

Factsheet

February 10, 2022

About us

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is complemented by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance. Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

Key Credit Strengths

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

Ownership Structure

Several funds initiated by Cerberus Capital Management, L.P.			One fund advised by J.C. Flowers & Co. LLC	One fund initiated by GoldenTree Asset Management LP	Centaurus Capital LP	BAWAG P.S.K.	HCOB <i>Current and former Management Board Members (who are or were in office from November 2018)</i>
Promontoria Holding 221 B.V. 9.87%	Promontoria Holding 231 B.V. 13.87%	Promontoria Holding 233 B.V. 18.71%	JCV IV Neptun Holdings S.à r.l.	Golden Tree Asset Management Lux S.à r.l.	Chi Centauri LLC		
42.45%			34.96%	12.49%	7.49%	2.50%	0.11%

Business Segments

Lending Functions				Investment Functions
Real Estate	Shipping	Project Finance	Corporates	Treasury & Group Functions
<ul style="list-style-type: none"> ▪ Core and well-known franchise in the sizeable German CRE market ▪ Expanding new business with appropriate risk-return requirements ▪ Substantial structuring expertise for tailor-made financing ▪ Selective expansion of international business in neighbouring European countries 	<ul style="list-style-type: none"> ▪ High quality new business origination within a strict margin and risk framework ▪ Advanced underwriting standards ▪ Portfolio diversification through domestic and international counterparties with good credit ratings ▪ Structural tailwinds, with increasing demand following years of consolidation and discipline on supply 	<ul style="list-style-type: none"> ▪ Sustainability-anchored corporate vision ▪ Key focus sectors digital infrastructure, renewables, and power & energy – playing into growing ESG-related demand ▪ Leveraging strong market position and growing further within greenfield projects ▪ Domestic & international project focus 	<ul style="list-style-type: none"> ▪ Focused sales approach with mid-sized to large corporates ▪ Leading expertise in working capital, factoring and cash & trade finance ▪ Growing scale in Smart platforms via enhanced partnership approach ▪ Selective international diversification across European and North-American markets underpinned by attractive risk-return profiles 	<ul style="list-style-type: none"> ▪ Treasury and active liability management focused on providing stable liquidity and funding structure at competitive costs ▪ Liquidity buffer forms major part of asset base, supplemented by strategic investment portfolio ▪ Group functions include all other central functions such as risk control, legal etc.
<ul style="list-style-type: none"> ▪ Payment services for all client segments, leveraging new technology platform 				
→ Assets: € 8.0bn	→ Assets: € 3.7bn	→ Assets: € 3.9bn	→ Assets: € 3.7bn	→ Assets: € 10.9bn
→ RWA: € 2.9bn	→ RWA: € 1.7bn	→ RWA: € 2.1bn	→ RWA: € 3.3bn	→ RWA: € 4.1bn
→ Net Income: € 85mn	→ Net Income: € 62mn	→ Net Income: € 27mn	→ Net Income: € 21mn	→ Net Income: € 7mn
→ RoE ¹ : 20%	→ RoE ¹ : 25%	→ RoE ¹ : 10%	→ RoE ¹ : 5%	→ RoE ¹ : 1%

All YE 2021 figures are preliminary | 1) RoE after taxes based on CET1 ratio of 13%

Factsheet

February 10, 2022

Highlights YE 2021

- Successful completion of 3-year transformation program...ahead of schedule
- Comprehensive b/s and cost base restructuring...proving that ambitious, far-reaching transformation is possible in Germany
- Positioned as one of Germany's most operationally efficient banks...continuing to invest in IT for further efficiency/scale
- Successful BdB entry marks final milestone of the privatization process (effective 1 January 2022)
- € 299mn profit before tax...€ 351mn net income in FY21. Well ahead of prior guidance
- 18.4% ROE based on 13% CET1 ratio...7.7% ROE on average IFRS capital
- NIM expansion continues through pricing discipline & asset allocation...145 bps b/s in FY21 (vs. 117 bps in FY20)
- Risk very well managed...NPE reduced to 1.4% at YE21 (vs. 1.8% at YE20)
- Cost restructuring further reflected in 2021 results...€ 328mn OpEx in FY21 (down 10% vs. FY20)
- Capital at extraordinary levels...28.9% CET1 ratio (vs. 27.0% at YE20)
- Following improvement of ratings profile in 2021, further strengthening expected based on trajectory of key financial metrics
- Committed to moderate growth in mid-term plan including our core franchises...CRE, Shipping, Project Finance & Corporates
- Strong capital position provides high level of strategic flexibility

Key Financials: YE2020/21 and Outlook 2022-24 – Moderate growth & recurring profitability

(Figures in € mn, unless stated)		2020	2021	2022	2023	2024	Key levers / highlights
Increasing Revenues and Profitability	Total income	656	642	>600	>700	>800	▪ Well positioned for revenue growth following repositioning
	Net interest margin¹ (bps)	117	145	~170	~190	~200	▪ Improved asset allocation & b/s productivity with lower funding costs
	PBT	257	299	>280	>350	>400	▪ Increasingly diversified earnings profile while maintaining core franchises
	Net income	102	351	>250	>250	>300	▪ Net income in '21 benefitted from tax effects, normalized tax rate starting '23
	RoE post-tax² (%)	4.3	18.4	~11	~10	~11	▪ Strong profitability metrics, covering cost of capital, underpin strengthening of ratings and funding franchise
Operating Efficiency	Cost-income ratio (%)	42	50	46	40-42	40-42	▪ Strict cost management while investing in capabilities and people as growth enablers, continued investment in IT transformation in 2022/2023
Strong Balance Sheet & Risk Management	Total assets (€ bn)	33.8	30.3	~32	~34	~35	▪ Shift towards selective growth
	NPE ratio (%)	1.8	1.4	1.8	1.6	1.6	▪ Strong risk management reduced NPE volume in 2021, conservative projection
	CET1 ratio (%)	27.0	28.9	>20 ³	>20 ³	>20 ³	▪ Capital usage from b/s growth & higher RWA from A-IRB to F-IRB models. F-IRB RWA uplift temporary, will be largely offset by B4. Pro-forma B4 impact at YE22 est. at + ~280bps CET1

Ratings

Credit-Ratings ⁴	Moody's	S&P
Deposit Rating	Baa1	–
Issuer Credit Rating (Long-Term)	Baa1 / positive	BBB / developing
Short-term Debt	P-2	A-2
Stand-alone Rating	ba1	bbb-
"Preferred" Senior Unsecured Debt	Baa1	–
"Non-Preferred" Senior Unsecured Debt	Baa2	–
Subordinated Debt (Tier 2)	Ba2	–
Mortgage Covered Bonds	Aa1	–
Ship Covered Bonds	A2	–

Sustainability-Ratings		
	2020	2021
	14	12.9
	2020	2021
	BB	BBB
	2020	2021
	29	45

All 2021 figures are preliminary | 1) Net interest margin equals core net interest income divided by avg balance sheet | 2) RoE after taxes based on CET 1 ratio of 13% | 3) CET1 guidance without dividend assumptions and subject to development of dividend policy prior to YE22 | 4) See also latest publications by the rating agencies on the Hamburg Commercial Bank's website: <https://www.hcob-bank.de/en/investoren/rating/rating/>