Hamburg Commercial Bank

# Investor Relations

HCOB Group
IFRS Results FY-2024

March 27th, 2025

# Agenda



Notes: Final results unchanged to Preliminary Results presented February 2025. Rounding effects may occur. For a list of acronyms and glossary see appendix

# 1 Group Results

# Sound year amid challenging market, good operational performance, solid b/s, on track to meet mid-term targets

## Major milestones underline further strengthening of franchise, operating and business model

**Jan – Dec 2024**

**Aviation: first full year in operation**

US$440 million financings in 8 transactions covering 95 aircraft and 17 engine financings for 52 different lessees

**Jun 2024**

**Acquisition EUR 0.9bn Shipping Portfolio**

Acquisition of NIBC's Shipping business including major parts of the team

**Dec 2024**

**Sale of GHP HCOB HQ; contracting new HQ**

Successful sale of GHP lead to significant NPE reduction (136mn €); moving to new HQ in mid 2026

**Dec 2024**

**NPE Action Plan**

Successful reduction of NPE by in total 462mn € (incl. GHP), mainly CRE exposures, within existing LLP budgets

**May 2024**

**Retail Deposit Initiative**

Retail deposits started on online platform Raisin, diversifying funding base

**Jan 2024 – Jan 2025**

**5 Benchmark issuances amounting to >2.5bn €**

CB Ship 500mn € (Jan)
SP 500mn € (May)
SNP 500mn € (Jul)
SP 625mn € (Sep)
SP 500mn € (Jan)

## Key figures FY 2024 and outlook – sound operational profitability, solid balance sheet metrics

| All in %, unless stated | FY 2024 (2023) | Normalized [1] | Guidance 2025 | Mid-term targets |
|---|---|---|---|---|
| **PbT,** in mn € | 248 (427) | 354 (333) | >300 | ~400 |
| **Net income,** in mn € | 228 (271) | 295 (261) | | |
| **RoE** post tax@equity | 6.2 (7.4) | 8.0 (7.1) | >7 | ~10 |
| **CIR** | 50 (39) | 42 (43) | <45 | ~40 |
| **NPE** [2] | 1.9 (2.3) | - | <2.0 | - |
| **CET1 ratio** | 17.3 (19.5) | - | ~17 | >16 |

1) Excludes one-offs of 106mn € in total driven by legal provisions (105mn € in Other Operating Income), see comprehensive overview on page 24 I 2) NPL ratio reduced from 4.3% (2023) to 3.3%. NPL ratio 2025 expected at ~3%



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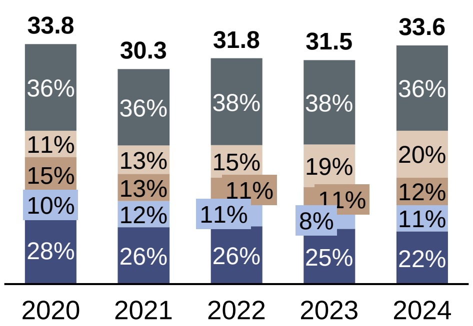
# Diversified and resilient business model focused on recurring profitability and providing stability through the cycle

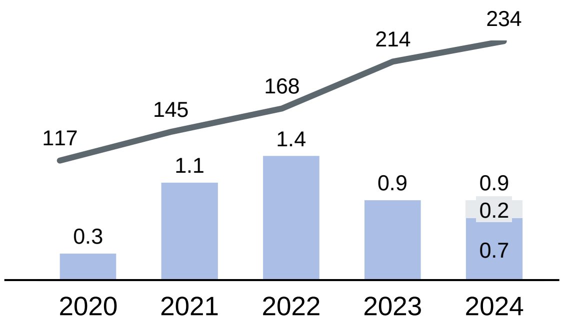
**Strengthened new segment "Global Transportation" by acquisition of NIBC portfolio and first transactions in Aviation, continued expansion of Corporates segment [4]**

| Real Estate | Global Transportation [2] | Project Finance | Corporates | Treasury & Group Functions |
|---|---|---|---|---|
| **Assets: € 7.4bn** | **Assets: € 3.7bn** | **Assets: € 3.9bn** | **Assets: € 6.6bn** | **Assets: € 12.0bn** |
| **Net Income: € 30mn** | **Net Income: € 64mn** | **Net Income: € 47mn** | **Net Income: € 98mn** | **Net Income: € -42mn** |

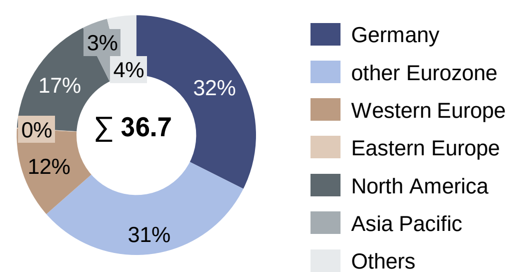
**Asset allocation on B/S[1],** in € bn / in %




**NIM and RoA[3],** in bp / in %




**Portfolio by region[1]**, EAD in € bn / in %

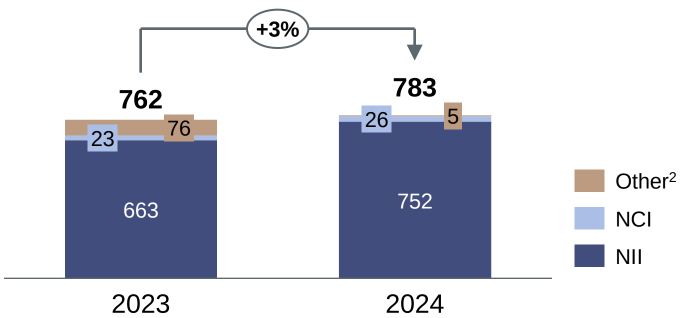



1) Including Reconciliation I 2) Shipping and starting 2024 including Aviation I 3) Excl. total one-offs (106mn€) RoA for 2024 is robust 0.9% I 4) For detailed overview on segment results (incl. Reconciliation) see page 23

# Robust operational profitability driven by sound NII & NIM and stringent cost management, legal provisions one-off burdens results

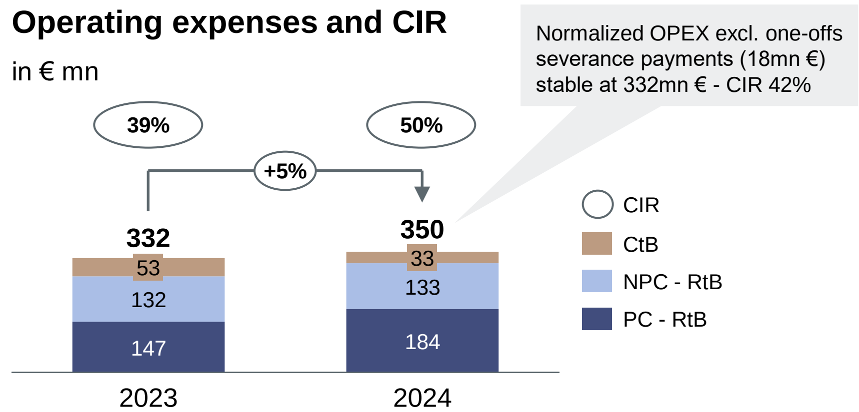
## Total income

in € mn



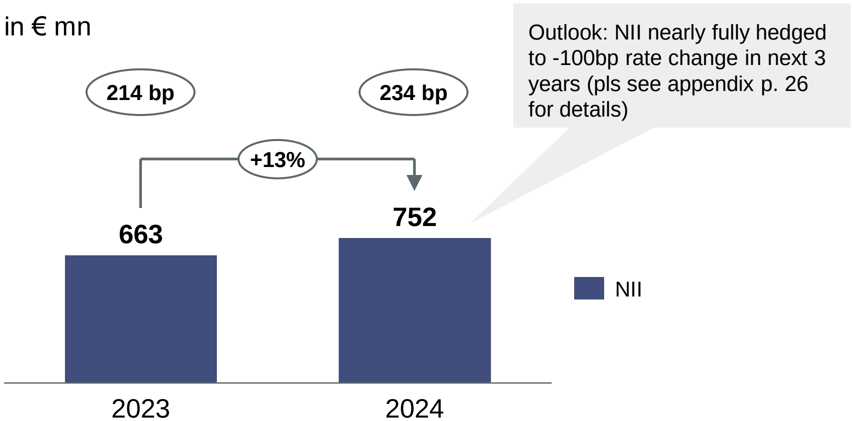

## Operating expenses and CIR

in € mn



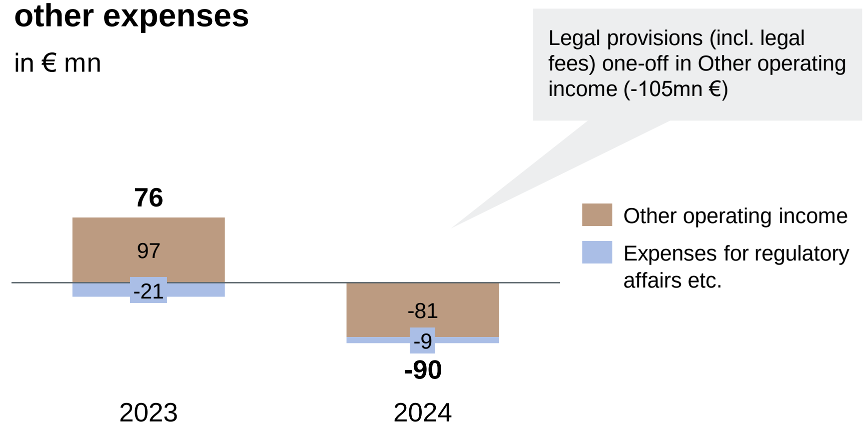

## Net Interest Income and NIM [1]

in € mn




## Other operating income, regulatory costs and other expenses

in € mn




1) NIM = NII divided by average balance sheet I 2) Other includes FVPL and other “Total income” line items not included in NII or NCI



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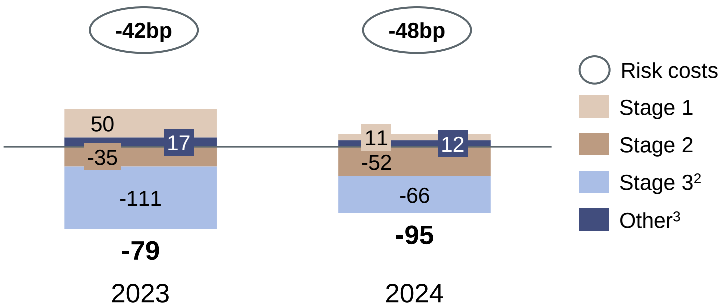
# Risk metrics reflect challenging CRE market, prudent position in overlays is being maintained (1.2x normalized risk costs)

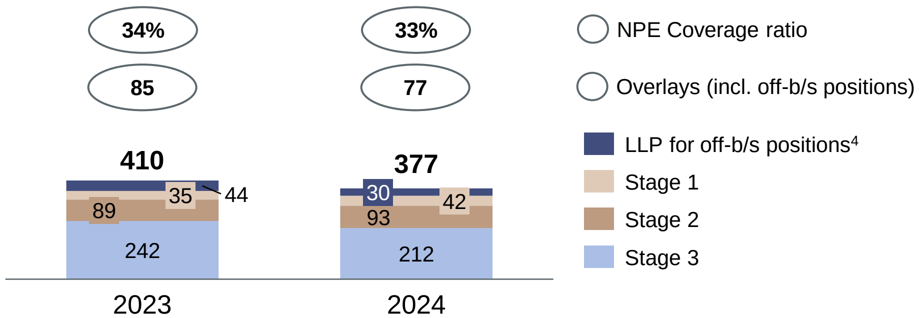
## P&L view: credit loss expense & risk costs[1]

in € mn



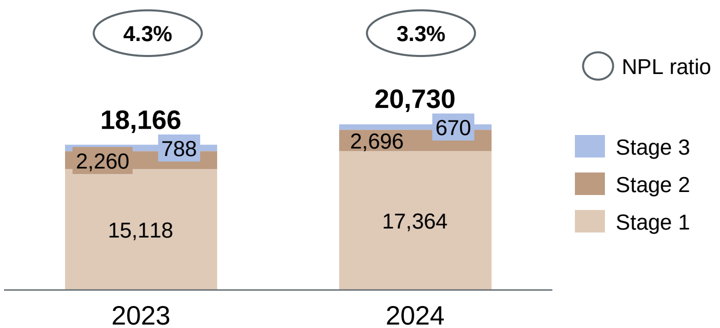

## B/S view: LLP by IFRS 9 Stages[5]

in € mn



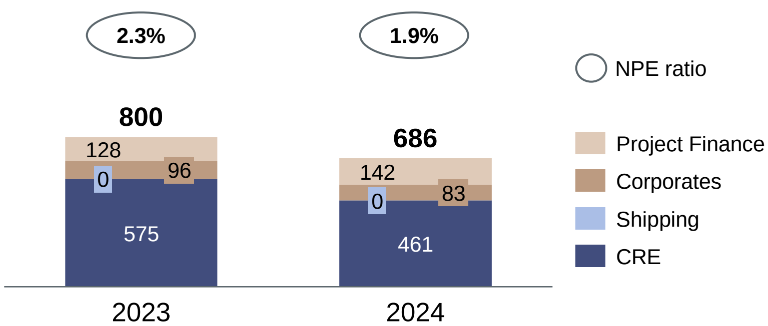

## B/S view: Loans AC by IFRS 9 Stages

in € mn




## NPE volume by asset class & NPE ratio

EAD in € mn

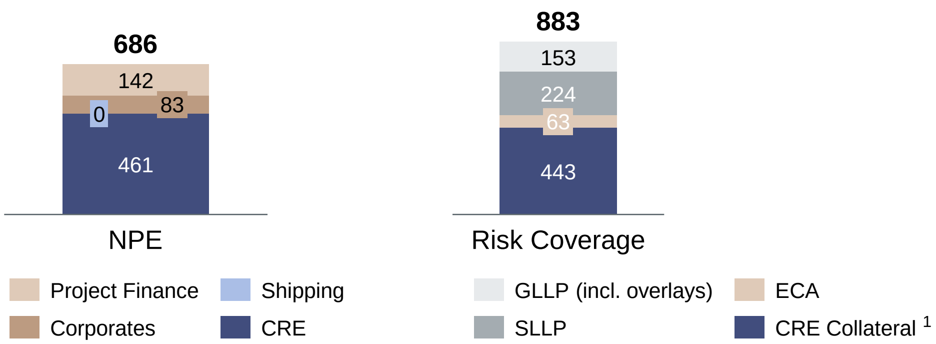



1) Risk Costs (Loan loss provisions / avg. loans customers) I 2) incl. POCI I 3) Other incl. payments received on loans and advances previously written down (15mn €) and direct write-downs (-3mn €) I 4) Incl. 2mn € for financial investments I 5) Incl. 71mn € overlays in Stage 1 / 2 and 6mn overlays for off-b/s-positions

# Proactive approach to deal with NPE continued, NPE significantly reduced within existing provisioning budgets

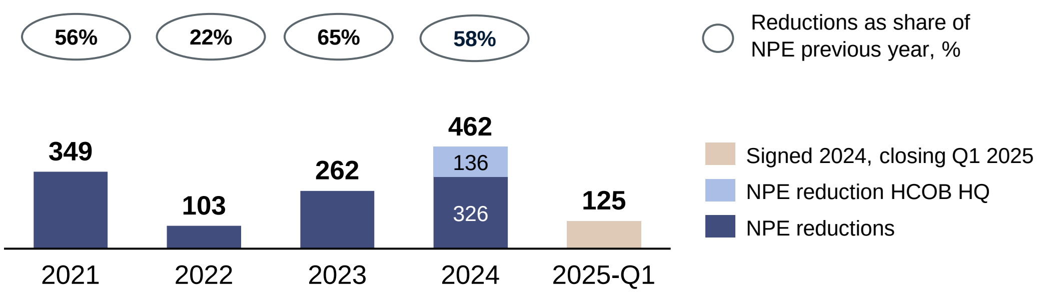
## NPE volume and risk coverage

€ mn




## Track record for NPE work-outs and sales

Reduced NPE (EAD) in € mn



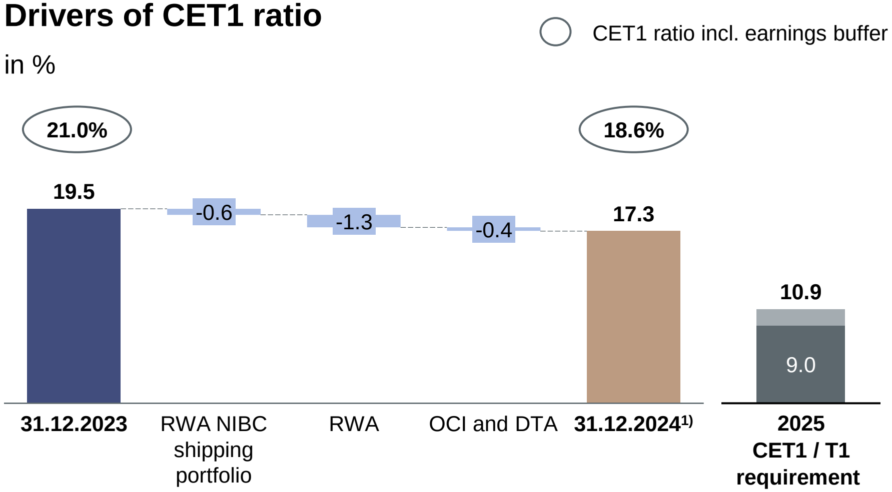

- Each NPE is ≥100% covered by SLLP and collateral and in some Corporates/ Project Finance cases ECA
- Additional 153mn € GLLP on portfolio level, thereof 77mn € overlays
- NPE reduction amounting to 462mn € in 2024 (thereof 136mn € HCOB HQ) mainly in CRE; further NPE reductions in Q1-2025 closed (125mn €)
- Sound risk provisions and strong underlying profitability allow for further stringent NPE reduction 2025: >50% reductions of current NPE stock within existing LLP coverage envisaged
- Track record of conservative provisioning policy: in each year 2021-24, NPE reductions have led to net SLLP releases

1) Collateral covering 96% of the CRE NPE amounting to 461mn €; collateral values on single CRE exposures have been capped at loan EAD, i.e. thus excluding 99mn € overcollateralization

# Capital ratios well above regulatory requirements, high capital generation capacity

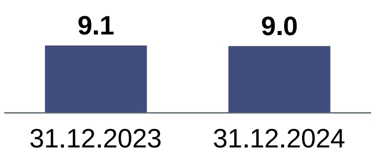
## Drivers of CET1 ratio

in %



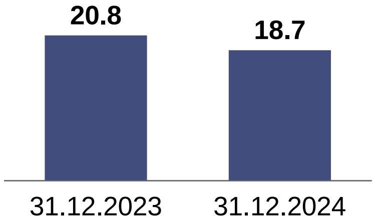

## Leverage ratio

in %




## Basel IV CET1 - Pro forma

in %




- RWA increased from 16.5bn € to 18.2bn mainly due to acquisition of NIBC shipping portfolio, RW changes in the (higher) loan portfolio, FX-effect due to stronger USD and higher operational risk (due to higher past earnings)
- CET1 capital stable at 3.2bn € with slightly negative impact on capital ratios primarily resulting from reduced OCI and higher DTA deductions
- Conservative capital consumption function (RWA based on Standardized and Foundation Approach)
- Strong leverage ratio of 9.0% (Market averages: DE: 5.5%; EU: 5.8%) [2]
- Earnings buffer (not yet distributed dividend) of up to 1.3% p.a. provides additional comfort
- In 2025, lower RWA expected with introduction of Basel IV mainly due to lower LGDs for shipping and real estate collateral in F-IRB approach, a lower Credit Conversion Factor (CCF) and elimination of general scaling factor

1) w/o earnings buffer I 2) EBA Risk Dashboard Q3 2024



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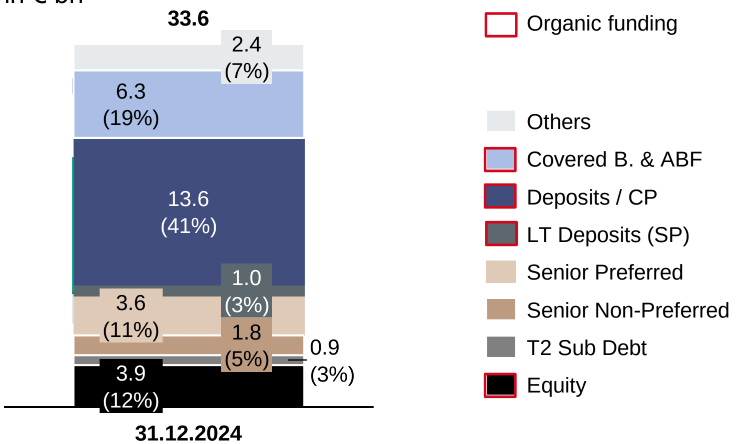
# Balanced funding structure, robust liquid assets and sound liquidity metrics

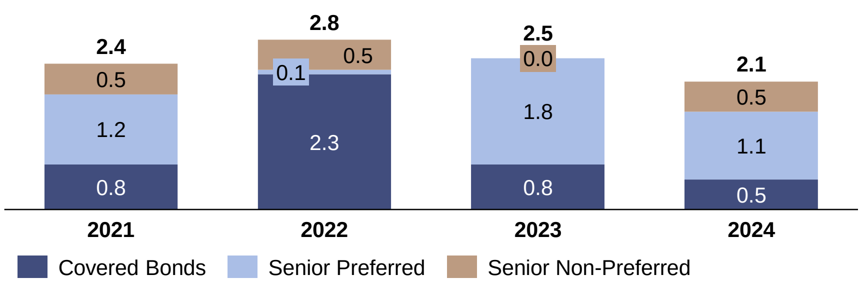
## Balanced liability structure and organic funding [1]

in € bn




## Long-term funding issuance

in € bn




## Sound liquidity and funding ratios

YE 2024 vs. YE 2023

LCR **216%** (184%)

vs. >140% target

NSFR **116%** (116%)

vs. >110% target

AE ratio **27%** (35%)

vs. <40% target

MREL (TREA) **55%** (38%)

vs. 8% minimum requirement

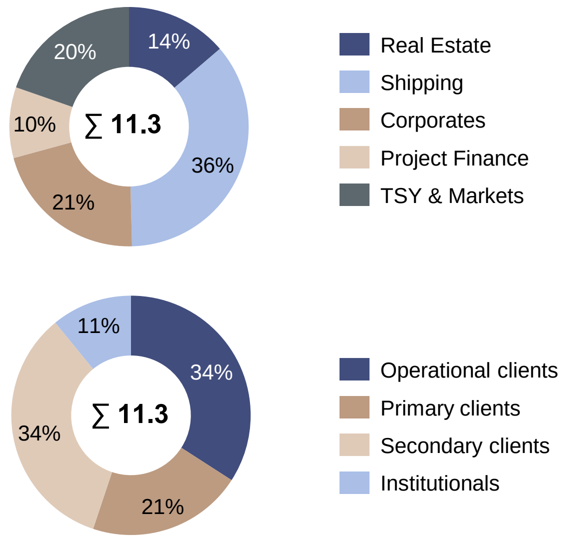
- Robust liquid assets: Cash and HQLAs (~8.7bn €), covering sight deposits by >290%
- LT Deposits include 0.3bn € Retail Deposits via Raisin Platform
- Matched funding as maturities of major parts of loan book (CRE avg. duration 2.0 yrs and Shipping 3.5 yrs) correspond with key liability durations

1) Organic funding includes funding instruments linked to HCOB's business model (Ship and Mortgage covered bonds, franchise customer deposits, and equity on b/s), but excludes unsecured issuances (SP or SNP), non-core deposits like interbank accounts, Commercial Paper (CP) and other liabilities as public financing or derivatives, repos, provisions

# Diversified and expanding Corporate deposit base

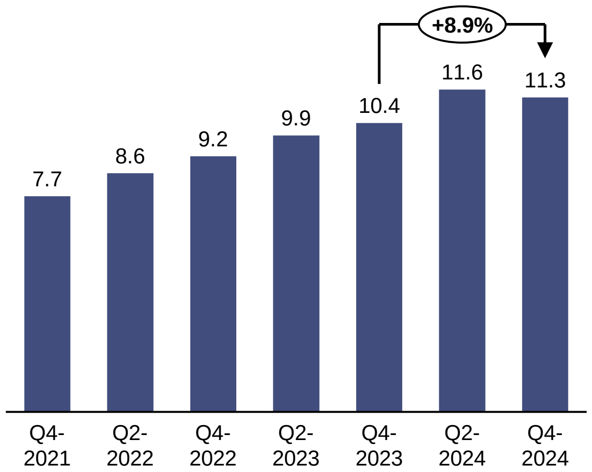
## Franchise deposits by business unit [1]

in € bn / %



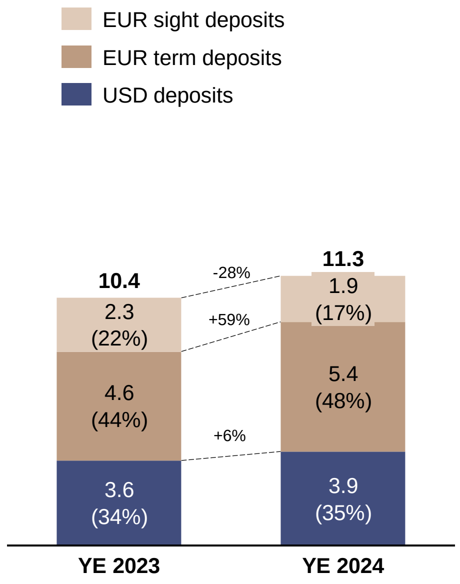

## Growing deposit base

in € bn




## Franchise deposits by product

in € bn




- Strong deposit expansion in challenging market environment
- Diversified short-term deposit portfolio of 11.3bn €, thereof large share of operational clients (3.8bn €)
- Solid share of deposits covered by ESF (66%)

1) Deposit client cluster classification: Operational clients based on payments transactions and loan-linked accounts; Primary clients are based on stable deposit behavior over last 12 months; Secondary clients show less stable behavior; Institutionals are Financials and deposits clients only

# Rating position

## Key credit strengths

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

## Upside drivers

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

## Credit ratings: Moody's[1]

### Issuer ratings

| | |
|---|---|
| Deposit rating | A3 |
| Issuer credit rating (Long-term) | A3 / stable |
| Short-term debt | P-2 |
| Stand-alone rating | baa3 |

### Instrument ratings (Unsecured issuances)

| | |
|---|---|
| "Preferred" senior unsecured debt | A3 |
| "Non-preferred" senior unsecured debt | Baa2 |
| Subordinated debt (Tier 2) | Ba1 |

### Instrument ratings (Secured issuances)

| | |
|---|---|
| Mortgage covered bonds | Aaa |
| Ship covered bonds | Aa3 |

1) Latest publications by rating agencies available on Hamburg Commercial Bank's website: https://www.hcob-bank.com/en/investor-relations/rating/

# Sustainability

## Strategy & Governance

- HCOB positioned as a smart follower in ESG area
- Clear sustainability guiding principles published[1]
- Four key elements to manage ESG risks in the lending process: Blacklist, ESG Decision Matrix, ESG Scoring, STFF[2] classification
- Sustainability Committee with full Management Board participation

## Sustainability Ratings

| Sustainalytics | MSCI | Moody‘s | ISS ESG |
|---|---|---|---|
| **12.2** | **A** | **56** | **C-** |

## Commitments

- UN Principles for Responsible Banking (PRB)
- Partnership for Carbon Accounting Financials (PCAF)

## Key achievements 2024

- $CO_2$ reduction targets for the portfolios of Real Estate, Shipping and Energy (Power)
- Consideration of physical risks improved
- Improved ratings with Sustainalytics and MSCI
- HCOB continued to improve equality and diversity with targets anchored in managers’ objectives
- Achieved “Gold” in LGBTIQ+ certification (Pride-Index)

## Portfolio level KPIs

| | *Actuals* | *Target* |
|---|---|---|
| STFF[2] | 25% (1.5 bn €) of new business under the STFF in 2024 | • Target 2025: 15% of new business<br>• Target 2026: 18% of new business |
| $CO_2$ emissions | $CO_2$ intensity YE 2024:<br>• Real Estate: 43.3 kg$CO_2$/m$^2$/a<br>• Shipping: 8.2 g$CO_2$/t*nm<br>• Energy (Power): 2.7 g$CO_2$/kWh | $CO_2$ intensity targets YE 2026:<br>• Real Estate: 40.7 kg$CO_2$/m$^2$/a<br>• Shipping: 7.73 g$CO_2$/t*nm<br>• Energy (Power)[4]: below 180 g$CO_2$/kWh |

## Corporate level KPIs

| | *Actuals* | *Target* |
|---|---|---|
| Diversity | Share of underrepresented gender (mostly women) by YE 2024:<br>• 31.4% in Senior Expert and Management Positions[3]<br>• 22.2% in BU Head functions | Achieve 33% of underrepresented gender (currently women) in Management Positions / Senior Expert[3] and 33% in BU Head functions by YE 2027 |
| $CO_2$ emissions | 464 t $CO_2$ Scope 1 & 2 emissions for Hamburg/Kiel in 2024 – target of >20% reduction (<546 t $CO_2$) until 2025 already achieved | Step change with move to new Hamburg headquarters in 2026 with an improvement in energy efficiency and a reduction in floor space of ~65% respectively |

## Outlook and key topics 2025

- Further improve all employee ESG trainings to enhance ESG awareness
- First time disclosure of the sustainability report according to CSRD
- Further enhancements of ESG analyses in lending process and internal stress testing
- Further promote topics on diversity, inclusion and unconscious bias through e.g. “diversity ambassadors”
- Further enhance compatibility of career and family life through e.g. reviewing meeting culture and promoting and reviewing family services (e.g. elder and childcare)

1) Full Guiding Principles on HCOB’s website (Link) | 2) Sustainable & Transformational Finance Framework (Link) | 3) Management functions below and excluding BU Heads
4) Target allows for financing of energy transition enabling technologies (e.g. flexible peak gas power plants) and is still -30% below the IEA net zero pathway in 2026



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# 2 Results Business Segments

# Diversified CRE portfolio with very low exposure to US market, rebalancing portfolio towards 20% of b/s

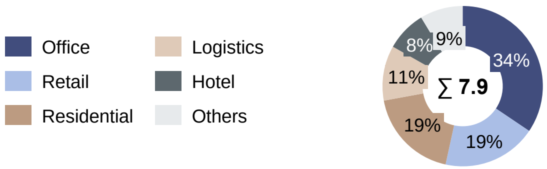
## Financials[1]

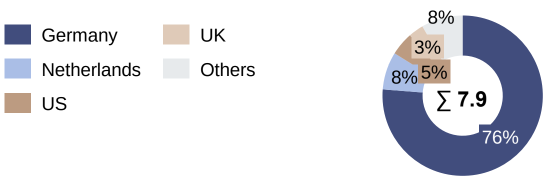
in € mn

| | FY 24 | FY 23 |
|---|---|---|
| Total Income | 207 | 209 |
| Loan loss provisions | -73 | -177 |
| OpEx & regulatory costs | -97 | -99 |
| Net income post tax | 30 | -53 |
| *NIM in bps* | 264 | 257 |
| *Risk costs (loan loss prov.– %)*[2] | -0.95 | -2.29 |
| *CIR in %* | 45 | 43 |
| *$RoE_{@13\%}$ in %* | 4.4 | -8.3 |
| Gross new business, *in bn €* | 1.0 | 1.6 |

## Portfolio by segment and region

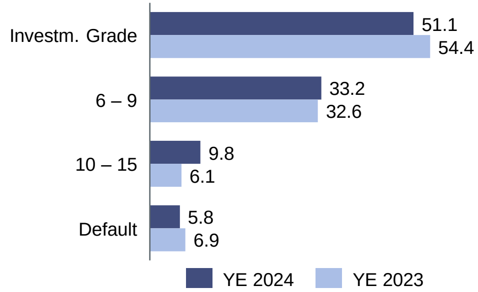
in € bn EAD / % (YE 2024)



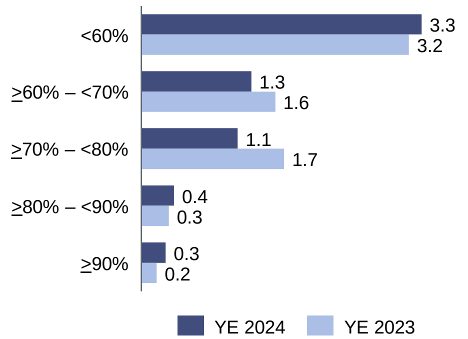

## Rating

distribution in %




## LTV [3]

in € bn EAD




## Strategic positioning

- Moderating interest rate environment expected to gradually revive transaction flow and support valuations across sub-segments
- Office spaces with lower energy efficiency remaining under pressure, refurbishments offer attractive opportunities
- Structural trends proactively managed through selective approach to new business and intensive monitoring, targeting to benefit from market cycle turn while balancing towards 20% b/s consumption for CRE in steady state
- Reduced NPE exposures well covered by LLP, collateral valuations by external appraisers in majority not older than 6 months
- Solid risk metrics characterize overall portfolio (Ø LTV 61% vs. 61% 2023; Ø DSCR 202%, Ø Debt Yield 9.4%, with €4.9bn > 7%)
- German portfolio (€5.9 bn) dominated by A-Cities (Top 7: €3.0 bn) with assets in sound locations [4]
- US CRE portfolio of €0.4 bn (47% office, 53% retail & industrial)

1) For further details on P&L please refer to the Segment Reporting on page 23 | 2) Risk Costs (LLP / avg. b/s) | 3) LTVs (including for non-performing exposures) for investment loans only, thus excluding 1.4 bn € e.g. property developments with sound average LTC (loan-to-cost) of 57% I 4) Frankfurt, München, Stuttgart, Düsseldorf, Berlin, Hamburg, Köln



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# New segment Global Transportation dominated by Shipping, Aviation business is being prudently developed

## Financials[1]

in € mn

| | FY 24 | FY 23 |
|---|---|---|
| Total Income | 161 | 180 |
| Loan loss provisions | -3 | 11 |
| OpEx & regulatory costs | -78 | -89 |
| Net income post tax | 64 | 81 |
| *NIM in bps* | 499 | 560 |
| *Risk costs (loan loss prov.– %)*[2] | -0.11 | 0.39 |
| *CIR in %* | 48 | 47 |
| *RoE$_{@13\%}$ in %* | 18.5 | 22.9 |
| Gross new business, *in bn €* | 1.8 | 1.3 |

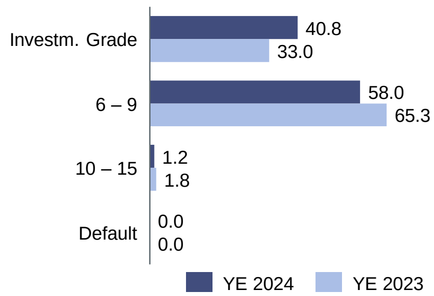
## Portfolio by segment and region

in € bn EAD / % (YE 2024)



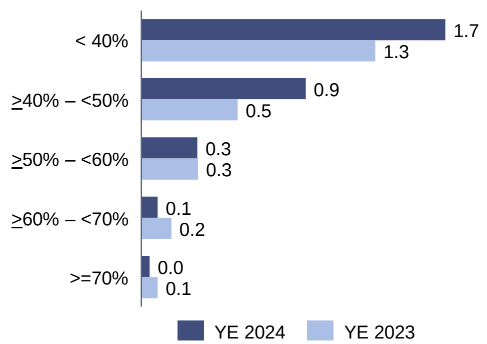
## Rating

distribution in %




## LTV [3]

in € bn EAD




## Strategic positioning

- Targeting attractive niche financings in growing transportation markets
- Portfolio increase to 3.9bn € EAD due to acquisition of 0.9bn € NIBC Shipping portfolio and 0.4bn € new business in Aviation, balancing repayments due to strong cash position of Shipping companies
- Focus on second-hand ships with sound risk/ return dynamics, selective new build financings. Mix of asset-backed and corporate structures, participating in transition financing to reduce $CO_2$ footprint
- Well-established business model focused on short durations (Ø maturity Shipping: 3.5 years; Aviation 5.6 years) & high collateral ship financings (Ø LTV 39% vs. 40% YE 2023) to reduce risks and quickly react to changing markets
- Middle-east crisis currently supportive to shipping markets due to increased ton-miles as Suez channel is still being avoided
- Global aviation finance supporting strongly growing industry, airlines and lessors as well as the broader aviation eco-system (8 transactions closed in 2024)

1) For further details on P&L please refer to the Segment Reporting for “Global Transportation” on page 23 | 2) Risk Costs (LLP / avg. b/s) | 3) excluding 0.7 bn € other financing & Aviation



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# Project Finance driven by expansion in Infrastructure, diversification by prudent expansion in new technologies

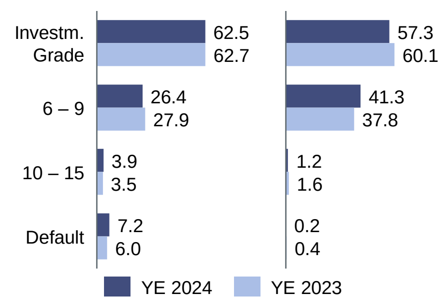
## Financials[1]

in € mn

| | FY 24 | FY 23 |
|---|---|---|
| Total Income | 107 | 102 |
| Loan loss provisions | -1 | 37 |
| OpEx & regulatory costs | -47 | -52 |
| Net income post tax | 47 | 69 |
| *NIM in bps* | 268 | 262 |
| *Risk costs (loan loss prov.– %)[2]* | -0.01 | 1.08 |
| *CIR in %* | 43 | 47 |
| *$RoE_{@13\%}$ in %* | 14.4 | 22.2 |
| Gross new business, *in bn €* | 1.2 | 1.0 |

## Rating

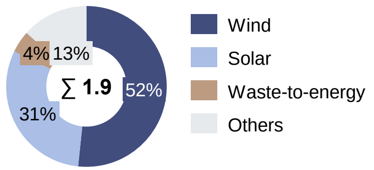
distribution in %

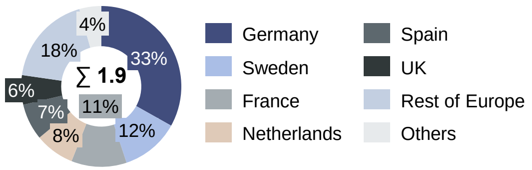



## Portfolio by segment and region

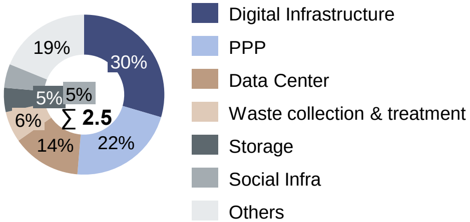
in € bn EAD / % (YE 2024)

Energy




Infrastructure





## Strategic positioning

- Catering for a large & diverse market with significant financings needs. HCOB focusing on attractive niches with portfolio shifting from renewables towards broader infrastructure assets (incl. digital and social infrastructure as well as rail)
- Mix of traditional Project Finance and shorter-term financings (Equity bridge loans, Letter of credit facilities, Development loans) balanced between originated transactions and participations
- Broad client base in chosen segments with proprietary access to deal flow (developers, PE/ infrastructure funds, manufacturers, contractors, utilities & independent power producers)
- Waste-to-energy and waste collection & treatment as stable and growing asset class
- Evaluating opportunities in battery energy storage systems (BESS), hydrogen and EV charging and growing demand for data centers and selectively fiber networks
- NPE ratio for Energy portfolio (7.2%) predominantly driven by windfarm project in Sweden with strong ECA coverage

1) For further details on P&L please refer to the Segment Reporting on page 23 | 2) Risk Costs (LLP / avg. b/s)



Hamburg Commercial Bank

# Corporates portfolio with mix of Corporates franchise business and diversifying granular portfolios

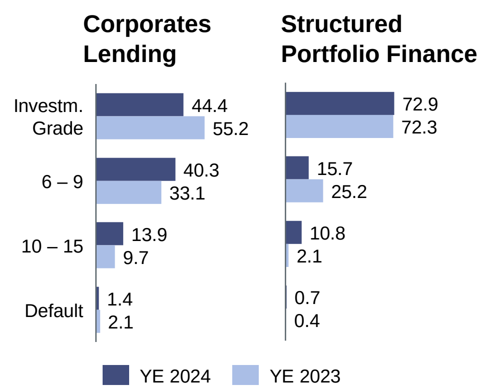
## Financials[1]

in € mn

| | FY 24 | FY 23 |
|---|---|---|
| Total Income | 254 | 186 |
| Loan loss provisions | -20 | 38 |
| OpEx & regulatory costs | -112 | -95 |
| Net income post tax | 98 | 102 |
| *NIM in bps* | 376 | 349 |
| *Risk costs (loan loss prov.– %)[2]* | -0.32 | 0.73 |
| *CIR in %* | 43 | 47 |
| *$RoE_{@13\%}$ in %* | 13.4 | 17.0 |
| Gross new business, *in bn €* | 2.1 | 2.3 |

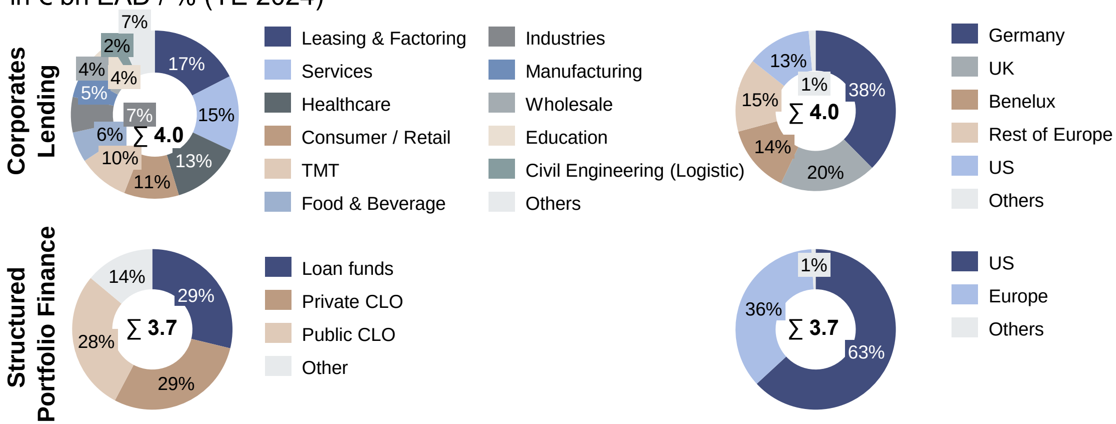
## Rating

distribution in %




## Portfolio by segment and region

in € bn EAD / % (YE 2024)




## Strategic positioning

- Well diversified portfolio across sectors and markets with sound risk / return profile and marginal exposure to structurally challenged industries (e.g. automotive & machinery)
- Corporate Lending's domestic portfolio focused on clients in Northern German region with comprehensive service approach and typically long-standing HCOB relationships
- International part of Corporate Lending covers wider range of sectors from Leasing & Factoring, TMT *(Technology, Media & Telecommunication)* to Healthcare and offers broad range of credit products and payment services
- Structured Portfolio Finance with focus on senior tranches in CLOs (mostly rated A-category), granular loan funds, and other assets, such as fund financing and consumer loan portfolios (senior tranches) as diversification into broad range of granular assets in the US and Europe

1) For further details on P&L please refer to the Segment Reporting on page 23 | 2) Risk Costs (LLP / avg. b/s)

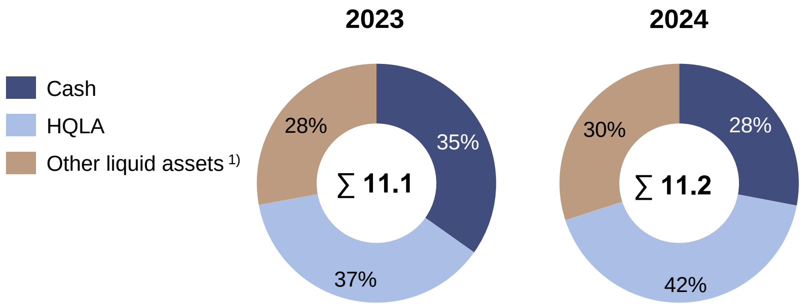


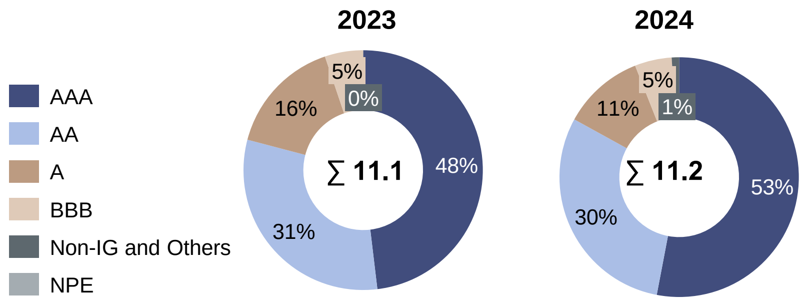
Hamburg Commercial Bank

# Solid portfolio of liquid assets in Treasury and Markets

## Assets by instrument class and rating

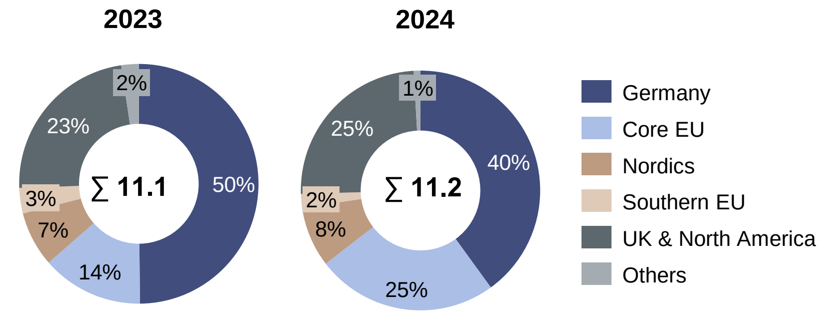
in € bn / %




## Assets by region

in € bn / %




## Investment & ALM book mainly focused on liquidity management and assets of high credit quality

- Strong cash position (€ 3.1 bn)
- Comfortable buffer of highly liquid assets consisting of ECB eligible HQLA (€ 4.7 bn) and, in particular, Fed-eligible US Agency RMBS (~1.8 € bn)
- Excellent credit quality of liquid assets: 83% are rated AAA / AA, 94% are A and better
- Financial investments are fully categorized as FVOCI / PL

1) Includes further financial investments (i.e., government-backed US Agency RMBS), cash collaterals & collaterals for cover pools

# 3 Supplemental Financials

# P&L

| Profit & loss (in € mn) | FY 2024 | FY 2023 | Δ% |
|---|---|---|---|
| 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 |
| Exp. for reg. affairs, deposit guarantee fund, banking assoc. | -9 | -21 | -57 |
| **Net income before tax** | **248** | **427** | -42 |
| Income tax expense | -20 | -156 | -87 |
| **Group net result** | **228** | **271** | -16 |

| Key ratios | FY 2024 | FY 2023 | Δ |
|---|---|---|---|
| RoE before tax@13% | 10.5% | 19.7% | -9pts |
| RoE post tax@13% | 9.7% | 12.5% | -3pts |
| RoE post tax @equity | 6.2% | 7.4% | -1pts |
| NIM[1] (in bps) | 234 | 214 | 20bp |
| CIR | 50% | 39% | 11pts |
| Risk Costs[2] (in bps) | -48 | -42 | -6bp |
| NPE Coverage Ratio AC | 33% | 34% | -1pts |

1) NIM: NII / avg. B/S I 2) Risk Costs: LLP/ avg. loans to customers

- Total income (€ 783mn) supported by solid recurring earnings, in particular sound trend in NII and NIM
- Lower FVPL result yoy driven by lower earnings contributions from USD hedge of bank book, lower FVPL result from IR-hedge derivatives, with partially balancing effects in NII
- LLP increase (€ -95mn net) reflecting challenging CRE market. Solid buffers remain (77mn € overlays) available to mitigate potential challenging CRE market
- OpEx increase due to one-off impact from severance payments (18mn €), excluding one-off, OPEX stable at 332mn €, reflecting strict cost management
- Other operating result (-81mn €) driven by one-off legal provisions, partly mitigated by earn-out from past sales (17mn €)
- Reduction of regulatory expenses driven by lack of contribution to bank levy for completed Single Resolution Fund (SRF) managed by the Single Resolution Board (SRB)
- Overall, financial metrics include increasingly strong NIM and NII as base for robust recurring earnings and sound profitability

# Balance Sheet

| **Balance Sheet** (in € mn) | **YE 2024** | **YE 2023** | **∆%** |
|---|---|---|---|
| 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 |
| Other assets | 879 | 919 | -4 |
| **Total Assets** | **33,632** | **31,541** | **7** |
| 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 |
| Other liabilities | 266 | 278 | -4 |
| **Total equity and liabilities** | **33,632** | **31,541** | **7** |

| **Key ratios** | **YE 2024** | **YE 2023** | **∆** |
|---|---|---|---|
| CET1 capital[1] (in € bn) | 3.2 | 3.2 | -2 |
| RWA (in € bn) | 18.2 | 16.5 | 11 |
| CET1 Ratio[1] | 17.3% | 19.5% | -2.2pts |
| Leverage Ratio[1] | 9.0% | 9.1% | -0.1pts |
| LCR | 216% | 184% | 32pts |
| NSFR | 116% | 116% | 0pts |

- Normalized cash reserve following portfolio acquisition and shift to higher liquid assets in financial investment portfolio
- Higher loans & advances to customers reflect organic growth and disciplined new business in challenging environment, as well as NIBC Shipping portfolio acquisition (0.9bn €)
- Sound LLPs (incl. 77mn overlays, thereof 71mn € on b/s) reflect prudent provisioning strategy in a challenging environment
- Increase in financial investments reflects more liquid b/s and diversification strategy
- Robust capital position highlighted by strong CET1 ratio and leverage ratio
- Sound liquidity ratios (LCR, NSFR) and strong cash position reflect prudent liquidity steering

1) Dividends for fiscal year 2023 and 2024 already considered in CET1 capital as at 31 December 2023 and December 2024, respectively

# Segment Reporting Overview

| in € mn / % | Real Estate | | Global Transportation | | Project Finance | | Corporates | | Treasury & Group Functions | | Reconciliation | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2024 | FY 2023 | FY 2024 | FY 2023 | FY 2024 | FY 2023 | FY 2024 | FY 2023 | FY 2024 | FY 2023 | FY 2024 | FY 2023 | FY 2024 | FY 2023 |
| Net interest income | 203 | 199 | 145 | 159 | 98 | 90 | 237 | 182 | 69 | 34 | 0 | -1 | 752 | 663 |
| Net commission income | 5 | 4 | 14 | 11 | 7 | 5 | 2 | 4 | -2 | 1 | 0 | -2 | 26 | 23 |
| Other income | -1 | 6 | 2 | 10 | 2 | 7 | 15 | 0 | -16 | 35 | 3 | 18 | 5 | 76 |
| **Total income** | **207** | **209** | **161** | **180** | **107** | **102** | **254** | **186** | **51** | **70** | **3** | **15** | **783** | **762** |
| Loan loss provisions (income statement) | -73 | -177 | -3 | 11 | -1 | 37 | -20 | 38 | 3 | 11 | -1 | 1 | -95 | -79 |
| Administrative expenses (OpEx) & regulatory costs | -97 | -99 | -78 | -89 | -47 | -52 | -112 | -95 | -25 | -18 | 0 | 0 | -359 | -353 |
| Other operating result | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -81 | 97 | 0 | 0 | -81 | 97 |
| Net income before tax | **37** | **-67** | **80** | **102** | **59** | **87** | **122** | **129** | **-52** | **160** | **2** | **16** | **248** | **427** |
| Income tax expense | -7 | 14 | -16 | -21 | -12 | -18 | -24 | -27 | 10 | -34 | 29 | -70 | -20 | -156 |
| **Net income post tax** | **30** | **-53** | **64** | **81** | **47** | **69** | **98** | **102** | **-42** | **126** | **31** | **-54** | **228** | **271** |
| NIM[2] (bps) | 264 | 257 | 499 | 560 | 268 | 262 | 376 | 349 | 59 | 29 | n.a. | n.a. | 234 | 214 |
| Cost/income ratio (CIR – %) | 45 | 43 | 48 | 47 | 43 | 47 | 43 | 47 | -81 | 13 | n.a. | n.a. | 50 | 39 |
| RoE post tax (%)[1] | 4.4 | -8.3 | 18.5 | 22.9 | 14.4 | 22.2 | 13.4 | 17.0 | -14.4 | 49.6 | n.a. | n.a. | 9.7 | 12.5 |
| Average segment assets – € bn | 7.7 | 7.7 | 2.9 | 2.8 | 3.6 | 3.4 | 6.3 | 5.2 | 11.7 | 11.9 | 0.0 | 0.0 | 32.2 | 31.0 |
| in € bn / % | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 |
| **Segment assets** | **7.4** | **7.8** | **3.7** | **2.4** | **3.9** | **3.4** | **6.6** | **6.0** | **12.0** | **11.9** | **0.0** | **0.0** | **33.6** | **31.5** |
| NPE Ratio (%) | 5.8 | 6.9 | 0.0 | 0.0 | 3.2 | 3.3 | 1.1 | 1.3 | 0.0 | 0.0 | n.a. | n.a. | 1.9 | 2.3 |

1) RoE post tax$_{@13\%}$ I 2) NIM based on Total NII, previous year figures adjusted accordingly

# Overview on Non-recurring items (Net Income)

| in € mn | Client Business | | Treasury & Group Functions | | Reconciliation | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| OPEX - Severance payments | - | - | -18 | - | - | - | -18 | - |
| Other operating result | - | - | -88 | 94 | - | - | -88 | 94 |
| Earn-out agreements | - | - | 17 | 40 | - | - | 17 | 40 |
| Legal provisions (addition to / release of) | - | - | -105 | 54 | - | - | -105 | 54 |
| **Non-recurring items (before tax)** | **-** | **-** | **-106** | **94** | **-** | **-** | **-106** | **94** |
| Tax effect [1] | - | - | 39 | -84 | - | - | 39 | -84 |
| **Non-recurring items (post tax)** | **-** | **-** | **-67** | **10** | **-** | **-** | **-67** | **10** |

1) Tax effect (39mn €) reflects 32% tax rate on tax relevant one-off items (Severance payments and Legal provisions of in total 123 mn €), and no tax effect on Earn-outs



Hamburg Commercial Bank

# KPI overview 2020 – 2024

| Capital (€bn) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| IFRS Equity | 4.3 | 4.7 | 5.2 | 4.0 | 3.9 |
| Tangible Common Equity | 3.8 | 4.1 | 4.4 | 3.4 | 3.3 |
| CET1[1] | 4.2 | 4.1 | 3.2 | 3.2 | 3.2 |
| RWA | 15.5 | 14.0 | 15.4 | 16.5 | 18.2 |
| CET1 Ratio[1] (%) | 27.0 | 28.9 | 20.5 | 19.5 | 17.3 |
| Total Capital Ratio[1] (%) | 33.3 | 35.7 | 26.8 | 25.0 | 22.4 |
| Leverage Ratio[1,2] (%) | 12.2 | 12.7 | 9.5 | 9.1 | 9.0 |
| MREL (TREA) (%) | 56.7 | 70.5 | 46.5 | 38.0 | 54.7 |

| Profitability / Efficiency (€mn) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Profit before tax | 257 | 299 | 363 | 427 | 248 |
| Net Income | 102 | 351 | 425 | 271 | 228 |
| OpEx | -365 | -328 | -332 | -332 | -350 |
| RoE post tax @13% (%) | 4.3 | 18.4 | 20.8 | 12.5 | 9.7 |
| RoE post tax @equity (%) | 2.3 | 8.1 | 9.0 | 7.4 | 6.2 |
| RoA (%) | 0.3 | 1.1 | 1.4 | 0.9 | 0.7 |
| CIR (%) | 42 | 50 | 44 | 39 | 50 |
| NIM[3] (bps) | 117 | 145 | 168 | 214 | 234 |

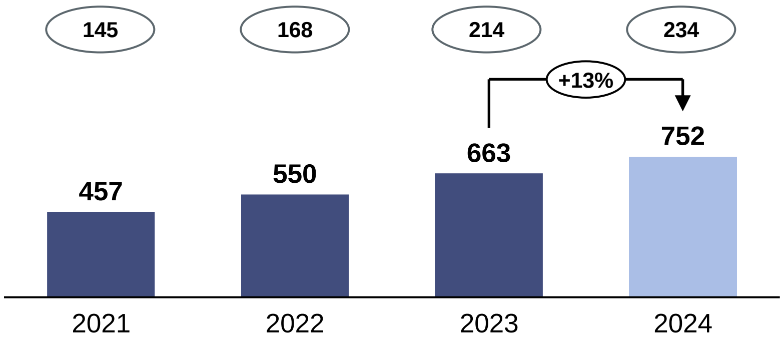
| Asset Quality / Liquidity (%) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| NPE (€bn) | 0.6 | 0.5 | 0.4 | 0.8 | 0.7 |
| NPE Ratio | 1.8 | 1.4 | 1.2 | 2.3 | 1.9 |
| LLP b/s (€bn) | 0.6 | 0.4 | 0.4 | 0.4 | 0.3 |
| NPE Coverage Ratio | 48 | 56 | 69 | 34 | 33 |
| LLP / Loan Book | 2.5 | 2.2 | 2.1 | 2.0 | 1.7 |
| LCR | 171 | 164 | 197 | 184 | 216 |
| NSFR | 111 | 114 | 113 | 116 | 116 |
| AE | 42 | 37 | 34 | 35 | 27 |

| Asset Allocation (€bn) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| CRE | 9.5 | 8.0 | 8.1 | 7.8 | 7.4 |
| Shipping / Global Transport.[4] | 3.3 | 3.7 | 3.5 | 2.4 | 3.7 |
| Project Finance | 5.1 | 3.9 | 3.4 | 3.4 | 3.9 |
| Energy | 3.5 | 2.4 | 2.0 | 1.8 | 1.7 |
| Infrastructure | 1.6 | 1.6 | 1.4 | 1.5 | 2.2 |
| Corporates | 3.7 | 3.9 | 4.6 | 6.0 | 6.6 |
| TSY & Group Functions | 12.2 | 10.8 | 12.2 | 11.9 | 12.0 |
| Total Balance Sheet | 33.8 | 30.3 | 31.8 | 31.5 | 33.6 |

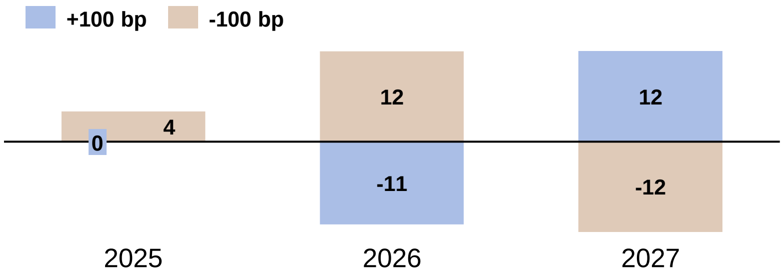
1) YE 2021 excludes results from FY 2021; YE 2022 - YE 2023 post dividend, YE 2024 reflects proposed dividend I 2) Technical correction of Leverage ratio for FY 2022 | 3) NIM until 2022 based on Core NII | 4) since YE 2024 Global Transportation

# Resilient recurrent earnings: NIM outlook and NII Sensitivity

## Net Interest Income (NII) and NIM [1]




## NII sensitivity: Impact of +/ - 100bp shift of forward rates [2]




**NII and NIM development**

- Strong NII in 2024 due to productive balance sheet
- NIM: increase to 234bp based on change in asset allocation providing tailwind for gross margins, mitigating inverse yield curve

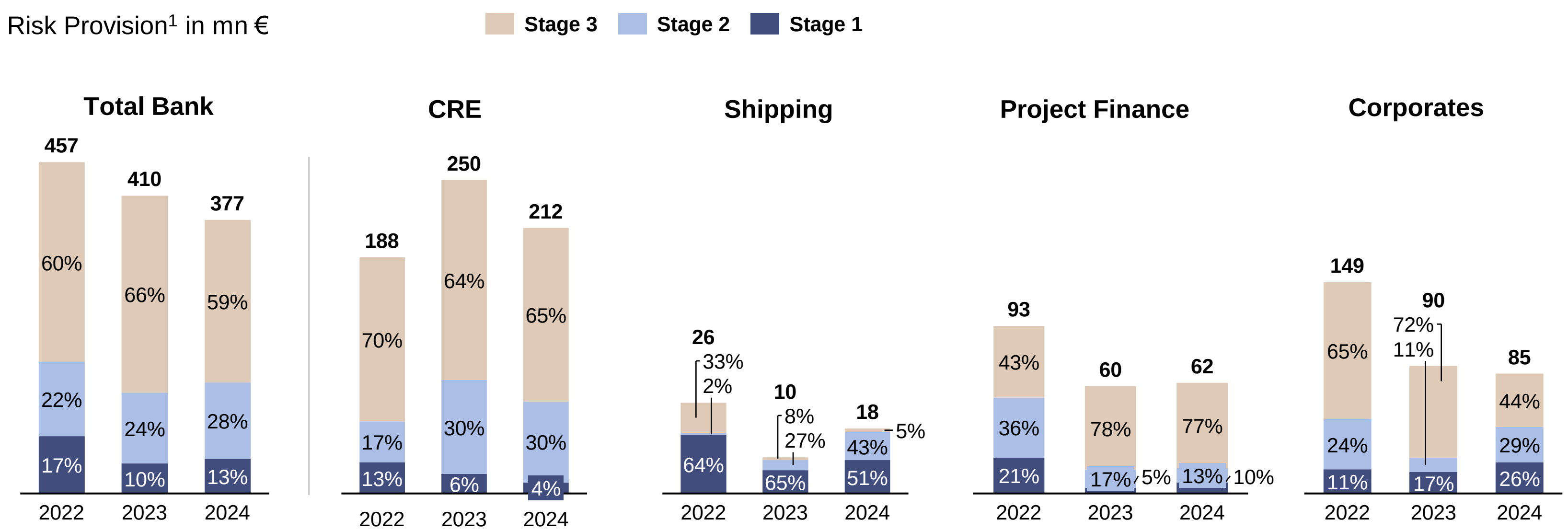
**Sensitivities: Earnings at risk**

- NII sensitivity very modest due to hedging strategies

1) FY 2021 and 2022 incorporates reclassification of derivative effects from NII to FVPL result due to change of accounting policy, impacting also NIM calculation, which is since 2023 based on total NII and not core NII only I 2) Deposit beta 80%

# Solid risk coverage: Provisions by asset class and IFRS 9 stages

## Split of risk provisions by asset class and IFRS 9 Stages




**Solid risk coverage by loan loss provisions both on bank and CRE segment level:**

- Total LLP of €377mn include €77mn overlays in stages 1 and 2, thereof €50mn in CRE (on bank level 1.2x of normalized risk costs) [2]
- Total loan book AC (€20.7bn) covered by LLP amounting to 1.7%, CRE loan book is covered by 2.9%
- CRE NPE coverage by total CRE LLP (incl. overlays) is 46%
- Conservative plan assumptions providing buffer for P/L in 2025: ~€100mn SLLP for overall portfolio, thereof ~1/2 for CRE

1) Risk provision incl. LLP for off-b/s positions I 2) Normalized risk costs of 30bp on total loan portfolio (€20.7bn) amounting to €62mn

# Additional info: Further details on CRE portfolio

| **EAD in mn €,** as at December 31, 2024 | Office | Retail | Residential | Hotel | Logistics | Others | Total |
|---|---|---|---|---|---|---|---|
| **Germany** | 1,962 | 1,299 | 1,105 | 578 | 487 | 442 | 5,874 |
| **Netherlands** | 413 | 98 | 54 | - | 12 | 23 | 601 |
| **US** | 176 | 103 | - | - | 94 | - | 372 |
| **UK** | 45 | - | - | - | 186 | - | 231 |
| **Others** | 122 | - | 315 | 66 | 96 | 218 | 817 |
| **Total** | 2,718 | 1,500 | 1,475 | 644 | 875 | 683 | 7,895 |

| **NPE (EAD) in mn €,** as at December 31, 2024 | Office | Retail | Residential | Hotel | Logistics | Others | Total |
|---|---|---|---|---|---|---|---|
| **Germany** | 262 | 32 | 13 | - | - | - | 306 |
| **Netherlands** | 25 | - | - | - | - | - | 25 |
| **US** | 129 | - | - | - | - | - | 129 |
| **UK** | - | - | - | - | - | - | - |
| **Others** | - | - | - | - | - | 1 | 1 |
| **Total** | 415 | 32 | 13 | - | - | 1 | 461 |

| **LTV (avg),** as at December 31, 2024 | Office | Retail | Residential | Hotel | Logistics | Others | Total |
|---|---|---|---|---|---|---|---|
| **Germany** | 71% | 61% | 46% | 61% | 56% | 55% | 60% |
| **Netherlands** | 61% | 71% | 53% | - | 58% | 61% | 62% |
| **US** | 82% | - | - | - | 65% | - | 76% |
| **UK** | 77% | - | - | - | 71% | - | 71% |
| **Others** | 59% | - | 52% | 32% | 58% | - | 53% |
| **Total** | 69% | 62% | 48% | 57% | 61% | 56% | 61% |

# Additional info: CRE EAD Volume by IFRS 9 stages[1]

| **Stage 1 in mn €,** as at December 31, 2024 | Office | Retail | Residential | Hotel | Logistics | Others | Total |
|---|---|---|---|---|---|---|---|
| **Germany** | 868 | 1,082 | 1,033 | 384 | 431 | 483 | 4,282 |
| **Netherlands** | 339 | 32 | 48 | - | 12 | 23 | 454 |
| **US** | - | 103 | - | - | 94 | - | 197 |
| **UK** | 31 | - | - | - | 132 | - | 163 |
| **Others** | 120 | - | 240 | 66 | 96 | 60 | 582 |
| **Total** | 1,357 | 1,217 | 1,322 | 450 | 765 | 566 | 5,677 |

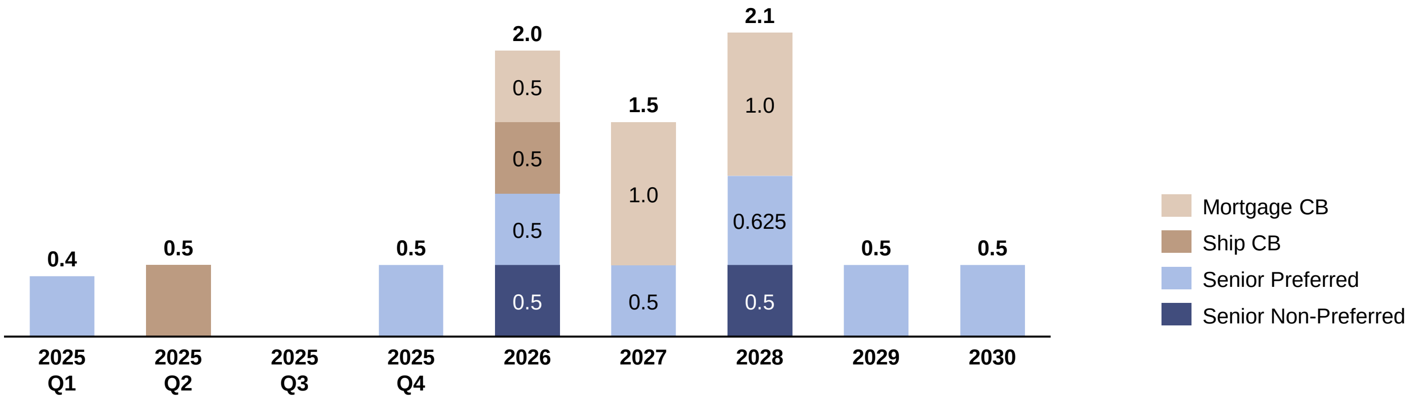
| **Stage 2 in mn €,** as at December 31, 2024 | Office | Retail | Residential | Hotel | Logistics | Others | Total |
|---|---|---|---|---|---|---|---|
| **Germany** | 823 | 184 | 59 | 193 | 49 | 98 | 1,406 |
| **Netherlands** | 50 | 66 | 6 | - | - | - | 121 |
| **US** | 47 | - | - | - | - | - | 47 |
| **UK** | 14 | - | - | - | 54 | - | 68 |
| **Others** | 2 | - | 76 | - | - | - | 77 |
| **Total** | 936 | 250 | 140 | 193 | 104 | 98 | 1,720 |

| **Stage 3 in mn €,** as at December 31, 2024 | Office | Retail | Residential | Hotel | Logistics | Others | Total |
|---|---|---|---|---|---|---|---|
| **Germany** | 262 | 32 | 13 | - | - | - | 306 |
| **Netherlands** | 25 | - | - | - | - | - | 25 |
| **US** | 129 | - | - | - | - | - | 129 |
| **UK** | - | - | - | - | - | - | - |
| **Others** | - | - | - | - | - | 1 | 1 |
| **Total** | 415 | 32 | 13 | - | - | 1 | 461 |

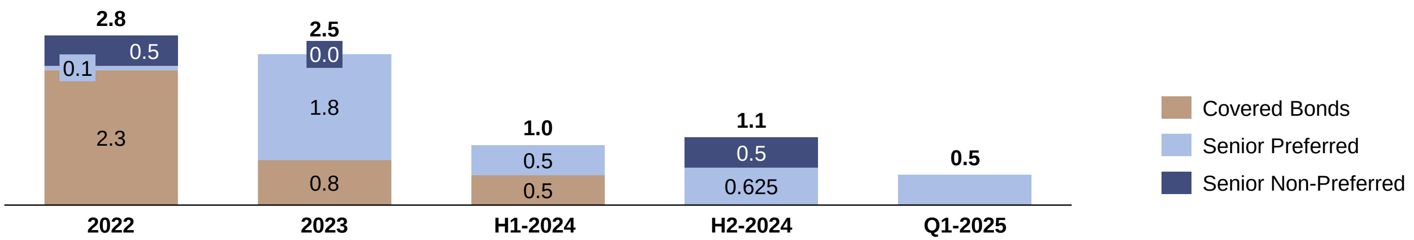
1) Excluding €37mn EAD not assigned by IFRS 9 stage / Amortizing costs

# Maturity profile of benchmark issuances [1]

## Maturing benchmark issuances
in bn €




## Long-term funding issuance
in € bn




1) Including 500mn € SP 5Y benchmark in January 2025

# 3 Appendix and Contacts

# Management board and shareholder structure

**Luc Popelier**
CEO

- Born 1964 in Belgium
- CEO since September 2024
- Before that, Luc was until August 2024 CFO at Belgian KBC Group, following CEO position at International Markets Business unit of KBC Group. Luc has held various positions in the corporate banking business for over 29 years

**Ulrik Lackschewitz**
CRO and Deputy CEO

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

**Marc Ziegner**
CFO

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

**Christopher Brody**
CIO

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

## Ownership structure[1]

| Several funds initiated by **Cerberus Capital Management, L.P.** | | | One fund advised by **J.C. Flowers & Co. LLC** | One fund initiated by **GoldenTree Asset Management LP** | **Centaurus Capital LP** | **BAWAG P.S.K.** *(incl. P.S.K. Beteiligungs-verwaltung GmbH)* *Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft* | **HCOB** Members of the board and senior management of the Bank (since Nov. 2018, active and inactive members) |
|---|---|---|---|---|---|---|---|
| Promontoria Lux Holding 221 S.à r.l. 9.23% | Promontoria Lux Holding 231 S.à r.l. 12.96% | Promontoria Lux Holding 233 S.à r.l. 17.49% | JCF IV Neptun Holdings S.à r.l. | GoldenTree Asset Management Lux S.à r.l. | Chi Centauri LLC | | |
| **39.68%** | | | **32.82%** | **11.77%** | **7.05%** | **2.35%** | **6.34%** |

[1] As at February 13th, 2025; percentages include rounding differences



Hamburg Commercial Bank

# Glossary – key ratios

| Key ratio | Abbreviation | Numerator | Denominator |
|---|---|---|---|
| **Return on Equity before tax@13%** | **RoE before tax@13%** | Net income before tax | Average CET1 capital (based on a 13%-ratio of invested CET1 capital) |
| **Return on Equity post tax@13%** | **RoE post tax@13%** | Net income post tax (Group net result) | Average CET1 capital (based on a 13%-ratio of invested CET1 capital) |
| **Return on Equity post tax @equity** | **RoE post tax @equity** | Net income post tax (Group net result) | Balance sheet equity at beginning of the year excluding proposed dividend |
| **Return on Assets** | **RoA** | Net income post tax (Group net result) | Average total assets |
| **Net Interest Margin** | **NIM** | Net interest income | Average balance sheet volume |
| **Cost Income Ratio** | **CIR** | Administrative expenses | Total income + other operating result |
| **Risk Costs** | **RC** | Loan loss provisions in P/L | Average loan volume |
| **Risk coverage of loan book** | **LLP / Loan book** | Total stock of loan loss provisions | Total loans and advances (AC) |
| **Non-Performing Loan ratio** | **NPL ratio** | Total non-performing loans (AC) | Total loans (AC) |
| **Non-Performing Exposure ratio** | **NPE ratio** | Total non-performing exposure (EAD) | Total exposure (EAD) |
| **Non-Performing Exposure (at cost) Coverage ratio** | **NPE Coverage Ratio $_{AC}$** | Loan loss provisions (stage 3) recognized on Non-performing exposure categorized AC | Non-performing exposure (EAD) categorized AC |
| **Debt Yield** | **DY** | Net operating income | Total loan amount |
| **Loan-To-Value Ratio** | **LTV Ratio** | Credit volume | Value of loan collaterals |

# List of acronyms

| Acronyms | Long term |
|---|---|
| ABF | Asset Based Finance |
| AC | At Cost |
| ALM | Asset Liability Management |
| AT1 | Additional Tier 1 |
| Avg. or ∅ | Average |
| b/s | balance sheet |
| bps | basis points |
| CET1 | Common Equity Tier 1 (IFRS) |
| CIR | Cost-Income-Ratio |
| CRE | Commercial Real Estate |
| CRR | Capital Requirements Regulation |
| CRSA | Credit Risk Standard Approach |
| ctb | change-the-bank |
| Δ | Delta |
| EAD | Exposure at Default |
| ESG | Environmental, Social, Governance |
| FVPL | Fair Value Through Profit or Loss |
| FY | Full Year |
| H1 | First Half Year |
| H2 | Second Half Year |
| IRB-A | Advanced internal-rating-based approach |
| IRB-F | Foundation Internal Rating Based Approach |
| LGD | Loss Given Default |
| LCR | Liquidity Coverage Ratio |
| LLP | Loan Loss Provisions |
| LTV | Loan to Value |

| Acronyms | Long term |
|---|---|
| MREL | Minimum Requirement for Own Funds and Eligible Liabilities |
| NI | Net Income |
| NII | Net Interest Income |
| NCI | Net Commission Income |
| NIM | Net Interest Margin |
| NPE | Non-Performing Exposure |
| NSFR | Net Stable Funding Ratio |
| NTI | Net Trading Income |
| OCI | Other Comprehensive Income |
| OpEx | Operating Expenses / Administrative Expenses |
| PBT | Profit Before tax |
| PD | Probability of Default |
| P&L | Profit & Loss |
| POCI | Purchased or Originated Credit Impaired |
| RoA | Return on Assets |
| RoE | Return on Equity |
| rtb | run-the-bank |
| RWA | Risk-Weighted Assets |
| SLLP | Single Loan Loss Provision |
| SNP | Senior-Non-Preferred |
| SP | Senior-Preferred |
| SREP | Supervisory Review and Evaluation Process |
| TLTRO | Targeted Longer-Term Refinancing Operations |
| TREA | Total Risk Exposure Amount |
| TSY | Treasury |
| YE | Year End |
| YoY | Year-on-year |

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**Management system and defined management indicators of the IFRS Group**

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

Within the management reporting framework, the Bank focuses on the most important management indicators for the individual value drivers of the IFRS Group. On the one hand, the focus is on how these key indicators changed compared to the previous year and, on the other, on how they are expected to change in the future. The combined management report within the Annual Report 2024 contains further information on the management system and defined management parameters of the Hamburg Commercial Bank Group as well as disclosures.

**About the bank:**

Hamburg Commercial Bank AG (HCOB) is a private commercial bank headquartered in Hamburg, Germany. HCOB offers its clients a high level of structuring expertise in real estate financing and has a strong market position in international shipping. The bank is one of the pioneers in the pan-European project financing of renewable energies and digital infrastructure. HCOB offers individual solutions for the global aviation sector as well as for German and international corporate clients. Reliable and timely payment products as well as other trade finance solutions also support the need of the bank's customers. HCOB is aligning its activities with established ESG criteria. For further information about HCOB, please visit www.hcob-bank.com