



Investor Presentation

**IFRS Group Result as at
30 June 2020**

27th August 2020

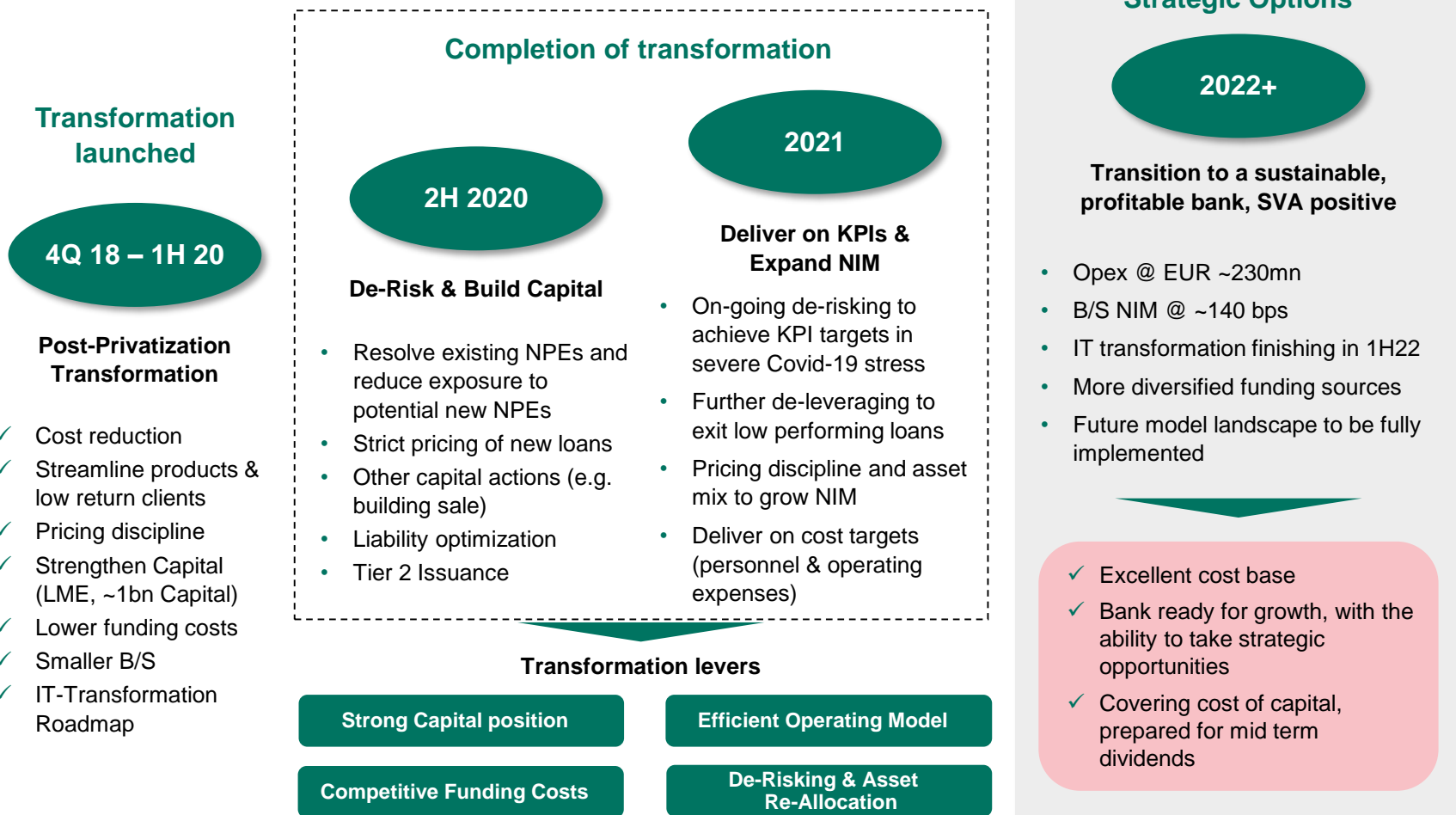
Highlights H1 2020

- ✓ **CET1 ratio increased to 21.7%** (YE 2019: 18.5%) and **leverage ratio increased to 9.9%** (YE 2019: 8.2%)
- ✓ **Balance sheet reduced by 12% to EUR 41.8bn** (YE 2019: EUR 47.7bn) by clear de-risking measures already introduced in Q4 2019
- ✓ **RWA reduced by 20% to EUR 19.0bn** (PY: EUR 23.6bn), **mainly by credit risk and off b/s reductions (-22% to EUR 6.2bn)** to prepare for economic downturn
- ✓ **NPE ratio at 3.2%** (YE 2019: 1.8%), mainly impacted by one large CRE legacy loan close to be solved
- ✓ **Loan loss provisions** of net EUR -94mn include effect of COVID-19 rating migrations. Gross provisions of EUR -183mn partially offset by release of EUR 88mn model overlay. LLP stock of EUR 824mn as of H1 2020 includes EUR 218mn model overlays
- ✓ **CIR down to 48%** despite IT & digitalization investments but benefiting from one-time income, costs reduced by -12% annualized vs. YE 2019, **FTE reduction of 267 (-18%)** achieved in the first half
- ✓ **Profit before tax of EUR 71mn** (PY: EUR 96mn) driven by significantly improved net interest margin (NIM) and one-off effects
- ✓ **Gross new business on a selective basis reduced to EUR 1.4bn** (PY: EUR 3.6bn) with continued profitability improvement driven by strict risk/return requirements and additional new business diversification



▶ **Halftime of Transformation: Well on track to achieve mid-term objectives**

Halftime of Transformation with excellent progress – Roadmap towards a sustainably profitable bank

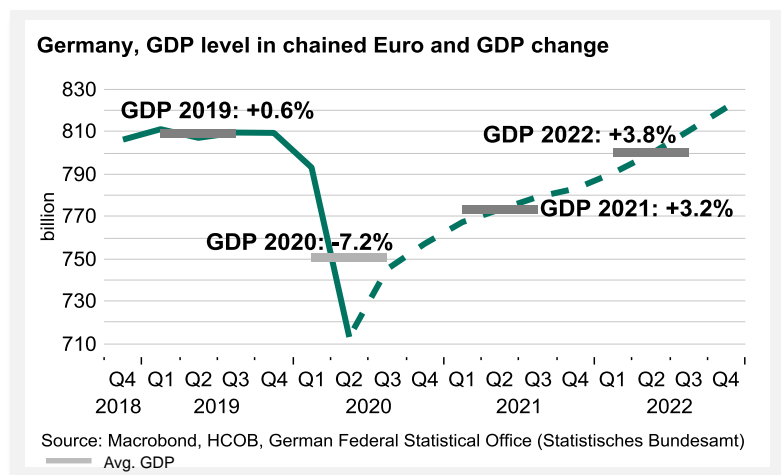


HCOB in 2022 – Efficient, specialized lender ready for growth opportunities following successful transformation

	2018	2022		
CET1 in %	18.4%	~20%	Strong Capital	<ul style="list-style-type: none"> Well positioned for recession Ready to take strategic options
OPEX in EUR mn	402	~230	Sharp Cost Reductions	<ul style="list-style-type: none"> Almost 60% staff reduction from 2018 to 2022, thereof 80% already contractually agreed as of 1H20 Cost target of EUR ~230mn, OPEX reduced by >40% Investments in IT-landscape & digitalization, reducing IT run rate costs by > EUR 40mn
CIR in %	82.9% ¹	~40%		
FTE	1,716	~720		
Assets b/s in EUR bn	55.1	~30	Revised Asset Allocation	<ul style="list-style-type: none"> >40% B/S reduction from 2018 to 2022 Reduction/disposal of low margin asset classes 10%+ shift of B/S into interest bearing assets Increased allocation to Diversified Lending
RWA in EUR bn	22.1	~20		
RoE² in %	1.7% ³	>9% ⁴	Sustainable Profitability	<ul style="list-style-type: none"> Earning cost of capital
NPE in %	2%	~2%	Asset Quality & De-Risking	<ul style="list-style-type: none"> Cyclical assets substantially reduced Concentration limits by asset classes

Macroeconomic development: Transformation targets remain key priority

Macroeconomic scenario¹



- The recovery, which is underway since Q3 2020, starts from a **low GDP level** and will be dampened by continued worries about spreading of Corona
- Return to previous GDP only **by the end of 2022**
- **No** comprehensive **lockdown** measures to be expected in most parts of the world
- A **mix of medical treatment** to prevent severe Corona outcomes, **vaccines** with limited effectiveness and better management of hygiene and social distancing **rules** as well as improved **tracing** procedures will characterize the **new normal**

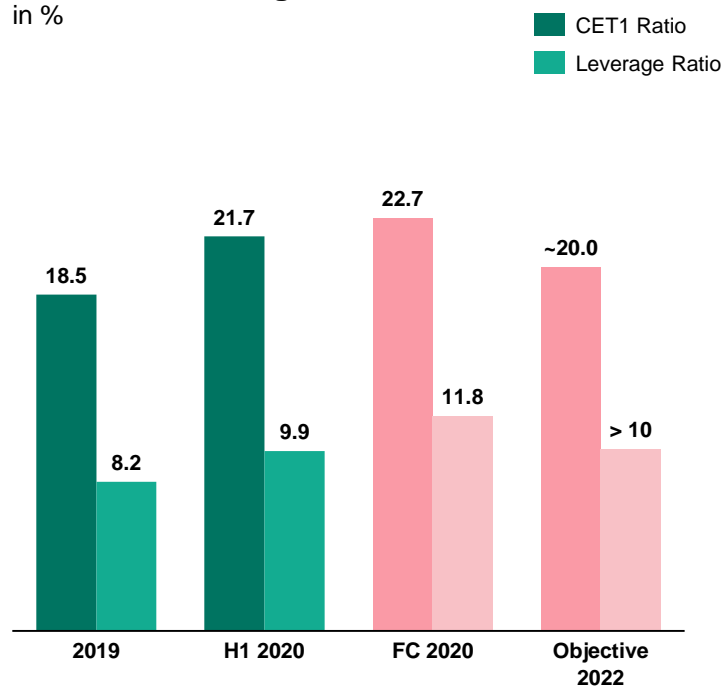
HCOB Focus for 2H 2020

- **Systematic continuation of the transformation program**, cost efficiencies and B/S de-risking more critical than ever to position company for economic downturn
- **Focus on accelerating de-risking** to bolster capital position and prepare for further Covid-19 related rating migration in 2H
- **Capital ratios will continue upward trajectory**
- **NPE again <2.5% expected**, temporary increase in 1H20 mitigated by legacy assets disposal and NPE action plan
- **Strict cost control**: Administrative expenses of EUR 365mn (-12% yoy) despite IT investments
- **Strong liquidity buffer to remain** with sound cash and collateral position with ECB (>EUR 7bn)
- Achieve a **positive IFRS pre-tax result** slightly above previous year's level for the 2020 financial year subject to any unforeseeable effects

Strong Capital – Robust buffer for even more adverse scenarios

CET1 and Leverage Ratios

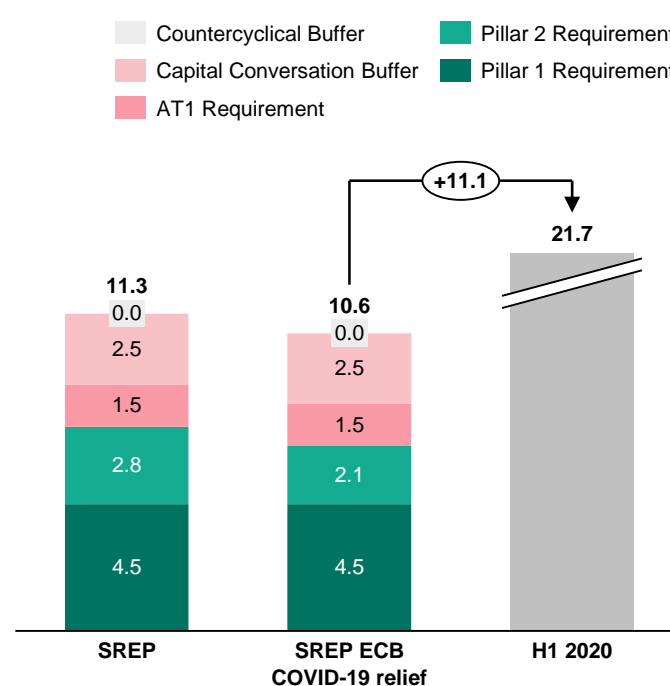
in %



- Very strong leverage ratio of 9.9% further underlines resilient capital position
- HCOB set its ambition level to ~20% CET1 ratio as part of its 2022 financial targets

Increasing buffer to SREP T1 capital requirements

in %



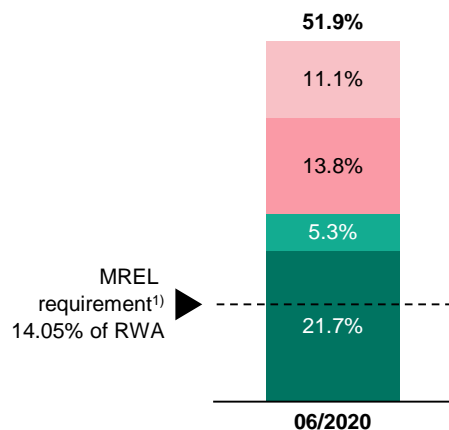
- T1 capital requirement reduced to ca. 10.6% (FY 2019: 12.1%) - lower SREP Pillar 2 Requirement (P2R) and ECB COVID-19 relief
- Overall Total Capital Ratio requirement with capital buffers is ca. 13.3% including P2R of 2.75% (FY 2019: 3.5%); additionally Pillar 2 Guidance (P2G) of 1.0% generally applies

MREL requirement significantly exceeded – MREL ratio is expected to further increase due to decreasing b/s

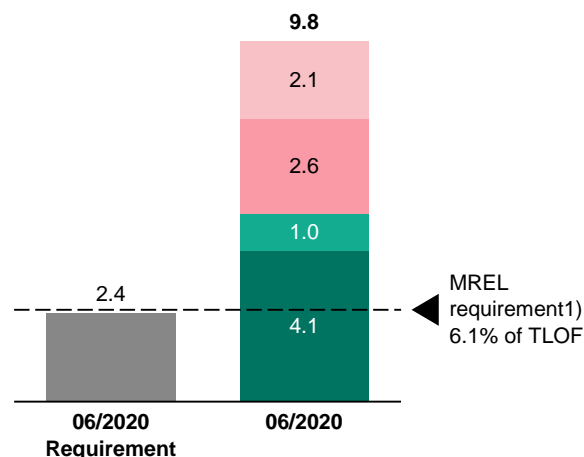
MREL requirement

- 6.1% (PY 8.4%) of **Total Liabilities and Own Funds (TLOF)**, equates in terms of RWA 14.05%
- In particular the large proportion of own funds protects senior-preferred and non-preferred investors
- TLOF ratio per 30.06. equals 24.7%

MREL ratio in % of RWA



MREL composition in EUR bn

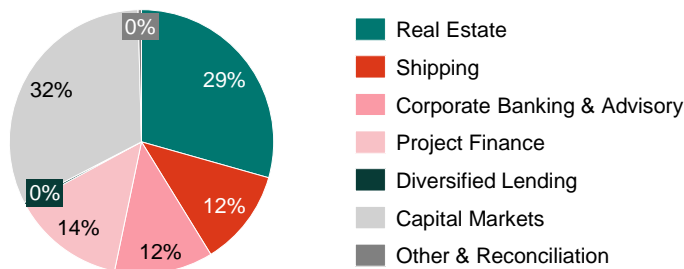


- Other MREL-eligible >= 1 year
- Senior non-preferred >= 1 year
- Subordinated Own Funds
- CET 1
- MREL Requirement

Diversified portfolio with manageable exposure in COVID-19 impacted sectors, limited migration in 1H 2020

Portfolio composition by segment

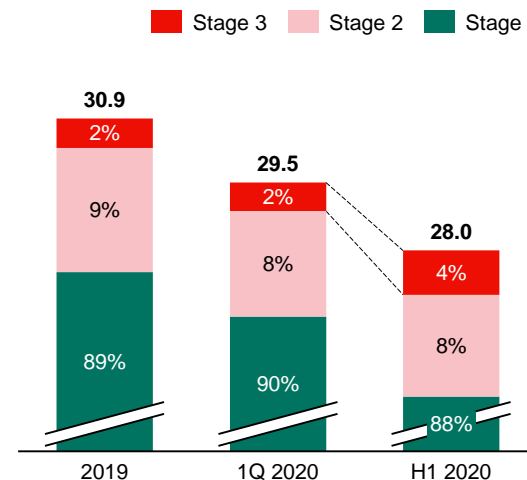
Total EaD of EUR 42.7bn



- **De-risking strategy implemented in Q4 2019** with good progress reducing challenges arising from COVID-19 crises
- Cyclical HCOB exposures are primarily parts of **CRE - hotels** (EUR 0.8bn, all in Germany and mostly owned by large international brands) and **retail** (focus on shopping malls & department stores EUR 1.0bn out of EUR 3.3bn retail in total). **Shipping exposure diversified across sub-segments** with very limited exposure in offshore (EUR 0.1bn) and no cruise ship exposure (EUR 0.1bn commitment for 2021, 95% ECA coverage)
- Very limited exposure to **automotive and machinery** sectors (EUR 0.4bn) and to **travel and leisure** (EUR 0.1bn)
- Major parts of the portfolio (Corporates, CRE) are focused on Germany, thus should benefit from expansive macro measures by German government
- No **aviation** exposure

Development of IFRS 9 stage migration

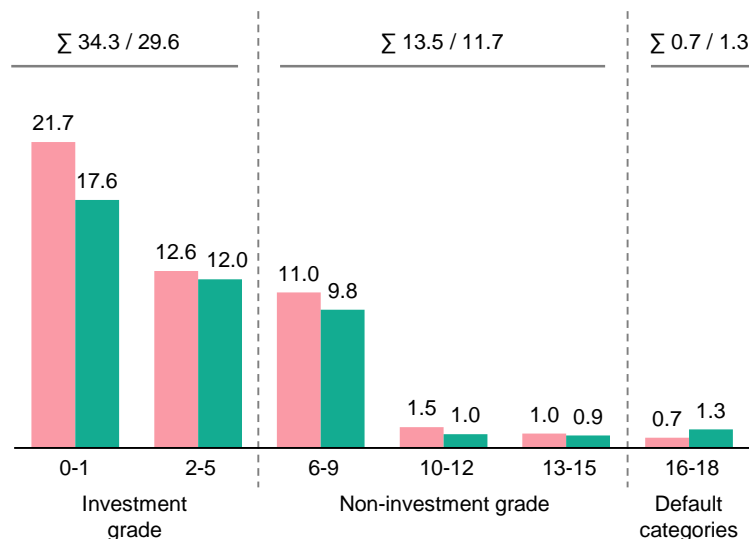
Total loan portfolio, in EUR mn, share in %¹



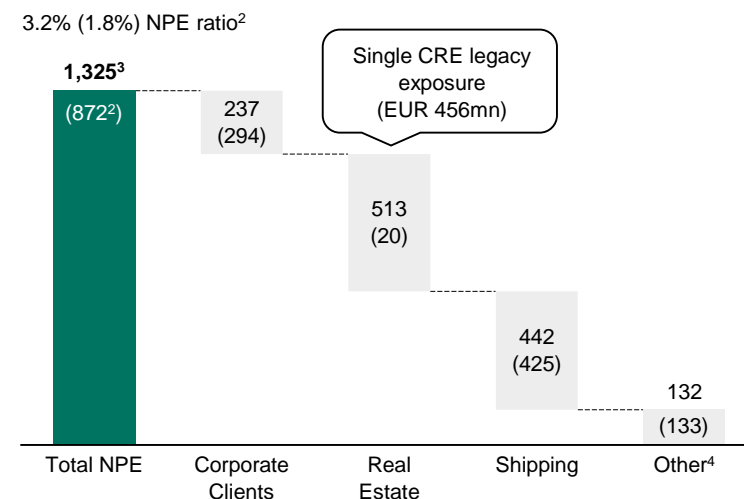
- Limited migration between stages 1 and 2 in 1H 2020
- Increase of stage 3 from EUR 649mn (2.1%) to EUR 981mn (4.0%) mainly due to legacy CRE exposure to be solved in 2H 2020
- Solid LLP coverage: 49.8% for stage 3 loans and 8.5% for stage 2 loans

NPE ratio at 3.2%, mainly impacted by one large CRE legacy loan expected to be solved in 2H 2020

Portfolio by rating category¹ 2019 H1 2020
in EUR bn, EaD, total volume of EUR 42.7bn (EUR 48.6bn)



NPE by client division
in EUR mn, EaD (YE 2019)



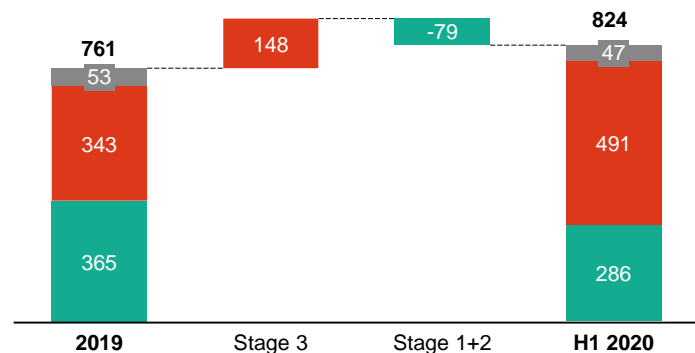
- **Active de-risking:** NPE volume of EUR 1.3bn includes one large legacy CRE exposure (EUR 0.5bn) currently in process of disposal. Without this exposure, the NPE ratio² has increased only moderately up from 1.8% to 2.1%
- **Solid coverage:** NPE Coverage ratio_{AC} of 53%³, incl. GLLP even 58% (EUR 0.8bn). In relation to total customer loans this translates into strong 2.6% coverage

Cost of Risk reflects cautious view on macro development, comprehensive de-risking strategy and solid buffers

Total loan loss provisions

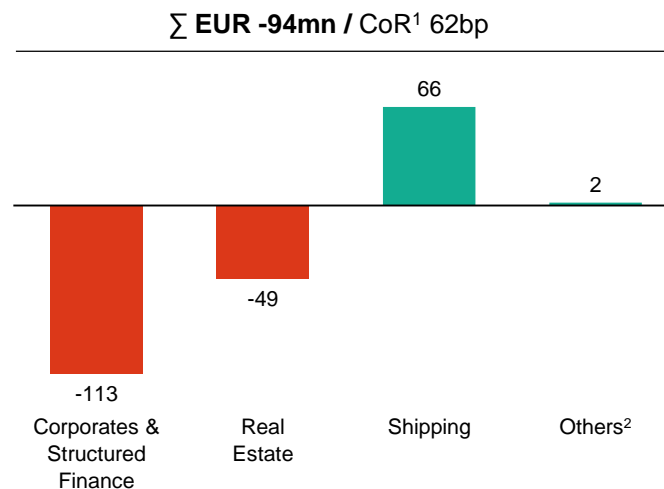
in EUR mn

- LLP off B/S items
- Stage 1+2 (on balance)
- Stage 3 (on balance)



Loan loss provisions in the lending business

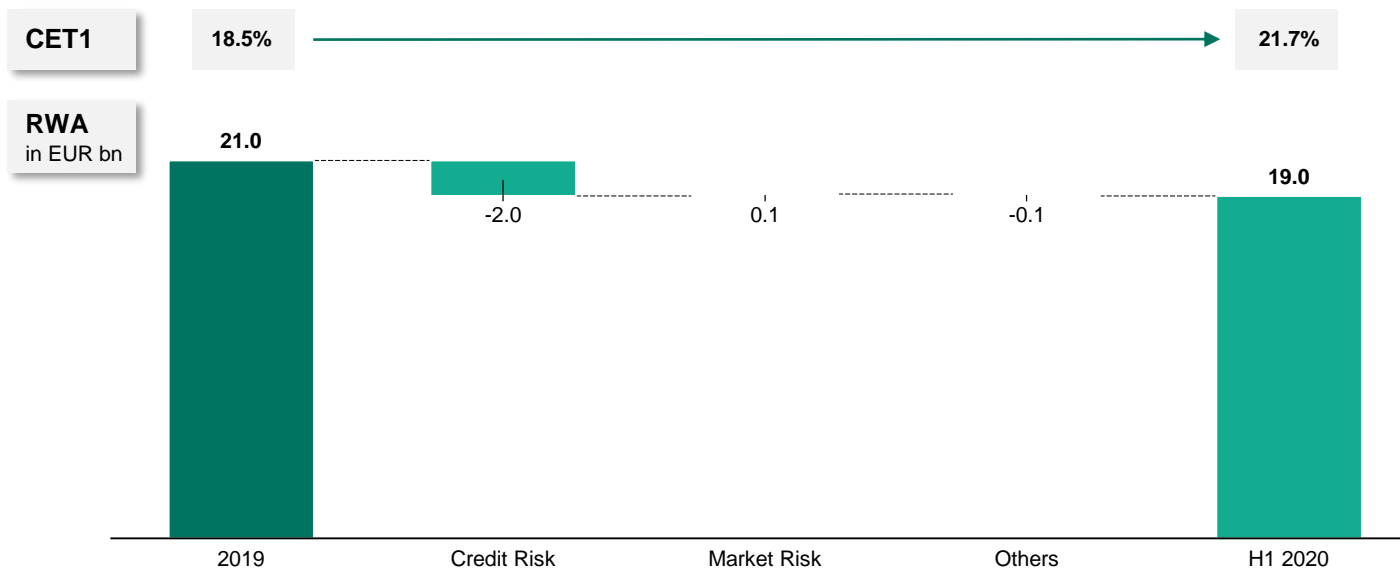
in EUR mn



- Impaired loans increased to EUR 981mn (PY: EUR 649mn), mainly due to the assignment at stage 3 of a single real estate financing transaction, planned to be solved in 2H 2020
- LLP in 1H of EUR -94mn (62bp annualized); excluding model overlay release **gross CoR of EUR 183mn (122bp)**
- 1H 2020 Stock of LLP of EUR 824mn (YE 2019: EUR 761mn) contains **model overlays of EUR 218mn**
- LLP within Corporates & Structured Finance mainly stages 1 and 2 against the backdrop of the coronavirus crisis. Elimination of specific shipping risks allowed for net reversals of SLLPs in shipping segment

RWA development benefits from de-risking measures and supports further CET1 improvement

Development of RWA and CET1

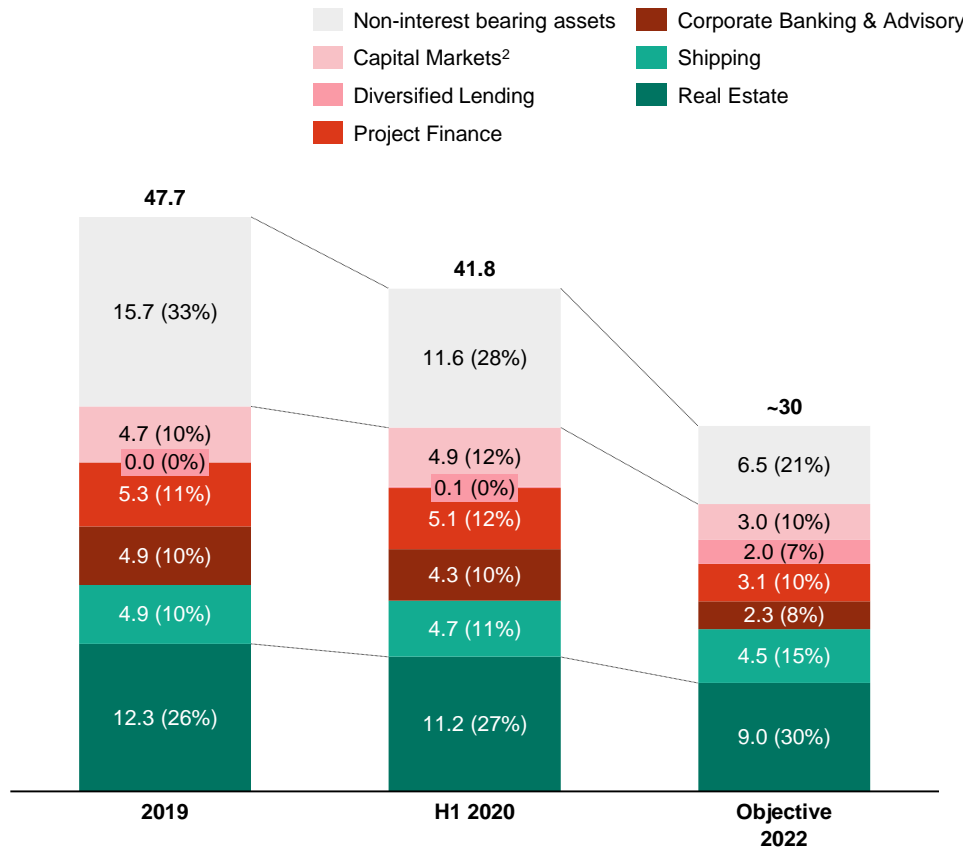


- Lower RWA mainly driven by reduced credit risk from both on-b/s and off-b/s products, including reduced new business
- Higher RWA for market risks are compensated by lower RWA for operational risks

Revised Asset Allocation – Repositioning balance sheet to more productive assets and a more diversified structure

Asset allocation on B/S¹

in EUR bn / in %



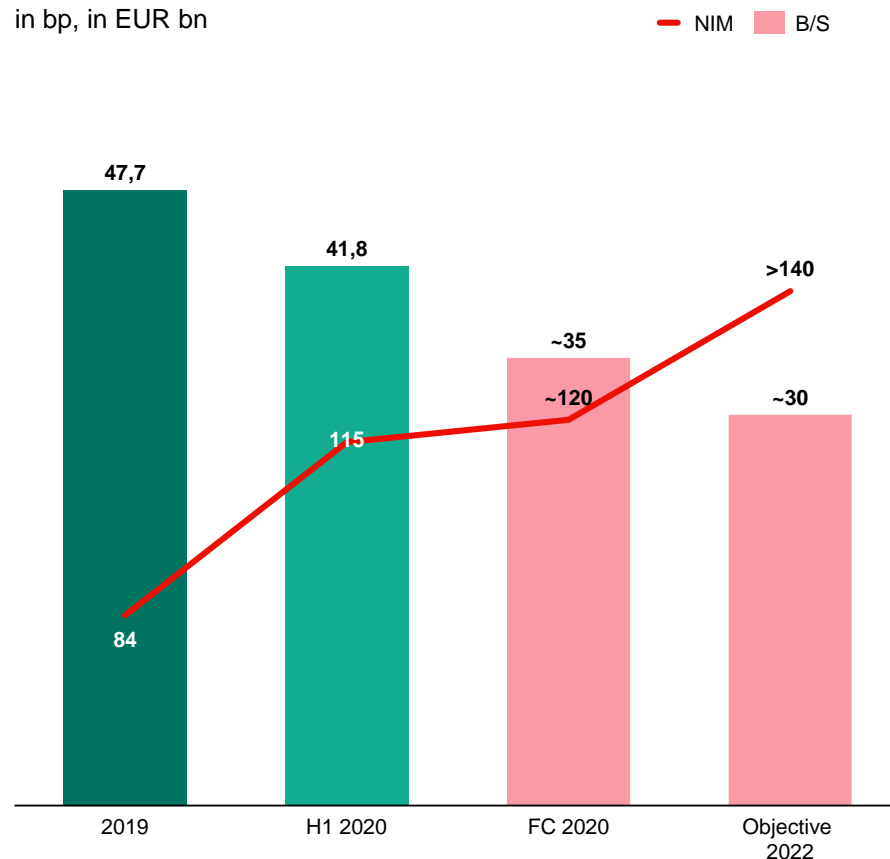
- Balance sheet target adjusted to EUR ~30bn by end of 2022 as part of the de-risking strategy coupled with a significant shift in asset allocation to increase the balance sheet productivity
- Non interest bearing assets to be reduced significantly by 60%
- Maintain core franchise in Real Estate, Shipping and Project Finance (Energy & Infrastructure) with clearly defined concentration limits
- Diversify exposures increasingly in Diversified Lending and in certain areas of Capital Markets investment portfolios
- Further reduce allocation to Corporate Banking & Advisory while maintaining deposit franchise

1) Interest bearing assets for each assetclass consider loans & securities; non-interest bearing assets on b/s include liquidity buffer, derivatives, cash collaterals, etc. | 2) Incl. investment portfolios, legacy portfolios and Financial Institutions

Sustainable Profitability – Earnings trend indicate a more productive b/s and competitive cost of funds

Net Interest Margin (NIM) increases as b/s becomes more profitable

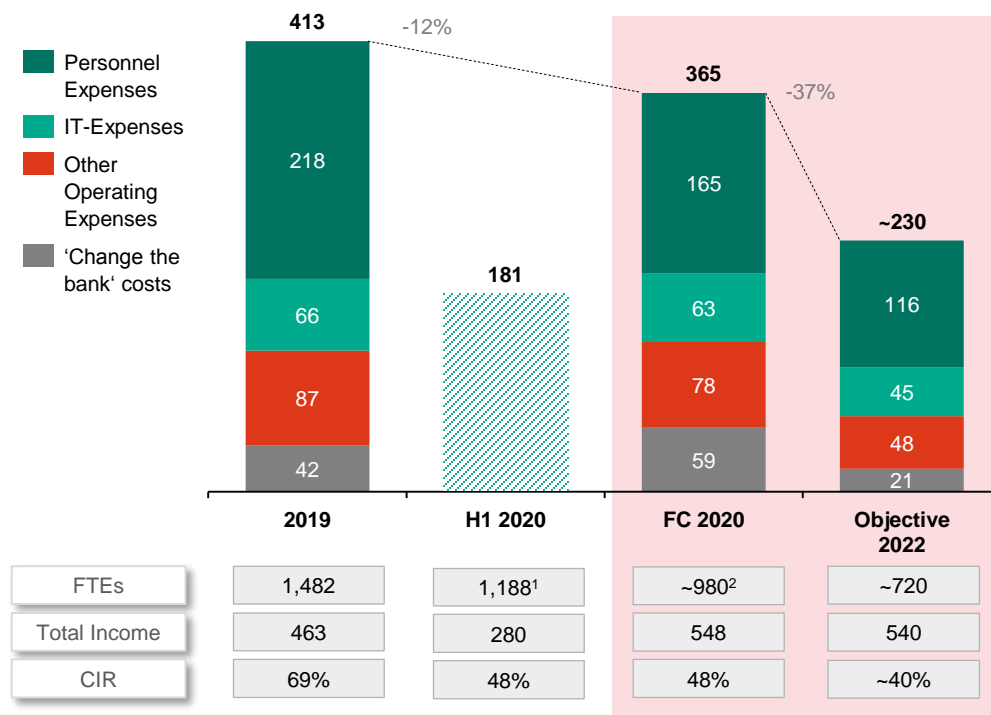
in bp, in EUR bn



- Solid NIM trend reflects strict focus on profitable business, introduction of higher margin diversifying exposures and lower funding costs
- Furthermore, share of profitable interest bearing assets on b/s is increasing significantly, e.g. substantial reduction of liquidity positions
- NIM rose from 84bp (2019) to 115bp (H1 2020) due to b/s repositioning and more selective approach on new business
- Participation in TLTRO beneficial for 1H 2020 cost of funds
- Further significant NIM increase towards market average¹ expected
 - GER: 110bp
 - EU: 150bp

Sharp Cost Reduction – Clear focus on what we control while investing in modernizing the IT platform

Sharpened operating model is key to reach targeted profitability levels
in EUR mn

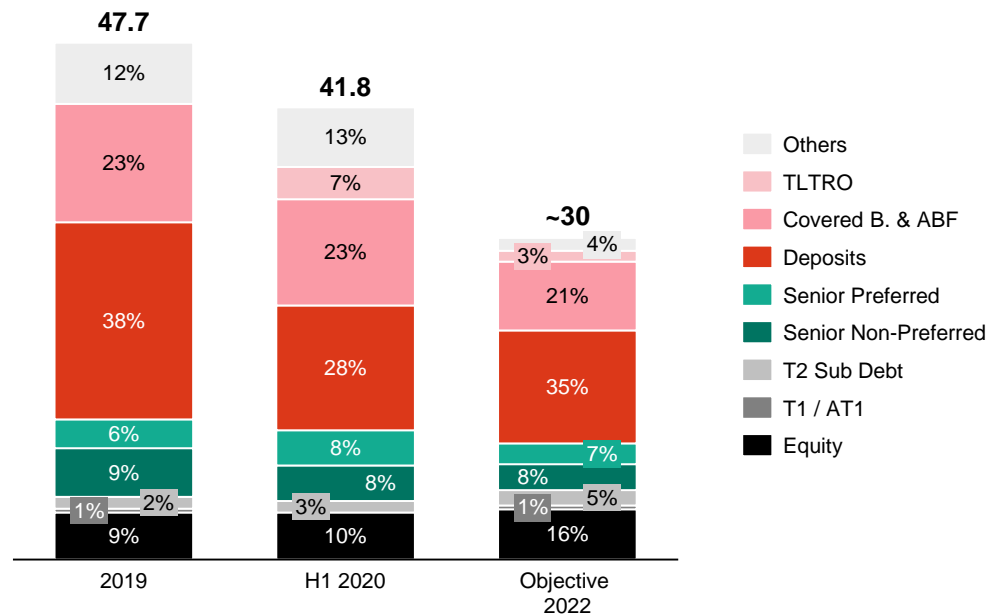


- Significant reduction of OPEX at CIR of ~40% (target for 2022)
- Process simplification and organizational structure re-design driving cost reduction
- Investments in IT-landscape and digitalisation support process efficiencies
- FTE reduction of almost 60% from 2018 (1,716 FTE) until 2022 (FTE ~720); 80% of planned FTE reduction already contractually agreed (as of 1H 2020)

Improved Liability Structure – Solid liquidity position at significantly reduced funding costs

Liability structure by instruments

in EUR bn / in %



Liquidity

(as at 30.06.2020)

Liquidity coverage ratio

168%

Net stable funding ratio

107%

Lower funding costs driven by smaller b/s and optimization of liability structure

- Total funding costs decreased by 60% between 2018 and 2020
- Funding costs not only reflect improved pricing, but are also driven by more stable funding structure; share of liabilities with maturities > 1 year increased from 45% to 56% between 2018 and H1 2020
- **TLTRO** of EUR 3.0bn used to mitigate heightened funding costs due to COVID-19 in 1H 2020

Rating reflects HCOB's strong capitalization, substantially de-risked asset portfolio and significant liquidity buffer

Key Credit Strengths

- ✓ Robust and resilient capitalization, well above regulatory requirements
- ✓ Substantially de-risked and simplified asset portfolio underpinned by legacy disposals and conservative new business with prudent risk appetite and improving diversification, amid macroeconomic uncertainty
- ✓ Strong coverage of credit risks
- ✓ Progress towards diversifying the funding base, extending the maturity profile and maintaining substantial liquidity buffer
- ✓ Demonstrated expertise of owners drives best practices

Upside Drivers

- Demonstrating underlying franchise strength, with steady improvement in risk-adjusted profitability
- Continued diversification by reducing concentration risks from cyclical assets
- Further maturity extension and diversified funding
- Admission to BdB's (Association of German Banks) Deposit Guarantee Fund (ESF)

Ratings Overview ¹	Moody's	S&P
Issuer Ratings		
Deposit Rating	Baa2	–
Issuer Credit Rating (Long-Term)	Baa2 / Stable	BBB / neg. o. ²
Short-term Debt	P-2	A-2
Stand-alone Rating	ba2	bbb-
Instrument Ratings (Unsecured Issuances)		
"Preferred" Senior Unsecured Debt	Baa2	–
"Non-Preferred" Senior Unsecured Debt	Baa3	–
Subordinated Debt (Tier 2)	Ba3	–
Instrument Ratings (Secured Issuances)		
Public Sector Covered Bonds	Aa2	–
Mortgage Covered Bonds	Aa2	–
Ship Covered Bonds	A3	–

Strong financial ratios well comparable to A-rated peers, robust capital position and solid liquidity ratios

Key Metrics	Ratios	HCOB		Peer 1	Peer 2	Peer 3	Peer 4	Peer 5	Peer 6	Peer 7	GER	EU
		H1 2020	Target 2022									
Capital	CET1 ratio	21.7%	~20%	13.3%	13.4%	15.8%	19.8%	13.4%	18.5%	12.7%	14.5%	14.8%
	Leverage ratio	9.9%	>10%	4.2%	4.7%	5.1%	./	5.9%	7.3%	4.7%	4.8%	5.5%
Asset Quality	NPE / NPL ratio	3.2% ¹	~2% ¹	1.4%	0.8%	0.9%	4.3%	1.6%	3.0%	4.0%	1.3%	2.7%
Liquidity	LCR	168%	>140%	144%	127%	>150%	>100%	209%	270%	214%	149%	150%
Profitability	CIR	48%	~40%	87%	83%	46%	59%	43%	54%	54%	84%	64%
	RoE ²	3.3%	>9%	-0.4%	-0.9%	1.6%	0.0%	7.3%	0.3%	2.0%	-0.2%	5.8%
Long-Term Rating	Moody's / S&P	Baa2 / BBB	Baa1 / BBB+	A3 / BBB+	A1 / BBB+	- / A-	A3 / -	A2 / -	Baa1 / BBB+	Baa3 / BBB		

Profitability	✓ Clear path to sustainable profitability, backed by selective new business, b/s optimization and lower funding costs
Capital	✓ Robust capitalization, well above average for higher-rated peers, underpinned by further de-risking and positive earning trajectory
Asset Quality	✓ Sound and well-performing portfolio with manageable exposure in key covid-19 impacted sectors, benefitting from continued de-risking and strong loss coverage
Liquidity	✓ Substantial and high-quality liquidity buffers provide robust cushion for ongoing transformation process

Expanding franchise – backed by improving profitability, robust capital and solid liquidity – coupled with a credible path to ESF entry will drive ratings upside

sustainability@hcob – Commitment to ESG



sustainability@hcob

- In order to address sustainability for Hamburg Commercial Bank in a holistic manner from a social, business policy and regulatory perspective, an interdisciplinary project under the patronage of the CEO was launched
- The aim of this project is to identify specific recommendations for action for the future strategic orientation of Hamburg Commercial Bank, focusing on the opportunities and risks related to ESG factors
- Hamburg Commercial Bank's positioning in this regard will be in line with society's goals, as expressed in the UN's Sustainable Development Goals (SDGs), the Paris Climate Agreement, in relevant national and further international frameworks



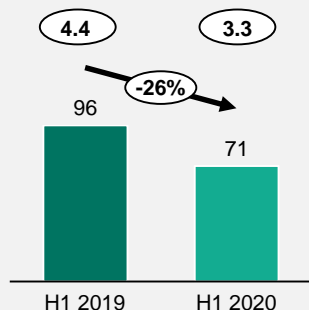
- ✓ Regulations and frameworks to be aligned & implemented
- ✓ Credit standards ESG-adjusted and 'Black List' established
- ✓ Assessment by rating agencies for sustainability initiated
- ✓ Holistic governance structure on ESG under development
- ✓ „Diversity Charter“ signed in May 2020 as a clear statement
- ✓ Sustainability section on HCOB's website released

The combined separate non-financial report (pursuant to Sections 315b, 315c in conjunction with Sections 289b to 289e HGB) is available on the Bank's website at <https://www.hcob-bank.de/en/investoren/konzernberichterstattung/konzernberichterstattung> and is not part of this combined management report.

Financial key figures 1H 2020 – Strong financials as a good basis for a successful remaining transformation path

Net income b. taxes & RoE

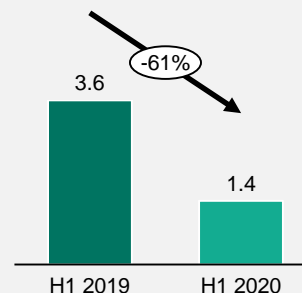
in EUR mn / %



- Positive Group net result despite COVID-19 impact
- Increased total income and further reduction in costs base. Annual contributions for bank levy and deposit guarantee fund recognized
- Drop in net income before taxes is attributable to loan loss provisions, (which had a positive effect in the previous year with a net reversal) and negative FVPL result

Gross new business

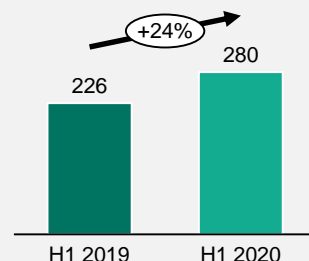
in EUR bn



- De-risking strategy also provides for a significant reduction in new business, a more selective approach to loan extensions and a reduction in the volume of revolving credit lines, particularly in the corporate clients segment
- Thus, also concentration risks in the individual asset classes will be optimized further

Total income

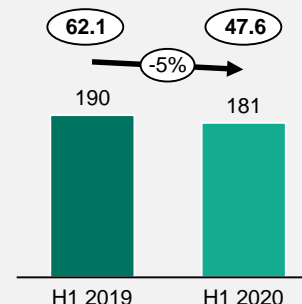
in EUR mn



- NII of EUR 351mn higher than expected (PY: EUR 230mn), reflects further improvement in new business profitability and lower funding costs
- Revaluation of hybrid instruments with a positive effect of EUR 74mn in NII
- Result from financial instruments (FVPL) amounted to EUR -149mn (PY: EUR -37mn)
- NCI of EUR 27mn proved to be stable (PY: EUR 28mn)

Admin. Expenses & CIR

in EUR mn



- Reduction in administrative costs as a result of cost-cutting measures
- CIR improved also due to higher total income
- Personnel expenses of EUR -87mn (PY: EUR -105mn)
- Operating expenses of EUR -90mn (PY: EUR -80mn) with an increase due to forward-looking projects (primarily IT)
- Depreciation of EUR -4mn (PY: EUR -5mn)

P/L H1 2020 – Sound development of operating income (NII and NCI) despite COVID-19

P&L overview (in EUR mn, IFRS)	HCOB Group		Change in %
	6M 2020	6M 2019	
Net interest income	351	230 ¹	53
Net commission income	27	28	-4
Result from hedging	2	-4	>100
Result from financial instruments categorized as FVPL	-149	-37	>-100
Result from financial investments	5	4 ¹	25
Result from the disposal of financial assets classified as AC	44	5	>100
Total income	280	226	24
Loan loss provisions	-94	25	>100
Administrative expenses	-181	-190	-5
Other operating result	100	80	25
Expenses for regulatory affairs, deposit guarantee fund and banking associations	-29	-37	-22
Net income before restructuring and transformation	76	104	-27
Result from restructuring and transformation	-5	-8	38
Net income before taxes	71	96	-26
Income tax expense	-67	-91	-26
Group net result	4	5	-20

H1 2020 Comments

- NII (EUR 351mn) increases by 53% yoy
- NCI (EUR 27mn) flat due to stable fee income despite lower new business
- FVPL (EUR -149mn) driven by valuation effects
- Net income from financial investments (EUR 49mn) driven by sale of securities
- Reasonable loan loss provisions (EUR -94mn) reflect in particular stage 3 SLLP (EUR -64mn) to be seen against backdrop of existing large LLP buffer of EUR 824mn (YE 2019: EUR 761mn)
- OPEX (EUR -181mn) reduced by 5% yoy at plan level
- Other operating result primarily reflects sale of buildings (EUR 71mn)
- Regulatory expenses (EUR -29mn) burdened by full year provisioning for bank levy and deposit guarantee fund
- Net income after tax (EUR 4mn) driven by high tax burden due to reduced DTA

Balance Sheet – Systematic further reduction in total assets

Balance sheet (in EUR mn, IFRS)	6M 2020	2019	Change in %
Cash reserve	2,206	4,850	-55
Loans and advances to banks	2,033	2,521	-19
Loans and advances to customers	28,279	30,708	-8
Loan loss provisions	-777	-708	10
Trading assets	2,477	2,663	-7
Financial investments	6,113	6,100	0
Non-current assets held for sale and disposal groups	465	355	31
Other assets	961	1,223	-21
Total assets	41,757	47,712	-12
Liabilities to banks	7,938	5,066	57
Liabilities to customers	17,576	23,966	-27
Securitized liabilities	6,624	7,845	-16
Trading liabilities	1,656	1,946	-15
Provisions	1,323	1,699	-22
Subordinated capital	1,070	1,349	-21
Equity	4,362	4,350	0
Other liabilities	1,208	1,491	-19
Total equity and liabilities	41,757	47,712	-12

H1 2020 Comments

- In line with the de-risking strategy, Group's total assets continued to decline as planned, falling by almost EUR 6bn (approx. 12%); decline is reflected in almost all major b/s items
- On the Asset side, this is mainly reflected in the cash reserve (drop reflects continuous optimization of the Bank's solid liquidity position with an LCR of 168%) and loans and advances to customers
- On the Liability side, the decline is particularly evident in liabilities to customers, but also in securitized liabilities
- Significant increase in liabilities to banks is due to the fact that the Bank adapted its funding strategy to reflect the situation on the financial markets in the context of the coronavirus pandemic in the first half of 2020 and, in order to optimize funding costs, also made use of the longer-term open market operations

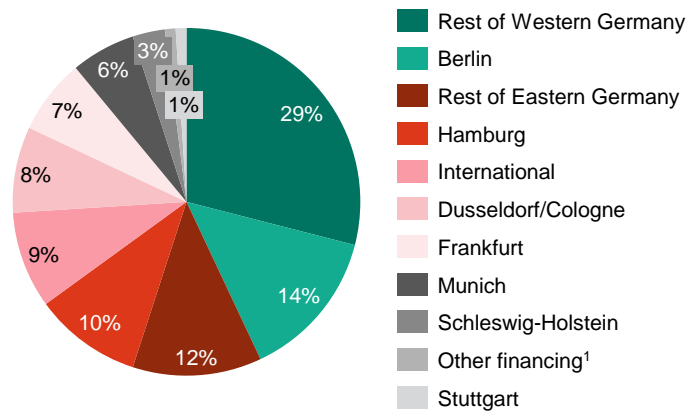
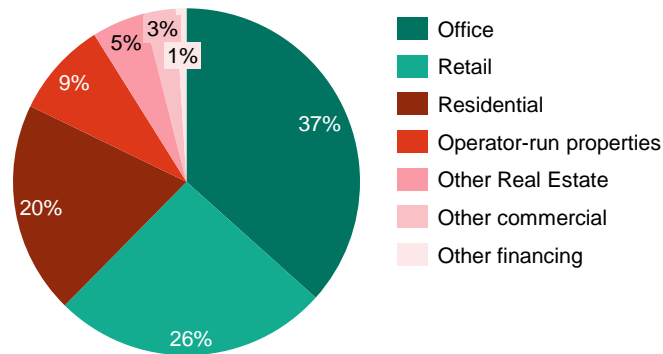
Segment Overview

in EUR mn, IFRS	Corporates & Structured Finance		Real Estate		Shipping		Diversified Lending & Markets		Other and Reconciliation		Group	
	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020
Total income	101	143	101	126	58	40	11	2	-45	-31	226	280
Loan loss provisions (LLP)	-23	-113	-42	-49	88	66	2	-	-	2	25	-94
Administrative expenses	-82	-71	-60	-70	-39	-35	-10	-6	1	1	-190	-181
Net income before taxes	-29	-52	36	-4	100	66	1	-3	-12	64	96	71
Net income before taxes and LLP	-6	61	78	45	12	0	-1	-3	-12	62	71	165

in EUR bn, IFRS	2019	H1 2020	2019	H1 2020	2019	H1 2020	2019	H1 2020	2019	H1 2020	2019	H1 2020
Segment assets	12.3	11.0	12.5	11.5	4.6	4.5	17.1	13.7	1.2	1.1	47.7	41.8
Segment portfolio EaD	13.6	12.3	13.9	12.6	5.2	4.9	15.3	12.7	0.4	0.3	48.6	42.7

Real Estate – Well diversified by sector and region, single NPE case close to be solved in H2 2020

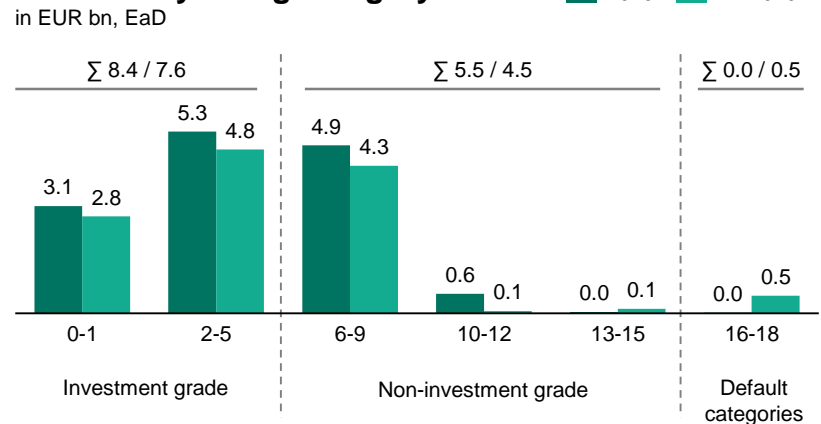
Portfolio (EUR 12.6bn) by sector and region
in %



Comments

- Well diversified and sound portfolio built up over past years – high share of German market
- Conservative underwriting criteria for new business – sound loss history in past years
- Portfolio of EUR 12.6bn EaD, of which EUR 7.6bn (60%) is investment grade, EUR 11.9bn (94%) in rating categories 0 to 9²
- NPE ratio of 4.1% with a NPE of EUR 513mn², excluding single legacy loan (EUR 456mn) NPE of EUR 57mn
- NPE Coverage ratio_{AC} of 33.4%²

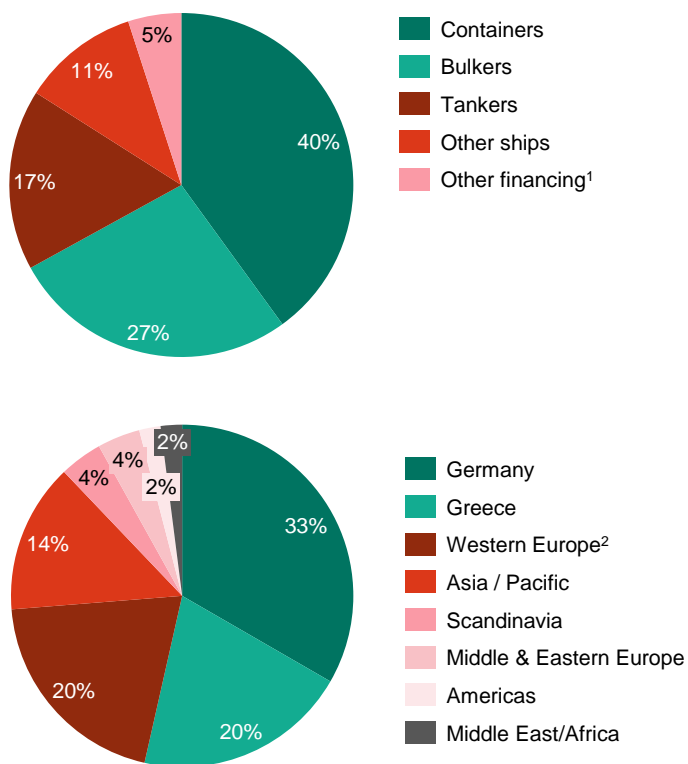
Portfolio by rating category²



Shipping – Structural improvements in portfolio quality

Portfolio (EUR 4.9bn) by sector and region

in %

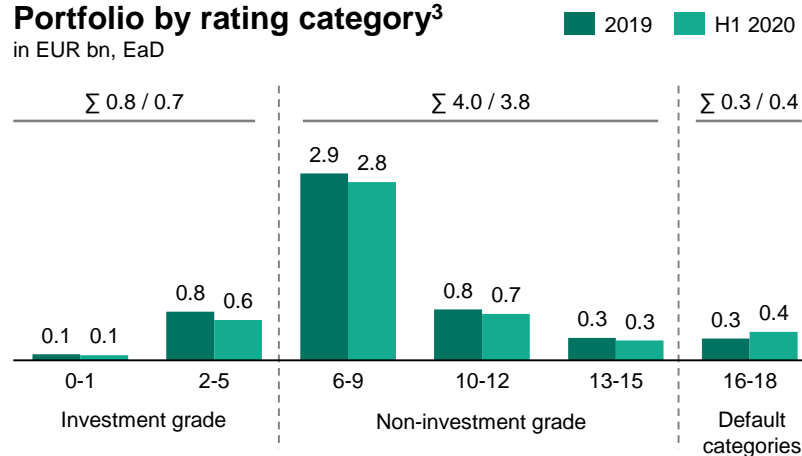


Comments

- Substantially improved and diversified portfolio
- Still solid risk coverage, even after the reversal of general loan loss provisions/recognition of specific LLP in stage 3
- No exposure to high risk COVID sector Cruise Shipping, limited to EUR 95mn commitment for 2021 / 95% ECA coverage
- Shipping portfolio of EUR 4.9bn EaD, of which EUR 0.8bn (14%) is investment grade, EUR 3.5bn (70%) in rating categories 0 to 9³
- NPE ratio of 9.0% with an NPE of EUR 442mn³
- NPE Coverage ratio_{AC} of 58.3%³

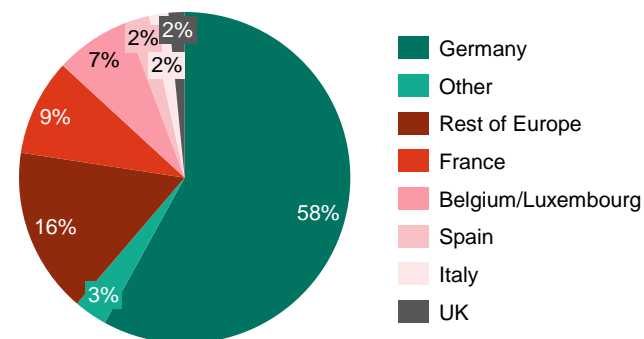
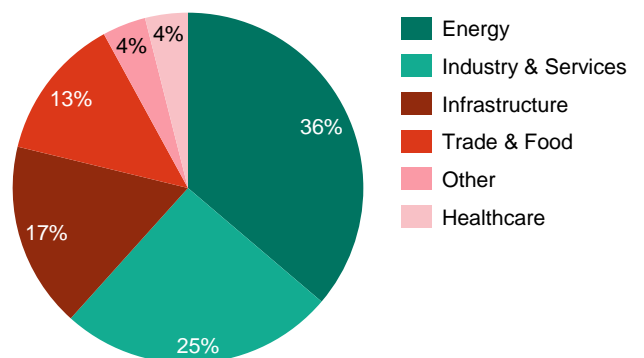
Portfolio by rating category³

in EUR bn, EaD



Corporates & Structured Finance – Well diversified in terms of sectors, solid portfolio quality

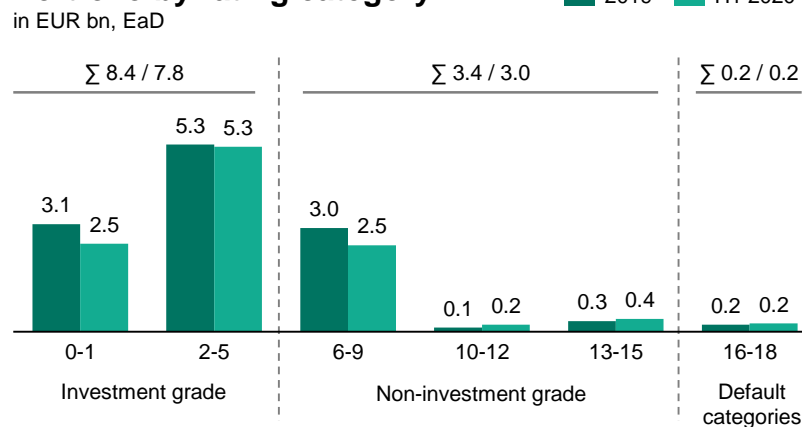
Portfolio¹ (EUR 11.1bn) by sector and region
in %



Comments

- No major concentrations to specific industries or clients
- Exposure to structurally weakening automotive sector relatively small and is reduced further
- Portfolio of EUR 11.1bn EaD, of which EUR 7.8bn (70%) in investment grade, EUR 10.3bn (93%) in rating categories 0 to 9²
- NPE ratio of 3.5% (Corporate Banking & Advisory) / 1.0% (Structured Finance) with an NPE of EUR 179mn² resp. EUR 59mn²
- NPE Coverage ratio_{AC} of 71% (Corporate Banking & Advisory) / 72% (Structured Finance)²

Portfolio by rating category²



Diversified Lending – New business line implemented

Portfolio – Deals closed (EUR 192mn) by currency and rating in %¹



- Portfolio designed to take advantage of international market opportunities
- Active in primary- and secondary markets
- Focus on other European countries (75%) and USA (25%)
- Shift in pipeline focus due to COVID-19 to recession resilient sectors, i.e. Technology, Media and Telecom (TMT), Food, Soft-Commodities, Healthcare
- Deal closings in Sweden, UK, Switzerland & USA

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Definitions and abbreviations

ABF

Asset-based Funding

BdB

Bundesverband deutscher Banken [Association of German Banks]

BRRD

Bank Recovery and Resolution Directive

CCO

Chief Clients and Products Officer

CEO

Chief Executive Officer

CET1 (Common Equity Tier 1)

Defined as the quotient of the core T1 capital excluding hybrid instruments and the sum of the riskweighted assets, expressed in %

CFO

Chief Financial Officer

CIO

Chief Investment Officer

CIR (Cost-Income-Ratio)

A cost efficiency ratio that measures administrative expenses in % of total income plus other operating income.

COO

Chief Operating Officer

CRO

Chief Risk Officer

CSR

Corporate Social Responsibility

CTO

Chief Technical Officer

DSGV

Deutscher Sparkassen- und Giroverband [German Savings Bank Association]

EaD

Exposure at Default

EdB

Entschädigungseinrichtung deutscher Banken [Compensation Scheme of German Banks]

FTE

Full time equivalent

IFRS

International Financial Reporting Standards

LCR (Liquidity Coverage Ratio)

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 institutional protection into account, i.e. taking into account the limit on the deposit guarantee for client deposits of EUR 100,000 per client.

LLP

Loan loss provision

M&A

Mergers & Acquisitions

NPE Ratio (Non Performing Exposure)

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.

NSFR (Net Stable Funding Ratio)

Was introduced to ensure structural liquidity. The NSFR is defined as the ratio of available stable funding amounts to the required stable funding

RoE (Return on Equity)

RoE is calculated as the ratio of income before taxes to average equity capital disclosed on the balance sheet and shows the return on capital. The risk-adjusted allocation of the average equity capital disclosed on the balance sheet is determined on the basis of the regulatory capital committed.

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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 Group management report for the 2019 financial year will contain further information on the management system and defined management parameters of the Hamburg Commercial Bank Group as well as disclosures.