Disclosure Report as at 31 December 2021

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Due to rounding, numbers presented throughout this report may not add up precisely to the totals and percentages provided.
This report is a non-binding translation of the original German version of the Disclosure Report (Offenlegungsbericht).

A Introduction and general principles

I Overview

The aim of disclosure under the Capital Requirements Regulation (CRR) is to strengthen market discipline among institutions. To this end, additional information on the risk profile is made available to market participants over and above the information published in the annual report.

The new disclosure requirements under Part 8 of amending Regulation 2019/876/EU (CRR II) came into force effective 30 June 2021. The resulting new and amended disclosure requirements have been taken into account in this Disclosure Report.

Scope of application

Hamburg Commercial Bank AG has consolidated total assets of more than € 30 billion, is classified as a significant credit institution under the Single Supervisory Mechanism (SSM) and is subject to direct supervision by the ECB. The Bank is not classified as an other systemically important institution (O-SII) pursuant to Article 131(3) of Directive 2013/36/EU in conjunction with Section 10g(2) of the German Banking Act (KWG).

Hamburg Commercial Bank AG is the parent credit institution within the Hamburg Commercial Bank Group. The disclosure pursuant to Part 8 CRR is made in accordance with Article 13(1) CRR for the Hamburg Commercial Bank Group (hereinafter referred to as Hamburg Commercial Bank). The companies that belong to the group within the meaning of Section 10a KWG in conjunction with Article 11 CRR (regulatory scope of consolidation) must be taken into account. This is different to the scope of consolidation for accounting purposes in accordance with International Financial Reporting Standards (IFRS), which forms the basis for reporting on the IFRS Group financial statements of Hamburg Commercial Bank in the Annual Report.

Within Hamburg Commercial Bank, it is generally possible to transfer own funds/financial resources in accordance with Article 436(f) CRR. This option may, however, be limited due to existing regulatory requirements or also other legal obligations or restrictions. With regard to the capital resources of subsidiaries in which other shareholders besides Hamburg Commercial Bank hold a stake, the consent of the co-shareholders and their committees is generally required for any change in equity or own funds. In cases involving subsidiaries that are also institutions, changes in equity may have to be coordinated with the relevant supervisory authorities.

There are no capital shortfalls at subsidiaries within the meaning of Article 436(g) CRR. A capital shortfall is the amount by which current equity is less than the regulatory capital requirement.

Material, proprietary or confidential information

Pursuant to Article 432(1) CRR, institutions may generally omit one or more of the disclosures listed in Part 8 Title II CRR where the information provided by those disclosures is not regarded as material. Hamburg Commercial Bank complies with all disclosure requirements subject to no restrictions.

Institutions may, in accordance with Article 432(2) CRR, omit one or more items of information referred to in Part 8 Titles II and III CRR where those items include information that is regarded as proprietary or confidential. Hamburg Commercial Bank has not made use of this exception in this report.

Frequency of disclosure

In accordance with Article 433a(1)(a) CRR, Hamburg Commercial Bank publishes the information required under Part 8 CRR in full once a year as at 31 December.

As Hamburg Commercial Bank issues securities on a regulated market, the relief pursuant to Article 433a(2) CRR cannot be applied.

The information pursuant to Article 433a(1)(b) CRR is disclosed on a half-yearly basis.

The information pursuant to Article 433a(1)(c) CRR is disclosed on a quarterly basis.

Accordingly, the requirements set out in Article 433a(1)(a) CRR have been fulfilled in this report.

Means of disclosures

The Disclosure Report is published on Hamburg Commercial Bank's website under "Investor Relations" in accordance with Article 434(1) CRR. The date and medium of publication is communicated to the supervisory authorities.

Other sources of disclosure

Where information is disclosed under other provisions, the disclosure requirements under Article 434(2) CRR can be considered met. Hamburg Commercial Bank uses this provision for the information set out below:

Pursuant to Article 435 (1) CRR, institutions are to disclose their risk management objectives and policies for each separate category of risk, including counterparty risk, market risk incl. interest rate risk and operational risk. Other significant types of risk for Hamburg Commercial Bank include transformation risk and reputation risk. These disclosures are made together with the information in the Group management report (Risk Report) within the Annual Report of Hamburg Commercial Bank. In accordance with Article 435(2)(e) CRR, the information flow on risk to the management body is also described therein.

The disclosure of the number of directorships held by members of the management body, as well as the strategy and policy on diversity with regard to selection of members of the management body pursuant to Article 435(2)(a) to (c) CRR is made together with the information in the Corporate Governance Report, in the Group management report (Management Declaration pursuant to Sections 289f and 315d of the German Commercial Code (HGB)), as well as in the Notes to the Group financial statements (Note 62 "Other disclosures in accordance with German commercial law" and Note 63 "Names of members of corporate bodies and directorships held") of the Annual Report of Hamburg Commercial Bank. Information on the Risk Committee pursuant to Article 435(2)(d) CRR can be found in the Report of the Supervisory Board of Hamburg Commercial Bank.

Pursuant to Article 438(a) CRR, an institution is to disclose, in qualitative terms, a summary of the approach to assessing the adequacy of its internal capital to support current and future activities. Consequently, the internal procedures used to assess the adequacy of capital resources available in relation to the risk profile are described, as is the strategy for maintaining the level of capital resources. These disclosures are made in the Group management report (Risk Report) within the Annual Report of Hamburg Commercial Bank.

A description of the approaches and methods adopted for determining specific and general credit risk adjustments in accordance with Article 442(b) CRR is provided with the disclosures in the Group management report (Risk Report) and in the Notes to the Group financial statements (Note 7 "Accounting and measurement principles") of the Annual Report of Hamburg Commercial Bank.

Hamburg Commercial Bank fulfils the requirements pursuant to Article 450 CRR in conjunction with Section 16 (1) of the German Ordinance on the Remuneration of Financial Institutions (*Institutsvergütungsverordnung*) by publishing a separate Remuneration Report. It is published in the same place as the Disclosure Report on the Hamburg Commercial Bank website.

Additional disclosures pursuant to Section 26a KWG

The legal and organisational structure, as well as the principles of due and proper management of the Group, are presented in the Group management report (Basis of the Group and Risk Report) within the Annual Report of Hamburg Commercial Bank in accordance with Section 26a (1) sentence 1 KWG.

The additional disclosure requirements for CRR institutions pursuant to Section 26a (1) sentence 2 KWG can be found as an annex to the Group financial statements ("Country by Country Reporting") in the Annual Report of Hamburg Commercial Bank.

Non-applicability and negative pledges

In principle, Hamburg Commercial Bank discloses all information in accordance with Part 8, Titles II and III CRR. Some of the requirements are not, however, relevant, meaning that they have not been disclosed.

In the interests of ensuring clear disclosures, Hamburg Commercial Bank therefore explicitly makes a negative pledge for the information referred to below:

- Hamburg Commercial Bank does not avail itself of any derogation to the application of prudential requirements on an individual basis under Article 7 or the individual consolidation method under Article 9 CRR. Consequently, no information is provided in accordance with Article 436(h) CRR.
- The capital ratios are calculated exclusively using own funds components calculated on the basis of the CRR. Accordingly, no explanatory information is provided in accordance with Article 437(f) CRR.
- The transitional provisions for the introduction of IFRS 9 in accordance with Article 473a CRR are not applied. This means that no disclosure is made in accordance with EBA/GL/2020/12.
- As Hamburg Commercial Bank does not calculate exposure amounts in accordance with the provisions of Article 153(5) CRR, no disclosure is made for specialised lending pursuant to Article 438(e) CRR.
- Hamburg Commercial Bank uses the Standardised Approach in accordance with Article 274 CRR to determine counterparty credit risk. Accordingly, no information is disclosed under Article 439(c) and (k) CRR on Wrong-Way Risk pursuant to Article 291 CRR or on the estimate for the α value under Article 284 CRR.
- The disclosures pursuant to Article 441 CRR are not made as Hamburg Commercial Bank has not been classified as a global systemically important institution.
- Hamburg Commercial Bank uses its own estimates of LGD and conversion factors for exposures to central governments, central banks, institutions and corporates. Accordingly, no separate disclosure pursuant to Article 452(b) and (g)(v) CRR has been for exposures where the Bank’s own estimates of the above parameters are not used.
- Hamburg Commercial Bank addresses exposures in the retail business exclusively in line with the Credit Risk Standardised Approach. As a result, no disclosures are made in accordance with Article 452(c)(iv) and (f) CRR.
- Hamburg Commercial Bank does not use any Advanced Measurement Approaches to calculate equity capital requirements for operational risk. As a result, no disclosures pursuant to Article 454 CRR are made.
- Disclosures of the association of external credit ratings with credit quality steps in accordance with Article 444(d) CRR are omitted, as Hamburg Commercial Bank uses the standard mapping

published by the EBA in accordance with Article 270 CRR.

- No disclosure is made pursuant to Article 455 CRR, as no Internal Market Risk Models is applied.
- Hamburg Commercial Bank does not hold any securitisations in its trading book. For this reason, no information is provided on specific interest rate risk in accordance with Article 445 CRR or on trading book securitisation positions in the context of Article 449 CRR.
- There are no re-securitisation receivables in Hamburg Commercial Bank's portfolio. Consequently, there is no disclosure on re-securitisation exposures within the scope of Article 449 CRR.
- Hamburg Commercial Bank does not use any Internal Assessment Approach for securitisations in accordance with Part 3 Title II Chapter 5 Section 3 CRR. Accordingly, no disclosures are made in accordance with Article 449(i) CRR.
- Hamburg Commercial Bank has not provided any support under Part 3 Title II Chapter 5 CRR. As a result, it does not make any disclosure pursuant to Article 449(e) CRR.

II Risk management concept

The description of the risk management objectives and policy pursuant to Article 435(1) CRR is provided applying Article 434(2) CRR with the information in the Group management report (Risk Report) of the Annual Report of Hamburg Commercial Bank in accordance with the references provided in Table OVA. There are also supplementary descriptions for liquidity risk in Section F, default risk in Section G and counterparty credit risk in Section H.

TAB. 1: INSTITUTION'S RISK MANAGEMENT CONCEPT

Requirement from OVA table in EBA/GL/2016/11		CRR reference	Reference to Annual Report of Hamburg Commercial Bank
a)	Approved risk statement describing the business model and impact on risk profile, as well as material transactions within the banking group, equity holdings in non-affiliated companies and subsidiaries, as well as their purpose and economic significance	Article 435(1)(f)	Group management report (Basis of the Group) Page 36 - 41 Group management report (Risk Report) Page 79 - 83
b)	Risk governance structure, approved limits for risks, information on the general internal control framework	Article 435(1)(b)	Group management report (Risk Report) Page 79 - 83
c)	Communication channels to spread the risk culture within the institution	Article 435(1)(b)	Group management report (Risk Report) Page 82 - 83
d)	Scope and key aspects of the risk measurement systems and description of the risk communication to the management body	Article 435(1)(c) and (2)(e)	Group management report (Risk Report) Page 80 - 82
e)	Regular and systematic review of risk management strategies and assessment of effectiveness	Article 435(1)(c)	Group management report (Risk Report) Page 82, 85, 89 – 90, 98, 99, 104
f)	Qualitative information on stress testing	Article 435(1)(a)	Group management report (Risk Report) Page 86 - 87, 98, 100
g)	Information on strategies and processes for managing, hedging and mitigating risks as well as on the effectiveness of the measures taken to hedge and mitigate risks	Article 435(1)(a) and (d)	Group management report (Risk Report) Page 98

B Own funds and capital requirements

I Own funds structure and key metrics

For the disclosure of own funds pursuant to Article 437(a), (b), (d) and (e) CRR, Hamburg Commercial Bank follows Implementing Regulation (EU) 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to the CRR. Full disclosure is made on an annual basis. Disclosures pursuant to Article 437(a) CRR are made on a half-yearly basis pursuant to Article 433a(1)(b)(i) CRR. Pursuant to Article 433a(1)(c)(ii) CRR, information on own funds and capital ratios is disclosed on a quarterly basis. These disclosures are made in Table KM1 below. As this table was adjusted and had to be disclosed in this form for the first time as at 30 June 2021, the time series begins with the 30 June 2021 reporting date.

TAB. 2: KM1: KEY METRICS

		a	b	c
		31.12.2021	30.09.2021	30.06.2021
	Available own funds (amounts, €m)			
1	Common Equity Tier 1 (CET1) capital	4,055	4,346	4,388
2	Tier 1 capital	4,055	4,346	4,388
3	Total capital	5,011	5,303	5,345
	Risk-weighted exposure amounts (€m)			
4	Total risk amount	14,026	14,246	14,829
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	28.91	30.51	29.59
6	Tier 1 ratio (%)	28.91	30.51	29.59
7	Total capital ratio (%)	35.73	37.23	36.04
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.750	2.750	2.750
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.547	1.547	1.547
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.063	2.063	2.063
EU 7d	Total SREP own funds requirements (%)	10.75	10.75	10.75
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.500	2.500	2.500
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.067	0.061	0.063
EU 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
EU 10a	Other Systemically Important Institution buffer	-	-	-
11	Combined buffer requirement (%)	2.567	2.561	2.563
EU 11a	Overall capital requirements (%)	13.32	13.31	13.31
12	CET1 available after meeting the total SREP own funds requirements (%)	2,925	3,198	3,192
	Leverage ratio			
13	Total exposure measure	31,823	31,695	33,135
14	Leverage ratio (%)	12.74	13.71	13.24
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.000	3.000	3.000
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	-	-	-
EU14e	Overall leverage ratio requirements (%)	3.000	3.000	3.000
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	5,464	5,422	5,782
EU 16a	Cash outflows - Total weighted value	3,824	3,819	3,913
EU 16b	Cash inflows - Total weighted value	419	436	445
16	Total net cash outflows (adjusted value)	3,407	3,383	3,469
17	Liquidity coverage ratio (%)	161.1	161.0	166.9
	Net Stable Funding Ratio			
18	Total available stable funding	19,659	20,428	20,961
19	Total required stable funding	17,202	18,228	17,856
20	NSFR ratio (%)	114.3	112.1	117.4

Explanation of key changes

The Common Equity Tier 1 capital ratio is down by 1.6 percentage points compared to the reporting date of 30 September 2021, but remains at a very high level of 28.9%. The drop in the Tier 1 capital ratio is due primarily to higher regulatory deductions, as the capital ratio is reported before taking into account the profit for the year. The RWA changes are explained in Section B II.

The leverage ratio is down to 12.7%, predominantly due to the decrease in Tier 1 capital. For information on the development of Tier 1 capital, see above.

Disclosure of the nature and amounts of specific elements of own funds

The information in accordance with Article 437(d) CRR is made in Table CC1 in the Annex.

Complete reconciliation of own funds components to the audited financial statements

The full reconciliation of own funds components to the audited financial statements in accordance with Article 437(a) CRR is provided with the information in Table CC2 in the Annex.

The reconciliation is a three-step process. The first step is the reconciliation of the scope of consolidation under commercial law to the scope of consolidation under supervisory law as at 31 December 2021. Due to the fact that profit is taken into account at the same reporting date, the reconciliation is not based on the last audited reporting date. The equity components of the scope of consolidation under commercial law correspond to the equity information published in the annual financial statements of Hamburg Commercial Bank as at 31 December 2021. The second step involves expanding the own funds components and taking regulatory effects into account. Finally, the own funds components are allocated to the own funds items of the Group's regulatory report as at 31.12.2021.

The liquidity coverage ratio, LCR, is disclosed as an average value for the last 12 months. Details can be found in Section F.

Description of the main characteristics of own funds instruments issued

The main characteristics of the Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments issued by Hamburg Commercial Bank are described in Table 55 in accordance with Article 437(1)(b) CRR in conjunction with Article 3 of the Implementing Regulation (EU) 1423/2013.

Information on the transitional provisions for the disclosure of own funds

Pursuant to Article 492(4) CRR, the use of transitional provisions under Article 484 CRR must be disclosed. Hamburg Commercial Bank does not make use of these transitional provisions.

II Own fund requirements

Table OV1 shows the own fund requirements relevant for Hamburg Commercial Bank in accordance with Article 438(d) CRR. The own fund requirements are explained below.

Credit risk and counterparty credit risk

After approval by the competent authorities, Hamburg Commercial Bank generally determines all risk parameters required for determining the risk weight internally. This means that the calculation of the risk-weighted exposure amounts for the credit risk is generally carried out using the IRB approach in accordance with Part 3 Title II Chapter 3 CRR.

Within the context of partial use, however, the Credit Risk Standardised Approach pursuant to Part 3 Title II Chapter 2 CRR is applied for individual risk exposures, as well as for the companies to be consolidated. The information on the own fund requirements for credit risk is thus presented in accordance with both the Advanced IRB Approach and the Credit Risk Standardised Approach. In addition, the own fund requirements for the risks arising from contributions to the default fund of a central counterparty are disclosed in accordance with Articles 307 to 309 CRR.

Hamburg Commercial Bank calculates the own fund requirements for investments under the IRB approach using the PD/LGD approach and the simple risk weight method. In addition, significant investments in financial sector entities are separately backed by own funds in accordance with Article 48 CRR, provided that they are not deducted from own funds.

The own fund requirements for credit risk (including counterparty credit risk and securitisation risk) amount to € 766 million. For overall context, the € 142 million own fund requirement reported in the additional risk position pursuant to Article 3 CRR has to be added to the credit risk, resulting in a decrease in credit risk to € 908 million compared to the previous period. The drop in own fund requirements for credit risk is due primarily to further portfolio reductions.

The additional risk position in accordance with Article 3 CRR continues to include own fund requirements resulting from upcoming recalibrations (albeit not yet approved by the supervisory authority), further developments and methodological treatment of individual rating modules in the context of the new regulatory framework and regulations that will apply from the beginning of 2022, among other things.

Exposure to market risk

Hamburg Commercial Bank uses the standardised approach in accordance with Part 3, Title IV, Chapters 2 to 4 CRR to determine the own fund requirements for market risks.

The own funds requirements for market risks of € 48 million consist of the exchange rate risk and the position risk. There is no commodity risk.

Exposure to operational risk

Hamburg Commercial Bank uses the Standardised Approach in accordance with Article 317 CRR to determine the own fund requirements for operational risk. As at the reporting date, this results in an own fund requirement of € 76 million.

Total own fund requirements

In addition to credit risk, market risk and operational risk, Hamburg Commercial Bank also backs the risk of a credit valuation adjustment (CVA risk) with own funds in accordance with Part 3 Title VI CRR. As at the reporting date, this results in an own funds requirement of € 11 million.

There are no own fund requirements for settlement risk in accordance with Part 3 Title V CRR or for large exposure risk in accordance with Article 92(3)(b)(ii) CRR.

There are further own fund requirements in accordance with Articles 48 and 60 CRR amounting to € 79 million, which mainly stem from deferred taxes. Deferred taxes are included in Table OV1 in row 24.

As at the reporting date, this results in a total own funds requirement of € 1,122 million.

TAB. 3: OV1: OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS (€M)

		a	b	c
		Risk weighted exposure amounts (RWEAs)		**Total own funds requirements**
		31.12.2021	**30.09.2021**	**31.12.2021**
1	**Credit risk (excluding CCR)**	**11,641**	**11,979**	**931**
2	Of which the standardised approach	2,552	2,441	204
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk-weighted approach	246	398	20
5	Of which the Advanced IRB (A-IRB) approach	5,996	6,258	480
6	**Counterparty credit risk - CCR**	**660**	**683**	**53**
7	Of which the standardised approach	520	521	42
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	7	8	1
EU 8b	Of which credit valuation adjustment - CVA	133	155	11
9	Of which other CCR	-	-	-
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**174**	**155**	**14**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	51	53	4
19	Of which SEC-SA approach	123	103	10
EU 19a	Of which 1250%/ deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**605**	**483**	**48**
21	Of which the standardised approach	605	483	48
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Exposure to operational risk**	**946**	**946**	**76**
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which the standardised approach	946	946	76
EU 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**990**	**1,096**	**79**
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
	Additional risk exposure amount due to Article 3 CRR	**1,780**	**1,706**	**142**
29	**Total**	**14,026**	**14,246**	**1,122**

C Countercyclical capital buffer

Disclosures are made on the amount of the institution-specific countercyclical capital buffer as well as the geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer pursuant to Article 440 CRR. The disclosure of the geographical distribution of credit exposures in accordance with Article 440(a) CRR in conjunction with Article 2 of Delegated Regulation (EU) 2015/1555 is made in CCyB1.

In columns a to e, the exposure values are shown separately according to general credit exposures, trading book exposures (i.e. specific market risk) and securitisation exposures. The corresponding own fund requirements are shown in columns g to j. Column l shows the weighting applied to the countercyclical capital buffer ratio for each country. This is calculated based on the sum of the own fund requirements per country divided by the sum of all own fund requirements for the major credit exposures. Column m shows the corresponding countercyclical capital buffer for the country concerned. This is to be published by the countries themselves.

Table CCyB2 discloses the amount of the institution-specific capital buffer in accordance with Article 440(b) CRR.

TAB. 4: CCYB2: AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

		a)
1	Total risk exposure amount (€m)	14,026
2	Institution specific countercyclical capital buffer rate (%)	0.067
3	Institution specific countercyclical capital buffer requirement (€m)	9

TAB. 5: CCYB1: GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER (€M)

		a)	b)	c)	d)	e)	f)
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures – Exposure value for non-trading book	Total exposure value
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models		
010	Breakdown by country						
	(AE) United Arab Emirates	2	12	–		–	14
	(AT) Republic of Austria	94	40	–		–	134
	(AU) Australia	1	1	–		–	2
	(BE) Kingdom of Belgium	81	613	–		–	695
	(BM) Bermuda	–	104	–		–	104
	(BR) Federative Republic of Brazil	–	–	–		–	–
	(CA) Canada	9	–	–		–	9
	(CH) Swiss Confederation	37	233	–		–	270
	(CY) Republic of Cyprus	0	149	–		–	149
	(DE) Federal Republic of Germany	917	9,058	3		–	9,978
	(DK) Kingdom of Denmark	–	297	–		–	297
	(EE) Republic of Estonia	–	64	–		–	64
	(ES) Kingdom of Spain	26	192	–		–	217
	(FI) Republic of Finland	89	125	–		–	214
	(FR) French Republic	263	595	–		–	858
	(GB) Great Britain and Northern Ireland	138	596	–		–	735
	(GG) Guernsey	–	–	–		–	–
	(GR) Hellenic Republic	0	745	–		–	745
	(HK) Hong Kong	–	0	–		–	0
	(HR) Republic of Croatia	–	18	–		–	18
	(IE) Ireland	50	187	–		161	398
	(IL) State of Israel	–	48	–		–	48
	(IM) Isle of Man	–	35	–		–	35
	(IN) Republic of India	–	2	–		–	2
	(IT) Italian Republic	–	140	–		–	140
	(JE) Jersey	80	35	–		–	115
	(JP) Japan	6	–	–		–	6
	(KY) Cayman Islands	–	5	–		498	503
	(LI) Principality of Liechtenstein	–	9	–		–	9
	(LR) Republic of Liberia	0	172	–		–	172
	(LU) Grand Duchy of Luxembourg	407	2,586	–		–	2,993
	(LV) Republic of Latvia	0	–	–		–	0
	(MH) Republic of the Marshall Islands	0	1,014	–		–	1,014
	(MT) Republic of Malta	0	–	–		–	0
	(NL) Kingdom of Netherlands	454	761	–		–	1,215
	(NO) Kingdom of Norway	392	231	–		–	623
	(NZ) New Zealand	–	50	–		–	50
	(PA) Republic of Panama	0	42	–		–	42
	(PL) Republic of Poland	34	–	–		–	34
	(PT) Portuguese Republic	–	132	–		–	132
	(QA) State of Qatar	–	3	–		–	3
	(RU) Russian Federation	–	14	–		–	14
	(SA) Kingdom of Saudi Arabia	–	3	–		–	3
	(SE) Kingdom of Sweden	124	456	–		–	580
	(SG) Republic of Singapore	–	175	–		–	175
	(TR) Republic of Turkey	0	76	–		–	76
	(US) United States of America	614	61	–		–	675
	(VG) Virgin Islands (British)	–	24	–		–	24
	(x28) Other	–	–	–		173	173
	(ZA) Republic of South Africa	347	–	–		–	347
020	**Total**	**4,165**	**19,103**	**3**		**833**	**24,104**

		g)	h)	i)	j)	k)	l)	m)
		Own fund requirements						
		Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
010	Breakdown by country							
	(AE) United Arab Emirates	0	–	–	0	5	0.06%	0.00%
	(AT) Republic of Austria	2	–	–	2	29	0.32%	0.00%
	(AU) Australia	0	–	–	0	5	0.05%	0.00%
	(BE) Kingdom of Belgium	14	–	–	14	171	1.87%	0.00%
	(BM) Bermuda	2	–	–	2	31	0.34%	0.00%
	(BR) Federative Republic of Brazil	–	–	–	–	–	-	0.00%
	(CA) Canada	1	–	–	1	9	0.10%	0.00%
	(CH) Swiss Confederation	10	–	–	10	130	1.42%	0.00%
	(CY) Republic of Cyprus	2	–	–	2	25	0.27%	0.00%
	(DE) Federal Republic of Germany	253	0	–	253	3,161	34.55%	0.00%
	(DK) Kingdom of Denmark	13	–	–	13	157	1.71%	0.00%
	(EE) Republic of Estonia	3	–	–	3	37	0.41%	0.00%
	(ES) Kingdom of Spain	11	–	–	11	133	1.45%	0.00%
	(FI) Republic of Finland	2	–	–	2	27	0.29%	0.00%
	(FR) French Republic	27	–	–	27	334	3.65%	0.00%
	(GB) Great Britain and Northern Ireland	44	–	–	44	544	5.95%	0.00%
	(GG) Guernsey	–	–	–	–	–	-	0.00%
	(GR) Hellenic Republic	41	–	–	41	515	5.63%	0.00%
	(HK) Hong Kong	0	–	–	0	0	0.00%	1.00%
	(HR) Republic of Croatia	0	–	–	0	1	0.01%	0.00%
	(IE) Ireland	8	–	3	11	139	1.52%	0.00%
	(IL) State of Israel	1	–	–	1	11	0.11%	0.00%
	(IM) Isle of Man	1	–	–	1	7	0.08%	0.00%
	(IN) Republic of India	0	–	–	0	0	0.00%	0.00%
	(IT) Italian Republic	7	–	–	7	87	0.95%	0.00%
	(JE) Jersey	11	–	–	11	132	1.44%	0.00%
	(JP) Japan	0	–	–	0	6	0.06%	0.00%
	(KY) Cayman Islands	0	–	6	7	83	0.91%	0.00%
	(LI) Principality of Liechtenstein	1	–	–	1	10	0.11%	0.00%
	(LR) Republic of Liberia	1	–	–	1	19	0.20%	0.00%
	(LU) Grand Duchy of Luxembourg	82	–	–	82	1,019	11.14%	0.50%
	(LV) Republic of Latvia	0	–	–	0	0	0.00%	0.00%
	(MH) Republic of the Marshall Islands	20	–	–	20	246	2.69%	0.00%
	(MT) Republic of Malta	0	–	–	0	0	0.00%	0.00%
	(NL) Kingdom of Netherlands	44	–	–	44	551	6.02%	0.00%
	(NO) Kingdom of Norway	8	–	–	8	102	1.12%	1.00%
	(NZ) New Zealand	1	–	–	1	19	0.20%	0.00%
	(PA) Republic of Panama	2	–	–	2	29	0.31%	0.00%
	(PL) Republic of Poland	2	–	–	2	29	0.32%	0.00%
	(PT) Portuguese Republic	7	–	–	7	85	0.93%	0.00%
	(QA) State of Qatar	0	–	–	0	2	0.02%	0.00%
	(RU) Russian Federation	0	–	–	0	1	0.01%	0.00%
	(SA) Kingdom of Saudi Arabia	0	–	–	0	0	0.00%	0.00%
	(SE) Kingdom of Sweden	16	–	–	16	205	2.24%	0.00%
	(SG) Republic of Singapore	3	–	–	3	34	0.37%	0.00%
	(TR) Republic of Turkey	1	–	–	1	17	0.19%	0.00%
	(US) United States of America	51	–	–	51	638	6.98%	0.00%
	(VG) Virgin Islands (British)	1	–	–	1	13	0.14%	0.00%
	(x28) Other	–	–	5	5	61	0.66%	0.00%
	(ZA) Republic of South Africa	24	–	–	24	294	3.22%	0.00%
020	**Total**	**718**	**0**	**14**	**732**	**9,149**	**100.00%**	

D Leverage ratio

According to Article 451 CRR, information must be disclosed on the leverage ratio. The leverage ratio is calculated in accordance with Articles 429 and 429a to 429g CRR in conjunction with the Implementing Regulation (EU) 2016/200.

The leverage ratio is the ratio of Tier 1 capital to the total exposure measure. The total exposure measure is composed of assets and off-balance sheet transactions, taking into account valuation approaches specifically relevant to the leverage ratio.

The leverage ratio supplements the risk-based own fund requirements as a leverage ratio that is independent of risk. The mandatory minimum ratio for Hamburg Commercial Bank is 3%.

Components of the leverage ratio are presented below. The option provided in Article 499(2) CRR is used to disclose the Tier 1 capital only in accordance with Article 499(1)(b) CRR, i.e. taking into account the Basel III transitional rules.

TAB. 6: LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES (€M)

		a
		Applicable amount
1	Total assets as per published financial statements	30,271
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-22
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	201
9	Adjustment for securities financing transactions (SFTs)	1
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,820
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-8
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	-439
13	**Total exposure measure**	**31,823**

TAB. 7: LRCOM: LEVERAGE RATIO COMMON DISCLOSURE (€M)

		CRR leverage ratio exposures	
		a	b
		31.12.2021	**30.06.2021**
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	29,319	29,747
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-192	-84
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-488	-168
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**28,639**	**29,494**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	784	1,148
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	350	479
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	9	10
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**1,143**	**1,636**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	221	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	1	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	221	-
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	4,067	4,468
20	(Adjustments for conversion to credit equivalent amounts)	2,247	2,464
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**1,820**	**2,005**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans):	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)):	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-

		CRR leverage ratio exposures	
		a	**b**
		31.12.2021	**30.06.2021**
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	Total exempted exposures	-	-
	Capital and total exposure measure		
23	Tier 1 capital	4,055	4,388
24	**Total exposure measure**	**31,823**	**33,135**
	Leverage ratio		
25	Leverage ratio (%)	12.74%	13.24%
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	-	-
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	12.74%	13.24%
26	Regulatory minimum leverage ratio requirement (%)	3.000%	3.000%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.000%	3.000%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional arrangement	Transitional arrangement
	Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	29	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	221	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	31,632	33,135
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	31,632	33,135
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12.82%	13.24%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12.82%	13.24%

TAB. 8: LRSPL: SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES) (€M)

		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	28,407
EU-2	Trading book exposures	3
EU-3	Banking book exposures, of which	28,404
EU-4	Covered bonds	1,713
EU-5	Exposures treated as sovereigns	6,278
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	129
EU-7	Institutions	1,174
EU-8	Secured by mortgages of immovable properties	6,526
EU-9	Retail exposures	1
EU-10	Corporates	11,588
EU-11	Exposures in default	251
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	744

TAB. 9: LRA: DISCLOSURE OF QUALITATIVE INFORMATION ON THE LEVERAGE RATIO

1	Description of the procedures to monitor the risk of excessive leverage	The risk of excessive leverage is taken into account by including the leverage ratio in the planning and control process. This ensures that all ICAAP requirements in the normative perspective, which, in addition to the regulatory capital ratios, also includes the leverage ratio, are met on the reporting date and in a multi-year planning period and that a limit system defined in the Strategic Risk Framework (SRF) is not exceeded at Group level. Compliance with the ICAAP requirements as at the reporting date is monitored and analysed on an ongoing basis as part of the Bank's reporting system. In addition to the plan/actual comparisons, the leverage ratio is controlled via the governance contained in the SRF in the event that a limit is exceeded.
2	Description of the factors that had an impact on the leverage ratio disclosed during the relevant reporting period	At 12.7%, the leverage ratio was 1.0 percentage point below the value as at 30 September 2021 (13.7%). For information on the change in the leverage ratio, see Section B I. There were no significant external factors related to the economic and financial environment that affected the leverage ratio.

E Unencumbered assets

Definition

When it comes to disclosing unencumbered assets in accordance with Article 443 CRR, Hamburg Commercial Bank follows Delegated Regulation (EU) 2017/2295 with regard to regulatory technical standards and Guidelines EBA/GL/2014/03 on disclosure of encumbered and unencumbered assets.

According to the EBA's definition, assets are encumbered or committed if they are not freely available to the institution for the procurement of capital elsewhere. This is always the case if they are pledged or lent, i.e. used to secure own loans and securities, or as collateral for potential obligations from the derivatives business (netting and collateral agreements) in the context of on-balance sheet or off-balance sheet transactions.

Information on the level of encumbrance

The encumbrance ratio in accordance with Article 100 CRR for the regulatory group comes to a median of around 39% for the financial year and decreased during the year.

The majority (approx. 74%) of the encumbered assets and collateral received results from Pfandbrief issues (cover pool), development bank business and the targeted longer-term refinancing transactions.

The other encumbered assets are distributed among the collateral provided for payment transaction lines and netting agreements from derivative transactions.

As at 31 December 2021, assets relating to derivatives are included taking balance sheet netting with the collateral into account.

At Group level, all encumbered assets relate to the transactions of Hamburg Commercial Bank AG.

There is significant over-collateralisation in the refinancing of Pfandbriefe and the targeted longer-term refinancing transactions.

The furnishing and acceptance of collateral is based primarily on standardised contracts for repurchase agreements and for the collateralisation of financial futures transactions. In addition, the Bank concludes individual contracts for the furnishing of collateral in the context of development bank transactions.

Hamburg Commercial Bank provides different types of collateral for several business purposes. As at 31 December 2021, the majority consists of cash collateral in the amount of approximately € 1.1 billion for the derivatives business and partly for the development bank business. In addition, around € 0.1 billion in securities and promissory note loans are pledged as collateral for payment transaction and trading lines. In addition, own Pfandbriefe are used as collateral for targeted longer-term refinancing transactions of around € 2 billion.

In the context of the Pfandbrief business (Public Pfandbrief Register, Mortgage Pfandbrief Register and Ship Pfandbrief Register), both the cover pools and the rating-related over-collateralisation, as well as the free, issue-eligible over-collateralisation, are shown as encumbered assets.

In addition to unencumbered debt instruments and equity instruments, unencumbered other assets are also shown in the following table.

Of the median of around € 1.6 billion in unencumbered other assets, around 54% is attributable to derivatives and 35% to deferred tax assets. In addition, around 4% of receivables are earmarked for sale.

TAB. 10: AE1: ENCUMBERED AND UNENCUMBERED ASSETS (€M)

		Carrying amount of encumbered assets	of which notionally eligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally eligible EHQLA and HQLA
		010	030	040	050
010	**Assets of the reporting institution**	**12,032**	**936**		
030	Equity instruments	-	-	-	-
040	Debt securities	936	936	936	936
050	of which: covered bonds	17	17	17	17
060	of which: securitisations	-	-	-	-
070	of which: issued by general governments	832	832	832	832
080	of which: issued by financial corporations	35	35	35	35
090	of which: issued by non-financial corporations	-	-	-	-
120	Other assets	11,096	-		

		Carrying amount of encumbered assets	of which EHQLA and HQLA	Fair value of encumbered assets	of which EHQLA and HQLA
		060	080	090	100
010	**Assets of the reporting institution**	**19,029**	**3,281**		
030	Equity instruments	50	-	50	-
040	Debt securities	3,924	3,281	3,926	3,287
050	of which: covered bonds	2,194	2,069	2,194	2,069
060	of which: securitisations	145	-	145	-
070	of which: issued by general governments	874	871	874	871
080	of which: issued by financial corporations	2,971	2,309	2,961	2,309
090	of which: issued by non-financial corporations	69	-	70	-
120	Other assets	14,837	-		

TAB. 11: AE2: COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED (€M)

		Fair value of encumbered collateral received or own debt securities issued	of which notionally eligible EHQLA and HQLA	Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the reporting institution**	**5**	**5**	**5**	**-**
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	5	5	5	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	5	5	5	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	81	-
241	Own covered bonds and asset-backed securities issued and not yet pledged			-	-
250	Total assets, collateral received and own debt securities issued	12,037	941		

TAB. 12: AE3: SOURCES OF ENCUMBRANCE (€M)

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	**9,512**	**8,911**
011	thereof: derivatives	532	492
012	thereof: repurchase agreements	4.421	3.738
013	of which: collateralised deposits other than repurchase agreements	4.006	4.756
014	of which: covered bonds issued	804	2.573

F Liquidity risk

Hamburg Commercial Bank divides its liquidity risk into the risk of insolvency and liquidity maturity transformation risk.

The risk of insolvency refers to the risk that present or future payment obligations cannot be met in part or in full. This is referred to as liquidity risk in the narrower sense. 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). In this regard the market liquidity risk, i.e. the danger that transactions cannot be sold or only at unfavourable conditions because of a lack of market depth, is reflected in the liquidity maturity profile as a component of the insolvency risk. Another component of insolvency risk is refinancing risk, i.e. the risk of not being able to obtain liquidity when needed or not at the expected conditions. The refinancing risk is determined by the refinancing structure. Information on the refinancing structure can be found in the notes to the Group financial statements (Note 49 "Residual maturity breakdown of financial instruments") in the Hamburg Commercial Bank annual report.

The liquidity maturity transformation risk is the risk that a loss will result from a mismatch in the fixed maturities of assets and liabilities, known as the liquidity maturity transformation position, and from a change in the Bank’s own credit rating-related refinancing surcharge which the Bank has to pay in the market.

I Liquidity risk management

In this Section, the risk management objectives and policies for liquidity risk are disclosed in continuous text in accordance with Article 435(1) CRR in conjunction with (17) and EBA/GL/2017/01 Table LIQA.

I.1 Strategies and processes in liquidity risk management

Hamburg Commercial Bank’s business strategy and the associated risk appetite is taken as a basis in order to develop an appropriate risk strategy focus and risk management system (overall risk strategy), which together form the foundation for the Bank’s risk culture. The liquidity risk strategy and liquidity risk tolerance are embedded in the overall risk strategy and take appropriate account of the liquidity risks associated with the business model.

The liquidity risk strategy forms part of the Strategic Risk Framework (SRF), which describes the risk strategy focus/overall risk strategy. Together with the Liquidity Management Policy (part of the Asset Liability Management Policy document), this liquidity risk strategy defines the Hamburg Commercial Bank Group’s framework for handling liquidity and the associated risks. These overall conditions resulting from the abovementioned strategies/policies are summarized in the ILAAP Framework document and set out in greater detail in some cases.

The corresponding risk appetite/risk tolerance are defined by the Overall Management Board. Liquidity risk management is the responsibility of the Bank Steering, Treasury & Markets and Risk Control business units.

The liquidity risk strategy sets out the details of Hamburg Commercial Bank’s risk strategy in respect of the question as to how the Group would like to structure its risk appetite with regard to liquidity risk, i.e. under which conditions and to which extent the Group is prepared to enter into liquidity risk positions within the context of the regulatory and owner-imposed requirements. In each case, the focus is on how to reconcile the Bank's earnings expectations and risk appetite.

In addition to risk-bearing capacity, assurance of the ability to meet Group payment obligations at all times is of primary importance to Hamburg Commercial Bank and is therefore the most important objective in managing liquidity risk. The principles underlying the risk controlling of liquidity as a resource are set out in detail in the Strategic Risk Framework. In particular, it refers to the liquidity management sub-processes of liquidity risk measurement, monitoring, limiting, stress testing and reporting.

In contrast to this, the Liquidity Management Policy, as part of the Asset Liability Management Policy, sets out the principles for the management of liquidity as a resource. The main objectives of liquidity management are to ensure liquidity at all times and manage liquidity subject to the proviso that the relevant regulatory and internal figures are complied with.

A distinction is to be made between the following processes in the context of liquidity risk management:

- **Risk identification**: The main liquidity risks and their drivers are identified as part of the risk identification process. Based on this, the Management Board determines risk tolerance levels for the main liquidity risks and also defines Hamburg Commercial Bank's liquidity risk strategy in the process.
- **Risk measurement:** Risk measurement focuses on the adequate measurement of the main liquidity risks based on conservative assumptions (risk perspective). The main tools used as part of this process are liquidity maturity profiles, which indicate the potential liquidity gaps over time. Furthermore, risk measurement also includes stress testing, the measurement of risk concentrations and the calculation of regulatory

figures. The models used are also backtested on a regular basis.
- **Risk limitation and monitoring**: The relevant limits are derived directly from the risk tolerance (internal limits) or are set by regulatory figures (external limits). Limit monitoring including escalation is also part of this process step.
- **Risk management:** The main task of risk management lies in the implementation of the liquidity risk strategy and the management of compliance with the internal and external (regulatory) limits. The main instruments for managing the liquidity position are funding planning and the liquidity transfer pricing system. Securing solvency at all times is also a key task of risk management. The main instruments used for this are the liquidity buffer and the measures set out in the liquidity contingency plan.
- **Reporting**: Liquidity risk reporting involves making important internal and external key figures and their limit compliance transparent.

I.2 Structure and organisation of the liquidity risk management function

Overall responsibility for measuring, monitoring and managing the main risks lies with the Overall Management Board. Within the context of the operationalisation of this risk management process within Hamburg Commercial Bank, tasks are allocated to downstream committees and organisational units with a clear separation of duties between liquidity management and risk monitoring. The organisational units and committees have the following tasks and responsibilities with regard to liquidity as a resource:

Organisational units

Risk Control (RC): Within the context of risk measurement and monitoring, RC is responsible for all methods, procedures and technical implementation in liquidity risk controlling, meaning that it is also the central point of contact for internals and externals (e.g. supervisory authorities, auditors, rating agencies) who have any questions in this regard. When designing the risk measurement systems, the unit takes into account the economic and normative requirements for liquidity management as comprehensively as possible, thereby supporting efficient liquidity management. It proposes the methods for the liquidity measurement system and the limits for the liquidity risk limit system – also for stress scenarios –, determines the amount of the liquidity buffer and coordinates the committee resolutions in this regard. It is responsible for the regular monitoring and reporting of liquidity risks. It is also tasked with the monitoring of upcoming changes in supervisory law and the identification of necessary measures, as well as the implementation of supervisory law requirements.

Bank Steering: The Bank Steering business unit acts as the Global Head for liquidity and, within the context of the risk limits/specifications set by the Management Board, is responsible for the strategic management of liquidity. This involves balancing the liquidity position in order to adhere to the liquidity risk limits (risk of insolvency and liquidity maturity transformation risk) on the one hand, and on the other includes responsibility for adhering to the supervisory requirements with regard to liquidity management. Moreover, Bank Steering has ultimate authority over the funding strategy and the funding plan, the liquidity transfer pricing system, the liquidity contingency plan, as well as the composition of the liquidity buffer.

Treasury & Markets (TM): TM is responsible for the operational implementation of the framework defined in connection with strategic liquidity management and liquidity risk measurement. As well as the role of acting within the Bank as an internal pool of liquidity for reducing and increasing liquidity internally, this includes access to central bank liquidity through open market transactions, daily dispositive management of liquidity and ensuring solvency with relation to the limits defined in liquidity risk measurement.

Committees

Overall Management Board The Overall Management Board makes the decisions on the Bank's business and risk strategy. As part of the risk strategy, it is also responsible for measuring and managing liquidity risks. This responsibility is reflected in the adoption of the Liquidity Risk Strategy as part of the Strategic Risk Framework and, as a result, the determination of the risk tolerance and/or risk appetite appropriate to Hamburg Commercial Bank concerning liquidity risks. The Management Board is also responsible for approving the liquidity and funding planning, the liquidity contingency planning and other overarching documents.

Risk Committee of the Supervisory Board: The Risk Committee is provided with information on the liquidity risk situation, among other things, by the Chief Risk Officer on a quarterly basis.

Asset Liability Committee (ALCO): The ALCO is the body responsible for financial resource management and allocation within the context of risk limits and plan targets. The main objective of the ALCO is to monitor and manage the scarce resources of liquidity/funding, capital and the risks associated with these bottleneck factors (incl. risk concentration, credit spread, liquidity, FX and interest rate risks). The Committee also prepares and pre-structures Management Board resolutions on the aforementioned topics. The ALCO performs its activities on the basis of the ALCO Rules of Procedure. With regard to liquidity risks, it assesses, among other things, the liquidity risk situation and makes decisions on methodological changes in liquidity risk controlling as well as on limit changes and limit overdrafts. In addition, the ALCO makes decisions on measures to manage liquidity and strategic liquidity maturity transformation (e.g. strategic adjustments to the liquidity cost calculation, definition of funding targets and strategy).

Franchise Committee (FRC): The FRC is responsible for the operational management of the use of resources in the lending business at the level of material individual transactions. It decides independently on the allocation of these resources. It manages new business and prolongations. The aim is to approve transactions in line with the strategy with refinanceable liquidity outflows as part of liquidity planning.

I.3 Scope and type of liquidity risk reporting and measurement systems

Liquidity risk is measured on the basis of liquidity maturity profiles (LMPs) and via Liquidity Value at Risk (LVaR). An LMP shows the liquidity position of the Hamburg Commercial Bank over time. The balances arising in the individual maturity bands through the aggregation of on-balance-sheet and off-balance-sheet inflows and outflows are referred to as liquidity gaps. The liquidity inflows and outflows from the assets and liabilities and from off-balance-sheet positions are calculated using corresponding assumptions and models, taking into account the underlying scenarios. The assumptions made, models and model parameters are validated on a regular basis depending on the estimated model risk content.

The LMPs take certain cash flows into account (e.g. contractual principal repayments) and uncertain cash flows (e.g. early terminations) together with existing and planned transactions. The classification of cash flows into the categories "certain" and "uncertain" is based on whether the timing and amount of the cash flow are known. If one of the two aspects is unknown, it is modelled.

In addition to the above-described liquidity maturity profile, which is prepared from a risk perspective (risk case) for the purposes of measuring risk for a period of up to 12 months, there is an expected case liquidity maturity profile which contains expected cash flows (expected case).

In accordance with the requirements set out in the German Minimum Requirements for Risk Management (MaRisk), risk measurement under more severe and extreme market conditions is an important component of risk management for the Bank. The risk measurement for more severe and extreme market conditions is performed for the intraday and the short-term and structural risk of insolvency, as well as for the liquidity maturity transformation risk.

The intraday risk of insolvency is measured on the basis of the internal "adjusted account balance" indicator for the Target2 account at Deutsche Bundesbank and the regulatory figures according to BCBS 248. Hamburg Commercial Bank uses the Target2 account with Deutsche Bundesbank to execute the majority of its interbank payment transactions, which is why the main intraday liquidity risks can arise in this account.

Hamburg Commercial Bank measures its liquidity maturity transformation risk by means of a value at risk approach and calculates what is known as the liquidity value at risk (LVaR). The LVaR is calculated through historical simulation (confidence level of 99.9%) of the present value effects of the liquidity spreads on the transactions which would theoretically be necessary in order to immediately close the current maturity transformation position, without taking new business into account. This entails including in the risk measurement the Base Case LMP without new business, available refinancing channels (e.g. deposits bases, covered and uncovered refinancing) to close the LMP gaps and the change in the Bank's own refinancing curves. It is assumed that these hypothetical close-out transactions could actually be effected in the market and that full funding would therefore be possible.

In addition, an LMP is prepared for a period extending beyond a year which takes risk aspects such as the portfolio trend into account. Unlike the intra-year base case LMP, however, it only takes the existing portfolio into account and does not include any new business.

As a matter of principle, the liquidity risk strategy aims to avoid risk concentrations as far as possible in the context of the business model. Concentration risks that arise on the asset and liability side are quantified regularly and monitored continuously using key figures (e.g. investor, sector and maturity concentration for depositors) and inverse stress tests (e.g. for deposit withdrawals). In addition, concentration risks are taken into account in the various LMP scenarios on a conservative basis by way of specially focused cash flow models, as well as by way of risk premiums/haircuts.

A separate USD-LMP (only USD-denominated assets/liabilities and off-balance sheet items) is also calculated.

A limit is set for intraday, short-term and structural insolvency risk as well as for liquidity maturity transformation risk, reflecting the Management Board's risk tolerance.

In accordance with the CRR, Hamburg Commercial Bank is subject to reporting requirements with regard to the LCR (in conjunction with Delegated Regulation (EU) 2015/61), the NSFR and the AMM. This means that the required positions are reported to the competent authorities on a monthly basis for LCR and AMM and on a quarterly basis for NSFR. The Management Board is also provided with monthly information on the amount and development of these values reported under supervisory law.

In addition, for monitoring and management reasons, Hamburg Commercial Bank prepares further key figures such as the liquidity capacity period, which reflects the legal term of the cash flows.

I.4 Strategies for hedging and mitigating liquidity risk and strategies and processes for monitoring the ongoing effectiveness of hedges and mitigation measures

The hedging and mitigation of the liquidity risk is generally part of risk limitation, monitoring and liquidity management.

The risk limit is largely derived from the risk tolerance levels and the regulatory requirements. A distinction is made between the risk tolerance levels for insolvency risk and for the liquidity maturity transformation risk.

Monitoring is carried out for intraday, short-term and structural insolvency risk as well as for liquidity maturity transformation risk.

The main task of liquidity management lies in the implementation of the liquidity risk strategy and the management of compliance with the internal and external (regulatory) limits. This is achieved primarily using the following instruments:

- The intraday liquidity risk is managed on the basis of intraday liquidity available for payment transactions at Group level. This involves managing the available liquidity, which comprises collateral deposited at central banks and balances at central banks, as well as in nostro accounts at correspondent banks.
- The instruments for securing short-term solvency (hedging against the short-term insolvency risk) are the liquidity buffer and the requirements set out in the liquidity contingency plan.
- The short-term risk of insolvency is managed, among other things, by defining management limits/guidelines. The aim is to comply with the limit in relation to the LMP. The main tools used for management purposes are the funding plan and the liquidity transfer pricing system.
- The risk of falling short of the regulatory minimum liquidity in the future is quantified by forecasting the most severe stress scenario over a time horizon that matches the Bank’s medium-term planning (36 months) on a monthly basis. The net liquidity position (NLP) is the parameter used. As part of the bank planning process, the future liquidity surplus is forecast both for the expected business development and under adverse planning assumptions (downside planning and downside with downgrade planning). In addition, this tool is used for the inverse stress tests across risk types, which involve checking future compliance with the regulatory minimum liquidity in various stress scenarios.
- The LVaR, as a measure of risk for the liquidity maturity transformation risk, is an observation parameter for management purposes, albeit one that is not managed actively, but rather implicitly via the funding plan, the liquidity transfer pricing system and adherence to the short-term limits.
- Compliance with regulatory limits forms a key basis of risk management. Measures must be taken to ensure that the regulatory requirements are met at all times. This involves defining management guidelines.

Strategies to hedge and mitigate liquidity risk include the use of a transfer pricing approach. If a transaction relevant to liquidity is concluded, this transaction generates a corresponding liquidity flow in LMP. Subsequently, an offsetting position is entered into to avoid breaching liquidity risk limits, which reduces the corresponding liquidity position. This counter-transaction, when concluded, results in either costs or income for the Bank, which are offset accordingly against the party that caused the counter-transaction. In the consistent transfer of liquidity cash flows from liquidity risk measurement to internal liquidity transfer pricing, all costs and income incurred by the Bank due to liquidity flows can be allocated in full to the responsible party.
Hamburg Commercial Bank's liquidity transfer pricing system is based on the liquidity risk modelling of the Risk Control BU. The aim is to transfer the LMP values (or impacts) to a transfer pricing system in order to ensure consistent management.

I.5 A statement approved by the management body on the adequacy of the institution's liquidity risk management arrangements, ensuring that the liquidity risk management systems in place are adequate in view of the institution's profile and strategy

The Management Board of Hamburg Commercial Bank declares the Bank’s liquidity adequacy (ILAAP declaration) as part of the annual submission of ILAAP information to the ECB. The Management Board believes that adequate liquidity resources are underpinned in particular by the following aspects:

- Viable governance for assessing and monitoring adequacy
- Compliance with the SRF limit in the actual figures, in base case planning and in downside planning
- Compliance with supervisory requirements
- Compliance with the liquidity risk indicators for the recovery plan
- Consideration of business strategy risks

I.6 Statement on the liquidity risk profile associated with the business strategy

According to point six of Table LIQA of EBA/GL/2017/01, a concise liquidity risk statement, approved by the management body and describing briefly and concisely the overall liquidity risk profile of the institution associated with the business strategy, is to be provided. Hamburg Commercial Bank comments on this as follows:
Hamburg Commercial Bank's liquidity risk profile includes short-term and long-term risks. The short-term liquidity risk for up to one year essentially includes the intraday and the short-term insolvency risk, as well as concentration risks. The long-term liquidity risk for Hamburg Commercial Bank is primarily the risk from liquidity maturity transformation, or the risk of insolvency over a period of more than one year. Further details are presented in the Group management report (Risk Report) of Hamburg Commercial Bank. The table "Key risk indicators of the Group" in this report also contains key liquidity indicators.
Based on Hamburg Commercial Bank's risk appetite, the Strategic Risk Framework describes the risk strategy orientation and risk management, meaning that it makes up the foundation of the Bank's risk culture. The SRF is approved by the Management Board. What is more, all risk limits and risk guidelines derived from the risk appetite are incorporated in the SRF.

II Liquidity risk indicators

Regulation (EU) 2019/876 establishes disclosures on liquidity ratios in Part 8 of the CRR and provides further details in Implementing Regulation (EU) 2021/637.
Under the Basel 3 rules, the Basel Committee on Banking Supervision has set the following two minimum liquidity standards for banks.

II.1 Liquidity coverage ratio (LCR)

The LCR is intended to support the short-term resilience of a bank's liquidity risk profile over a 30-day period in stress scenarios. The ratio is defined as the volume of High Quality Liquid Assets ("HQLA") that could be used to provide liquidity in a stress scenario, measured against the total volume of net cash outflows.
This requirement was transposed into European law under Commission Delegated Regulation (EU) 2015/61 in October 2014. Compliance with the LCR has been mandatory in Europe since 1 October 2015. The minimum LCR of 100% is exceeded by Hamburg Commercial Bank by a wide margin on an ongoing basis. The LCR is disclosed as an average for the last 12 months and is calculated in accordance with Commission Delegated Regulation (EU) 2015/61 and the EBA Guidelines on the LCR Disclosure to complement the liquidity risk management disclosure in accordance with Article 435 CRR. The average minimum liquidity ratio as at 31 December 2021 is 161% (twelve-month average), on a par with the value for the previous quarter of 161%.
In the course of the Bank's transformation process, the balance sheet volume continued to decrease as planned in the reporting period. The inflows and outflows, as well as the liquidity buffer, also decreased in line with this. The LCR ratio remains at a high level in relation to the regulatory minimum requirement of 100%.

Main drivers of LCR results and development of the contribution of inputs to the LCR calculation over time
The main drivers behind the LCR development in terms of high quality liquid assets (HQLA) are, on the one hand, the balances at central banks and the unrestricted portfolio of government and federal state bonds, as well as covered bonds.
Deposits from customers and maturities of large-volume issues in the LCR period, cash collateral outflows for derivatives and outflows from facilities are the biggest factors in the cash outflows.
In terms of cash inflows, loan repayments have the biggest influence on the development of the LCR.

Concentration of funding sources
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).
Hamburg Commercial Bank obtains both unsecured and secured (Pfandbriefe) funding with financial and non-financial customers.
Deposits from customers, in particular, make up another part of the refinancing.
The volume of deposits decreased in the fourth quarter of 2021 in line with the planned decrease in total assets. As at 31 December 2021, the total volume of deposits still amounted to € 7.7 billion (30 September 2021: € 8.1 billion). Counterparty concentrations improved in this quarterly comparison despite the decline in deposit volume. The ten largest depositors account for around 17% of total deposits (30 September 2021: 20%).

Composition of the liquidity buffer
The Bank's liquidity buffer according to the LCR is made up of balances at central banks and the unrestricted portfolio of government and federal state bonds, as well as covered bonds.

Derivative risk positions and potential collateral requirements
Hamburg Commercial Bank enters into various derivative transactions in the course of its ordinary business activities. These derivatives are used to manage and hedge the Bank’s own risk position and mainly comprise interest rate and cross-currency swaps, as well as FX derivatives. Both over-the-counter (OTC) derivative transactions and transactions via central counterparties are concluded. As the amount of contractual inflows and outflows from derivatives in the LCR is almost identical, their contribution to net cash outflows is marginal.
During the term of the derivatives, depending on their market value development, Hamburg Commercial Bank has to provide regular initial (clearing; bilateral initial margin) and/or variation margins as is standard practice on the market, or Hamburg Commercial Bank receives corresponding collateral which is intended to limit the counterparty credit risk (CCR) and the fluctuations in market value. Margins are currently exchanged as cash in practice. The furnishing of collateral has a negative impact on the liquidity position or increases the funding requirements.

Currency mismatches
Currency mismatches in the LCR occur when cash outflows exceed inflows in a foreign currency and these net cash outflows are not matched by an equivalent highly liquid security buffer in the same currency. These mismatches arose in the USD LCR in 2021.
This is mainly due to the raising of short-term USD refinancing, outflows from derivatives to refinance foreign currency assets and outflows from USD-denominated facilities which exceed the USD inflows in the LCR period. In addition, the Bank's portfolio of highly liquid securities is predominantly denominated in EUR.

Other items in the LCR calculation relevant to the liquidity profile that are not covered by the LCR tables in this report
Outside of the LCR tables included in this report, there are no items in the LCR calculation that are relevant to Hamburg Commercial Bank's liquidity profile.

Outside of the LCR tables included in this report, there are no items in the LCR calculation that are relevant to Hamburg Commercial Bank's liquidity profile. The table includes the values for the fourth calendar quarter of 2021 and the three preceding calendar quarters. The values are calculated as a simple average of the twelve month-end values before the relevant quarter-end.

II.2 Net stable funding ratio (NSFR)

The NSFR requires a bank to have a stable funding profile in relation to its on-balance sheet and off-balance sheet activities. The ratio is defined as the amount of stable funding available (proportion of equity and debt considered a stable source of funding) relative to the amount required for stable funding (a function of the liquidity characteristics of the various asset classes held).
The NSFR as at 31 December 2021, calculated in accordance with Article 451a(3) CRR, amounts to 114%, putting it ahead of the binding regulatory minimum requirement of 100%. The increase in the ratio compared to the previous quarter's reporting date (112%) is mainly due to the Bank's funding activities. The changes are consistent with ordinary business activities.

Table LIQ2 shows the assets, liabilities and off-balance sheet items in relation to the net stable funding ratio as at 31 December 2021.

TAB. 13: LIQ1: QUANTITATIVE INFORMATION OF LCR (€M)

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2021	30.09.2021	30.06.2021	31.03.2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					5,464	5,422	5,782	6,122
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	134	153	176	199	14	17	21	24
3	Stable deposits	37	41	42	45	2	2	2	2
4	Less stable deposits	89	104	127	149	12	15	19	22
5	Unsecured wholesale funding	5,838	5,906	6,199	6,688	2,494	2,534	2,683	2941
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	665	572	539	548	164	141	133	135
7	Non-operational deposits (all counterparties)	5,107	5,260	5,584	6,050	2,264	2,319	2,474	2716
8	Unsecured debt	66	74	76	90	66	74	76	90
9	Secured wholesale funding					1	2	7	14
10	Additional requirements	3,800	3,806	3,901	4,060	1,177	1,111	1,053	1046
11	Outflows related to derivative exposures and other collateral requirements	449	489	525	575	442	485	520	554
12	Outflows related to loss of funding on debt products	13	25	16	45	13	25	16	45
13	Credit and liquidity facilities	3,338	3,292	3,360	3,440	722	601	517	447
14	Other contractual funding obligations	89	99	96	104	62	71	67	75
15	Other contingent funding obligations	1,595	1,787	1,985	2,260	76	84	82	94
16	**Total cash outflows**					3,824	3,819	3,913	4194
Cash inflows									
17	Secured lending (e.g. reverse repos)	18	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	518	607	632	700	309	360	388	428
19	Other cash inflows	111	76	57	92	110	76	57	91
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**Total cash inflows**	647	683	689	792	419	436	445	519
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	647	683	689	792	419	436	445	519
Total adjusted value									
21	Liquidity buffer					5,464	5,422	5,782	6,122
22	Total net cash outflows					3,407	3,383	3,469	3,675
23	Liquidity coverage ratio					161.1%	161.0%	166.9%	166.5%

TAB. 14: LIQ2: NET STABLE FUNDING RATIO (€M)

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	4,543	-	-	907	5,450
2	Own funds	4,543	-	-	907	5,450
3	Other capital instruments		-	-	-	-
4	Retail deposits		117	2	1	110
5	Stable deposits		30	0	1	30
6	Less stable deposits		87	1	0	80
7	Wholesale funding:		9,599	1,527	9,413	13,412
8	Operational deposits		932	88	25	102
9	Other wholesale funding		8,668	1,439	9,388	13,310
10	Interdependent liabilities		81	249	2,297	-
11	Other liabilities:	-	204	-	688	688
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		204	-	688	688
14	Total available stable funding (ASF)					19,659
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					407
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		510	483	4,764	4,893
16	Deposits held at other financial institutions for operational purposes		155	-	-	77
17	Performing loans and securities:		2,067	1,840	9,395	10,216
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		486	207	1,286	1,427
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,565	1,585	6,907	7,904
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		360	108	1,094	1,560
22	Performing residential mortgages, of which:		4	4	189	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		4	4	189	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		11	43	1,014	885
25	Interdependent assets		86	260	2,249	-
26	Other assets		1,428	4	612	1,351
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		182	-	-	155
29	NSFR derivative assets		450			450
30	NSFR derivative liabilities before deduction of variation margin posted		700			35
31	All other assets not included in the above categories		96	4	612	711
32	Off-balance sheet items		362	239	4,019	258
33	**Total RSF**					**17,202**

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
34	**Net Stable Funding Ratio (%)**					**114.3%**

G Default risk

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

In addition to conventional credit risk, credit risk also includes counterparty credit risk (see Section H) and issuer risk. Conventional credit risk is the risk of complete or partial loss in the lending business as a result of deterioration in the counterparty's credit standing. Issuer risk denotes the risk that a loss is incurred on a financial transaction as a result of the default or deterioration in the creditworthiness of the issuer.

Settlement risk 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 arises where Hamburg Commercial Bank has performed its contractual obligations but consideration from the contracting party is still outstanding.

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.

Hamburg Commercial Bank follows the requirements set out in Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04 for the disclosure of default risk and the requirements set out in EBA/GL/2018/10 for the disclosure of non-performing and forborne exposures. In the tables in the default risk section, counterparty credit risk and securitisations are generally not taken into account, as they are presented separately. Exceptions are described explicitly. The "Other non-credit obligation assets" are shown in this Section without the values for deferred taxes.

Risk management objectives and policy

The description of the risk management objectives and policy for default risk pursuant to Article 435(1) CRR is provided applying Article 434(2) CRR with the information in the Group management report (Risk Report) of the Annual Report of Hamburg Commercial Bank in accordance with the references provided in the following table.

TAB. 15: CRA: GENERAL QUALITATIVE INFORMATION ON CREDIT RISK

Requirement from CRA table in EBA/GL/2016/11		CRR reference	Reference to Annual Report of Hamburg Commercial Bank
a)	Relationship between business model and credit risk profile	Article 435(1)(f)	Group management report (Basis of the Group) Page 36 - 41 Group management report (Risk Report) Page 79 - 80
b)	Criteria and concepts for determining credit risk management policy and setting credit risk limits	Article 435(1)(a) and (d)	Group management report (Risk Report) Page 80, 88 - 89
c)	Structure and organisation of the credit risk management and control function	Article 435(1)(b)	Group management report (Risk Report) Page 80 - 82, 88 - 89
d)	Relationships between credit risk management, the risk control function, compliance and internal audit functions	Article 435(1)(b)	Group management report (Risk Report) Page 80 - 81

I Credit risk adjustments

In accordance with Article 442(c) and (e) CRR in conjunction with EBA/GL/2018/10, table CR1 shows performing and non-performing exposures and related provisions per exposure class.

TAB. 16: CR1: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (€M)

		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
			of which stage 1	of which stage 2		of which stage 2	of which stage 3
005	Cash balances at central banks and other demand deposits	3,799	3,799	0	-	-	-
010	Loans and advances	20,249	17,817	2,139	474	29	426
020	Central banks	6	6	-	-	-	-
030	General governments	983	942	0	-	-	-
040	Credit institutions	644	644	0	-	-	-
050	Other financial corporations	1,983	1,790	22	23	-	23
060	Non-financial corporations	16,452	14,260	2,112	443	29	398
070	Of which SMEs	8,231	6,887	1,294	257	29	223
080	Households	180	175	5	8	0	4
090	Debt securities	4,511	4,050	16	-	-	-
100	Central banks	-	-	-	-	-	-
110	General governments	1,310	1,116	-	-	-	-
120	Credit institutions	2,656	2,540	-	-	-	-
130	Other financial corporations	484	333	16	-	-	-
140	Non-financial corporations	60	60	-	-	-	-
150	Off-balance sheet exposures	4,519	3,811	222	83	0	64
160	Central banks	-	-	-	-	-	-
170	General governments	19	19	-	-	-	-
180	Credit institutions	16	2	-	-	-	-
190	Other financial corporations	862	860	2	12	-	4
200	Non-financial corporations	3,608	2,918	218	71	-	60
210	Households	14	12	1	0	-	-
220	**Total**	**29,279**	**25,677**	**2,377**	**557**	**29**	**490**

		g	h	i	j	k	l
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Performing exposures - Accumulated impairment and provisions			**Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		
			of which stage 1	of which stage 2		of which stage 2	of which stage 3
005	Cash balances at central banks and other demand deposits	-0	-0	-0	-	-	-
010	Loans and advances	-236	-67	-169	-209	-1	-204
020	Central banks	-	-	-	-	-	-
030	General governments	-0	-0	-	-	-	-
040	Credit institutions	-0	-0	-	-	-	-
050	Other financial corporations	-3	-3	-1	-9	-	-9
060	Non-financial corporations	-232	-64	-168	-199	-1	-193
070	Of which SMEs	-138	-23	-114	-112	-1	-111
080	Households	-0	-0	-0	-2	-	-2
090	Debt securities	-1	-1	-0	-	-	-
100	Central banks	-	-	-	-	-	-
110	General governments	-0	-0	-	-	-	-
120	Credit institutions	-0	-0	-	-	-	-
130	Other financial corporations	-0	-0	-0	-	-	-
140	Non-financial corporations	-0	-0	-	-	-	-
150	Off-balance sheet exposures	-4	-2	-1	-49	0	-41
160	Central banks	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-
180	Credit institutions	-0	-0	-	-	-	-
190	Other financial corporations	-1	-1	-0	-25	-	-19
200	Non-financial corporations	-3	-1	-1	-24	-	-22
210	Households	-0	-0	-0	-0	-	-
220	**Total**	**-240**	**-69**	**-170**	**-258**	**-1**	**-245**

		m	n	o
		Accumulated partial write-off	Collaterals and financial guarantees received	
			On performing exposures	On non-performing exposures
005	Cash balances at central banks and other demand deposits	-	-	-
010	Loans and advances	-56	11,776	261
020	Central banks	-	-	-
030	General governments	-	20	-
040	Credit institutions	-	-	11
050	Other financial corporations	-	731	137
060	Non-financial corporations	-56	10,899	113
070	Of which SMEs	-32	5,105	53
080	Households	-	126	0
090	Debt securities	-	-	-
100	Central banks	-	-	-
110	General governments	-	-	-
120	Credit institutions	-	-	-
130	Other financial corporations	-	-	-
140	Non-financial corporations	-	-	-
150	Off-balance sheet exposures		188	17
160	Central banks		-	-
170	General governments		-	-
180	Credit institutions		-	-
190	Other financial corporations		2	-
200	Non-financial corporations		187	17
210	Households		-	-
220	**Total**	-56	11,964	277

Table CR2 shows the changes in the in the stock of non-performing loans and advances in accordance with Article 442(f) CRR in conjunction with EBA/GL/2018/10.

All defaulted loans and debt instruments are reported, regardless of whether impairments have been recognised or not.

TAB. 17: CR2: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES (€M)

		a
		Gross carrying amount
010	**Initial stock 30.06.2021**	**620**
020	Inflows to non-performing portfolios	38
030	Outflows from non-performing portfolios	-183
040	Outflows due to write-offs	-115
050	Outflows due to other situations	-68
060	**Final stock 31.12.2021**	**474**

I.1 Definition of "past due" and "non-performing" for accounting purposes

A receivable is past due if a counterparty has not made a payment in accordance with the contract. The past due period begins on the first calendar day on which an overdraft in a material amount occurred for the first time. All calendar days are taken into account when determining the number of days past due.

The Bank's definition of non-performing exposures is consistent with its default definition under Article 178 CRR. A default has occurred if the criterion "past due more than 90 days" and/or the "unlikeliness to pay" criterion applies to the debtor. Purely technical overdrafts that are not related to creditworthiness do not constitute a default. All transactions in default that are not measured at fair value are considered impaired and are allocated to Stage 3 of the IFRS 9 impairment model. In the loan loss provisions process, non-defaulted recovery cases and relevant intensive management cases are also examined to identify any objective impairment trigger and, as a result, a need for specific loan loss provisions. The establishment of a specific loan loss provision in turn leads to the default of the business partner.

With the exception of transactions measured at fair value, there are generally no receivables overdue for more than 90 days that are not considered impaired.

Hamburg Commercial Bank does not use its own definition for the restructuring of a risk position that deviates from Annex V of the Implementing Regulation (EU) No 680/2014.

I.2 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

As foreign original exposures across all countries and exposure classes amount to 10% or more of total (domestic and foreign) original exposures as at the reporting date, the quality of non-performing exposures by geography is disclosed in Table CQ4 in accordance with Article 442(c) and (e) CCR.

Table CQ5 discloses the credit quality of loans and advances to non-financial corporations by industry in accordance with Article 442(c) and (e) CRR.

The classification of a counterparty is based exclusively on the direct counterparty. The rows are used to disclose the main economic sectors or types of counterparties to which institutions have risk exposures. Materiality is assessed in accordance with Article 432 CRR and non-material economic sectors or types of counterparties are reported aggregated in the 'Other services' row.

TAB. 18: CQ4: QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY (€M)

		a	b	c	d	e	f	g
		Gross carrying amount/nominal amount						
			of which: non-performing					
				of which: defaulted	of which: subject to impairment	**Accumulated impairment**	**Provisions on off-balance sheet commitments and financial guarantee given**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
010	**On balance sheet exposures**	**25,234**	**474**	**474**	**24,490**	**- 446**		**- 7**
020	DE	11,546	339	339	11,410	- 265		7
030	LU	2,758	14	14	2,746	- 20		-
040	MH	1,277	15	15	1,277	- 14		-
050	NL	1,142	15	15	1,132	- 22		-
060	FR	939	-	-	925	- 24		-
070	GB	931	-	-	886	- 3		-
080	US	620	2	2	466	- 2		-
090	NO	614	0	0	614	- 0		-
100	SE	577	-	-	577	- 6		-
110	BE	573	-	-	369	- 0		-
120	LR	524	0	0	524	-6		0
130	IE	408	-	-	352	- 2		-
140	CA	363	-	-	363	- 0		-
150	PA	249	-	-	249	- 1		-
160	DK	243	-	-	243	- 1		-
170	CH	242	0	0	205	- 0		-
180	SG	238	25	25	238	- 9		-
190	FI	235	-	-	235	- 0		-
200	CY	231	-	-	231	- 0		-
210	VG	213	-	-	213	- 19		-
220	ES	206	-	-	199	- 2		-
230	IT	187	32	32	162	- 34		-
240	PT	167	-	-	167	- 0		-
250	AT	133	-	-	125	- 0		-
260	Other countries	617	32	32	583	- 13		- 14
270	**Off-balance sheet exposures**	**4,602**	**83**	**83**			**52**	
280	DE	2,517	54	54			48	
290	LU	888	-	-			0	
300	KY	318	-	-			0	
310	MH	168	-	-			0	
320	GB	148	-	-			0	
330	US	99	-	-			0	
340	SE	94	-	-			0	
350	NL	73	-	-			0	
360	DK	58	-	-			0	
370	CH	35	-	-			0	
380	FR	34	-	-			0	
390	LR	33	-	-			0	
400	CY	31	-	-			0	
410	Other countries	106	29	29			3	
420	**Total**	**29,836**	**557**	**557**	**24,490**	**- 446**	**52**	**31,584**

TAB. 19: CQ5: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY (€M)

		a	b	c	d	e	f
		Gross carrying amount					**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
			of which: non-performing		of which: loans and advances subject to impairment	**Accumulated impairment**	
				of which: defaulted			
010	Agriculture, forestry and fishing	4	-	-	4	-0	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	392	18	18	392	-16	
040	Electricity, gas, steam and air conditioning supply	2,352	36	36	2,345	-74	-0
050	Water supply	29	-	-	29	-0	-
060	Construction	681	4	4	681	-6	-
070	Wholesale and retail trade	412	25	25	412	-19	-
080	Transport and storage	3,914	105	105	3,911	-47	-0
090	Accommodation and food service activities	242	23	23	242	-16	-
100	Information and communication	351	0	0	351	-4	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	6,583	199	199	6,538	-187	-4
130	Professional, scientific and technical activities	1,486	33	33	1,458	-58	-0
140	Administrative and support service activities	158	-	-	158	-2	-
150	Public administration and defence, compulsory social security	82	-	-	82	-0	-
160	Education	0	-	-	0		-
170	Human health services and social work activities	176	-	-	176	-1	-
180	Arts, entertainment and recreation	11	-	-	11	-0	-
190	Other services	23	-	-	23	-0	-
200	**Total**	**16,896**	**443**	**443**	**16,813**	**-431**	**-5**

Table CR1-A shows the net carrying amounts by residual maturity bands in accordance with Article 442(g) CRR in conjunction with paragraphs 82 and 83 of EBA/GL/2016/11.

The exposures were determined using a FINREP-based reconciliation calculation.

TAB. 20: CR1-A: MATURITY OF EXPOSURES (€M)

		a	b	c	d	e	f
		Net exposure value					
		On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	**Total**
1	Loans and advances	4,018	3,097	10,102	6,606	-	23,823
2	Debt securities	-	825	1,977	1,675	-	4,477
3	**Total**	**0**	**1,183**	**2,050**	**996**	**-**	**4,230**

II Non-performing and forborne exposures

Hamburg Commercial Bank takes into account the requirements of EBA/GL/2018/10 when disclosing non-performing and forborne exposures. Hamburg Commercial Bank is classified as significant within the meaning of paragraph 12 of this Guideline. However, as the NPL ratio (FINREP), as defined in paragraph 12 of EBA/GL/2018/06, was below the threshold of 5% at the four quarter-end dates prior to the reporting date (current NPL ratio: 2.3%), tables CQ2, CQ6, CQ8 and CR2a do not have to be disclosed in accordance with the requirements set out in Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04.

Table CQ7 is not disclosed because, due to the Bank's customary approach to collateral realisation, no collateral is generally taken possession as part of a "taking possession and execution" process, meaning that the table would always remain empty.

The following tables CQ1 and CQ3 are populated from the FINREP database as provided for in EBA/GL/2018/10. This means that the data is not comparable with the tables based on the COREP report due to the different presentation of, for example, securitised positions and different consideration of loan loss provisions.

Table CQ1 shows the credit quality of forborne exposures in accordance with Article 442(c) CRR. Forborne exposures may be designated as performing or non-performing depending on whether they meet the conditions of Article 47a and Article 47b CRR.

Table CQ3 discloses the credit quality of performing and non-performing exposures by past due days in accordance with Article 442(c) and (d) CRR.

TAB. 21: CQ1: CREDIT QUALITY OF FORBORNE EXPOSURES (€M)

		a	b	c	d	e	f	g	h
		Gross carrying amount/ Nominal amount of exposures with forbearance measures				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collaterals received and financial guarantees received on forborne exposures**	
			Non-performing forborne						
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		of which: on non-performing forborne exposures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	629	423	423	410	-48	-206	715	199
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	0	23	23	23	0	-9	12	12
060	Non-financial corporations	629	394	394	385	-48	-194	702	186
070	Households	0	5	5	2	-	-3	1	1
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	31	40	40	40	-1	-14	0	0
100	**Total**	**659**	**463**	**463**	**451**	**-49**	**-220**	**715**	**199**

TAB. 22: CQ3: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS (€M)

		a	b	c
		Gross carrying amount of performing and non-performing exposures		
		Performing exposures		
			Not past due or Past due < 30 days	Past due > 30 days < 90 days
005	Cash balances at central banks and other demand deposits	3,799	3,799	-
010	Loans and advances	20,249	20,231	18
020	Central banks	6	6	-
030	General governments	983	983	-
040	Credit institutions	644	644	-
050	Other financial corporations	1,983	1,983	-
060	Non-financial corporations	16,452	16,434	18
070	Of which SMEs	8,231	8,224	7
080	Households	180	180	0
090	Debt securities	4,511	4,511	-
100	Central banks	-	-	-
110	General governments	1,310	1,310	-
120	Credit institutions	2,656	2,656	-
130	Other financial corporations	484	484	-
140	Non-financial corporations	60	60	-
150	Loan commitments given	4,519		
160	Central banks	-		
170	General governments	19		
180	Credit institutions	16		
190	Other financial corporations	862		
200	Non-financial corporations	3,608		
210	Households	14		
220	**Total**	29,279	24,742	18

		d	e	f	g	h	i	j	k	l
		Gross carrying amount of performing and non-performing exposures								
		Non-performing forborne								
			Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days <= 180 days	Past due > 180 days < =1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	474	357	0	16	60	13	3	24	474
020	Central banks	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-	-
050	Other financial corporations	23	23	-	-	-	-	-	-	23
060	Non-financial corporations	443	333	0	16	58	11	3	23	443
070	Of which SMEs	257	201	-	-	49	6	-	-	257
080	Households	8	1	-	-	2	1	1	2	8
090	**Debt securities**	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-
110	General governments	-	-	-	-	-	-	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-
150	**Loan commitments given**	83								83
160	Central banks	-								-
170	General governments	-								-
180	Credit institutions	-								-
190	Other financial corporations	12								12
200	Non-financial corporations	71								71
210	Households	0								0
220	**Total**	557	357	0	16	60	13	3	24	557

III COVID-19 disclosure

Against the backdrop of the COVID-19 pandemic, the European Banking Authority published new guidelines on supervisory reporting and disclosure of exposures on 2 June 2020.

The following tables are subject to COVID-19 measures as per EBA/GL/2020/07 and largely provide an overview of statutory and non-statutory moratoria on loan repayments and public guarantees.

In accordance with EBA/GL/2020/02, selected items of the FINREP COVID-19 tables (F90 to F93) to be prepared monthly are shown in the following tables. The individual transactions are measured in conjunction with EBA/GL/2020/07.

The majority of moratoria and public guarantees were granted in the economic sector of other professional, scientific and technical activities. Furthermore, wholesale accounts for another significant portion of the moratoria and public guarantees.

Table 23 provides an overview of the credit quality of the credit transactions covered by the COVID-19 moratoria (legislative and non-legislative). Disclosures are only made for loans where the measure is classified as approved.

Against the backdrop of the COVID-19 crisis, two types of EBA-compliant moratoria were applied at Hamburg Commercial Bank. First, the consumer loan moratorium pursuant to Article 240 of the Introductory Act to the German Civil Code (EGBGB) was applied. This includes deferrals of interest or principal repayments. Second, principal repayment deferrals were applied for commercial real estate financing. This relates to a non-legislative private moratorium. Both moratoria had expired in full as at the reporting date for this report, and no replacement is currently being offered.

Table 24 shows a breakdown of loans by the remaining term of the associated moratorium. The total here refers to the lending transactions shown in Table 23.

Table 25 shows newly extended loans that fall under a guarantee umbrella set up as a result of the COVID-19 pandemic. In all cases, the guarantees are a loan secured by the German state-owned development bank, KfW. The maximum guarantee amount available here refers to a potential drawdown and does not reflect the guarantee currently being used. The amount of newly granted loans and advances subject to government guarantee schemes comes to € 125 million. € 110 million of this relates to non-financial corporations.

TAB. 23: COVID-19-TEMPLATE 1: INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA (€M)

		a	b	c	d	e	f	g
		Gross carrying amount						
			Performing			Non-performing		
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days
1	Loans and advances subject to moratorium	-	-	-	-	-	-	-
2	of which: Households	-	-	-	-	-	-	-
3	of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
4	of which: Nonfinancial corporations	-	-	-	-	-	-	-
5	of which: Small and Mediumsized Enterprises	-	-	-	-	-	-	-
6	of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

		h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non-performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	inflows to non-performing exposures
1	Loans and advances subject to moratorium	-	-	-	-	-	-	-	-
2	of which: Households	-	-	-	-	-	-	-	-
3	of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-
4	of which: Nonfinancial corporations	-	-	-	-	-	-	-	-
5	of which: Small and Mediumsized Enterprises	-	-	-	-	-	-	-	-
6	of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-

TAB. 24: COVID-19-TEMPLATE 2: BREAKDOWN OF LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY OF MORATORIA (€M)

		a	b	c	d	e	f	g	h	i
			Gross carrying amount							
						Residual maturity of moratoria				
		Number of obligors		Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	12	164							
2	Loans and advances subject to moratorium	9	140	0	140	-	-	-	-	-
3	of which: Households		0	0	0	-	-	-	-	-
4	of which: Collateralised by residential immovable property		0	0	0	-	-	-	-	-
5	of which: Nonfinancial corporations		140	-	140	-	-	-	-	-
6	of which: Small and Mediumsized Enterprises		113	-	113	-	-	-	-	-
7	of which: Collateralised by commercial immovable property		140	-	140	-	-	-	-	-

TAB. 25: COVID-19-TEMPLATE 3:INFORMATION ON NEWLY ORIGINATED LOANS AND ADVANCES PROVIDED UNDER NEWLY APPLICABLE PUBLIC GUARANTEE SCHEMES INTRODUCED IN RESPONSE TO COVID-19 CRISIS (€M)

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes	125	57	101	-
2	of which: Households	-			-
3	of which: Collateralised by residential immovable property	-			-
4	of which: Non-financial corporations	110	57	89	-
5	of which: Small and Medium-sized Enterprises	4			-
6	of which: Collateralised by commercial immovable property	3			-

IV Use of credit risk mitigation techniques

Qualitative information on credit risk mitigation techniques is disclosed in accordance with Article 453(f) CRR.

IV.1 Policies and processes for, and an indication of the extent to which the entity makes use of, on- and off-balance sheet netting

Institutions have the option of using netting agreements when determining their own fund requirements. These lead to a reduction in the assessment basis and, as a result, in the capital to be backed. Pursuant to Article 453(a) CRR, the policies and processes for, and an indication of the extent to which the entity makes use of, on- and off-balance sheet netting, must be disclosed.

In contrast to balance sheet netting, which is not used by Hamburg Commercial Bank, off-balance sheet netting is applied in the context of netting agreements for derivatives (see Section H I.2). The mark-to-market method is used to determine the net assessment basis required for this purpose. As at the reporting date, there is a counterparty credit risk position in the amount of 659 mio. € (see Table CCR4 in Section H II).

IV.2 Processes for managing and recognising credit risk mitigation techniques

The Collateral Guideline issued by the Management Board, including the valuation guidelines and the LGD methodology, define the collateral recognised by Hamburg Commercial Bank as being recoverable and thus reducing default risk, as well as the qualitative requirements for such collateral. This means that it sets cornerstones for the management of credit risk mitigation at Hamburg Commercial Bank. The disclosure is made in accordance with Article 452(b)(iii) CRR. The guidelines are supplemented by detailed requirements in the process regulations for the lending business to ensure comprehensive collateral management. The requirements of the CRR are an integral part of the Collateral Guideline.

Qualitative requirements for collateral primarily include legal enforceability (in particular also for collateral with links t other countries), adequate consideration of a correlation between the borrower's credit quality and the value of the collateral, matching maturities of the loan and collateral agreement, as well as the availability of an objective market value.

For this collateral, the Bank has determined collateral-specific realisation proceeds rates based on historical realisation cases. These are used when including recognised collateral in the calculation of the LGD (see Section G VI.1). The Collateral Guideline specifies which assets (e.g. real estate, movable property, receivables) and which collateral instruments (e.g. mortgage, real estate lien, assignment) are recognised. In addition, the responsible back office division has to ensure, in each individual case, that the individual collateral and the associated collateral agreement also meet the requirements with regard to enforceability and recoverability. In the risk-relevant lending business, a plausibility check is performed on the recoverability of the individual collateral item as part of the loan decision-making process.

The decision as to whether a new asset or a new hedging instrument can generally be recognised as reducing risk is made by a team of specialists from the Credit Risk Management, Risk Control and Legal, Board Office & Taxes business units.

IV.3 Policies and processes for collateral valuation and management

The process for the management and recognition of credit risk mitigation techniques also includes the valuation and management of collateral in accordance with Article 453(b) CRR. As the CRR forms the basis for the Collateral Guideline, collateral is only counted as reducing risk for the purposes of calculating own fund requirements if all requirements of the CRR are met.

An objective market value is calculated for each item collateral that is to be counted as reducing risk. The relevant market value of collateral is determined on the basis of Hamburg Commercial Bank's valuation guidelines by appraisers independent of the Bank's market units, or is reviewed and determined by a body independent of the market units. The sustainability of the collateral value is ensured by the fact that it is recognised as risk-reducing only up to the level of the applicable collateral-specific recovery ratio. The legal effectiveness and enforceability of the relevant collateral is ensured in the context of the loan and collateral agreements. There is a uniform instruction on the regular monitoring and remeasurement of collateral: in principle, collateral is monitored annually and the market value of the individual collateral is reassessed every three years. The result of the annual monitoring process can prompt the immediate remeasurement of the individual collateral item in individual cases or on a segment basis. For individual assets, the collateral value is generally monitored and remeasured every year (e.g. ships). The collateral recognised is recorded and maintained in a central collateral system. This system enables regular reporting for collateral monitoring and evaluation. The recoverability and realisation options for collateral are reviewed on a regular basis as part of the standard credit monitoring process and more frequently in the event of marked fluctuations in market value.

In the event of permanent impairment of the security interests, e.g. due to a drop in value or a change in the legal situation, efforts are made to achieve the furnishing of additional collateral and/or a monitoring template is prepared, if necessary, in accordance with the standards set out in the Exposure Monitoring Guideline in order to initiate any necessary measures. In the event that a borrower defaults, all collateral and, if applicable, further collateral of an affected group of connected clients is remeasured. All relevant information on collateral is always documented and updated in the IT systems. Only collateral that is recognised as compliant and is maintained accordingly is used in Hamburg Commercial Bank's management systems.

Back office specialists are available for the prompt and competent realisation of collateral in the event of a borrower default. Insights gained from the realisation of collateral are incorporated into the optimisation of collateral management.

IV.4 Main types of collateral and information about market or credit risk concentrations within the credit mitigation taken

In principle, Hamburg Commercial Bank takes into account all collateral listed in the CRR (financial collateral, guarantees, physical collateral, other IRBA collateral) and netting agreements. Due to the portfolio and client structure, it is largely the following types of collateral within the meaning of Article 453(c) CRR that are accepted by Hamburg Commercial Bank:

- Real estate and movable property, such as ships and rolling stock,
- Claims and rights,
- Sureties and guarantees.

In addition, securities, shares and, in some cases, credit derivatives also serve as collateral.

Within the aforementioned collateral types, there are the concentrations within credit risk mitigation described below in accordance with Article 453(e) CRR, as well as instruments to manage these risks.

Ships account for approximately 27% of the total collateral portfolio. Almost 77% relates to container vessels and bulkers, while tankers account for 19% of ship collateral. The share of real estate collateral is around 58%. Almost 83% of this relates to commercial properties.

Other collateral consists mainly of cash collateral and guarantees and has a share of approximately 14%.

Concentration risks from eligible collateral are managed on a portfolio-related basis at the level of the Overall Bank, e.g. by monitoring and reporting these risks in extracts of the management report to the Risk Committee. In addition, it is incorporated into the strategic planning and limiting process in that for typical, business area-related collateral (in particular collateral in the form of property, such as ships), the business area-related planning and limiting also results in a limiting of the collateral typically associated with the individual business areas.

Collateral can only be taken into account when calculating the LGD if its risk-reducing effect was not taken into account when determining the rating (PD). This means that, for example, a surety/guarantee or an assignment of receivables that has already been taken into account as a bearer of economic risk via a rating tool or via the rating of the guarantor or third-party debtor is no longer counted as risk-reducing collateral.

IV.5 Guarantors and credit derivative counterparties and their creditworthiness

For a surety/guarantee (or credit derivative) to be considered as risk-reducing collateral, the guarantor must have a current internal rating comparable to a rating of at least BB- from Fitch or S & P, or Ba3 from Moody's.

Pursuant to Article 453(d) CRR, the most important types of guarantors, based on Hamburg Commercial Bank's internal requirements, are in particular guarantees from central governments, domestic regional and local authorities, institutions as well as companies with good credit ratings. The credit derivative counterparties are banks with international operations.

IV.6 Secured exposures

In accordance with Article 453(f) CRR, the following table CR3 shows the scope of the credit risk mitigation techniques used for loans and advances and debt securities.

This reporting form covers all credit risk mitigation techniques recognised under the applicable accounting framework, regardless of whether these techniques are recognised under the CRR, including, but not limited to, all types of collateral, financial guarantees and credit derivatives used for all secured exposures, regardless of whether the risk-weighted exposure amount (RWEA) is calculated using the Standardised Approach or the IRB Approach

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TAB. 26: CR3: CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES (€M)

		a	b	c	d	e
			Secured carrying amount			
					Of which secured by financial guarantees	
		Unsecured carrying amount		Of which secured by collateral		Of which secured by credit derivatives
1	Loans and advances	12,486	12,037	11,776	261	-
2	Debt securities	4,511	-	-	-	
3	Total	16,997	12,037	11,776	261	-
4	Of which non-performing exposures	272	203	198	4	-
5	Of which defaulted	236	203	198	4	

V Use of external ratings and Standardised Approach

As already explained, Hamburg Commercial Bank combines the CRSA exposure classes into one position in the Disclosure Report for reasons of materiality. In this section, the exceptions are tables CR4 and CR5 in accordance with EBA/GL/2016/11, in which the allocation of CRSA exposure classes is shown in detail.

V.1 Names of the designated ECAIs and ECAs

In the Credit Risk Standardised Approach, the risk weights required for the calculation of regulatory capital requirements are specified by the supervisory authorities. The amount of the risk weights generally depends on the type of receivable, the relevant external rating and any existing collateral. In accordance with Articles 138 and 269 CRR, Hamburg Commercial Bank uses external credit assessments from rating agencies recognised under supervisory law to determine risk weights. Different external credit assessment institutions (ECAIs) or export credit agencies (ECAs) can be specified for each category of receivables. For the securitisations CRSA or IRBA exposure class, the rating agencies can be nominated at transaction level; for all other CRSA exposures, they are nominated per credit assessment-related exposure category.

If an external credit assessment from a recognised rating agency is used, it must be converted into a credit assessment according to the rating master scale. A check has to be performed for each of the recognised credit rating agencies to determine whether an external credit assessment is available. If more than one external rating is available, then, out of the two ratings leading to the lowest CRSA risk weights, the rating leading to the higher CRSA risk weight prevails. Hamburg Commercial Bank generally uses the issuer rating for positions that are not part of the trading book, but the external rating of the transaction for ABS transactions.

Hamburg Commercial Bank has, with regard to Article 444(a) CRR in conjunction with paragraph 97 and Table CRD of EBA/GL/2016/11, exclusively nominated the credit rating agencies listed in the following table for use and makes use of them for the exposure classes listed in accordance with Article 444(b) CRR in conjunction with paragraph 97 and Table CRD of EBA/GL/2016/11. Export credit agencies are not used in this context. Rating agencies are nominated exclusively for the sovereigns and securitisation exposure categories. Whereas only the Credit Risk Standardised Approach is affected for sovereign exposures, external ratings are used for securitisations in both the Standardised and IRB approaches. For relevant transactions under Articles 115 and 116 CRR and under Article 119 in conjunction with Article 121 CRR, the external rating of the central government concerned is relevant and is used to determine the risk weight. This affects transactions from the exposure classes regional or local authorities, public-sector entities and institutions. The disclosure is still made in the aforementioned exposure classes.

TAB. 27: RATING AGENCIES BY RECEIVABLES CATEGORY

Receivables category	Exposure class	Rating agency
States	Central governments or central banks	Fitch, Moody’s, S & P
Securitizations	CRSA securitization exposures IRBA securitization exposures	Fitch, Moody’s, S & P

V.2 Transfer of issuer and issue credit assessments

The following section describes the procedures used by Hamburg Commercial Bank to transfer issuer and issue credit assessments in accordance with Article 444(c) CRR in conjunction with paragraph 97 and Table CRD of EBA/GL/2016/11.

Issue ratings are required to determine the CRSA and IRBA risk weights of securitisations as well as the eligibility of eligible collateral for CRSA and IRBA exposures. Hamburg Commercial Bank uses issue ratings from the rating agencies Fitch, Moody's and S & P. Hamburg Commercial Bank has provided the banking supervisory authority with the names of the aforementioned rating agencies.

Hamburg Commercial Bank uses confirmed issue ratings for securities. Once linked to the relevant financial instrument, the confirmed issue ratings are used in the calculations under Part 3 CRR (Capital requirements), Part 4 CRR (Large exposures) and Part 6 CRR (Liquidity). Steps are taken to ensure that the technical requirements for external ratings for securitisations pursuant to Article 268 CRR are met. As part of the LGD calculation, a check is performed to determine whether the conditions for the eligibility of eligible collateral are met. Depending on the type of bond, the CRR specifies minimum credit quality levels for eligibility.

Issuer ratings are required to determine the risk weights of central governments in the Standardised Approach. Hamburg Commercial Bank uses issuer ratings from the rating agencies Fitch, Moody's and S & P. Processes ensure that, on the one hand, only confirmed issuer ratings are used and, on the other hand, external ratings are only used for those central governments that are also internally rated at Hamburg Commercial Bank. Once linked to the relevant central government, the confirmed issuer ratings are used in the calculations under Part 3 CRR (Capital requirements) and Part 4 CRR (Large exposures).

V.3 Association of external credit ratings with credit quality steps

Disclosures of the association of external credit ratings with credit quality steps in accordance with Article 444(d) CRR are omitted, as Hamburg Commercial Bank uses the standard mapping published by the EBA in accordance with Article 270 CRR.

V.4 CRSA exposure values when applying regulatory risk weights

In order to determine the capital requirements, risk-weighted exposure amounts (product of risk weight and exposure value) have to be determined in the Credit Risk Standardised Approach. Risk weights are to be used depending on the exposure class and the standard mapping of external ratings published in accordance with Article 270 CRR.

Table CR4 shows, in accordance with Article 453(f) and (g) CRR in conjunction with paragraphs 95, 98 and 99 of EBA/GL/2016/11, the effect of credit risk mitigation techniques on the calculation of capital requirements using the Standardised Approach per exposure class.

TAB. 28: CR4: STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS (€M)

		a	b	c	d	e	f
		Exposures before CCF and before CRM		**Exposures post CCF and post CRM**		**RWAs and RWAs density**	
	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWA	RWEA density (%)
1	Central governments or central banks	-	-	25	-	0	0.0
2	Regional government or local authorities	184	-	184	-	23	11.1
3	Public sector entities	444	0	447	0	0	0.0
4	Multilateral development banks	52	-	52	-	0	0.0
5	International organisations	13	-	13	-	0	0.0
6	Institutions	1,213	78	1,218	40	278	18.6
7	Corporates	1,828	219	1,785	92	1,789	50.1
8	Retail	1	0	0	0	0	47.8
9	Secured by mortgages on immovable property	88	2	88	1	37	29.9
10	Exposures in default	18	4	18	1	23	56.4
11	Exposures associated with particularly high risk	3	3	3	1	5	66.0
12	Covered bonds	1,713	-	1,713	-	174	9.2
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	184	126	184	38	222	54.8
15	Equity	-	-	-	-	-	-
16	Other items	-	-	-	-	-	-
17	**Total**	**5,740**	**433**	**5,730**	**173**	**2,552**	**30.8**

Table CR5 shows exposure values under the Standardised Approach for each exposure class and risk weight in accordance with Article 444(e) CRR as required by Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04. Substitution effects lead to originally higher risk weights being replaced by lower risk weights. CR5 only implements the part of the requirement from Article 444(e) CRR that relates to the exposure values after credit risk mitigation. The disclosure of the exposure values by credit rating step before credit risk mitigation is omitted for reasons of materiality.

The exposures are allocated to the risk weights without taking into account the deduction pursuant to Article 501(1) CRR.

TAB. 29: CR5: STANDARDISED APPROACH – EXPOSURE VALUES (€M)

		Risk weight								
	Exposure classes	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**
1	Central governments or central banks	25	–	–	–	–	–	–	–	–
2	Regional government or local authorities	69	–	–	–	115	–	–	–	–
3	Public sector entities	446	–	–	–	1	–	–	–	–
4	Multilateral development banks	52	–	–	–	–	–	–	–	–
5	International organisations	13	–	–	–	–	–	–	–	–
6	Institutions	–	–	–	–	1,202	–	36	–	–
7	Corporates	–	–	–	–	–	–	–	–	–
8	Retail	–	–	–	–	–	–	–	–	0
9	Secured by mortgages on immovable property	–	–	–	–	–	12	76	–	–
10	Exposures in default	–	–	–	–	–	–	–	–	–
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–
12	Covered bonds	–	–	–	1,688	25	–	–	–	–
13	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–
14	Collective investment undertakings	–	–	–	–	–	–	–	–	–
15	Equity	–	–	–	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–	–	–	–
17	**Total**	**607**	**–**	**–**	**1,688**	**1,343**	**12**	**112**	**–**	**0**

		Risk weight							
	Exposure classes	**100%**	**150%**	**250%**	**370%**	**1250%**	**Others**	**Total**	**Of which unrated**
1	Central governments or central banks	–	–	–	–	–	–	25	25
2	Regional government or local authorities	–	–	–	–	–	–	184	184
3	Public sector entities	–	–	–	–	–	–	447	447
4	Multilateral development banks	–	–	–	–	–	–	52	52
5	International organisations	–	–	–	–	–	–	13	13
6	Institutions	20	–	–	–	–	–	1,258	1,258
7	Corporates	1,877	–	–	–	–	–	1,877	1,877
8	Retail	–	–	–	–	–	–	0	0
9	Secured by mortgages on immovable property	–	–	–	–	–	0	88	88
10	Exposures in default	11	8	–	–	–	–	19	19
11	Exposures associated with particularly high risk	–	3	–	–	–	–	3	3
12	Covered bonds	–	–	–	–	–	–	1,713	1,713
13	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–
14	Collective investment undertakings	205	–	–	–	–	17	222	222
15	Equity	–	–	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–	–	–
17	**Total**	**2,112**	**12**	**-**	**-**	**-**	**17**	**5,903**	**5,903**

VI IRB approach

VI.1 Structure of internal rating systems and relation between internal and external ratings

The rating systems for the individual portfolio segments were developed in cooperation with nine Landesbanken (Landesbank project) on the basis of scorecard and simulation approaches and using a common data pool. In 2003, the Landesbank cooperation led to the establishment of RSU Rating Service Unit GmbH & Co. KG (RSU). Since 2004, the latter has assumed responsibility for the methodological maintenance and further development of the rating systems. The individual partner banks provide their expertise as competence or support centres. At present, Hamburg Commercial Bank uses ten RSU rating modules in its LB Rating. In addition, RSU incorporated two rating modules of S Rating und Risikosysteme GmbH (SR), a subsidiary of the German Savings Banks Association (DSGV), into the central LB Rating application software. These rating modules are rating systems recognised for the purposes of reporting in accordance with the CRR at Hamburg Commercial Bank. in 2009, the LGD and CCF methodology developed by Hamburg Commercial Bank and approved by the supervisory authority was also transferred to the RSU Group. Hamburg Commercial Bank acts as the competence centre for LGD validation of all rating procedures, except aircraft and project finance.

The structure of the internal rating systems and relation between internal and external ratings in accordance with Article 452(b)(i) CRR are explained below.

Rating methodology

With regard to the rating systems, a distinction is made between scorecard and cash flow approaches. Scorecard approaches identify characteristics and factors that have the ability to differentiate between good and bad borrowers. Their explanatory value is first of all tested in a single-factor model. Several characteristics, each of which has a high explanatory value in the single-factor model, are then combined to form a multi-factor model. Finally, the scores determined in the multi-factor model are converted into probabilities of default. One prerequisite for the application of a scorecard approach is that there is a sufficient number of relatively similar borrowers.

Cash flow approaches involve simulating cash flows associated with a property in various scenarios. These vary in terms of macroeconomic and sector-specific conditions. The “SimEngine” is used to generate a variety of scenarios that differ in terms of the macroeconomic conditions. In addition, industry-specific models calculate scenarios for the future development of industry-specific factors, such as rents, vacancies or charter rates. The values calculated are ultimately used as input in the calculation of the scenarios for the cash flow associated with the property in question. Among the multitude of scenarios, those in which the borrower has to be considered to have defaulted can then be identified. The probability of default is calculated as the ratio of the number of scenarios in which default occurred to the total number of scenarios.

Both the scorecard and cash flow approaches incorporate qualitative factors in addition to quantitative ones. The consideration of these factors is usually followed by the consideration of warning signals and the group background. The rating systems also provide for override options, limited options for rating improvements and unlimited options for rating deteriorations. It is only when all aspects are taken into account that the final rating result, the local currency rating, emerges. The result is an individual probability of default for each borrower and, as a result, allocation to a specific rating category. In addition to the borrower's default risks, risks from currency transfer restrictions also have to be taken into account when measuring credit risk.

The rating result is calibrated to a uniform rating master scale. This master scale is the DSGV master scale, of which 24 performing and three default categories are used at Hamburg Commercial Bank. Each rating category in the rating master scale is assigned a 1-year probability of default. The uniform rating scale enables the direct comparability of existing ratings, irrespective of the portfolio segment.

The internally observed default history is generally used to identify the probabilities of default in the corresponding rating procedures. Additional information from external ratings released by the recognised rating agencies is also used for those segments and sub-portfolios for which there is a sufficient amount of external data available (shadow rating method). This process examines the extent to which the ranking of external ratings can be replicated for a benchmarking portfolio (as a "good-bad analysis"). In addition to this, an additional comparative variable for setting the average rating level is calculated based on these external ratings (calibration).

The rating modules and methods used within Hamburg Commercial Bank as at the reporting date for the purposes of reporting in accordance with the CRR are shown in the following table. Capital requirements are calculated using the Advanced IRB Approach.

TAB. 30: RATING MODULES OF HAMBURG COMMERCIAL BANK APPROVED BY THE SUPERVISORY AUTHORITIES

Borrower, bearer of economic risk, asset or project	Rating module	Rating method
Company	CorporatesSavings Banks StandardRating	Scorecard
Real estate	Savings Banks Real Estate Rating (SIR) International Real Estate Finance	scorecard
Ships	Ship financing	Cash flow
Projects	Project financing	Cash flow
States, National Authorities	Country and transfer risk	Scorecard

The banks participating in the validation and further development of the RSU rating systems are divided into competence and support centres. The competence centre bank plays a leading role in the development and maintenance of those modules in which it has particular expertise. It is supported in these efforts by experts from the support banks.

Hamburg Commercial Bank has the competence centre role for the module ship finance. The validation and further development of the rating procedures are checked by the internal audit department, as an independent body both at RSU and SR, as well as at Hamburg Commercial Bank.

LGD methodology

Modelling is based on historical loss cases that were collected together with other banks and analysed using statistical econometric methods.

The methodology for calculating LGD was developed by Hamburg Commercial Bank as part of a step-by-step approach for each rating segment and has been continually reviewed and refined as part of the annual validation process. Since the transfer to the RSU Group in 2009, validation has been carried out jointly with other banks. As a result, estimation methods are available for determining the risk associated with the secured and unsecured exposure, taking into account collateral-specific realisation proceeds rates and borrower-specific recovery rates (e.g. proceeds from the insolvency estate). The secured exposure is not completely risk-free, but is subject to basis risk. The calculation of the LGD is based on the data at the time of default from the upstream systems.

Three possible default scenarios are taken into account when determining the LGD (total LGD). In addition to workout, the restructuring of the defaulted exposure is another option. In the best-case scenario, the exposure recovers. The LGD estimate is based on an analysis of the workout scenario. To determine the forecast for the loss given default, the realisation proceeds from collateral (product of market value of the collateral object and object-specific realisation proceeds rate) and proceeds from the assets (product of unsecured exposure and borrower-specific recovery rate) are used. The LGD estimate takes the individual-specific default period into account.

Methodology and calculation of the downturn LGD

The calculation of a downturn factor is generally only relevant for models that assume an impact emanating from the macroeconomic environment. This involves expressing ratios from below-average years (e.g. 25% quantile) in relation to the normal calculated ratio (e.g. 50% quantile). This only makes sense for models with a sufficient data basis. One alternative approach is to consider external studies and data or comparisons with other models.

The downturn factors are checked on a regular basis and updated if necessary as part of the standard maintenance process.

CCF methodology

In contrast to balance sheet assets, where the future exposure can be derived from loan agreements, in the case of receivables from classic transactions not included in the balance sheet, the EaD has to be determined using a credit conversion factor (CCF). The CCFs are estimated jointly with other banks within the RSU Group and are validated annually.

The CCF indicates which portion of the outstanding line or of the amount of the credit by way of bank guarantees or letter of credit that can be drawn down in principle has actually been drawn down by the borrower up to or after the default date.

CCF model assignment

The assignment of a transaction to a CCF model is a two-step process. The first step involves identifying all transactions that are not CCF-relevant or that are not used directly for the CCF calculation. These transactions are not allocated to any CCF model. All other transactions are assigned to a CCF model in the second step based on the credit type of the transactions.

Reference structure of the transactions and aggregated values

The loss database allows individual transactions of a client to be linked to each other. This makes sense, and is even necessary, for example, when transactions (e.g. a loan) represent the drawdowns on the line of another transaction (e.g. a commitment). This means that a reference structure always consists of a main transaction and one or more sub-transactions.

CCF for commitments and facilities

The CCF for commitments and facilities describes the utilisation of the open line available 1 year before default by the debtor before default occurs. The delta drawdown is expressed in relation to the open line for this purpose.

CCF for credits by way of bank guarantees and letters of credit

In cases involving credits by way of bank guarantees and letters of credit, there is a risk, in particular, of a drawdown after the default date, as it can then no longer be assumed that the payments drawn down by third parties will be offset by compensation payments from the defaulted borrower. The CCF for credits by way of bank guarantees and letters of credit is generally calculated as the ratio of the drawdowns IA≥t0 on the credit by way of bank guarantees or letter of credit after the default date t0 and discounted to the default date to the amount of the credit by way of bank guarantees or letter of credit (also referred to as the deed amount across all credit types) at the forecast date t-1 (1 year before default).

VI.2 Use of internal estimates other than for calculating risk-weighted exposure amounts under the IRB Approach

Hamburg Commercial Bank uses its internal estimates within the meaning of Article 452(b)(ii) CRR in many different areas of the Group. For example, all risk parameters EAD, CCF, PD and LGD are used actively for the overall management of the Bank. In particular, the risk parameters are used in the risk-adjusted pricing of loan applications, in certain procedures to set up general loan loss provisions and in profit centre accounting. The rating systems are used with the corresponding risk parameters in the following management systems within the Bank:

- Loan approval procedure/determination of authorities
- Pricing and recalculation specific to individual transactions
- Limit system
- Reporting
- Exposure monitoring
- Intensive management and recovery process

The parameters are also included in ongoing scenario calculations and the planning and strategy process.

VI.3 Competent authority's permission of the IRB Approach or approved transition

Hamburg Commercial Bank determines all parameters required to establish the risk-weighted exposure amount internally, i.e. probability of default - PD, loss given default - LGD, exposure at default - EAD, credit conversion factor - CCF and maturity – M. This means that it meets the requirements for the Advanced IRB Approach to credit risk. The Bank received the necessary permission from the competent authority to use this approach in accordance with Article 452(a) CRR in conjunction with paragraph 103 and Table CRE of EBA/GL/2016/11 in 2007. The implementation phase ended as at 31 December 2012 when the regulatory benchmark figure in accordance with Section 10 (3) of the German Solvency Regulation (SolvV) was met.

The Bank does not apply any transitional arrangements regarding the use of the IRB Approach. The exposure classes to which the Credit Risk Standardised Approach is permanently applied, as well as possible relevant exemption or transitional arrangements for these exposure classes, are presented in the appropriate places in the chapters below.

As at the reporting date, a regulatory benchmark figure of more than 50% is reached at the group and institution level.

The following table shows the exposure values per IRBA exposure class and per IRBA rating module. The data taken as a basis for this table differs from the other tables in the default risk section for methodological reasons, as counterparty credit risks are also included in the data in addition to credit risks. This is because the application of the rating procedures is independent of the type of business, meaning that a restriction to credit risk only is not appropriate.

TAB. 31: CRE: EXPOSURE VALUES PER IRBA EXPOSURE CLASS AND IRBA RATING MODULE (€M)

Risk position class	Rating module	Risk position value
Central governments and central banks	Countries and transfer risk	5,693
	Total	**5,693**
Institute	Corporates	12
	Savings Banks Real Estate Rating (SIR)	3
	Total	**15**
Company	Ship financing	1,717
	Corporates	5,317
	Savings Banks Real Estate Rating (SIR)	8,037
	Project financing	3,810
	Total	**18,881**
Participations[1)]	Corporates	5
	Savings Banks Real Estate Rating (SIR)	0
	Total	**5**

1) Equity exposures according to Article 155(3) CRR (PD/LGD approach)

VI.4 Control mechanisms for rating systems

In accordance with Article 452(b)(iv) CRR in conjunction with paragraph 103 and Table CRE of EBA/GL/2016/11, the control mechanisms for the rating systems are presented below.

Description of the rating process

The rating process is divided into the preparation and determination process and is subject to the dual control principle. The rating is determined by the back office business units.

The Rating Guideline contained in the Credit Manual states, for all exposure classes, that – except for the retail portfolio as well as risks with a total credit volume for the group of connected clients of below € 750,000 or below € 75,000 at business partner level which do not fall under the retail definition – internal rating systems recognised by the supervisory authorities are to be applied as a matter of principle. An individual rating is to be prepared:

– for borrowers, economic risk-bearers, rating agencies (this also applies to non-recourse purchases of receivables);
– for persons acting exclusively as providers of support;
– as a prerequisite for taking certain collateral furnished in favour of Hamburg Commercial Bank (e.g. personnel collateral) into account with the effect of reducing risk.

Each person to be assessed is assigned a local currency rating and, in the case of a currency transfer risk, a foreign currency rating.

The exact rating scenarios are also set out in the Credit Manual. Each rating has to be updated, reviewed and determined by the Credit Analysis unit, taking into account risk aspects that require a re-rating – but at the latest before the expiry of a twelve-month period after the last rating. Special risk aspects that require an update before the 12-month period expires are, in particular:

– significant expansion of counterparty credit risk,
– knowledge of material new information relevant to risk,
– exposures for which there is a currency transfer risk if the risk country migrates to rating category 9 or worse,
– default and recovery according to the Default Policy.

As long as the person to be rated is assigned to a default category (rating level 16 to 18), there is usually no need for regular re-rating. The default reasons are, however, to be updated in the rating if there is a change within the default rating categories due to new information. This does not apply to the rating systems for ship finance and project finance, where ratings –

even in cases of default – have to be updated at least once within 12 months.

The guidelines set out in Credit Manual explain the requirements for establishing a rating unit. They explain under which conditions the legal borrower is not rated in the context of a credit decision, applying the rating of the bearer of the economic risk or the rating agency instead.

Provisions on the rating process are set out in the Credit Manual. In addition, with regard to the specific module characteristics, the corresponding technical rating manuals have to be observed.

In order to ensure a comprehensive rating for the exposure for which the risk has to be classified in accordance with the CRR, the Bank has a process quality controlling system in place.

Review of the rating systems

All rating modules, as well as the LGD and CCF models, of Hamburg Commercial Bank are validated annually as required under Article 144(1)(e) CRR and Article 185 CRR. The management is provided with information on the validation results of the rating modules and their effects on an annual basis.

Validation generally includes the following aspects:

- Analysis of portfolio and market development (e.g. description of the portfolio by region and relevant client type)
- Analysis of rating distribution
- Backtesting (comparison with actual default rates) and/or benchmarking (comparison with external ratings)
- Calibration (verification of the level of assigned probabilities of default)
- Investigation of degree of precision (ability of the rating module to distinguish good from bad borrowers)
- Review of model structure and design (e.g. informational value and weighting of individual factors and sub-models, consideration of support providers, analysis of overrides to determine frequency and reasons, consideration of transfer risk)
- Review of the rating application (e.g. analysis of data quality, verification of uniform application using analyses of duplicates).

Validation is a two-step process:

- The first step involves a validation on the basis of the pooled data of all partner banks and savings banks under the auspices of the RSU or SR. The pooling of data serves in particular to create the largest possible and, as a result, statistically meaningful database. In cooperation with the relevant competence and support centre, RSU carries out the validation process and, if necessary, assumes responsibility for the recalibration and further development of the modules on the basis of the pooled data, ensuring the independence of validation and development. For the SR modules, pooling is based on the data of the participating savings banks and banks; maintenance, validation and development are the responsibility of SR.
- As the validation process is based on the pooled data, evidence then has to be furnished showing that the results can also be transferred to Hamburg Commercial Bank. This is done in a second step in cooperation with RSU or SR.

As with the validation of the rating modules, the LGD and CCF models are also subjected to an annual validation process together with other banks. Furthermore, validity is also established at RSU and SR, independently of maintenance and development.

Within the Bank, the Credit Risk Control team is responsible for the methodology, support and further development of the rating modules as well as the LGD and CCF models.

The Model & Product Validation team was created to ensure independence between model development and validation. In addition to the validation, for all risk types, of all models from the model inventory for which Risk Control is responsible, the technical consistency of the risk modelling is also ensured. Uniform and transparent model risk governance has been introduced for the model risk management process.

IRBA risk model reporting

Reporting on the IRBA risk models of Hamburg Commercial Bank forms part of the monthly management reporting to the ALCO with the involvement of the CRO and CFO. The validation results of the individual rating modules, including any need for action, are reported as part of this process, as are impact assessments for modules that have not yet been validated. The reports contain the following information for each rating module: EaD, pool validation opinion, internal validation opinion including any measures, calibration opinion, degree of precision, model adjustments including go-live, change in capital requirements, change in EL. The ALCO is also informed of outstanding supervisory findings on the IRBA modules at the institution and pool level. In addition, aspects of counterparty risk concentrations, developments in EaD, EL, capital requirements as well as PD and LGD are also presented from various angles. The Bank has a two-step decision-making process on changes to methods, policies, and processes for all IRBA models and an organizational separation of the model development units from model validation.

In addition to the ALCO, which acts as the "designated committee" with the involvement of the Management Board (Article 189 CRR), a Model Management Group has been set up. This acts at the interface between ALCO and the units responsible for the development, operation and validation of models used in risk management.

Taking into account the principle of proportionality, this process ensures both a sufficient depth of expertise in dealing with the issues and a timely decision-making process.

VI.5 Description of the internal ratings process and breakdown by exposure class

Positions that cannot be rated using a recognised IRBA rating system but have an internal expert rating are addressed as part of the Credit Risk Standardised Approach (see Section 7.5). For the exposure classes in the IRB Approach, the internal ratings process is as described below in accordance with Article 452(c) CRR in conjunction with paragraph 103 and Table CRE of EBA/GL/2016/11. The scope of application of an IRBA rating module usually covers several exposure classes. Table 41 shows the IRBA rating modules applied in the individual exposure classes. The positions are allocated to the exposure classes independently of the IRBA rating module used, namely on the basis of a customer systematic key, which codes business partners based on various characteristics.

IRBA “Corporates” module

The Corporates rating module is suitable for rating corporate clients (annual revenue of € 20 million or more) and can generally be used across all sectors for corporate clients worldwide. The basic requirements for using the Corporates module are commercial management of the company and commercial accounting with annual financial statements.

The model was developed at pool level by RSU, mainly using a statistical approach, but also taking into account expert assessments to ensure the economic plausibility of the results.

IRBA “Country and transfer risk” module

The “Country and transfer risk” rating module is used to determine both the default probabilities of sovereign states, broken down by local or foreign currency, and the probability of a transfer event occurring, i.e. the probability that a non-sovereign debtor abroad will not be able to service its debt (payable in a foreign currency) due to government-imposed restrictions.

The model was developed at pool level by RSU, mainly using a statistical approach, but also taking into account expert assessments based on the statistical results to ensure the economic plausibility of the results.

IRBA “Project financing” module

The “Project financing” module is generally applicable to all types of project finance. Project finance refers to the financing of projects that are generally distinct in legal terms, usually with a limited life span, based on the expected cash flow from the project.

The model was developed at pool level by RSU and is based on a simulation approach. Cash flow figures, project values and transaction characteristics are the main risk drivers used in the simulation.

IRBA “Ship financing” module

The “Ship financing” module is used to calculate both the probabilities of default (PD) and the loss given default (LGD) of object financing in the ship financing portfolio. The definition of object financing is based on the specifications of the Basel Committee on Banking Supervision for specialist financing (which were addressed in the CRR).

The model was developed at pool level by RSU and is based on a simulation approach. Cash flow figures, property values and transaction characteristics are the main risk drivers used in the simulation.

IRBA “Savings Bank Real Estate Business Rating (SIR)” module

The “Savings Bank Real Estate Business Rating (SIR)” rating module is used for commercial real estate lending transactions. A property is considered a commercial property if income in the form of rents, leases or sales proceeds can be directly allocated to it. Only properties in Germany can be adequately rated in the property rating. If a customer has both domestic and foreign properties, foreign properties are only taken into account in the credit rating if the SIR is applicable. If the ICRE is applied, the procedure-specific RSU requirements are applied.

The model developed by SR is based on a scorecard approach. Cash flow figures, property values and transaction characteristics, along with qualitative factors (determined by experts), are the main risk drivers to which various scores are assigned. The scorecard results are finally transformed and calibrated.

Other business and retail

Hamburg Commercial Bank treats risk positions in retail business and outside the above-mentioned rating modules in the standard approach to credit risk.

Equity exposures

The rating systems used for credit default risks are applied to equity exposures. If none of the rating modules recognised under supervisory law can be applied to an equity exposure, the simple risk weight approach is used, i.e. the allocation of risk weights specified under supervisory law in accordance with Article 155(2) CRR.

Definition of default

Hamburg Commercial Bank does not deviate from the definition of default set out in Article 178 CCR in conjunction with EBA GL DoD.

VI.6 Quantitative information on the use of the IRB Approach

Table CR6 shows exposure values taking credit risk mitigation techniques into account in accordance with Article 452(g) CRR as required by Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04.

In addition to the exposure values, parameters for calculating the capital requirements using

IRBA models are disclosed for each exposure class and rating grade band. As Hamburg Commercial Bank does not calculate the retail business according to the IRB Approach and does not use internal models according to Article 155(4) CRR either, these rows always remain empty. The Bank uses the advanced IRB approach (AIRB) in conjunction with Article 3 CRR. This is why no separate table is shown for the Foundation IRB Approach (FIRB).

TAB. 32: CR6: IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE (€M)

A-IRB	PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Exposure class	a	b	c	d	e	f	g	h	i	j	k	l	m
Central governments and central banks													
	0.00 to < 0.15	5,582	9	0.93	5,590	0.00	5	20.51	1.91	53	0.01	0	0
	0.00 to < 0.10	5,577	9	0.93	5,585	0.00	4	20.50	1.91	52	0.01	0	0
	0.10 to < 0.15	5	–	–	5	0.12	1	30.00	1.00	1	0.15	0	0
	0.15 to < 0.25	–		–	–	–		–		–		–	
	0.25 to < 0.50	92	–	–	92	0.26	2	39.57	2.57	44	0.48	0	0
	0.50 to < 0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to < 2.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to < 1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to < 2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to < 5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to < 10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to < 20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to < 30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to < 100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (default)	–	–	–	–	–	–	–	–	–	–	–	–
	Subtotal	**5,674**	**9**	**0.93**	**5,683**	**0.01**	**7**	**20.82**	**1.92**	**96**	**0.02**	**0**	**0**
Institutions													
	0.00 to < 0.15	14	–	–	14	0.03	4	47.76	2.61	2	0.16	0	0
	0.00 to < 0.10	14	–	–	14	0.03	4	47.76	2.61	2	0.16	0	0
	0.10 to < 0.15	–	–	–	–	–	–	–	–	–	–	–	–
	0.15 to < 0.25	–	–	–	–	–	–	–	–	–	–	–	–
	0.25 to < 0.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.50 to < 0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to < 2.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to < 1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to < 2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to < 5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to < 10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to < 20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to < 30	–	–	–	–	–	–	–	–	–	–	–	–

A-IRB	PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Exposure class	a	b	c	d	e	f	g	h	i	j	k	l	m
	30.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**14**	**-**	**-**	**14**	**0.03**	**4**	**47.76**	**2.61**	**2**	**0.16**	**0**	**0**
Corporates – Specialised lending													
	0.00 to < 0.15	2,462	331	0.41	2,598	0.08	139	17.53	2.46	203	0.08	0	3
	0.00 to < 0.10	1,669	108	0.45	1,717	0.07	101	17.32	2.51	109	0.06	0	1
	0.10 to < 0.15	792	224	0.40	881	0.12	38	17.94	2.35	94	0.11	0	2
	0.15 to < 0.25	1,275	95	0.40	1,313	0.17	53	24.91	2.55	216	0.16	1	5
	0.25 to < 0.50	3,138	759	0.38	3,411	0.32	138	24.28	2.58	901	0.26	3	32
	0.50 to < 0.75	1,194	329	0.38	1,318	0.59	58	26.93	2.44	552	0.42	2	7
	0.75 to < 2.50	2,231	220	0.35	2,300	1.39	88	23.09	2.61	1,061	0.46	7	53
	0.75 to < 1.75	1,481	205	0.35	1,545	1.10	63	23.93	2.75	689	0.45	4	20
	1.75 to < 2.5	750	15	0.35	755	1.99	25	21.38	2.31	372	0.49	3	33
	2.50 to < 10.00	265	4	0.34	266	4.69	22	22.33	2.44	144	0.54	3	36
	2.5 to < 5	172	2	0.37	172	3.61	16	20.33	2.40	81	0.47	1	34
	5 to < 10	93	2	0.31	94	6.67	6	26.01	2.50	63	0.67	2	3
	10.00 to <100.00	7	2	0.37	7	14.27	2	14.30	2.50	4	0.49	0	0
	10 to < 20	7	2	0.37	7	14.27	2	14.30	2.50	4	0.49	0	0
	20 to < 30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (default)	189	1	0.22	189	100.00	10	43.21	2.15	101	0.53	74	82
	Subtotal	**10,760**	**1,741**	**0.38**	**11,404**	**2.26**	**510**	**23.14**	**2.53**	**3,181**	**0.28**	**90**	**218**
Corporates SMEs													
	0.00 to < 0.15	493	25	0.37	503	0.08	25	9.08	2.56	18	0.04	0	0
	0.00 to < 0.10	245	25	0.37	255	0.04	19	12.31	2.65	10	0.04	0	0
	0.10 to < 0.15	248			248	0.12	6	5.77	2.46	8	0.03	0	0
	0.15 to < 0.25	61	7	0.30	64	0.17	6	7.45	2.50	3	0.05	0	0
	0.25 to < 0.50	221	29	0.36	232	0.27	12	15.35	2.66	32	0.14	0	0
	0.50 to < 0.75	19	5	0.34	21	0.61	6	24.87	2.50	7	0.34	0	0
	0.75 to < 2.50	156	55	0.40	178	1.24	12	22.60	2.52	66	0.37	0	2
	0.75 to < 1.75	128	42	0.42	146	1.08	8	23.40	2.53	55	0.37	0	2
	1.75 to < 2.5	28	13	0.32	32	1.98	4	18.92	2.50	11	0.34	0	0
	2.50 to < 10.00	65	9	0.34	68	2.82	7	6.06	2.10	10	0.14	0	2
	2.5 to < 5	65	4	0.31	66	2.70	6	4.56	2.09	7	0.10	0	1
	5 to < 10	0	5	0.37	2	6.67	1	56.92	2.50	3	1.62	0	2
	10.00 to <100.00	44	-	-	44	37.21	12	14.18	2.70	24	0.55	3	1
	10 to < 20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to < 30	14	-	-	14	20.00	3	3.85	3.13	2	0.16	0	1
	30.00 to < 100.00	30	-	-	30	45.00	9	18.85	2.50	22	0.72	3	0
	100.00 (default)	62	0	0.20	62	100.00	6	37.53	2.50	34	0.55	21	23
	Subtotal	**1,122**	**129**	**0.37**	**1,170**	**7.17**	**86**	**14.09**	**2.54**	**194**	**0.17**	**24**	**30**
Corporates other													
	0.00 to < 0.15	786	369	0.41	936	0.07	48	21.19	3.49	125	0.13	0	1
	0.00 to < 0.10	650	258	0.41	755	0.06	26	17.67	3.82	77	0.10	0	0
	0.10 to < 0.15	136	111	0.41	182	0.12	22	35.79	2.11	48	0.26	0	0
	0.15 to < 0.25	646	425	0.36	798	0.18	41	31.03	2.46	234	0.29	0	3
	0.25 to < 0.50	1,256	468	0.36	1,424	0.38	91	28.09	2.43	539	0.38	1	6
	0.50 to < 0.75	638	345	0.37	765	0.65	31	28.97	2.26	361	0.47	1	5
	0.75 to < 2.50	1,160	123	0.37	1,203	1.26	53	22.63	2.44	642	0.53	4	15
	0.75 to < 1.75	961	92	0.37	993	1.11	42	20.99	2.47	470	0.47	2	14
	1.75 to < 2.5	199	31	0.36	210	2.01	11	30.35	2.33	172	0.82	1	1
	2.50 to < 10.00	122	11	0.34	126	4.10	10	25.13	1.98	101	0.80	1	5
	2.5 to < 5	104	9	0.34	107	3.63	6	23.97	1.89	77	0.73	1	3
	5 to < 10	19	2	0.38	20	6.67	4	31.46	2.48	24	1.23	0	2
	10.00 to <100.00	205	114	0.27	235	19.73	19	30.20	2.97	399	1.70	14	30
	10 to < 20	57	109	0.27	86	14.76	4	28.42	3.13	135	1.57	4	8

A-IRB	PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Exposure class	a	b	c	d	e	f	g	h	i	j	k	l	m
	20 to < 30	135	5	0.37	137	20.70	11	31.32	2.76	243	1.77	9	23
	30.00 to < 100.00	13			12	45.00	4	30.27	4.35	21	1.78	2	0
	100.00 (default)	146	69	0.42	175	100.00	35	43.44	2.86	120	0.69	66	78
	Subtotal	**4,960**	**1,925**	**0.37**	**5,663**	**4.49**	**328**	**26.82**	**2.62**	**2,522**	**0.45**	**89**	**144**
Total		**22,530**	**3,805**	**0.38**	**23,933**	**2.49**	**935**	**23.03**	**2.40**	**5,996**	**0.25**	**203**	**392**

TAB. 33: EU CR6-A – SCOPE OF THE USE OF IRB AND SA APPROACHES (€M)

		a	b	c	d	e
		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
1	Central governments or central banks	5,693	6,415	11.25	-	88.75
1.1	*Of which Regional governments or local authorities*	-	184	100.00	-	-
1.2	*Of which Public sector entities*	-	447	100.00	-	-
2	Institutions	15	3,400	99.56	-	0.44
3	Corporates	18,534	20,932	11.46	-	88.54
3.1	*Of which Corporates - Specialised lending, excluding slotting approach*		11,688	-	-	100.00
3.2	*Of which Corporates - Specialised lending under slotting approach*		-	-	-	-
4	Retail	1,172	10	100.00	-	-
4.1	*Of which Retail – Secured by real estate SMEs*		-	-	-	-
4.2	*Of which Retail – Secured by real estate non-SMEs*		-	-	-	-
4.3	*Of which Retail – Qualifying revolving*		-	-	-	-
4.4	*Of which Retail – Other SMEs*		-	-	-	-
4.5	*Of which Retail – Other non-SMEs*		-	-	-	-
5	Equity	85	85	-	-	100.00
6	Other non-credit obligation assets	93	93	-	-	100.00
7	**Total**	**24,420**	**30,936**	**21.06**	**-**	**78.94**

In accordance with Article 453(g) CRR, the table CR7-A below presents information on the extent of the use of credit risk mitigation techniques according to the A-IRB Approach for each exposure class or equity exposure pursuant to Article 155 CRR. The restrictions on the requirements of Implementing Regulation (EU) 2021/637 in conjunction with the EBA/ITS/2020/04 specified for CR3 do not apply to this information, meaning that it also includes counterparty credit risk positions. Securitisations are not taken into account. The Bank uses the Advanced IRB Approach (AIRB) exclusively. This is why no separate table is shown for the Foundation IRB Approach (FIRB).

TAB. 34: CR7-A: IRB APPROACH – DISCLOSURE OF THE EXTENT OF THE USE OF CRM TECHNIQUES

			Credit risk mitigation techniques											**Credit risk mitigation methods in the calculation of RWEAs**	
				Funded credit protection (FCP)								Unfunded credit protection (UFCP)			
				Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)							
	A-IRB	Total exposures (€m)	Part of exposures covered by Financial Collaterals (%)		Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only, €m)	RWEA with substitution effects (both reduction and substitution effects, €m)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks	5,683	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	96	96
2	Institutions	14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.34	0.00	2	2
3	Corporates	18,237	0.97	59.58	39.95	0.64	18.99	0.00	0.00	0.00	0.00	1.47	0.00	5,897	5,897
3.1	Of which Of which Corporates – SMEs	1,170	0.21	80.98	68.77	0.85	11.36	0.00	0.00	0.00	0.00	2.29	0.00	194	194
3.2	Of which Corporates – Specialised lending	11,404	0.36	59.86	46.61	0.00	13.26	0.00	0.00	0.00	0.00	0.83	0.00	3,181	3,181
3.3	Of which Corporates – Other	5,663	2.34	54.59	20.58	1.88	32.12	0.00	0.00	0.00	0.00	2.57	0.00	2,522	2,522
4	Retail														
5	Total	23,933	0.74	45.40	30.44	0.49	14.47	0.00	0.00	0.00	0.00	1.13	0.00	5,996	5,996

Credit derivatives

In accordance with the requirements set out in Implementing Regulation (EU) 2021/637 in conjunction with the EBA/ITS/2020/04, the effect of credit derivatives used to hedge the loan portfolio on capital requirements is to be shown in Table CR7.

Hedging in the meaning of credit risk mitigation is only used at Hamburg Commercial Bank for cash collateral from credit-linked notes. These are, however, reported as cash collateral and not as credit derivatives in accordance with Article 218 CRR. As a result, credit derivatives currently have no impact on the capital requirements and the Bank does not disclose Table CR7.

RWA flow statement

In accordance with Article 438(h) CRR, Table CR8 shows a flow statement, which shows the variations in the risk-weighted exposure amounts (RWA) calculated according to the IRB Approach and the corresponding capital requirements for credit risk. The Table shows the total risk-weighted exposure amount for credit risk, calculated according to the IRB Approach and taking into account support factors according to Articles 501 and 501a CRR. Positions subject to counterparty credit risk (CCR positions) (Part 3 Title II Chapter 6 CRR) are not to be shown in this reporting form.

TAB. 35: CR8: RWEA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH (€M)

		a
		Risk weighted exposure amount
1	Risk weighted exposure amount as at the end of the previous reporting period 30.09.2021	6,682
2	Asset size	-415
3	Asset quality	24
4	Model updates	85
5	Methodology and policy	0
6	Acquisitions and disposals	118
7	Foreign exchange movements	33
8	Other	-273
9	**Risk weighted exposure amount as at the end of the reporting period 31.12.2021**	**6,254**

Based on the requirements of Implementing Regulation (EU) 2021/637 in conjunction with the EBA/ITS/2020/04, significant changes to the RWA flow statement during the disclosure period and their main drivers are explained below.

Hamburg Commercial Bank successfully implemented the first step towards simplification of its model landscape in the first half of 2021. The goal is to simplify the models for mapping counterparty risk from the Advanced IRB (A-IRB) approach to the Foundation IRB (F-IRB) approach along with the Credit Risk Standardised Approach (CRSA), and thereby in particular eliminate internal loss given default (LGD) estimates. The majority of the rating modules used were migrated during the reporting period, significantly reducing the proportion of AIRB rating modules due to the transfer to the CRSA.

The effect on asset size is due, in particular, to declining balance sheet assets related to the active winding down of high-risk positions in the portfolio.

Asset quality includes the effects of all parameter changes that lead to a change in the risk weight of a transaction. Changes in LGD values also result in changes in collateralisation and the valuation of collateral. For the purposes of analysing asset quality, in addition to the value shown in the table above, the adjustments to the model parameters currently anticipated for the additional exposure in accordance with Article 3 CRR (see Section B II) also have to be taken into account. There was a decrease in RWA for the reporting period overall. As soon as the anticipated model adjustments take effect, they will be included in the RWA flow calculation.

There were no regulatory adjustments material to the RWA flow statement in the reporting period, nor were there any material changes in the equity holdings portfolio.

The main drivers behind the model adjustments in Q4 2021 are effects from the maintenance project for the National Real Estate rating module (increase in PD) in 2021.

The effect from exchange rate fluctuations resulted primarily from the USD exchange rate rising from 1.1579 EUR/USD to 1.1326 EUR/USD.

“Other” includes the transition of receivables from the Standardised Approach to the IRB approach and vice versa due to changes in rating requirements.

Simple risk weight approach

In the IRB Approach, risk weights are generally calculated using internally estimated parameters. Exceptions are provided for equity exposures and specialist financing exposures among others. In this respect, it is possible to use risk weights defined by supervisory law, subject to fixed criteria. At present, however, Hamburg Commercial Bank makes partial use of the simple risk weighting approach for equity exposures. Depending on whether the equity exposure is a sufficiently diversified non-listed, listed or other equity exposure, it is assigned a risk weight of 190%, 290% or 370% respectively in accordance with Article 155(2) CRR.

Table CR10 shows quantitative information on equity exposures for which the single risk weight approach is used in accordance with Article 438(e) CRR as required by Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04. Material equity exposures to a financial sector entity are assigned a risk weight of 250% subject to the requirement set out in Article 155(1) CRR in conjunction with Article 48(4) CRR. These positions are not shown in table CR10.

As Hamburg Commercial Bank does not determine risk weights according to the provisions of Article 153(5) CRR, the relevant part of table CR10 relating to specialist financing is omitted.

TAB. 36: CR10.5: EQUITY EXPOSURES UNDER THE SIMPLE RISK-WEIGHTED APPROACH (€M)

	a	b	c	d	e	f
Categories	On-balance-sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures	-	-	-	-	-	-
Exchange traded equity exposures	58	-	0	58	168	0
Other equity exposures	16	5	0	21	78	1
Total	**74**	**5**		**79**	**246**	**1**

VI.7 IRB Approach – PD backtesting

Information on the backtesting of IRB model parameters is disclosed in accordance with Article 452(i) CRR in conjunction with paragraphs 110 and 111 of EBA/GL/2016/11. The probability of default (PD) is shown in Table CR9 in accordance with EBA/GL/2016/11.

The data taken as a basis for the tables in this section differs from the other tables in the default risk section for methodological reasons. In addition to credit risks, counterparty credit risks and fully or partially securitised transactions are also included. This is because the backtesting of the IRB model parameters on a client basis is independent of the type of business, meaning that a restriction to credit risk only is not appropriate.

PD and default rates

For some rating modules, deviations between PD and default rates were observed on average in the last three periods (2019 to 2021). The following section addresses the causes for the deviations in the rating modules affected.

For the ships rating module, there is a balance between the PD and default rate overall. After an increase in default rates compared to the forecasts was witnessed in previous observation periods due to the difficult market environment, improvements in the economic environment in the current periods lead to lower forecast values, which also tend to be undercut by the default rates.

Default rates are reasonable overall in Corporates, with only minor deviations from the forecast over time. Recent years show a slight increase in default rates compared to the PD, with the forecast and default rates remaining very consistent in the long term.

In the national real estate rating module, the default rates are reasonable overall, with only minor deviations from the forecast in the last observation year (with a small number of defaults).

No defaults have been observed in the sovereigns rating modules in recent years.

Crisis years are included in the rating module history. The question as to whether or not, and to what extent, the COVID-19 pandemic is resulting in impacts that deviate from the crisis experience already taken into account is analysed at regular intervals.

TAB. 37: CR9: IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS

a	b	c	d	e	f	g	h
		Number of obligors at the end of the year					
Exposure class	PD scale		Of which: number of obligors which defaulted during the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Central governments and central banks	0.00 to < 0.15	19	-	-	-	0.02	-
	0.00 to < 0.10	18	-		-	0.01	-
	0.10 to <0.15	1	-	0.12	-	0.12	-
	0.15 to < 0.25	2	-	0.17	-	0.17	-
	0.25 to < 0.50	3	-	0.27	-	0.35	-
	0.50 to < 0.75	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-
	0.75 to < 1.75	-	-	-	-	-	-
	1.75 to < 2.50	-	-	-	-	-	-
	2.50 to < 10.00	1	-	2.96	-	2.96	-
	2.50 to < 5.00	1	-	2.96	-	2.96	-
	5.00 to < 10.00	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-
	10.00 to <20.00	-	-	-	-	-	-
	20.00 to < 30.00	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-
Institutions	0.00 to < 0.15	97	-	0.06	-	0.07	-
	0.00 to < 0.10	73	-	0.05	-	0.06	-
	0.10 to <0.15	24	-	0.12	-	0.12	-
	0.15 to < 0.25	8	-	0.17	-	0.17	-
	0.25 to < 0.50	8	-	0.27	-	0.34	-
	0.50 to < 0.75	3	-	0.59	-	0.59	-
	0.75 to < 2.50	1	-	1.98	-	1.98	-
	0.75 to < 1.75	-	-	-	-	0.00	-
	1.75 to < 2.50	1	-	1.98	-	1.98	-
	2.50 to < 10.00	1	-	-	-	-	-
	2.50 to < 5.00	1	-	-	-	-	-
	5.00 to < 10.00		-	-	-	-	-
	10.00 to <100.00	1	-	-	-	-	-
	10.00 to <20.00	1	-	-	-	-	-
	20.00 to < 30.00	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-
Corporates – Specialised lending	0.00 to < 0.15	198	-	0.08	-	0.08	-
	0.00 to < 0.10	146	-	0.07	-	0.06	-
	0.10 to <0.15	52	-	0.12	-	0.12	-
	0.15 to < 0.25	66	-	0.17	0.2299	0.17	0.2299
	0.25 to < 0.50	151	-	0.33	0.2088	0.33	0.2088
	0.50 to < 0.75	60	-	0.59	0.2024	0.59	0.2024
	0.75 to < 2.50	152	-	1.40	0.4562	1.38	0.4562
	0.75 to < 1.75	97	-	1.08	0	1.05	-
	1.75 to < 2.50	55	-	1.98	0.4562	1.98	0.4562
	2.50 to < 10.00	46	-	4.33	4.0441	4.30	4.0441
	2.50 to < 5.00	35	-	3.77	-	3.56	-
	5.00 to < 10.00	11	-	6.67	4.0441	6.67	4.0441
	10.00 to <100.00	8	1	21.63	23.3645	16.88	23.3645
	10.00 to <20.00	6		12.91	-	11.67	-
	20.00 to < 30.00	1	1	20.00	23.3645	20.00	23.3645
	30.00 to <100.00	1	-	45.00	-	45.00	-
	100.00 (default)	23	-	100.00	-	100.00	-

a	b	c	d	e	f	g	h
		Number of obligors at the end of the year					
Exposure class	PD scale		Of which: number of obligors which defaulted during the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Corporates SMEs	0.00 to < 0.15	32	1	0.07	0.9346	0.07	0.9346
	0.00 to < 0.10	24	1	0.05	0.9346	0.05	0.9346
	0.10 to <0.15	8	-	0.12	-	0.12	-
	0.15 to < 0.25	7	-	0.17	-	0.17	-
	0.25 to < 0.50	33	-	0.30	0.4505	0.32	0.4505
	0.50 to < 0.75	10	-	0.59		0.59	0
	0.75 to < 2.50	45	-	1.38	1.4085	1.35	1.4085
	0.75 to < 1.75	34	-	1.11	1.4085	1.15	1.4085
	1.75 to < 2.50	11	-	1.98	-	1.98	-
	2.50 to < 10.00	8	1	3.82	11.1111	5.41	11.1111
	2.50 to < 5.00	4	1	3.10	11.1111	3.70	11.1111
	5.00 to < 10.00	4	-	7.11		7.11	
	10.00 to <100.00	4	-	10.82	15	11.38	15
	10.00 to <20.00	4	-	10.82	15	11.38	15
	20.00 to < 30.00	-	-	0.00	-	0.00	-
	30.00 to <100.00	-	-	0.00	-	0.00	-
	100.00 (default)	13	-	100.00	-	100.00	-
Corporates other	0.00 to < 0.15	80	-	0.08	-	0.09	-
	0.00 to < 0.10	44	-	0.07	-	0.07	-
	0.10 to <0.15	36	-	0.12	-	0.12	-
	0.15 to < 0.25	50	-	0.18	0.7813	0.18	0.7813
	0.25 to < 0.50	124	1	0.35	0.5333	0.34	0.5333
	0.50 to < 0.75	41	-	0.64	1.1236	0.64	1.1236
	0.75 to < 2.50	112	1	1.27	2.5126	1.44	2.5126
	0.75 to < 1.75	79	1	1.13	2.5126	1.17	2.5126
	1.75 to < 2.50	33	-	2.09	-	2.09	-
	2.50 to < 10.00	19	-	3.84	-	3.65	-
	2.50 to < 5.00	18	-	3.57	-	3.48	-
	5.00 to < 10.00	1	-	6.67	-	6.67	-
	10.00 to <100.00	20	-	20.28	-	17.00	-
	10.00 to <20.00	16	-	13.96	-	11.56	-
	20.00 to < 30.00	1	-	20.00	-	20.00	-
	30.00 to <100.00	3	-	45.00	-	45.00	-
	100.00 (default)	45	-	100.00	-	100.00	-

H Exposure to counterparty credit risk

Hamburg Commercial Bank applies the requirements of EBA/GL/2016/11 when disclosing counterparty credit risk.

I Qualitative disclosure on counterparty credit risk

Qualitative information on counterparty credit risk is disclosed in accordance with Article 435(1)(a) and Article 439(a) to (d) CRR in conjunction with paragraph 53 of EBA/GL/2016/11. Hamburg Commercial Bank discloses the items a to c and e described in Table CCRA of EBA/GL/2016/11 in continuous text below. Item d is not relevant as no methods based on internal models are used (see Section A I Non-applicability and negative pledges).

I.1 Methodology used to allocated internal capital and upper limits for counterparty credit risk exposures

Compliance with the usual loan approval procedures applies to the establishment of counterparty credit risk exposures within the meaning of Part 3 Title II Chapter 6 CRR. The risk classification, limitation and monitoring procedures used in the conventional lending business apply accordingly. Information that meets the requirements of Article 435(1) CRR is included in the Management Report (Risk Report) of the Annual Report of Hamburg Commercial Bank, supplemented by the daily monitoring of the derivative/issuer exposure in accordance with the MaRisk requirements. In addition, 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 relevant trading limit. The amounts allocated to counterparty credit risk exposures are included in the Overall Bank economic management, capital allocation and limitation process together with the other exposures subject to credit risk.

I.2 Policies for securing collateral and establishing credit reserves

In connection with counterparty credit risk positions, Hamburg Commercial Bank uses the policies described below for securing collateral and establishing credit reserves in accordance with Article 439(b) CRR.

Policies for securing collateral

Derivative transactions to hedge interest rate, exchange rate and other price risks are concluded under OTC master agreements with individual counterparties.

In addition, collateral agreements were concluded for some master agreements, mostly with banks in Germany and abroad, and in isolated cases also with non-banks.

Since 1 March 2017, financial counterparties and non-financial counterparties above the clearing threshold have been obliged to collateralise new business in accordance with the EMIR regulatory requirements. Hamburg Commercial Bank has adjusted the contracts with all financial counterparties and non-financial counterparties relevant for trading above the clearing threshold accordingly, meaning that it remains able to trade.

The master agreements and the collateral agreements are recorded in a system that is used to check the regulatory netting, inclusion in a collateral agreement and the legal eligibility for collateralisation for each individual derivative transaction on a daily basis.

For the central clearing of OTC derivatives, Hamburg Commercial Bank is connected to the London Clearing House (LCH as well as SA), ICE Clear Europe Limited (ICEU) and EUREX. The client clearing procedure is used via three renowned clearing brokers. While the initial margin (IM) requirement under EMIR will come into effect for Hamburg Commercial Bank from September 2022 onwards, the Bank is planning to manage the relevant new business in such a way that no IM payments will be necessary. For this purpose, the Bank is currently concluded agreements with the counterparties regarding the application of the IM allowance and corresponding control measures (e.g. trading stop) and is implementing the necessary internal monitoring tool.

Policies for value adjustments for counterparty credit risks

The mark-to-market method pursuant to Article 274 CRR is used to determine the counterparty credit risk. For securities financing transactions (SFT), the Financial Collateral Comprehensive Method pursuant to Article 223 CRR is used.

Derivative financial instruments are accounted for and measured in accordance with the IFRS. Further information on recognition and measurement, including value adjustments for counterparty credit risks associated with derivatives, can be found in the Notes to the Group financial statements, Note 7 "Accounting and measurement principles" of the Hamburg Commercial Bank Annual Report.

I.3 Change in the collateral amount in the event of a credit quality assessment downgrade

The collateral agreements for the master agreements contain individual clauses that can lead to additional collateral being furnished or to Hamburg Commercial Bank furnishing collateral for the first time in the event of a downgrade of one of Hamburg Commercial Bank's external credit quality assessments. As at the reporting date, a rating downgrade by two notches by the rating agency Moody's and/or S&P would lead to the provision of additional collateral of € 20 million that would need to be disclosed in accordance with Article 439(d) CRR. This would not have any material impact on Hamburg Commercial Bank’s risk-bearing capacity.

II Quantitative disclosure on counterparty credit risk

Table CCR1 shows information on the measures for the exposure value of counterparty credit risk by the method used in accordance with Article 439(f), (g) and (k) CRR as required by Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04.

Since 30 June 2021, Hamburg Commercial Bank has exclusively been using the Standardised Approach for Counterparty Credit Risk (SA-CCR) in accordance with Articles 274 et seq. CRR and, for securities financing transactions, the Financial Collateral Comprehensive Method in accordance with Article 223 CRR. As a result, rows 2 to 3 and 5 in Table CCR1 remain empty. In accordance with the EBA requirement, positions vis-à-vis central counterparties are not to be taken into account.

TAB. 38: CCR1: ANALYSIS OF CCR EXPOSURE BY APPROACH (€M)

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	Original Exposure Method (for derivatives)	-	-		-	-	-	-	-
EU2	Simplified SA-CCR (for derivatives)	-	-		-	-	-	-	-
1	SA-CCR (for derivatives)	564	177		1.40	1,037	1,037	1,005	520
2	IMM (for derivatives and SFTs)			-	1.40*	-	-	-	-
2a	Of which: securities financing transactions netting sets			-		-	-	-	-
2b	Of which: derivatives and long settlement transactions netting sets			-		-	-	-	-
2c	Of which: from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**1,037**	**1,037**	**1,005**	**520**

Table CCR2 shows information on the CVA Capital Charge in accordance with Article 439(h) CRR as required by Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04.

Hamburg Commercial Bank only uses the Standardised Method to calculate these capital

* Value adjusted on 09/26/2022

requirements. As a result, rows 1 to 3 and Table EU4 remain empty.

TAB. 39: CCR2: TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK (€M)

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	119	133
EU4	Based on the Original Exposure Method	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**119**	**133**

Table CCR3 shows exposure values for the counterparty credit risk calculated using the Standardised Approach in accordance with Article 444(e) CRR as required by Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04. The same information for credit risk is shown in Table CR5.

TAB. 40: CCR3: STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTS (€M)

		Risk weight											
	Exposure class	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	**Total**
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	**-**
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	**-**
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	**-**
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	**-**
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	**-**
6	Institutions	-	265	-	-	146	3	-	-	-	-	-	**414**
7	Corporates	-	1	-	-	-	-	-	-	187	-	-	**188**
8	Retail	-	-	-	-	-	-	-	-	-	-	-	**-**
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	**-**
10	Other items	-	-	-	-	-	-	-	-	-	10	-	**10**
11	**Total**	**-**	**267**	**-**	**-**	**146**	**3**	**-**	**-**	**187**	**10**	**-**	**613**

Table CCR4 shows information on the counterparty credit risk calculated based on the IRB Approach, excluding exposures to central counterparties, in accordance with Article 439(l) CRR as required by Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04.

TAB. 41: CCR4: IRB APPROACH – CCR EXPOSURES BY EXPOSURE CLASS AND PD SCALE (€M)

		a	b	c	d	e	f	g
Exposure class	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount (%)
Central governments and central banks								
	0.00 to < 0.15	11	-	1	20.0	4.6	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**11**	**-**	**1**	**20.0**	**4.6**	**-**	**-**
Institutions								
	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	1	0.3	1	55.4	4.0	1	89.6
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**1**	**0.3**	**1**	**55.4**	**4.0**	**1**	**89.6**
Corporates – Specialised lending								
	0.00 to < 0.15	81	0.1	48	55.1	2.5	16	20.2
	0.15 to < 0.25	291	0.2	23	57.2	2.5	105	35.9
	0.25 to < 0.50	42	0.4	27	58.0	2.9	28	66.1
	0.50 to < 0.75	20	0.6	11	57.6	2.7	14	72.7
	0.75 to < 2.50	39	1.2	15	40.7	2.4	24	61.7
	2.50 to < 10.00	18	6.1	5	58.5	2.5	26	144.4
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	100.0	1	100.0	2.0	-	-
	Subtotal	**491**	**0.6**	**130**	**55.7**	**2.6**	**213**	**43.4**
Corporates SMEs								
	0.00 to < 0.15	-	0.0	1	4.3	2.5	-	1.2
	0.15 to < 0.25	-	-	1	-	-	-	-
	0.25 to < 0.50	20	0.3	5	63.0	2.5	10	50.2
	0.50 to < 0.75	1	0.7	2	63.5	2.5	1	73.4
	0.75 to < 2.50	-	0.9	2	63.8	2.5	-	92.6
	2.50 to < 10.00	-	3.0	1	63.8	2.5	-	144.9
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	100.0	1	8.9	2.5	-	56.3
	Subtotal	**21**	**1.0**	**13**	**61.8**	**2.5**	**11**	**51.6**
Corporates other								
	0.00 to < 0.15	21	0.1	8	25.3	3.9	4	19.5
	0.15 to < 0.25	29	0.2	6	31.9	4.3	12	42.2
	0.25 to < 0.50	53	0.4	16	52.6	3.9	49	92.6
	0.50 to < 0.75	24	0.6	12	38.6	3.9	16	67.6
	0.75 to < 2.50	4	1.1	7	50.4	2.9	5	111.3
	2.50 to < 10.00	-	4.2	2	60.6	2.5	1	201.5
	10.00 to <100.00	2	43.0	4	11.1	4.7	1	60.5
	100.00 (default)	1	100.0	2	14.8	2.9	-	62.0
	Subtotal	**134**	**1.6**	**57**	**40.4**	**4.0**	**89**	**65.8**

		a	b	c	d	e	f	g
Exposure class	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount (%)
Retail								
Equity exposures pursuant to Article 155(3) CRR								
	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity exposures pursuant to Article 155(2) CRR		**–**	**–**	**–**	**–**	**–**	**–**	**–**
Equity exposures pursuant to Article 155(4) CRR								
Other non-credit obligation assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total		**659**	**0.8**	**202**	**52.2**	**2.9**	**313**	**47.6**

Gross positive fair value and net default risk exposures

In accordance with Article 439(e) CRR and as required under Implementing Regulation (EU) 2021/637 in conjunction with EBA/ITS/2020/04, Table CCR5 shows the extent of Hamburg Commercial Bank's exposure to derivatives and securities financing transactions and the extent to which netting is used. The collateral netting as well as the net default risk exposures are also reported. Only the collateral eligible under the Credit Risk Standardised Approach directly reduces the default exposures. In the Advanced IRB Approach, on the other hand, the collateral reported is included in the LGD calculation.

TAB. 42: CCR5: COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (€M)

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	50	260	300	-	-	-	-
2	Cash – other currencies	3	29	79	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	720
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**3**	**80**	**338**	**300**	**-**	**-**	**-**	**720**

Credit derivatives

In Table CCR6, Hamburg Commercial Bank discloses the use of credit derivatives in accordance with Article 439(j) CRR in conjunction with paragraph 123 of EBA/GL/2016/11.

Hamburg Commercial Bank generally acts as collateral taker (buyer) and collateral provider (seller) for credit derivatives. There are no transactions from intermediation activities. As there are no derivative counterparty risk exposures from credit derivatives, Table CCR6 does not show any values.

TAB. 43: CCR6: CREDIT DERIVATIVES EXPOSURES (€M)

		a	b
		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	-	-
2	Index credit default swaps	-	-
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	-	-
6	**Total notionals**	**-**	**-**
	Fair values		
7	Positive fair value (asset)	-	-
8	Negative fair value (liability)	-	-

Central counterparties

In addition to the disclosure of counterparty credit risk in Tables CCR1 and CCR2, information on business with central counterparties pursuant to Article 439(i) CRR in connection with paragraph 116 of EBA/GL/2016/11 is disclosed in Table CCR8. This table shows both the direct exposure to central counterparties and the business concluded via clearing members.

TAB. 44: CCR8: EXPOSURES TO CCPS (€M)

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**7**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	267	5
3	(i) OTC derivatives	263	5
4	(ii) Exchange-traded derivatives	0*	0*
5	(iii) SFTs	3	0*
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	172	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	10	2
10	Unfunded default fund contributions	20*	-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

* Value adjusted on 26/09/2022

I Securitisation

I Nature and scope of securitisation activities and associated risks

I.1 Objectives, roles and scope of securitisation activities

Securitisation is an important instrument for refinancing, equity relief and risk management for banks. Financial sector entities can play different roles in a securitisation transaction. They can themselves provide credit risk as originators, they can manage the portfolio to be securitised as sponsors in the capacity of servicer or manager, or they can acquire securities in the securitisation arrangement as investors, for example.

Hamburg Commercial Bank is involved in various business activities that have securitisation structures and assumes the role of sponsor. Hamburg Commercial Bank only enters into new business in this business area, which is operated as a credit investment business, in very limited exceptional cases.

Hamburg Commercial Bank takes on the role of sponsor to meet the need for financing alternatives for the SME client segment.

Hamburg Commercial Bank assumes advisory and administrative activities for the special-purpose entity Smartfact S.A., Luxembourg, and acts as an intermediary for the receivables purchased by the special-purpose entity Smartfact. In addition, Hamburg Commercial Bank supports the special-purpose entity with the refinancing needed for the purchase by means of a credit line or bearer debenture. The Bank also acts as an investor in CLO securitisation.

All in all, the CRSA exposure value of all securitisation positions retained or purchased by Hamburg Commercial Bank amounts to € 833 million as at the reporting date.

As at the reporting date, Hamburg Commercial Bank does not act as an originator and does not hold any securitisations in the trading book.

I.2 Nature and extent of risks

Credit risk

Hamburg Commercial Bank's securitisation transactions are subject to credit monitoring processes (in addition to market risk monitoring by the Risk Control business unit) with regard to their credit risks (changes in the performance and composition of the underlying transactions). The credit analysis of the positions is carried out by the responsible business units. Decisions on monitoring applications are made in line with the dual-control principle in accordance with defined lending competences published in the Bank's Credit Manual.

To determine the intrinsic values, the cash flow structure of the underlying assets is modelled first and then applied to the contractual payment system of the securitisation transactions. The values are calculated on a quarterly basis. The regular cash flow updates and ongoing credit monitoring mean that the performance of the underlying exposures is usually reflected directly in the recoverability of the securitisation positions.

Market risk

Hamburg Commercial Bank's securitisation transactions are subject to market risk monitoring processes with regard to their interest rate risks (changes in interest rates and credit spreads) and foreign exchange risks. To determine the market risks, the repayment structure of the securitisation transactions is modelled first, taking termination rights into account. Interest rate and foreign exchange risks are then calculated, taking into account hedging transactions, using the same methods that are applied to all trading transactions. Credit spread risks are determined using credit spread curves that are acquired from market data suppliers and that differ depending on asset class, rating category and country.

The market risk management process described is equally suitable for re-securitisations and securitisations, which is why no further differentiation is made. The regular repayment cash flow and credit spread curve updates mean that the performance of the underlying exposures is usually reflected directly in the recoverability of the securitisation positions provided that there are no further hedging relationships.

Liquidity risk

The following distinction is made in the context of liquidity risk monitoring for securitisations:

Balance sheet liquidity risks can occur in the form of temporal mismatches between incoming and outgoing payment flows.

Market-related liquidity risks can arise because, for example, issued bonds cannot be fully placed on the market or price losses occur when assets are liquidated.

Balance sheet liquidity risks are avoided by matching the fixed/deterministic payments over the term of the transactions. If this cannot be achieved (e.g. through short-term refinancing using asset-backed commercial paper programmes), the market-related liquidity risks are hedged using liquidity facilities.

II Risk weighting and accounting of securitisations

Determination of risk-weighted exposure amounts for securitisation exposures

The methods to be used to calculate the regulatory capital requirement for securitisation exposures with the names of the credit rating agencies is disclosed in accordance with Article 449(h). As there are no securitisations issued by Hamburg Commercial Bank on the market, the rating agency information is only relevant for investments in third-party securitisation transactions.

The risk weight calculation in the Standardised Approach is carried out in accordance with Article 261 of Regulation (EU) 2017/2401. Hamburg Commercial Bank takes the external ratings of the nominated rating agencies (ECAIs) Fitch, Moody's and S & P as a basis. In addition, the SEC-ERBA is applied in accordance with Article 263 of Regulation (EU) 2017/2401.

In accordance with Article 266(3) CRR, a capital deduction can be made for CRSA and IRBA securitisation exposures for which a risk weight of 1.250% has been determined – in addition to using this risk weight to determine the total capital charge for counterparty risk.

II.1 Accounting policies for securitisation activities

Accounting methods

For purchased securitisation positions that fall under the definition of securities within the meaning of the Regulation on the Accounting of Credit Institutions (*Kreditinstituts-Rechnungslegungsverordnung*), the general accounting and measurement principles for securities are applied.

Hamburg Commercial Bank's primary receivables that the Bank contributes to securitisations without any significant transfer of risk or that are transferred to special-purpose entities that are still included in the Group financial statements are still reported in the original risk exposure classes. The assumption of risks by third parties is taken into account as collateral as part of the impairment process. An impairment loss is recognised if the risk has not been transferred as part of the securitisation or if the guarantee loses value. Receivables that are transferred in economic terms, including their risks, as part of securitisation arrangements are derecognised from the balance sheet.

Sales proceeds from reference assets (e.g. loans, promissory notes, securities) that form part of a securitisation arrangement are reported in the same way as the balance sheet item for the reference asset. This means that sales proceeds are reported irrespective of whether or not they belong to a securitisation arrangement.

If financial support for securitisation transactions is provided in the form of liquidity facilities or guarantees and a drawdown is likely, the risk is covered by setting up a provision for contingent losses.

Valuation methods

The fair value of securitisation transactions is generally determined on the basis of market prices.

Various market data providers and quotations from other market participants are used as data sources. Models are used in those cases where no valid market data is available. If price information is available from several providers, a procedure is used to select a valid market price. All of the valuations are validated by experts before they are used for quality assurance purposes.

III Securitisation exposure value and capital requirements

Exposure values of securitised exposures

Securitisation transactions are generally divided into securitisation transactions that include the transfer of receivables (conventional securitisation or true sale securitisation) and securitisation transactions that do not involve the transfer of receivables (synthetic securitisation). In addition, securitisation transactions are assigned to different product categories according to the type of securitised exposures, each of which has exposure-specific characteristics.

In accordance with Article 449(j) CRR, Table SEC1 shows the risk exposure value of the receivables securitised in the banking book at Hamburg Commercial Bank as at the reporting date, broken down by securitisation transactions with and without the transfer of receivables and by the role played by the institution.

The Bank currently holds securitisations in the banking book in which it assumes the role of sponsor and also investor. The securitisation pool contains loans to companies. These securitisations are not classified as STS.

The sponsor position of € 173 million is composed of a € 133 million on-balance sheet and a € 40 million off-balance sheet exposure to the special-purpose entity Smartfact S.A. in accordance with Article 449(j) CRR.

Table SEC3 shows the Bank's individual securitisation exposures, with the institution acting as originator or sponsor, in risk weighting bands and the resulting capital requirements, in accordance with Article 449(k)(ii) CRR.

There were no securitization positions with a deduction from own funds or a risk weight of 1,250% as of the reporting date.

The securitisation where the Bank acts as sponsor has a wholesale pool and the risk weight is determined in line with the SEC-SA approach.

Table SEC4 shows the Bank's individual securitisation exposures, with the institution acting as investor, in risk weighting bands and the resulting capital requirements, in accordance with Article 449(k)(ii) CRR.

The securitisation where the Bank acts as investor has a wholesale pool and the risk weight is determined using the SEC-ERBA approach for securitisation transactions that have an external rating and using the SEC-SA approach for others.

As at the reporting date, Hamburg Commercial Bank has no securitisations in the trading book pursuant to Article 449(j) CRR and no securitised risk exposures in default or with specific credit risk adjustments pursuant to Article 449(l) CRR, which is why tables SEC2 and SEC5 are not reported.

IV Securitisation activities in the reporting year and plan for 2022

Securitisation activities in the reporting year

In the year under review, the Bank acquired CLO securitisations as an investor.

Significant changes to quantitative disclosures

The changes in the securitisation positions are predominantly due to the investment in CLO transactions in the amount of € 543 million.

Planned securitisation activities

In the business plan for 2022, the Bank is planning to invest in a senior securitisation tranche. No securitisation transactions are planned to reduce capital requirements.

TAB. 45: SEC1: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK (€M)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS	of which SRT	Non-STS	of which SRT		of which SRT		STS	Non-STS			STS	Non-STS		
1	Total exposures	–	–	–	–	–	–	–	–	173	–	–	–	659	–	–
2	Retail (total)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Residential mortgage	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Credit card	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Other retail exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	–	–	–	173	–	–	–	659	–	–
8	Loans to corporates	–	–	–	–	–	–	–	–	173	–	–	–	659	–	–
9	Commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Lease and receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Other wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

TAB. 46: SEC3: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS ORIGINATOR OR AS SPONSOR (€M)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA approach	SEC-ERBA (including IAA)	SEC-SA approach	1250% RW/ deductions	SEC-IRBA approach	SEC-ERBA (including IAA)	SEC-SA approach	1250% RW/ deductions	SEC-IRBA approach	SEC-ERBA (including IAA)	SEC-SA approach	1250% RW/ deductions
1	Total exposures	–	173	–	–	–	–	–	173	–	–	–	61	–	–	–	5	–
2	Traditional transactions	–	173	–	–	–	–	–	173	–	–	–	61	–	–	–	5	–
3	Securitisation	–	173	–	–	–	–	–	173	–	–	–	61	–	–	–	5	–
4	Retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Wholesale	–	173	–	–	–	–	–	173	–	–	–	61	–	–	–	5	–
7	of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Synthetic transactions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

TAB. 47: SEC4: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS INVESTOR (€M)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50 % to 100 % RW	>100% to <1250 % RW	1250 % RW/ deductions	SEC-IRBA approach	SEC-ERBA (including IAA)	SEC-SA approach	1250 % RW/ deductions	SEC-IRBA approach	SEC-ERBA (including IAA)	SEC-SA approach	1250 % RW/ deductions	SEC-IRBA approach	SEC-ERBA (including IAA)	SEC-SA approach	1250% RW/ deductions
1	Total exposures	659	–	–	–	–	–	243	417	–	–	51	63	–	–	4	5	–
2	Traditional transactions	659	–	–	–	–	–	243	417	–	–	51	63	–	–	4	5	–
3	Securitisation	659	–	–	–	–	–	243	417	–	–	51	63	–	–	4	5	–
4	Retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Wholesale	659	–	–	–	–	–	243	417	–	–	51	63	–	–	4	5	–
7	of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Synthetic transactions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

J Market risk

I Market risk

Market risk represents the potential loss arising as a result of adverse changes in market values on positions held in the trading and banking book. Market movements relevant to the Hamburg Commercial Bank are changes in interest rates and credit spreads (interest rate risk), exchange rates (foreign exchange risk) as well as share prices, indices and fund prices (equity risk) including their volatilities.

Risk management objectives and policy

The description of the risk management objectives and policy for market risk pursuant to Article 435(1) CRR is provided applying Article 434(2) CRR with the information in the Group management report (Risk Report) of the Annual Report of Hamburg Commercial Bank in accordance with the references provided in Table MRA.

TAB. 48: MRA: QUALITATIVE OFFENLEGUNGSPFLICHTEN ZUM MARKTRISIKO

Requirement from MRA table in EBA/GL/2016/11	CRR reference	Reference to Annual Report of Hamburg Commercial Bank
a) Strategies and processes to manage market risk	Article 435(1)(a) and (d)	Group management report (Risk Report) Page 95 – 97
b) Structure and organisation of the market risk management function	Article 435(1)(b)	Group management report (Risk Report) Page 95 – 97
c) Description of the controls and systems for trading book positions	Article 435(1)(a) and (c) in conjunction with Article 455(c) and Article 104	Group management report (Risk Report) Page 96 – 97

Own fund requirements

Hamburg Commercial Bank uses the prescribed/optional Standardised Approach in accordance with Part 3, Title IV, Chapters 2 to 4 CRR to determine the own fund requirements for market risks under supervisory law. A separate risk model in accordance with Part 3, Title IV, Chapter 5 CRR is not used and there is no correlation trading portfolio.

Table MR1 shows the capital requirements for market risk in accordance with Article 445 CRR in conjunction with paragraph 127 of EBA/GL/2016/11.

In the half-year reporting period, the interest rate and equity risk remained almost constant, whereas the exchange rate risk increased.

The increase in exchange rate risk is due to increasing investments as part of Contractual Trust Arrangements (CTA).

TAB. 49: MR1: MARKET RISK UNDER THE STANDARDISED APPROACH (€M)

		a	b
		RWEAs	Own funds requirements
	Outright products		
1	Interest rate risk (general and specific)	14	1
2	Equity risk (general and specific)	1	0
3	Foreign exchange risk	590	47
4	Commodity risk	–	–
	Options		
5	Simplified approach	–	–
6	Delta-plus approach	–	–
7	Scenario approach	–	–
8	Securitisation (specific risk)	–	–
9	**Total**	**605**	**48**

II Interest rate risk in the banking book

The management of interest rate risk in the banking book forms part of market risk management. Interest rate risk refers to the potential loss associated with an open interest rate position that occurs as a result of a possible change in the market value or present value of a payment series due to a potential change in yields or discount factors. Discount factors are derived from the corresponding yield curve. Credit spreads are also taken into account here for single name bonds and credit default swaps.

The interest rate risk in the banking book emerges from the strategic holdings in Hamburg Commercial Bank's banking book. Investor behaviour for client deposits is only modelled with regard to the income risk. In contrast, ancillary agreements in the lending business, including unscheduled repayment or termination rights, as well as rollover loans, are taken into account in both the present value and the income-oriented risk measurement. Risk measurement and stress testing are carried out by the Risk Control business on the basis of the transactions recorded in the trading and portfolio management systems.

The Capital Markets business unit manages the interest rate risk in the banking book arising from the Bank's client business. The aim is to manage the interest rate risks within the specified market price risk limits. Interest rate risks in the banking book are measured daily. A confidence level of 99%, a holding period of one day and a data history of 250 trading days are used to determine the VaR.

In addition to the daily determination of interest rate risk as part of the VaR calculation, Hamburg Commercial Bank also measures the interest rate risk in the event of an interest rate shock. For this special analysis of the interest rate risks associated with banking book positions, the Bank uses a present value analysis, i.e. it evaluates what change in present value would result due to defined changes in interest rates, provided that all financial instruments are valued using risk-free yield curves (i.e. without any spreads). The values in the year under review have shown that Hamburg Commercial Bank would lose much less than 20% of its regulatory capital in the event of an interest rate shock of +200 and -200 basis points, meaning that it complies with the requirements set out in BaFin Circular 06/2019 (BA).

The effects of an interest rate shock of +200 and -200 basis points as at the reporting date in accordance with Article 448(1)(b) CRR are shown in the following table.

TAB. 50: 448B: INTEREST RATE RISKS IN THE BANKING BOOK IN (€M)

	Change in present value	
Currency	+200 basis points	-200 basis points
EUR	435.50	-143.74
USD	-12.32	55.28
GBP	-0.33	8.96
Other	-2.13	1.69
Total	**420.82**	**-77.82**

The total amount of € +421 million or € -78 million represents the balance of the present value changes from the interest rate shocks in the event of a parallel shift in the yield of all currencies.

K Operational risk

Hamburg Commercial Bank defines operational risk as the risk of direct or indirect losses caused by the inappropriateness or failure of the internal infrastructure, internal procedures or staff or as a result of external factors (risk categories). This definition includes the risk of losses resulting from legal and compliance risks.

Risk management objectives and policy

The description of the risk management objectives and policy for operational risk in accordance with Article 435(1) CRR is provided in the disclosures in the Group management report (Risk Report, pages 102 to 105) of the Hamburg Commercial Bank Annual Report. This also applies to the disclosures on legal risk and compliance risk.

Own fund requirements

Hamburg Commercial Bank exclusively uses the Standardised Approach to determine the own fund requirements for operational risk. As a result, no description of the method is provided in accordance with Article 312(2) CRR.

As at the reporting date, the own funds requirement amounts to € 76 million.

TAB. 51: EU OR1: OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS (€M)

		a	b	c	d	e
		Relevant indicator				
	Banking activities	Year-3	Year-2	Last year	**Own funds requirements**	**Risk exposure amount**
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	376	597	527	76	946
3	*Subject to TSA*	376	597	527		
4	*Subject to ASA*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

L Notes

I Consolidation matrix

TAB. 52: LI3: DESCRIPTION OF DIFFERENCES BETWEEN THE SCOPE OF CONSOLIDATION (BY INDIVIDUAL COMPANY)

Company type / Company	Regulatory treatment					Consolidation under balance sheet law (IFRS)
	Consolidation					
	full	quotal	Exemption pursuant to Article 19 CRR	Deduction method 1[1)]	Total risk-weighted	full
FI Asian Capital Investment Opportunities Limited			X			
FI BINNENALSTER-Beteiligungsgesellschaft mbH	X					X
FI Bu Wi Beteiligungsholding GmbH			X			
FI European Capital Investment Opportunities Limited			X			
FI HCOB Auffang- und Holding-gesellschaft mbH & Co. KG	X					X
FI HCOB Finance (Guernsey) Limited	X					X
FI HCOB Investment Management S.à.r.l.	X					X
FI HCOB Private Equity GmbH	X					X
FI Neptune Finance Partner S.à.r.l.			X			
FI Neptune Finance Partner II S.à.r.l.			X			
FI RESPARCS Funding Limited Partnership I	X					X
FI RESPARCS Funding II Limited Partnership	X					X
VU HCOB Residual Value Ltd.[2)]				X	X	X
So Adessa Grundstücksver-waltungsgesellschaft mbH & Co. Vermietungs KG[2)]					X	X
So GmbH Altstadt Grundstücksgesellschaft[2)]					X	X
So HCOB Securities S.A.[2)]					X	X
So HPS Elbe Unlevered Direct Lending Fund, SCSp					X	X
So OCEAN Funding 2013 GmbH[2)]					X	X

1) includes the entities subject to the threshold procedure according to Article 48 CRR (without cases of application according to Article 19 CRR)

2) Consideration according to the equivalence method pursuant to Article 18 (7) CRR

Legend:

CI: credit institution in accordance with Article 4(1)(1) CRR

FI: Financial institution according to Article 4(1)(26) CRR

Merchant: insurance undertaking in accordance with Article 4(1)(5) CRR

II Own funds according to Article 437 CRR

TAB. 53: CC1: COMPOSITION OF REGULATORY OWN FUNDS (€M)

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	1,826	EU CC2 row 5 + 6
2	Retained earnings	2,548	EU CC2 row 8 + 9
3	Accumulated other comprehensive income (and other reserves)	-24	EU CC2 row 10 + 11 + 12
EU-3a	Funds for general banking risk	0	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	0	
5	Minority interests (amount allowed in consolidated CET1)	0	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	194	EU CC2 row 13
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	4,543	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-8	
8	Intangible assets (net of related tax liability) (negative amount)	-36	EU CC2 row 1
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-227	EU CC2 row 2
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0	
12	Negative amounts resulting from the calculation of expected loss amounts	-1	
13	Any increase in equity that results from securitised assets (negative amount)	0	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	
15	Defined-benefit pension fund assets (negative amount)	-14	EU CC2 row 3
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0	
EU-20c	of which: securitisation positions (negative amount)	0	
EU-20d	of which: free deliveries (negative amount)	0	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	EU CC2 row 2
22	Amount exceeding the 17.65% threshold (negative amount)	0	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	
25	of which: deferred tax assets arising from temporary differences	0	

EU-25a	Losses for the current financial year (negative amount)	0	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0	
27a	Other regulatory adjustments	-202	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-488	
29	**Common Equity Tier 1 (CET1) capital**	4,055	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**4,055**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	910	EU CC2 row 4
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	46	
51	**Tier 2 (T2) capital before regulatory adjustments**	956	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	

53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	956	
59	**Total capital (TC = T1 + T2)**	5,011	
60	**Total risk exposure amount**	14,026	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	28.91	
62	Tier 1	28.91	
63	Total capital	35.73	
64	Institution CET1 overall capital requirements	8.62	
65	of which capital conservation buffer requirement	0.03	
66	of which countercyclical capital buffer requirement	0.00	
67	of which systemic risk buffer requirement	0.00	
EU-67a	of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.21	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	248	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	396	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	37	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	187	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	46	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	221	

83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	9	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

TAB. 54: CC2: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS (€M)

		a	b	c	
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Reference**	**Cause of difference to EU CC1**
Assets - *Breakdown by asset clases according to the balance sheet in the published financial statements*					
1	Intangible Assets	34	34	EU CC1 line 8	Regulatory netting of deferred tax liabilities and no consideration of write-downs
2	Deferred tax assets	616	601	EU CC1 line 10 + 21	Regulatory differences in the netting of deferred tax liabilities and the split into non-temporary differences and temporary differences
3	Other assets of which: Capitalised plan assets	21	21	EU CC1 line 15	Regulatory netting of deferred tax liabilities
	Total assets	671	656		
Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*					
4	Subordinated capital	920	920	EU CC1 line 46	Regulatory reporting at nominal value and without accrued interest
	Total liabilities	920	920		
Shareholders' Equity					
5	Share capital	302	302	EU CC1 line 1	
6	Capital reserve	1,524	1,524	EU CC1 line 1	
7	Retained earnings	2;437	2,418		
8	of which: other retained earnings	1,702	1,692	EU CC1 line 2	
9	of which: group reserve	864	856	EU CC1 line 2	
10	of which: cumulative gains and losses arising from the revaluation of net defined benefit liabilities recognised in OCI incl. deferred taxes	-130	-130	EU CC1 line 3	
11	Revaluation reserve	103	103	EU CC1 line 3	No consideration of credit risk-induced changes in the value of liabilities designated at fair value
12	Currency conversion reserve	0	0	EU CC1 line 3	
13	Group net result	351	350	EU CC1 line EU-5a	Regulatory only possible to include profit according to IFRS due to request according to Art. 26 (2) CRR
	Total shareholders' equity	4,717	4,697		

III Main features of issued own funds instruments

TAB. 55: DESCRIPTION OF THE MAIN FEATURES OF CAPITAL INSTRUMENTS ISSUED

1	Issuer	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG
2	Uniform identifier1	DE0003303996	XS0096688881	XS0098835761
3	Law applicable to the instrument	German law	English lawt	English lawt
	Regulatory treatment			
4	CRR transitional arrangements	Common Equity Tier 1 capital	Supplementary capital	Supplementary capital
5	CRR regulations after the transition period	Common Equity Tier 1 capital	Supplementary capital	Supplementary capital
6	Creditable at solo/group/solo and group level	Solo and (partially) consolidated	Solo and (partially) consolidated	Solo and (partially) consolidated
7	Instrument type	Share capital	Registered bonds	Registered bonds
8	Amount eligible for regulatory capital (in EURm)	301.8	43.9	18.4
9	Nominal value of the instrument (in currency)	301.8 (EURm)	50 (EURm)	20 (EURm)
9	Nominal value of the instrument (in EURm)	301.8	50	20
9a	Issue price	n.a..	100.0	100.0
9b	Redemption price	n.a...	100.0	100.0
10	Accounting classification	Aktienkapital	Passivum - fortgeführter Einstandswert	Passivum - fortgeführter Einstandswert
11	Original issue date	02.06.2003	26.04.1999	29.06.1999
12	Unlimited or with expiry date	Unlimited	With expiry date	With expiry date
13	Original due date	No maturity	26.04.2038	29.06.2029
14	Callable by issuer with prior supervisory approval	no	yes	yes
15	Eligible termination date, conditional termination dates and redemption amount	no	Possibility of termination in the event that a change in taxation leads to additional payments to the holders of the bond	Possibility of termination in the event that a change in taxation leads to additional payments to the holders of the bond
16	Later termination dates, if applicable	n.a..	n.a..	n.a..
	Coupons/Dividends			
17	Fixed or variable dividend/coupon payments	Variabel	Fixed	Fixed
18	Nominal coupon and any reference index	n.a..	5.38%	5.00%
19	Existence of a "dividend stop	no	no	no
20a	Fully discretionary, partially discretionary or mandatory (temporal)	mandatory	mandatory	mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	mandatory
21	Existence of a cost increase clause or other dilution incentive	no	no	no
22	Non-cumulative or cumulative	not cumulative	not cumulative	not cumulative
23	Convertible or not convertible	non-convertible	non-convertible	non-convertible
24	When transformable: triggers for transformation	n.a..	n.a..	n.a..
25	If convertible: in whole or in part	n.a..	n.a..	n.a..
26	If convertible: Conversion rate	n.a..	n.a..	n.a..
27	If convertible: Conversion mandatory or optional	n.a..	n.a..	n.a..
28	If convertible: type of instrument into which is converted	n.a..	n.a..	n.a..
29	If convertible: issuer of the instrument into which it is converted	n.a..	n.a..	n.a..
30	Write-down features	no	no	no
31	In case of write-down: Trigger for the write-down	n.a..	n.a..	n.a..
32	In case of write-down: in whole or in part	n.a..	n.a..	n.a..
33	In case of write-down: permanent or temporary	n.a..	n.a..	n.a..
34	In the case of temporary write-down: mechanism of write-up again	n.a..	n.a..	n.a..
35	Position in the ranking order in the event of liquidation	Supplementary capital	Senior unsecured	Senior unsecured
36	Non-compliant characteristics of the converted instruments	n.a..	n.a..	n.a..
37	If necessary, name any non-conforming features.	n.a..	n.a..	n.a..

1	Issuer	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG
2	Uniform identifier1	XS0104723266	XS0105720881	XS0119368222
3	Law applicable to the instrument	English law	English law	English law
	Regulatory treatment			
4	CRR transitional arrangements	Supplementary capital	Supplementary capital	Supplementary capital
5	CRR regulations after the transition period	Supplementary capital	Supplementary capital	Supplementary capital
6	Creditable at solo/group/solo and group level	Solo and (partially) consolidated	Solo and (partially) consolidated	Solo and (partially) consolidated
7	Instrument type	Bearer bonds	Bearer bonds	variable bearer bonds (FRN)
8	Amount eligible for regulatory capital (in EURm)	81.9	63.8	70.0
9	Nominal value of the instrument (in currency)	86 (EURm)	64 (EURm)	70 (EURm)
9	Nominal value of the instrument (in EURm)	86	64	70
9a	Issue price	100.0	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liabilities - amortised cost value	Liabilities - amortised cost value	Liabilities - amortised cost value
11	Original issue date	25.11.1999	17.01.2000	25.10.2000
12	Unlimited or with expiry date	With expiry date	With expiry date	With expiry date
13	Original due date	25.11.2039	17.01.2030	25.10.2030
14	Callable by issuer with prior supervisory approval	yes	yes	yes
15	Eligible termination date, conditional termination dates and redemption amount	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders
16	Later termination dates, if applicable	n.a.	n.a.	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders
	Coupons/Dividends			
17	Fixed or variable dividend/coupon payments	Variable	Variable	Variable
18	Nominal coupon and any reference index	EURIBOR03M + 0.38 %	EURIBOR06M + 0.36 %	EURIBOR03M + 0.38 %
19	Existence of a "dividend stop	no	no	no
20a	Fully discretionary, partially discretionary or mandatory (temporal)	mandatory	mandatory	mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	mandatory
21	Existence of a cost increase clause or other dilution incentive	no	no	no
22	Non-cumulative or cumulative	not cumulative	not cumulative	not cumulative
23	Convertible or not convertible	non-convertible	non-convertible	non-convertible
24	When transformable: triggers for transformation	n.a.	n.a.	n.a.
25	If convertible: in whole or in part	n.a.	n.a.	n.a.
26	If convertible: Conversion rate	n.a.	n.a.	n.a.
27	If convertible: Conversion mandatory or optional	n.a.	n.a.	n.a.
28	If convertible: type of instrument into which is converted	n.a.	n.a.	n.a.
29	If convertible: issuer of the instrument into which it is converted	n.a.	n.a.	n.a.
30	Write-down features	no	no	no
31	In case of write-down: Trigger for the write-down	n.a.	n.a.	n.a.
32	In case of write-down: in whole or in part	n.a.	n.a.	n.a.
33	In case of write-down: permanent or temporary	n.a.	n.a.	n.a.
34	In the case of temporary write-down: mechanism of write-up again	n.a.	n.a.	n.a.
35	Position in the ranking order in the event of liquidation	Senior unsecured	Senior unsecured	Senior unsecured
36	Non-compliant characteristics of the converted instruments	n.a.	n.a.	n.a.
37	If necessary, name any non-conforming features.	n.a.	n.a.	n.a.

1	Issuer	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG
2	Uniform identifier1	XS0119368495	XS0119436326	XS0119502994
3	Law applicable to the instrument	English law	English law	English law
	Regulatory treatment			
4	CRR transitional arrangements	Supplementary capital	Supplementary capital	Supplementary capital
5	CRR regulations after the transition period	Supplementary capital	Supplementary capital	Supplementary capital
6	Creditable at solo/group/solo and group level	Solo and (partially) consolidated	Solo and (partially) consolidated	Solo and (partially) consolidated
7	Instrument type	variable bearer bonds (FRN)	variable bearer bonds (FRN)	variable bearer bonds (FRN)
8	Amount eligible for regulatory capital (in EURm)	50.0	49.6	80.0
9	Nominal value of the instrument (in currency)	50 (EURm)	50 (EURm)	80 (EURm)
9	Nominal value of the instrument (in EURm)	50	50	80
9a	Issue price	99.7	99.3	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liabilities - amortised cost value	Liabilities - amortised cost value	Liabilities - amortised cost value
11	Original issue date	25.10.2000	30.10.2000	30.10.2000
12	Unlimited or with expiry date	With expiry date	With expiry date	With expiry date
13	Original due date	25.10.2030	30.10.2030	30.10.2040
14	Callable by issuer with prior supervisory approval	ja	ja	ja
15	Eligible termination date, conditional termination dates and redemption amount	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders
16	Later termination dates, if applicable	n.a.	n.a.	n.a.
	Coupons/Dividends			
17	Fixed or variable dividend/coupon payments	Variable	Variable	Variable
18	Nominal coupon and any reference index	EURIBOR03M + 0.36 %	EURIBOR03M + 0.33 %	EURIBOR03M + 0.38 %
19	Existence of a "dividend stop	no	no	no
20a	Fully discretionary, partially discretionary or mandatory (temporal)	mandatory	mandatory	mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	mandatory
21	Existence of a cost increase clause or other dilution incentive	no	no	no
22	Non-cumulative or cumulative	not cumulative	not cumulative	not cumulative
23	Convertible or not convertible	non convertible	non convertible	non convertible
24	When transformable: triggers for transformation	n.a.	n.a.	n.a.
25	If convertible: in whole or in part	n.a.	n.a.	n.a.
26	If convertible: Conversion rate	n.a.	n.a.	n.a.
27	If convertible: Conversion mandatory or optional	n.a.	n.a.	n.a.
28	If convertible: type of instrument into which is converted	n.a.	n.a.	n.a.
29	If convertible: issuer of the instrument into which it is converted	n.a.	n.a.	n.a.
30	Write-down features	no	no	no
31	In case of write-down: Trigger for the write-down	n.a.	n.a.	n.a.
32	In case of write-down: in whole or in part	n.a.	n.a.	n.a.
33	In case of write-down: permanent or temporary	n.a.	n.a.	n.a.
34	In the case of temporary write-down: mechanism of write-up again	n.a.	n.a.	n.a.
35	Position in the ranking order in the event of liquidation	Senior unsecured	Senior unsecured	Senior unsecured
36	Non-compliant characteristics of the converted instruments	n.a.	n.a.	n.a.
37	If necessary, name any non-conforming features.	n.a.	n.a.	n.a.

1	Issuer	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG
2	Uniform identifier1	XS0120017974	XS0120635809	XS0121146137
3	Law applicable to the instrument	English law	English law	English law
	Regulatory treatment			
4	CRR transitional arrangements	Supplementary capital	Supplementary capital	Supplementary capital
5	CRR regulations after the transition period	Supplementary capital	Supplementary capital	Supplementary capital
6	Creditable at solo/group/solo and group level	Solo and (partially) consolidated	Solo and (partially) consolidated	Solo and (partially) consolidated
7	Instrument type	variable bearer bonds (FRN)	variable bearer bonds (FRN)	Bearer bonds
8	Amount eligible for regulatory capital (in EURm)	50.0	50.0	35.0
9	Nominal value of the instrument (in currency)	50 (EURm)	50 (EURm)	35 (EURm)
9	Nominal value of the instrument (in EURm)	50	50	35
9a	Issue price	100.0	100.0	100.6
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liabilities - amortised cost value	Liabilities - amortised cost value	Liabilities - amortised cost value
11	Original issue date	08.11.2000	28.11.2000	06.12.2000
12	Unlimited or with expiry date	With expiry date	With expiry date	With expiry date
13	Original due date	08.11.2030	28.11.2030	06.12.2030
14	Callable by issuer with prior supervisory approval	yes	yes	yes
15	Eligible termination date, conditional termination dates and redemption amount	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders
16	Later termination dates, if applicable	n.a.	n.a.	n.a.
	Coupons/Dividends			
17	Fixed or variable dividend/coupon payments	Variable	Variable	Fixed
18	Nominal coupon and any reference index	EURIBOR06M + 0.39 %	EURIBOR03M + 0.38 %	6,44%
19	Existence of a "dividend stop	no	no	no
20a	Fully discretionary, partially discretionary or mandatory (temporal)	mandatory	mandatory	mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	mandatory
21	Existence of a cost increase clause or other dilution incentive	no	no	no
22	Non-cumulative or cumulative	not cumulative	not cumulative	not cumulative
23	Convertible or not convertible	non convertible	non convertible	non convertible
24	When transformable: triggers for transformation	n.a.	n.a.	n.a.
25	If convertible: in whole or in part	n.a.	n.a.	n.a.
26	If convertible: Conversion rate	n.a.	n.a.	n.a.
27	If convertible: Conversion mandatory or optional	n.a.	n.a.	n.a.
28	If convertible: type of instrument into which is converted	n.a.	n.a.	n.a.
29	If convertible: issuer of the instrument into which it is converted	n.a.	n.a.	n.a.
30	Write-down features	no	no	no
31	In case of write-down: Trigger for the write-down	n.a.	n.a.	n.a.
32	In case of write-down: in whole or in part	n.a.	n.a.	n.a.
33	In case of write-down: permanent or temporary	n.a.	n.a.	n.a.
34	In the case of temporary write-down: mechanism of write-up again	n.a.	n.a.	n.a.
35	Position in the ranking order in the event of liquidation	Senior unsecured	Senior unsecured	Senior unsecured
36	Non-compliant characteristics of the converted instruments	n.a.	n.a.	n.a.
37	If necessary, name any non-conforming features.	n.a.	n.a.	n.a.

1	Issuer	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG
2	Uniform identifier1	XS0121531122	XS0122546442	XS0122667230
3	Law applicable to the instrument	English law	English law	English law
	Regulatory treatment			
4	CRR transitional arrangements	Supplementary capital	Supplementary capital	Supplementary capital
5	CRR regulations after the transition period	Supplementary capital	Supplementary capital	Supplementary capital
6	Creditable at solo/group/solo and group level	Solo and (partially) consolidated	Solo and (partially) consolidated	Solo and (partially) consolidated
7	Instrument type	variable bearer bonds (FRN)	Bearer bonds	variable bearer bonds (FRN)
8	Amount eligible for regulatory capital (in EURm)	16.0	16.2	92.0
9	Nominal value of the instrument (in currency)	16 (EURm)	18.4 (USDm)	92 (EURm)
9	Nominal value of the instrument (in EURm)	16	15	92
9a	Issue price	99.9	100.0	100.0
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liabilities - amortised cost value	Liabilities - amortised cost value	Liabilities - amortised cost value
11	Original issue date	05.02.2001	29.12.2000	22.01.2001
12	Unlimited or with expiry date	With expiry date	With expiry date	With expiry date
13	Original due date	05.02.2031	29.12.2030	22.01.2041
14	Callable by issuer with prior supervisory approval	yes	yes	yes
15	Eligible termination date, conditional termination dates and redemption amount	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders
16	Later termination dates, if applicable	n.a.	n.a.	n.a.
	Coupons/Dividends			
17	Fixed or variable dividend/coupon payments	Variable	Variable	Variable
18	Nominal coupon and any reference index	EURIBOR03M + 0.36 %	USDLIB03M + 0.42 %	EURIBOR03M + 0.38 %
19	Existence of a "dividend stop	no	no	no
20a	Fully discretionary, partially discretionary or mandatory (temporal)	mandatory	mandatory	mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	mandatory
21	Existence of a cost increase clause or other dilution incentive	no	no	no
22	Non-cumulative or cumulative	not cumulative	not cumulative	not cumulative
23	Convertible or not convertible	non convertible	non convertible	non convertible
24	When transformable: triggers for transformation	n.a.	n.a.	n.a.
25	If convertible: in whole or in part	n.a.	n.a.	n.a.
26	If convertible: Conversion rate	n.a.	n.a.	n.a.
27	If convertible: Conversion mandatory or optional	n.a.	n.a.	n.a.
28	If convertible: type of instrument into which is converted	n.a.	n.a.	n.a.
29	If convertible: issuer of the instrument into which it is converted	n.a.	n.a.	n.a.
30	Write-down features	no	no	no
31	In case of write-down: Trigger for the write-down	n.a.	n.a.	n.a.
32	In case of write-down: in whole or in part	n.a.	n.a.	n.a.
33	In case of write-down: permanent or temporary	n.a.	n.a.	n.a.
34	In the case of temporary write-down: mechanism of write-up again	n.a.	n.a.	n.a.
35	Position in the ranking order in the event of liquidation	Senior unsecured	Senior unsecured	Senior unsecured
36	Non-compliant characteristics of the converted instruments	n.a.	n.a.	n.a.
37	If necessary, name any non-conforming features.	n.a.	n.a.	n.a.

1	Issuer	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG
2	Uniform identifier1	XS0122825754	XS0123007279	XS0124807099
3	Law applicable to the instrument	English law	English law	English law
	Regulatory treatment			
4	CRR transitional arrangements	Supplementary capital	Supplementary capital	Supplementary capital
5	CRR regulations after the transition period	Supplementary capital	Supplementary capital	Supplementary capital
6	Creditable at solo/group/solo and group level	Solo and (partially) consolidated	Solo and (partially) consolidated	Solo and (partially) consolidated
7	Instrument type	Bearer bonds	variable bearer bonds (FRN)	Bearer bonds
8	Amount eligible for regulatory capital (in EURm)	20.1	5.0	22.1
9	Nominal value of the instrument (in currency)	22,7 (USDm)	5 (EURm)	25 (USDm)
9	Nominal value of the instrument (in EURm)	20.1	5	22.1
9a	Issue price	100.0	100.0	100.5
9b	Redemption price	100.0	100.0	100.0
10	Accounting classification	Liabilities - amortised cost value	Liabilities - amortised cost value	Liabilities - amortised cost value
11	Original issue date	22.01.2001	12.01.2001	19.02.2001
12	Unlimited or with expiry date	With expiry date	With expiry date	With expiry date
13	Original due date	05.01.2040	01.12.2030	19.02.2031
14	Callable by issuer with prior supervisory approval	yes	yes	yes
15	Eligible termination date, conditional termination dates and redemption amount	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders
16	Later termination dates, if applicable	n.a.	n.a.	n.a.
	Coupons/Dividends			
17	Fixed or variable dividend/coupon payments	Variable	Variable	Variable
18	Nominal coupon and any reference index	USDLIB03M + 0.42 %	EURIBOR03M + 0.36 %	USDLIB03M + 0.405 %
19	Existence of a "dividend stop	no	no	no
20a	Fully discretionary, partially discretionary or mandatory (temporal)	mandatory	mandatory	mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	mandatory
21	Existence of a cost increase clause or other dilution incentive	no	no	no
22	Non-cumulative or cumulative	not cumulative	not cumulative	not cumulative
23	Convertible or not convertible	non convertible	non convertible	non convertible
24	When transformable: triggers for transformation	n.a.	n.a.	n.a.
25	If convertible: in whole or in part	n.a.	n.a.	n.a.
26	If convertible: Conversion rate	n.a.	n.a.	n.a.
27	If convertible: Conversion mandatory or optional	n.a.	n.a.	n.a.
28	If convertible: type of instrument into which is converted	n.a.	n.a.	n.a.
29	If convertible: issuer of the instrument into which it is converted	n.a.	n.a.	n.a.
30	Write-down features	no	no	no
31	In case of write-down: Trigger for the write-down	n.a.	n.a.	n.a.
32	In case of write-down: in whole or in part	n.a.	n.a.	n.a.
33	In case of write-down: permanent or temporary	n.a.	n.a.	n.a.
34	In the case of temporary write-down: mechanism of write-up again	n.a.	n.a.	n.a.
35	Position in the ranking order in the event of liquidation	Senior unsecured	Senior unsecured	Senior unsecured
36	Non-compliant characteristics of the converted instruments	n.a.	n.a.	n.a.
37	If necessary, name any non-conforming features.	n.a.	n.a.	n.a.

1	Issuer	Hamburg Commercial Bank AG	Hamburg Commercial Bank AG
2	Uniform identifier1	XS0126551695	XS0133159227
3	Law applicable to the instrument	English law	English law
	Regulatory treatment		
4	CRR transitional arrangements	Supplementary capital	Supplementary capital
5	CRR regulations after the transition period	Supplementary capital	Supplementary capital
6	Creditable at solo/group/solo and group level	Solo and (partially) consolidated	Solo and (partially) consolidated
7	Instrument type	Bearer bonds	variable bearer bonds (FRN)
8	Amount eligible for regulatory capital (in EURm)	126.3	19.9
9	Nominal value of the instrument (in currency)	143 (USDm)	20 (EURm)
9	Nominal value of the instrument (in EURm)	126.3	20
9a	Issue price	100.5	99.5
9b	Redemption price	100.0	100.0
10	Accounting classification	Liabilities - amortised cost value	Liabilities - amortised cost value
11	Original issue date	21.03.2001	18.07.2001
12	Unlimited or with expiry date	With expiry date	With expiry date
13	Original due date	21.03.2031	18.07.2031
14	Callable by issuer with prior supervisory approval	yes	yes
15	Eligible termination date, conditional termination dates and redemption amount	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders	Possibility of termination in the event that a change in taxation leads to additional payments to the bondholders
16	Later termination dates, if applicable	n.a.	n.a.
	Coupons/Dividends		
17	Fixed or variable dividend/coupon payments	Variable	Variable
18	Nominal coupon and any reference index	USDLIB03M + 0.405 %	EURIBOR03M + 0.415 %
19	Existence of a "dividend stop	no	no
20a	Fully discretionary, partially discretionary or mandatory (temporal)	mandatory	mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory
21	Existence of a cost increase clause or other dilution incentive	no	no
22	Non-cumulative or cumulative	not cumulative	not cumulative
23	Convertible or not convertible	non convertible	non convertible
24	When transformable: triggers for transformation	n.a.	n.a.
25	If convertible: in whole or in part	n.a.	n.a.
26	If convertible: Conversion rate	n.a.	n.a.
27	If convertible: Conversion mandatory or optional	n.a.	n.a.
28	If convertible: type of instrument into which is converted	n.a.	n.a.
29	If convertible: issuer of the instrument into which it is converted	n.a.	n.a.
30	Write-down features	no	no
31	In case of write-down: Trigger for the write-down	n.a.	n.a.
32	In case of write-down: in whole or in part	n.a.	n.a.
33	In case of write-down: permanent or temporary	n.a.	n.a.
34	In the case of temporary write-down: mechanism of write-up again	n.a.	n.a.
35	Position in the ranking order in the event of liquidation	Senior unsecured	Senior unsecured
36	Non-compliant characteristics of the converted instruments	n.a.	n.a.
37	If necessary, name any non-conforming features.	n.a.	n.a.

M List of abbreviations

ABF	Asset-backed funding
ABS	Asset-backed securities
AIRB	Advanced Internal Ratings Based (advanced IRB)
ALCO	Asset Liability Committee
AMM	Additional Monitoring Metrics for Liquidity Reporting
ASF	Available stable funding
O-SII	Other systemically important institution
AT1	Additional Tier 1 Capital
BaFin	German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*)
BCBS	Basel Committee on Banking Supervision
CCF	Credit conversion factor
CCP	Central counterparty
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLO	Collateralised loan obligation
CM	Capital Markets
COREP	Common Solvency Ratio Reporting
CRD IV	Capital Requirements Directive No 2013/13/EU
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
DSGV	German Savings Banks Association (*Deutscher Sparkassen- und Giroverband*)
EAD	Exposure at Default
EBA	European Banking Authority
EGBGB	Introductory Act to the German Civil Code
ECA	Export Credit Agency
ECAI	External Credit Assessment Institution (rating agency)
EL	Expected Loss
EMIR	European Market Infrastructure Regulation
ECB	European Central Bank
FINREP	Financial Reporting
FIRB	Foundation Internal Ratings Based (foundation IRB)
Fitch	Fitch Ratings
FRC	Franchise Committee
FRN	Floating Rate Note
FV	Fair Value
FVPL	Fair Value through Profit or Loss
FX risk	Currency risk
GL	Guideline
GuV	Gewinn- und Verlustrechnung
HGB	German Commercial Code (*Handelsgesetzbuch*)
HQLA	High Quality Liquid Assets
IAS	International Accounting Standards
ICRE	International Commercial Real Estate
IFRS	International Financial Reporting Standard
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Rating Based
IRBA	Internal Rating Based Approach
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
KfW	Kreditanstalt für Wiederaufbau (German state-owned development bank)
SMEs	Small and medium-sized enterprises
CRSA	Credit Risk Standardised Approach
KWG	German Banking Act (*Kreditwesengesetz*)
LMP	Liquidity maturity profile
LCH	London Clearing House
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default

LVaR	Liquidity Value at Risk
MaRisk	Minimum Requirements for Risk Management (*Mindestanforderungen an das Risikomanagement*)
Moody's	Moody's Investors Service
NPL	Non-performing loan
NSFR	Net stable funding ratio
OTC	Over the counter
PD	Probability of default
RC	Risk Control
RSF	Required Stable Funding
RSU	RSU Rating Service Unit GmbH & Co. KG
RWEAs	Risk-weighted assets
RWEA	Risk-weighted exposure amount
SFA	Supervisory Formula Approach
SFT	Securities Financing Transactions
SIR	Sparkassen-ImmobiliengeschäftsRating
SolvV	German Solvency Regulation (*Solvabilitätsverordnung*)
SPC	Special purpose company
SPV	Special purpose vehicle
SR	S Rating und Risikosysteme GmbH
SRF	Strategic risk framework
S & P	Standard & Poor's
TREA	Total risk exposure amount
T1	Tier 1 capital
T2	Tier 2 capital (supplementary capital)
VaR	Value-at-Risk

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