Factsheet

August 19, 2021

About us

Hamburg Commercial Bank AG (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg. HCOB offers its clients a high level of structuring expertise in real estate financing with a focus on Germany 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 is also involved in the expansion of digital infrastructure. HCOB offers individual solutions for international corporate clients and specialty lending as well as a focused corporate business in Germany. Digital products for reliable and timely domestic and international payments as well as other trade finance solutions also support the need of the bank's customers. HCOB Bank is increasingly aligning its activities with established ESG criteria and has anchored sustainability aspects in its business model.

Key Credit Strengths

- Strong execution on turn-around
- Excellent capital position, well above regulatory requirements
- Sound asset quality with a NPE ratio <2%
- Solid Cost-Income Ratio
- Well funded with strong liquidity KPIs

Ownership Structure

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.** *Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft*	**HCOB** *Current and former Management Board Members (who are or were in office from November 2018)*
Promontoria Holding 221 B.V. 9.87%	Promontoria Holding 231 B.V. 13.87%	Promontoria Holding 233 B.V. 18.71%	JCV IV Neptun **Holdings S.à r.l.**	Golden Tree Asset **Management Lux S.à r.l.**	Chi Centauri LLC		
42.45%			**34.96%**	**12.49%**	**7.49%**	**2.50%**	**0.11%**

Business Segments[1]

Real Estate

- Well-established, risk-conscious business, primarily in Germany
- Expanding new business with appropriate risk/return requirements
- Structuring competence for tailor-made financing
- Selective expansion of international business in neighbouring European countries

Segment assets: € 9.1bn

Shipping

- Focus on diversification of portfolio through domestic and international counterparties with good credit ratings
- Strategic partner based on long-term market expertise
- New business under strict margin and risk conditions (focus on secondary market, no spot market financing)
- New risk culture and new underwriting standards in place since 2018

Segment assets: € 3.2bn

Project Finance & Corporates

- Renewable Energy & Infrastructure focus European and. Selectively, non-European markets
- Corporate Finance for German MidCaps combined with high competence in Working Capital/Factoring and Cash & Trade
- Corporates International diversifies selectively in European and North American market on base of sound risk/return profiles

Segment assete: € 7.9bn

Treasury & Group Functions

- Treasury and active liability management focused on providing stable liquidity and funding structure at competitive costs
- Payment services for all client segments, leveraging new technology platform
- Liquidity buffer forms major part of asset base, supplemented by strategic investment portfolio
- Group functions include all other central functions such as risk control, legal etc.

Segment assets: € 11.4bn

1) Segment assets as of 30.06.2021 excl. reconciliation

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Highlights H1 2021

- Nearing completion of 3 year transformation program…ahead of schedule
- Comprehensive restructuring of balance sheet and cost base…proving that aggressive restructuring programs can be successfully implemented in Germany
- Positioned as one of Germany's most operationally efficient banks…continuing to invest in IT Transformation for further efficiencies and scalability
- € 194mn net income in 1H21…well ahead of prior guidance
- 19.8% ROE based on 13% CET1 ratio…8.7% ROE on average IFRS capital
- NIM expansion continues…136 bps NIM b/s in 1H21 (vs. 113 bps in H1 2020)
- Full effects of cost restructuring being reflected in 2021…€ 153mn OPEX in 1H21 (down 15%)
- Strong results, with all lending segments improving in returns
- De-risking efforts & improved profitability deliver one of the best capitalized banks in Europe, 29.6% CET1 (vs. 27.0% at YE20)
- Successful issuance of 5 year senior preferred benchmark bond (€ 500mn)
- Resilient under ECB stress test[1]…Top quadrant of banks for CET1 & leverage ratios under stress following adverse stress scenario
- Capital levels well in excess of SREP requirements
- Very well positioned for BdB entry following 2021
- Rating agencies reflecting improved profile…Moody's upgraded stand-alone rating (BCA) by 1 notch to ba1, lifting issuer rating to Baa1, "positive". S&P improved outlook to "developing"
- Investing in our core franchises…Real Estate, Shipping and Project Finance & Corporates

Key Financials: YE 2020 / H1 2021 and Guidance for 2021/2022 – Focus on recurring profitability

(Figures in €)

		2020	H1 2021	2021e	2022e	
Increase Profitability & Returns	**Total Income** (mn)	656	338	~600	>600	• Core income supported by NIM b/s expansion to >150bp (YE) & improving asset mix with increased share of productive assets on smaller B/S
	Net Income (mn)	102	194	>250	>250	• Benefits of cost restructuring realized in run rate
	Return on Equity[2] (%)	4.3	19.8	>12.0	>12.0	• Revised guidance for net income 2021 from >200mn€ to € >250mn
Reduce Expenses	**Headcount** (FTEs)	1,122	947	~900	~800	• Strict cost management continues driven by employee restructuring & reduced facility footprint while investing in IT
	Cost-Income Ratio (%)	42	45	~50	40-42	• Moving towards target CIR driven by recurring income, not one-offs
De-risk & Build Capital	**Total Assets** (bn)	33.8	31.6	~30	~30	• Strict return thresholds…build/grow SVA positive asset classes…exit lower performing segments
	Tangible Equity (bn)	4.3	4.6	>4.6	>4.9	• RWA increase due to change in rating model landscape, main impact to be reflected in 2022
	RWA (bn)	15.5	14.8	~15	~18	• Stable asset quality & resilient capital levels
	NPE Ratio (%)	1.8	1.9	<2.0	<2.0	• Strong capital & recurring earnings reduce the economic rational for issuing an AT1 bond medium term
	CET1 Ratio (%)	27.0	29.6	~30	~25	

Rating

Ratings Overview[3]	Moody's	S&P
Deposit Rating	Baa1	–
Issuer Credit Rating (Long-Term)	Baa1 / positive	BBB / developing
Short-term Debt	P-2	A-2
Stand-alone Rating	ba1	bbb-
"Preferred" Senior Unsecured Debt	Baa1	–
"Non-Preferred" Senior Unsecured Debt	Baa2	–
Subordinated Debt (Tier 2)	Ba2	–
Mortgage Covered Bonds	Aa1	–
Ship Covered Bonds	A2	–

	2019	2020
ISS ESG	C-	C-
Sustainalytics	28	14
imug	CCC	BB

1) ECB Stress Test 2021 published on July 30, 2021 I 2) ROE after taxes based on a 13%-ratio of invested CET 1 capital as reported; 8.7% ROE after taxes based on reported average IFRS capital as of 30/06/2021 (2.3% as of 31/12/2020) I 3) See also latest publications by the rating agencies on the Hamburg Commercial Bank's website: https://www.hcob-bank.de/en/investoren/rating/rating/