
Employee of Hamburg Commercial Bank AG
(from 30 May 2024)

RIEKA MEETZ-SCHAWALLER, KIEL
Employee of Hamburg Commercial Bank AG
(until 30 May 2024)

MANUEL LAGARES GÓMEZ-ABASCAL, MADRID
Senior Independent Advisor Cerberus Global Investment Advisors, LLC

LENNART RAMBERG, KIEL
Employee of Hamburg Commercial Bank AG
(from 30 May 2024)

SALLY ROCKER, NEW YORK
Managing Director and General Councel J.C. Flowers & Co., LLC
(from 30 May 2024)

DR ILINCA ROSETTI, LONDON
Operating Partner J.C. Flowers & Co. UK LLP

ASTRID SAHM, LÜBECK
Employee of Hamburg Commercial Bank AG
(from 30 May 2024)

STEFAN SCHLATERMUND, HAMBURG
Employee of Hamburg Commercial Bank AG

MAG. FRIEDRICH SPANDL, VIENNA
Managing Director – Strategic Advisor to the Management Board
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft, Vienna.

KATRIN WÄCHTER, HAMBURG
Employee of Hamburg Commercial Bank AG
(from 30 May 2024)

MARK WERNER, DARIEN
Financial Advisor

STEPHAN WILCKE, LONDON
Independent professional Supervisory Board member
(until 30 May 2024)

PETER YORDÁN, LONDON
Managing Director J.C. Flowers & Co. UK LLP

(a) Members of the Risk Committee

CHAD LEAT
Chair

BERT EHLERS
(until 30 May 2024)

FREDERICK HADDAD

ASTRID SAHM
(from 30 May 2024)

STEFAN SCHLATERMUND

MAG. FRIEDRICH SPANDL

MARK WERNER

PETER YORDÁN

(b) Members of the Audit Committee

KLAUS HEINEMANN
Chair

OLAF BEHM

OLIVER DIRCKS
(until 30 May 2024)

MANUEL GONZÁLEZ CID

LENNART RAMBERG
(from 30 May 2024)

SALLY ROCKER
(from 30 May 2024)

PAULUS DE WILT
(until 30 May 2024)

(c) Members of the Nomination Committee

PAULUS DE WILT
Chair
(from 30 May 2024)

JUAN RODRÍGUEZ INCIARTE
Chair
(until 30 May 2024)

MANUEL GONZÁLEZ CID

SIMONE GRAF
(until 30 May 2024)

KATRIN WÄCHTER
(from 30 May 2024)

PETER YORDÁN

(d) Members of the Remuneration Committee

PAULUS DE WILT
Chair
(from 30 May 2024)

JUAN RODRÍGUEZ INCIARTE
Chair
(until 30 May 2024)

KLAUS HEINEMANN

SYLVIE MATHERAT
(from 30 May 2024)

MAREN TINA MATTHIES
(from 30 May 2024)

RIEKA MEETZ-SCHAWALLER
(until 30 May 2024)

MARK WERNER
(from 30 May 2024)

STEPHAN WILCKE
(until 30 May 2024)

72. The Management Board of Hamburg Commercial Bank AG

LUC POPELIER
Born in 1964
Chief Executive Officer (from 1 September 2024)

ULRIK LACKSCHEWITZ
Born in 1968
Chief Risk Officer (CRO)
Deputy CEO
Chief Executive Officer (1 April 2024–31 August 2024)

MARC ZIEGNER
Born in 1975
Chief Financial Officer (CFO)
Deputy CEO (1 April 2024–31 August 2024)

CHRISTOPHER BRODY
Born in 1968
Chief Investment Officer (CIO)

IAN BANWELL
Born in 1963
Chief Executive Officer (CEO until 31 March 2024)

Hamburg, 11 March 2025

Luc Popelier

Christopher Brody

Ulrik Lackschewitz

Marc Ziegner

The auditor's report reproduced below also includes a "Report on the audit of the electronic reproduction of the financial statements and the management report prepared for publication purposes in accordance with Section 317 (3a) HGB" ("ESEF Report"). The subject matter underlying the ESEF Report (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed or retrieved from the Federal Gazette.

INDEPENDENT AUDITOR'S REPORT

To Hamburg Commercial Bank AG, Hamburg

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Hamburg Commercial Bank AG, Hamburg, which comprise the balance sheet as at 31 December 2024, and the income statement for the financial year from 1 January to 31 December 2024 and notes, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Hamburg Commercial Bank AG, which is combined with the group management report, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024 in compliance with German Legally Required Accounting Principles and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with

Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Loan loss provisions in the customer lending business

❷ Accounting for litigations

❸ Deferred Taxes

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ **Loan loss provisions in the customer lending business**

① In the Company's annual financial statements loan receivables amounting to EUR 19,546 million are reported under the "Loans to customers" balance sheet line item. As at 31 December 2024, risk provisions for the loan portfolio consisting of individual and general valuation allowances are reported.

The measurement of the risk provisions for the customer lending business is determined in particular by the structure and quality of the loan portfolios, general economic factors and the executive directors' estimates with respect to future loan defaults, among other things also against the background of the expected effects of the current macroeconomic environment on the customer lending business. The amount of the individual valuation allowances for customer loans reflects the difference between the outstanding amount of the loan and the lower value assigned to it as at the balance sheet date. Existing collaterals are taken into account. The measurement of general loan loss provisions was done using the IFRS 9 methodology. The calculation of general valuation allowances also takes into account valuation-relevant risk factors in the context of model overlays, which reflect the expectations of the management not included in the models.
The amounts of the valuation allowances in the customer lending business are highly significant for the assets, liabilities and financial performance of the Company and they involve considerable judgment on the part of the executive directors. Furthermore, the measurement parameters applied, which are subject to material uncertainties also due to current macroeconomic environment, have a significant impact on the recognition and the amount of any valuation allowances required. Against this background, this matter was of particular significance during our audit.

② As part of our audit, we initially assessed the the design of Company's relevant internal control systems and – on that basis – tested the controls' effectiveness. Thereby, we considered the business organization, the IT systems and the relevant measurement models.
Moreover, we evaluated the assessment of the customer loans, including the appropriateness of estimated values, on the basis of sample testing of loan engagements. For this purpose, we assessed, among other things, the available documentation of the Company with respect to the economic circumstances as well as the recoverability of the related collaterals. For real estate as collateral, we obtained an understanding of and critically assessed the source data, measurement parameters applied, and assumptions made on which the expert valuations provided to us by the Company were based and evaluated whether they lay within an acceptable range. In addition, for the purpose of assessing the individual and general valuation allowances applied (in accordance with IDW RS BFA 7), we evaluated the calculation methodology applied by the Company together with the underlying assumptions and parameters. With the assistance of our specialists in mathematical finance, we examined the suitability and appropriate use of the models applied to calculate the risk provisions.
We assessed the appropriateness of the inclusion of additional valuation-relevant risk factors based on the current economic uncertainties. In this context we especially evaluated the assessment of the executive directors regarding the expected effects of the current macroeconomic environment on the economic situation of borrowers and the valuation of collateral and examined their consideration in the valuation of the customer loans. We questioned the necessity of creating model overlays and assessed their measurement.
Based on our audit procedures, we were able to satisfy ourselves that the assumptions made by the executive directors for the purpose of testing the recoverability of the loan portfolio are justifiable overall, and that the controls implemented by the Company are appropriate and effective.

③ The Company's disclosures regarding Loans and advances to customers are contained in notes of the financial statement in note 6 'Valuation allowances and provisions in the lending business (loan loss provisions)'. In addition, the management report contains the relevant disclosures in the report on economic performance (results of operations) and the risk report.

❷ **Accounting for litigations**

① In the Company's annual financial statements other provisions amounting to EUR 356 million are reported. Of this amount, EUR 146 million relate to provisions for litigation risks and costs for court and out-of-court proceedings. In accordance with § 249 Abs. 1 Satz 1 HGB, provision must be recognized for uncertain liabilities. For this, there must be an external obligation which was caused legally or economically during the financial year, and a claim must be seriously expected. The provision is to be recognized at the amount required to fulfill the obligation according to prudent business judgment.
The assessment of the litigation risks and the estimate of whether it is necessary to recognize a provision to cover the risk and, if so, the amount of the provision, is to a large extent determined by the estimates and assumptions made by the executive directors. The assessment of the executive directors is based on estimates of the legal situation by the bank's inhouse and external lawyers. Against this background and due to the significance of the amounts in dispute and the underlying assumptions and discretionary judgement of the executive directors, this matter was of particular significance during our audit.

② In the context of our audit, we assessed, among others, the process set up by the bank to govern the recognition, risk assessment, and accounting presentation of a legal dispute. With the involvement of internal lawyers this assessment also included a substantive discussion of the material legal risks. Our assessment took into account the information obtained in the course of our regular discussions with the bank's legal department as well as the assessments of the respective outcome of the proceedings provided to us in writing. In addition external lawyers' confirmations and legal opinions were obtained as of the balance sheet date, which support the risk assessments made by the bank. In our view, the estimates and assumptions made by the executive directors underlying the determination of the provisions for litigation are appropriate overall in order to appropriately measure the provisions for litigations.

③ Other provisions are explained in the notes to the annual financial statements in section 20. 'Provisions' and section 47 'Other provisions'. In addition, the risk report within the group management report contains further information on litigations.

❸ **Deferred Taxes**

① In the Company's annual financial statements deferred tax assets amounting to EUR 597 million and deferred tax liabilities of EUR 2 million are reported. The resulting surplus of deferred tax assets amounting to EUR 595 million is reported in accordance with the recognition option pursuant to § 274 Abs. 1 Sentence 2 HGB. Deferred tax assets are recognized in accordance with the principle of prudence to the extent that the executive directors consider it probable that taxable profit will be available in the foreseeable future which will enable the deductible temporary differences and unused tax losses to be realized. For this purpose, insofar as sufficient deferred tax liabilities arising from taxable temporary differences are not available, future taxable profits are projected on the basis of the medium-term business plan prepared by the executive directors, whereby material tax differences are carried forward due to planning assumptions. Tax loss carryforwards are only recognized – in the absence of sufficient deferred tax liabilities – if they can be expected with sufficient certainty on the basis of the projections to be realized within the following five years.

In our view, the accounting treatment of deferred taxes was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties.

② As part of our audit, we assessed, among others, the internal processes and controls for recording tax matters as well as the methodology used for the determination, accounting treatment and measurement of deferred taxes. We also assessed the recoverability of the deferred tax assets relating to deductible temporary differences and unused tax losses on the basis of the Company's internal forecasts of its future earnings situation, and the appropriateness of the underlying estimates and assumptions.
Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

③ The Company's disclosures relating to deferred tax assets and tax loss carryforwards are contained in the notes of the financial statement in notes 18 'deferred taxes' and 35 'deferred tax assets'.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) included in section "corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards)" of the management report
- the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB included in section "Nachhaltigkeitserklärung" of the management report

The other information comprises further all remaining parts of the financial report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control of the Company and these arrangements and measures (systems), respectively.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file HCOB AG JA+LB ESEF-2024-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF-documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 24 April 2024. We were engaged by the supervisory board on 8 October 2024. We have been the auditor of the Hamburg Commercial Bank AG, Hamburg, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Lutz Meyer.

Hamburg, den 13. März 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Meyer
Wirtschaftsprüfer [German public auditor]

ppa. Maximilian Hockenberger
Wirtschaftsprüfer [German public auditor]

ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE GROUP SUSTAINABILITY STATEMENT

To Hamburg Commercial Bank AG, Hamburg

Assurance Conclusion

We have conducted a limited assurance engagement on the group sustainability statement of Hamburg Commercial Bank AG, Hamburg, (hereinafter the „Company“) included in section "Sustainability Statement" of the group management report, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024 (hereinafter the "Group Sustainability Statement"). The Group Sustainability Statement has been prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB to prepare a combined non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, § 315c in conjunction with §§ 289c to 289e HGB to prepare a combined non-financial statement as well as with the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that no matters have come to our attention that cause us to believe:

- that the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information to be included in the Group Sustainability Statement (hereinafter the "materiality assessment") is not, in all material respects, in accordance with the description set out in section "IRO-1 Description of the process to identify and assess material impacts, risks and opportunities" of the Group Sustainability Statement, or
- that the disclosures set out in section "Information under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" of the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement" section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibility of the Executive Directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Group Sustainability Statement in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent Limitations in the Preparation of the Group Sustainability Statement

The CSRD and the relevant German statutory and other European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in section "BP-1 General basis for preparation of the sustainability statement" of the Group Sustainability Statement.

The executive directors are responsible for the defensibility of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the Company to identify the information to be included in the Group Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.
- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Group Sustainability Statement, and about the internal controls relating to this process.

- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.
- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement.
- considered the presentation of the information in the Group Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Hamburg, 13 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Lutz Meyer
Wirtschaftsprüfer
[German public auditor]

sgd. Nicolle Pietsch
Wirtschaftsprüferin
[German public auditor]

Responsibility statement by the Management Board

We hereby affirm that to the best of our knowledge the annual financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the net assets, financial position and results of operations of Hamburg Commercial Bank AG and that the management report presents the course of business, including the results of the business and Hamburg Commercial Bank AG's situation, in such a manner that it gives a true and fair view and describes the main opportunities and risks for Hamburg Commercial Bank AG's foreseeable performance.

Hamburg, 11 March 2025

Luc Popelier

Ulrik Lackschewitz

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Notice
If at times only the masculine form is used for certain terms relating to groups of people, this is not meant in a gender-specific manner, but occurs exclusively for the sake of better readability.

This Financial Report was published on 27 March 2025 and is available for download from www.hcob-bank.com. This is an English translation of the original German version of the Financial Report.

Forward-looking Statements
This Financial Report includes certain forwardlooking statements. These statements are based on our beliefs and assumptions as well as on conclusions drawn from information currently available to us from sources which we consider to be reliable. A forwardlooking statement involves information that does not simply reflect historical facts, information relating to possible or anticipated future growth and future economic development. Such forwardlooking statements are based on a number of assumptions concerning future events and are subject to uncertainties, risks, and other factors, many of which are beyond our control.

Therefore actual events may differ from those forecast in the forwardlooking statements. In view of this, you are advised never to rely to an inappropriate degree on forward-looking statements. We cannot accept any liability for the accuracy or completeness of these statements or for the actual realisation of forecasts made in this Financial Report. Furthermore, we are not obliged to update the forwardlooking statements following the publication of this information. In addition, information contained in this Financial Report does not represent any kind of offer for the acquisition or sale of any type of securities of Hamburg Commercial Bank AG.

About Hamburg Commercial Bank
Hamburg Commercial Bank AG (HCOB) is a private commercial bank headquartered in Hamburg, Germany, that provides customized financing solutions for German and international companies. HCOB has a strong position in structured real estate and project finance and is a reliable financing partner for the global shipping and aviation sector. Efficient and secure payment transaction services as well as innovative products for foreign trade complete the range of services. The bank is guided by established ESG criteria and operates from several locations in Germany as well as in Amsterdam, London, Luxembourg and Piraeus. For more information, please visit www.hcob-bank.com.

Hamburg Commercial Bank