Disclosure Report

as at **31 December 2022** according to part 8 CRR

Hamburg Commercial Bank

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434	Means of disclosures	Introduction and general principles
435	Risk management objectives and policies	Introduction and general principles Exposure to liquidity risk Exposure to default risk Exposure to counterparty credit risk Exposure to market risk Exposure to operational risk
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449	Exposure to securitisation positions	Securitisation
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452	Use of the IRB Approach to credit risk	Default risk
453	Use of credit risk mitigation techniques	Default risk
454	Use of the Advanced Measurement Approaches to operational risk	Not relevant to Hamburg Commercial Bank
455	Use of Internal Market Risk Models	Not relevant to Hamburg Commercial Bank

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 does not use its own estimates of LGD and conversion factors. 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 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. 2: 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 44 - 48 Group management report (Risk Report) Page 85 - 86
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 85 - 89
c	Communication channels to spread the risk culture within the institution	Article 435(1)(b)	Group management report (Risk Report) Page 88 - 89
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 86 - 88
e	Regular and systematic review of risk management strategies and assessment of effectiveness	Article 435(1)(c)	Group management report (Risk Report) Page 88, 91 - 92; 96 - 97; 104; 105 - 106; 111
f	Qualitative information on stress testing	Article 435(1)(a)	Group management report (Risk Report) Page 93 - 94, 104, 106
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 104 - 105

B Own funds and capital requirements

I Own funds structure and key metrics

For the disclosure of own funds pursuant to Article 437 points (a), (b), (d) and (e) CRR, Hamburg Commercial Bank follows the Implementing Regulation (EU) 1423/2013 laying down implementing technical standards for institutions´ own funds disclosure obligations pursuant to CRR. Full disclosure takes place on an annual basis. Semi-annually, in accordance with Article 433a(1) point (b) subpoint (i) CRR, disclosures shall be made in accordance with Article 437 point (a) CRR. According to Article 433a(1) point (c) subpoint (ii) CRR, information on own funds and capital ratios is disclosed on a quarterly basis. This is done with the following table KM1.

TAB. 3: KM1: KEY METRICS

		a	b	c	d
		31.12.2022	30.09.2022	30.06.2022	31.03.2022
	Available own funds (amounts) in Mio. €[1]				
1	Common Equity Tier 1 (CET1) capital	3,150	3,852	3,897	3,994
2	Tier 1 capital	3,150	3,852	3,897	3,994
3	Total capital	4,126	4,850	4,884	4,974
	Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	15,403	15,934	16,107	16,553
	Capital ratios (as a percentage of risk-weighted exposure amount)[1]				
5	Common Equity Tier 1 ratio (%)	20.45	24.17	24.19	24.13
6	Tier 1 ratio (%)	20.45	24.17	24.19	24.13
7	Total capital ratio (%)	26.79	30.43	30.32	30.05
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.070	2.070	2.070	2.070
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.164	1.164	1.164	1.164
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.553	1.553	1.553	1.553
EU 7d	Total SREP own funds requirements (%)	10.07	10.07	10.07	10.07
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.500	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 (%)	0.230	0.127	0.088	0.087
EU 9a	Systemic risk buffer (%)	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-
EU 10a	Other Systemically Important Institution buffer	-	-	-	-
11	Combined buffer requirement (%)	2.730	2.627	2.588	2.587
EU 11a	Overall capital requirements (%)	12.80	12.70	12.66	12.66
12	CET1 available after meeting the total SREP own funds requirements (%)	12.90	16.62	16.64	16.58
	Leverage ratio				
13	Total exposure measure	32,168	32,088	30,425	31,015
14	Leverage ratio (%)[1]	9.79	12.00	12.81	12.88
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)				
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	3.000
	Requirements for own funds buffer to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)				
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-
EU14e	Overall leverage ratio requirement (%)	3.000	3.000	3.000	3.000
	Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	6,856	6,434	5,996	5,688
EU 16a	Cash outflows - Total weighted value	4,499	4,351	4,108	3,809
EU 16b	Cash inflows - Total weighted value	379	399	410	427
16	Total net cash outflows (adjusted value)	4,118	3,951	3,697	3,380
17	Liquidity coverage ratio (%)	168.3	164.4	163.7	168.7
	Net Stable Funding Ratio				
18	Total available stable funding	21,208	21,316	20,919	20,389
19	Total required stable funding	18,816	17,619	17,214	17,253
20	NSFR ratio (%)	112.7	121.0	121.5	118.2

[1] The proposed dividend payment of € 1.5 billion in 2023 was taken into account, thus reducing the CET1 capital as of 31.12.2022; the dividend payment is subject to the approval of the Annual General Meeting. In the previous quarters, the half-year profit for 2022 and the annual profit for 2021 were not included in the CET1 capital on a voluntary basis.

Explanation of key changes

Common Equity Tier 1 capital ratio decreases by 3.7 percentage points compared to the reporting date 30 September 2022 and is at a very high level of 20.5%. The proposed dividend payment of € 1.5 billion in 2023 was taken into account, thus reducing the CET1 capital; the dividend payment is subject to the approval of the Annual General Meeting. The decrease in the CET1 is due to the decrease in Common Equity Tier 1 capital.

The leverage ratio decreases to 9.8%, the decrease being due to the decrease of Tier 1 capital. See above for the development of Tier 1 capital.

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

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 2022. 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 2022. 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 December 2022.

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 59 in accordance with Article 437(b) CRR in conjunction with Article 3 of the Implementing Regulation (EU) 1423/2013.

II Own fund requirements

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

Credit risk and counterparty credit risk

Following approval by the responsible authorities, Hamburg Commercial Bank determines the probability of default to determine the risk weight internally, while regulatory values are used for other risk parameters such as loss given default and conversion factors. The risk weighted exposure amounts for credit risk are thus calculated using the IRB approach in accordance with Part 3 Title II Chapter 3 CRR.

However, in the context of partial use, the standardized approach for credit risk in accordance with Part 3 Title II Chapter 2 CRR is applied for individual risk positions and for the companies to be consolidated. For this reason, information on the capital requirements for credit risk is presented in accordance with both the foundation IRB approach and the standardized approach for credit risk. In addition, the capital requirements for the risk arising from contributions to the default fund of a central counterparty are disclosed in accordance with Articles 307 to 309 CRR.

Hamburg Commercial Bank uses the PD/LGD approach and the simple risk weight approach to determine the capital requirements for equity investments using the IRB approach. In addition, significant investments in a financial sector entity are separately backed by own funds in accordance with Article 48 CRR, provided that these are not deducted from own funds.

The capital requirements for credit risk (including counterparty credit risk and securitization risk) amounts to € 1,006 m. For an overall view, capital requirement in the amount of € 22 m pursuant to Article 3 CRR must be added to the credit risk. That leads to a slight decrease in credit risk to € 1,028 m compared to the previous period.

In the additional risk position in accordance with Article 3 CRR, capital requirements are set that result from expected and forthcoming changes of individual IRB models which have not yet been approved by the supervisory authority or put into production, if applicable.

Exposure to market risk

Hamburg Commercial Bank uses the standard procedures set out in Part 3 Title IV Chapters 2 to 4 CRR to determine capital requirements for market risks.

The capital requirements for market risks of € 26 m are comprised for interest rate risk and foreign exchange risk. There are no equity risk and commodity risk.

Exposure to operational risk

Hamburg Commercial Bank uses the standardized approach pursuant to Article 317 CRR to determine the capital requirement for operational risks. As at the reporting date, the capital requirement amounts to € 90 m.

Total own fund requirements

In addition to credit risk, market risk and operational risk, Hamburg Commercial Bank also considers the risk of an adjustment to credit valuation (CVA risk) with own funds in accordance with Part 3 Title VI CRR. As at the reporting date, the capital requirements amounts to € 4 m.

There are no capital requirements for the settlement risk pursuant to Part 3 Title V CRR and for the large exposure risk according to Article 92(3) point (b) subpoint (ii) CRR.

There are further capital requirements pursuant to Articles 48 and 60 CRR amounting to € 85 m, which mainly result from deferred taxes. Deferred taxes are included in Table OV1 in row 24.

As at the reporting date, total own funds requirements amounted to € 1,232 m.

TAB. 4: OV1: OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS (€M)

		a	b	c
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31.12.2022	30.09.2022	31.12.2022
1	**Credit risk (excluding CCR)**	**13,369**	**13,717**	**1,069**
2	Of which the standardised approach	3,599	3,604	288
3	Of which the foundation IRB (FIRB) approach	9,239	9,540	739
4	Of which: slotting approach	-	-	-
EU 4a	Of which: equities under the simple risk weighted approach	256	243	21
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	**Counterparty credit risk - CCR**	**271**	**277**	**22**
7	Of which the standardised approach	201	206	16
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	4	6	0
EU 8b	Of which credit valuation adjustment - CVA	47	65	4
9	Of which other CCR	19	-	2
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)**	**315**	**318**	**25**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	127	129	10
19	Of which SEC-SA approach	188	189	15
EU 19a	Of which 1250%/ deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**324**	**497**	**26**
21	Of which the standardised approach	324	497	26
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**1,124**	**1,124**	**90**
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	1,124	1,124	90
EU 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**1,063**	**844**	**85**
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
	Additional risk exposure amount due to Article 3 CRR	**273**	**330**	**22**
29	**Total**	**15,403**	**15,934**	**1,232**

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.

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

TAB. 5: CCYB2: AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

		a
1	**Total risk exposure amount (€m)**	**15,403**
2	Institution specific countercyclical capital buffer rate (%)	0.230
3	Institution specific countercyclical capital buffer requirement (€m)	35

TAB. 6: 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**						
	(AD) Principality of Andorra	0	–	–	–	–	0
	(AE) United Arab Emirates	0	11	–	–	–	11
	(AT) Republic of Austria	90	35	0	–	–	125
	(AU) Australia	12	–	–	–	–	12
	(BE) Kingdom of Belgium	113	436	1	–	–	549
	(BM) Bermuda	0	71	–	–	167	238
	(CA) Canada	11	–	3	–	–	14
	(CH) Swiss Confederation	50	155	4	–	–	209
	(CY) Republic of Cyprus	0	29	–	–	–	29
	(DE) Federal Republic of Germany	745	7,679	17	–	–	8,441
	(DK) Kingdom of Denmark	1	324	2	–	–	328
	(EE) Republic of Estonia	0	51	–	–	–	51
	(ES) Kingdom of Spain	125	239	6	–	–	370
	(FI) Republic of Finland	151	110	2	–	–	263
	(FR) French Republic	401	535	28	–	–	964
	(GB) Great Britain and Northern Ireland	358	567	27	–	–	952
	(GG) Guernsey	0	–	–	–	–	0
	(GR) Hellenic Republic	–	786	–	–	–	786
	(HK) Hong Kong	0	0	–	–	–	0
	(HR) Republic of Croatia	–	–	–	–	–	–
	(IE) Ireland	110	145	1	–	308	565
	(IL) State of Israel	–	48	–	–	–	48
	(IM) Isle of Man	–	51	–	–	–	51
	(IN) Republic of India	–	1	–	–	–	1
	(IT) Italian Republic	9	170	6	–	–	186
	(JE) Jersey	121	34	–	–	98	253
	(JP) Japan	6	–	–	–	–	6
	(KY) Cayman Islands	1	5	1	–	413	420
	(LI) Principality of Liechtenstein	–	19	–	–	–	19
	(LR) Republic of Liberia	1	118	–	–	–	118
	(LU) Grand Duchy of Luxembourg	672	2,683	7	–	241	3,603
	(LV) Republic of Latvia	0	–	–	–	–	0
	(MH) Republic of the Marshall Islands	0	1,133	–	–	–	1,133
	(MT) Republic of Malta	0	–	–	–	–	0
	(NL) Kingdom of Netherlands	659	784	17	–	–	1,459
	(NO) Kingdom of Norway	354	180	1	–	–	535
	(PA) Republic of Panama	0	30	1	–	–	31
	(PL) Republic of Poland	30	–	–	–	–	30
	(PT) Portuguese Republic	–	136	–	–	–	136
	(QA) State of Quatar	–	–	–	–	–	–
	(RU) Russian Federation	–	9	–	–	–	9
	(SE) Kingdom of Sweden	174	383	7	–	–	564
	(SG) Republic of Singapore	–	194	–	–	–	194
	(TR) Republic of Turkey	–	4	–	–	–	4
	(US) United States of America	1,208	324	64	–	313	1,910
	(UY) Eastern Republic of Uruguay	0	–	–	–	–	0
	(VG) Virgin Islands (British)	264	45	–	–	–	309
	(x28) Other	–	–	–	–	–	–
020	**Total**	**5,668**	**17,526**	**194**	**–**	**1,541**	**24,929**

		g	h	i	j	k	l	m
		Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	**Breakdown by country**							
	(AD) Principality of Andorra	0	–	–	0	0	0.00	–
	(AE) United Arab Emirates	0	–	–	0	6	0.05	–
	(AT) Republic of Austria	2	0	–	2	23	0.19	–
	(AU) Australia	1	–	–	1	12	0.10	–
	(BE) Kingdom of Belgium	18	0	–	18	222	1.81	–
	(BM) Bermuda	3	–	2	5	63	0.52	–
	(CA) Canada	1	0	–	1	13	0.11	–
	(CH) Swiss Confederation	7	0	–	8	94	0.77	–
	(CY) Republic of Cyprus	1	–	–	1	11	0.09	–
	(DE) Federal Republic of Germany	253	1	–	254	3,169	25.89	–
	(DK) Kingdom of Denmark	16	0	–	17	207	1.69	2.00
	(EE) Republic of Estonia	4	–	–	4	47	0.39	1.00
	(ES) Kingdom of Spain	16	0	–	17	207	1.69	–
	(FI) Republic of Finland	6	0	–	6	72	0.59	–
	(FR) French Republic	36	2	–	38	474	3.87	–
	(GB) Great Britain and Northern Ireland	65	2	–	67	839	6.85	1.00
	(GG) Guernsey	0	–	–	0	0	0.00	–
	(GR) Hellenic Republic	36	–	–	36	453	3.70	–
	(HK) Hong Kong	0	–	–	0	0	0.00	1.00
	(HR) Republic of Croatia	–	–	–	–	–	–	–
	(IE) Ireland	13	0	5	18	222	1.82	–
	(IL) State of Israel	3	–	–	3	36	0.29	–
	(IM) Isle of Man	3	–	–	3	37	0.30	–
	(IN) Republic of India	0	–	–	0	0	0.00	–
	(IT) Italian Republic	8	0	–	8	101	0.83	–
	(JE) Jersey	11	–	2	13	163	1.33	–
	(JP) Japan	0	–	–	0	6	0.05	–
	(KY) Cayman Islands	1	0	5	6	76	0.62	–
	(LI) Principality of Liechtenstein	1	–	–	1	11	0.09	–
	(LR) Republic of Liberia	6	–	–	6	76	0.62	–
	(LU) Grand Duchy of Luxembourg	156	0	7	163	2,033	16.61	0.50
	(LV) Republic of Latvia	0	–	–	0	0	0.00	–
	(MH) Republic of the Marshall Islands	62	–	–	62	778	6.36	–
	(MT) Republic of Malta	0	–	–	0	0	0.00	–
	(NL) Kingdom of Netherlands	56	1	–	57	706	5.77	–
	(NO) Kingdom of Norway	11	0	–	11	141	1.16	2.00
	(PA) Republic of Panama	2	0	–	2	31	0.25	–
	(PL) Republic of Poland	2	–	–	2	26	0.21	–
	(PT) Portuguese Republic	5	–	–	5	58	0.47	–
	(QA) State of Quatar	–	–	–	–	–	–	–
	(RU) Russian Federation	–	–	–	–	–	–	–
	(SE) Kingdom of Sweden	17	1	–	17	217	1.78	1.00
	(SG) Republic of Singapore	10	–	–	10	123	1.01	–
	(TR) Republic of Turkey	–	–	–	–	–	–	–
	(US) United States of America	89	5	4	99	1,232	10.07	–
	(UY) Eastern Republic of Uruguay	0	–	–	0	0	0.00	–
	(VG) Virgin Islands (British)	20	–	–	20	256	2.09	–
	(x28) Other	–	–	–	–	–	–	–
020	**Total**	941	13	25	979	12,242	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.

TAB. 7: LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES (€M)

		a
		Applicable amount
1	Total assets as per published financial statements	31,818
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-34
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	-369
9	Adjustment for securities financing transactions (SFTs)	42
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,727
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
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	-1,017
13	**Total exposure measure**	**32,168**

TAB. 8: LRCOM: LEVERAGE RATIO COMMON DISCLOSURE (€M)

		CRR leverage ratio exposures	
		a	b
		31.12.2022	30.06.2022
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	31,360	29,062
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)	-	-178
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)	-1,566	-882
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**29,793**	**28,002**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	279	447
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	284	277
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	-	2
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**563**	**727**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	42	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	42	-
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**	**84**	**-**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	3,718	3,763
20	(Adjustments for conversion to credit equivalent amounts)	1,991	2,066
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**1,727**	**1,697**
	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)	-	-
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)	-	-

		CRR leverage ratio exposures	
		a	b
		31.12.2022	**30.06.2022**
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**	**3,150**	**3,897**
24	**Total exposure measure**	**32,168**	**30,425**
	Leverage ratio		
25	Leverage ratio (%)	9.794	12.81
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.794	12.81
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.794	12.81
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	-	-
	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	7	
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	42	
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)	32,133	
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)	32,133	
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)	9.804%	
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)	9.804%	

TAB. 9: 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:**	**30,870**
EU-2	Trading book exposures	194
EU-3	Banking book exposures, of which	30,676
EU-4	Covered bonds	1,690
EU-5	Exposures treated as sovereigns	7,910
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	122
EU-7	Institutions	1,434
EU-8	Secured by mortgages of immovable properties	7,096
EU-9	Retail exposures	1
EU-10	Corporates	10,708
EU-11	Exposures in default	149
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	1,566

TAB. 10: 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 9.8%, the leverage ratio was 2.2 percentage point below the value as at 30 September 2022 (12.0%). 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 33% for the financial year and decreased compared to the previous year.

The majority (approx. 77%) 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 2022, 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 2022, 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 € 1.1 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 € 1.2 billion in unencumbered other assets, around 21% is attributable to derivatives and 53% to deferred tax assets.

TAB. 11: 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**	**10,325**	**630**		
030	Equity instruments	-	-	-	-
040	Debt securities	630	630	630	630
050	of which: covered bonds	25	25	25	25
060	of which: securitisations	476	211	476	211
070	of which: issued by general governments	336	336	336	336
080	of which: issued by financial corporations	78	78	78	78
090	of which: issued by non-financial corporations	-	-	-	-
120	Other assets	9,454	-		

		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**	**20,726**	**2,616**		
030	Equity instruments	455	-	455	-
040	Debt securities	3,971	2,616	3,969	2,720
050	of which: covered bonds	2,120	2,051	2,120	2,051
060	of which: securitisations	314	24	314	24
070	of which: issued by general governments	461	438	461	461
080	of which: issued by financial corporations	3,203	2,175	3,204	2,258
090	of which: issued by non-financial corporations	144	-	141	0
120	Other assets	16,467	-		

TAB. 12: 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**	**-**	**-**	**-**	**-**
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
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	10,325	630		

TAB. 13: 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**	**9,212**	**8,350**
011	thereof: derivatives	310	227
012	thereof: repurchase agreements	3.109	3.034
013	of which: collateralised deposits other than repurchase agreements	5.693	5.006
014	of which: covered bonds issued	814	1.907

F Liquidity risk

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

The insolvency risk is the risk that current 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 statement (LMS), which is determined by the assets (maturity/currency structure) and liabilities (funding structure by maturity/currencies/investors). In this context, the market liquidity risk, i.e. the risk that transactions cannot be sold or only at unfavorable conditions due to insufficient market depth, is regarded as a component of the market risk and is therefore only indirectly considered in the liquidity maturity statement. Another component of liquidity risk is the liquidity maturity transformation risk. The liquidity maturity transformation risk describes the risk that a loss will result from a mismatch in the contractual maturities of assets and liabilities, the so-called liquidity maturity transformation position, and the change in the Bank's own refinancing premium, which depends on its credit rating and which the Bank has to pay on the market. Information on the refinancing structure can be found in Note 50 to the consolidated financial statements “Residual maturity breakdown of financial instruments” in the Hamburg Commercial Bank’s Annual Report.

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.

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**: A risk inventory is carried out at least once a year, during which risk is identified and defined. 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 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 within the defined rules.

Asset and Liability Management (ALM): ALM 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 (stress 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 (separate intraday liquidity buffer) 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 overnight liquidity buffer according to MaRisk BTR 3 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 (LAS 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 contains the disclosure on liquidity ratios in Part 8 of the CRR specified under Implementing Regulation (EU) 2021/637.

Under the Basel III rules, the Basel Committee on Banking Supervision has set 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 amount 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 as part of Commission Delegated Regulation (EU) 2015/61 of 29 July 2015 and Amending Regulation (EU) 2018/ 1620 of 13 July 2018. Since 1 January 2018, the liquidity coverage ratio has to be met with a minimum ratio of 100%.

The presentation of the liquidity coverage ratio of Hamburg Commercial Bank is based on DVO (EU) 2021/ 637 of 15 March 2021. According to this, the liquidity coverage ratio is disclosed quarterly at consolidated level. The disclosed positions are determined as an average of the previous 12 end-of-month values.

The average LCR determined according to this methodology as at 31 December 2022 is 168% (30 September 2022: 164%), where average liquid assets of € 6,856 m (30 September 2022: € 6,434 m) and net cash outflows of € 4,118 m (30 September 2022: € 3,951 m) were taken into account.

The increase in the ratio compared to the previous quarter is mainly due to the increased liquidity buffer.

With liquidity remaining very adequate, the LCR remains at a relatively high level in relation to the regulatory minimum size requirement of 100%.

Table LIQ1 discloses quantitative information on the LCR. The table includes the values for the fourth calendar quarter of 2022 and the three preceding calendar quarters. The values are calculated as a simple average of the twelve month-end values before the respective quarter-end.

Change compared with the end of the previous year
The increase in the LCR in the past 12 months results mainly from the increased coverage (the surplus from liquidity buffer less total net cash outflows), as the liquidity buffer has increased more over the time compared to the net cash outflows. This is in particular due to the increase in central bank balances as a result of a higher volume of deposits and long-term refinancing funds compared to the previous year's reporting date.

Main drivers of LCR results and development of the contribution of inputs to the LCR calculation over time
The main driver behind the LCR development in terms of high quality liquid assets (HQLA) is the increase in the balances at central banks, which was strengthened mainly due to funding activities.

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 increased in 2022 with the planned increase in total assets. At the end of the previous year 2021, the total volume of deposits still amounted to € 7.7 billion and increased to € 9.2 billion in the course of 2022.
Address concentrations changed only marginally in this yearly comparison. At the end of 2022, the ten largest depositors account for around 18% of total deposits (31 December 2021: 17%).

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 2022. 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.

II.2 Net stable funding ratio (NSFR)

The NSFR requirements are a stable funding profile relative 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 to be 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 2022, calculated in accordance with Article 451a(3) CRR, amounts to 113% and is thus above the regulatory minimum requirement of 100%. The changes are part of 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 2022.

TAB. 14: 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)**	**31.12.2022**	**30.09.2022**	**30.06.2022**	**31.03.2022**	**31.12.2022**	**30.09.2022**	**30.06.2022**	**31.03.2022**
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), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					6,856	6,434	5,996	5,688
Cash outflows									
2	retail deposits and deposits from small business customers, of which:	85	97	113	124	10	11	12	13
3	*Stable deposits*	20	24	30	34	1	1	2	2
4	*Less stable deposits*	61	68	77	83	9	10	11	12
5	Unsecured wholesale funding	6,588	6,338	5,966	5,721	2,772	2,689	2,557	2,435
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	1,280	1,144	919	772	311	279	225	190
7	*Non-operational deposits (all counterparties)*	5,173	5,082	4,958	4,901	2,326	2,298	2,243	2,197
8	*Unsecured debt*	135	112	89	48	135	112	89	48
9	Secured wholesale funding					2	4	4	4
10	Additional requirements	3,647	3,782	3,795	3,735	1,600	1,543	1,408	1,230
11	*Outflows related to derivative exposures and other collateral requirements*	350	364	377	404	339	351	366	395
12	*Outflows related to loss of funding on debt products*	43	43	51	14	43	43	51	14
13	*Credit and liquidity facilities*	3,254	3,375	3,367	3,317	1,218	1,149	991	821
14	Other contractual funding obligations	88	76	85	82	60	49	58	56
15	Other contingent funding obligations	1,408	1,400	1,443	1,485	55	55	69	71
16	**Total cash outflows**					**4,499**	**4,351**	**4,108**	**3,809**
Cash inflows									
17	Secured lending (e.g. reverse repos)	–	18	18	18	–	–	–	–
18	Inflows from fully performing exposures	425	427	490	525	256	257	288	312
19	Other cash inflows	125	143	122	115	123	142	122	115
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**	**550**	**588**	**630**	**658**	**379**	**399**	**410**	**427**
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75% cap	550	588	630	658	379	399	410	427
Total adjusted value									
EU-21	**Liquidity buffer**					**6,856**	**6,434**	**5,996**	**5,688**
22	**Total net cash outflows**					**4,118**	**3,951**	**3,697**	**3,380**
23	**Liquidity coverage ratio (%)**					**168.3**	**164.4**	**163.7**	**168.7**

TAB. 15: LIQ2: NET STABLE FUNDING RATIO IN € M

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
	(in currency amount)	No maturity	< 6 months	6 months to < 1year	≥ 1year	
Available stable funding (ASF) Items						
1	Capital items and instruments	4,703	-	-	915	5,618
2	*Own funds*	4,703	-	-	915	5,618
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		78	2	1	74
5	*Stable deposits*		12	0	1	12
6	*Less stable deposits*		66	2	0	62
7	Wholesale funding:		10,364	3,472	9,015	14,982
8	*Operational deposits*		1,630	-	-	48
9	*Other wholesale funding*		8,734	3,472	9,015	14,934
10	Interdependent liabilities		83	211	1,929	-
11	Other liabilities:	20	279	2	533	534
12	*NSFR derivative liabilities*	20				
13	*All other liabilities and capital instruments not included in the above categories*		279	2	533	534
14	**Total available stable funding (ASF)**					**21,208**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					770
EU-15a	Assets encumbered for more than 12m in cover pool		308	534	4,134	4,229
16	Deposits held at other financial institutions for operational purposes		110	-	-	55
17	Performing loans and securities:		1,808	2,152	10,682	11,636
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*		378	431	1,519	1,772
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1,359	1,602	6,569	7,719
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		3	282	711	1,165
22	*Performing residential mortgages, of which:*		2	117	199	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		2	117	199	-
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*		70	2	2,396	2,146
25	Interdependent assets		84	232	1,957	-
26	Other assets:		587	7	1,765	1,952
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		125	-	-	106
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		409			20
31	*All other assets not included in the above categories*		53	7	1,765	1,825
32	Off-balance sheet items		228	99	3,589	174
33	**Total RSF**					**18,816**
34	**Stable Funding Ratio (%)**					**112.7**

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. 16: 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 3 44 - 48 Group management report (Risk Report) Page 85 - 86
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 86, 95 - 96
c	Structure and organisation of the credit risk management and control function	Article 435(1)(b)	Group management report (Risk Report) Page 86 - 88, 95 - 96
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 86 - 88

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. 17: 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**	**5,327**	**5,325**	**2**	**-**	**-**	**-**
010	**Loans and advances**	**19,134**	**17,386**	**1,559**	**398**	**0**	**377**
020	Central banks	-	-	-	-	-	-
030	General governments	707	707	0	-	-	-
040	Credit institutions	325	325	0	-	-	-
050	Other financial corporations	2,567	2,342	79	18	-	18
060	Non-financial corporations	15,387	13,870	1,476	374	0	356
070	Of which SMEs	7,031	6,233	763	42	-	39
080	Households	148	144	4	6	-	3
090	**Debt securities**	**5,409**	**4,986**	**0**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-
110	General governments	727	696	-	-	-	-
120	**Credit institutions**	2,820	2,652	-	-	-	-
130	**Other financial corporations**	1.654	1,431	-	-	-	-
140	**Non-financial corporations**	208	208	0	-	-	-
150	**Off-balance sheet exposures**	**4,504**	**3,874**	**89**	**47**	**-**	**26**
160	Central banks	-	-	-	-	-	-
170	General governments	18	18	-	-	-	-
180	Credit institutions	7	0	-	-	-	-
190	Other financial corporations	1,331	1,224	1	12	-	4
200	Non-financial corporations	3,137	2,624	87	36	-	23
210	Households	10	8	2	0	-	-
220	**Total**	**29,046**	**26,247**	**1,648**	**445**	**0**	**404**

		g	h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						**Accumu-lated partial write-off**	**Collaterals and financial guarantees received**	
		Performing exposures - Accumu-lated impairment and provisions			Non-performing exposures - Accu-mulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			of which stage 1	of which stage 2		of which stage 1	of which stage 2			
005	**Cash balances at central banks and other demand deposits**	**-0**	**-0**	**-0**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**-172**	**-72**	**-100**	**-246**	**-**	**-232**	**-17**	**11,087**	**145**
020	Central banks	-	-	-	-	-	-	-	-	-
030	General governments	-0	-0	-	-	-	-	-	19	-
040	Credit institutions	-0	-0	-	-	-	-	-0	-	-
050	Other financial corporations	-3	-3	-0	-4	-	-4	-	900	11
060	Non-financial corporations	-169	-69	-99	-237	-	-226	-17	10.083	132
070	Of which SMEs	-86	-23	-63	-16	-	-16	-	4.198	23
080	Households	-0	-0	-0	-4	-	-2	-	85	2
090	**Debt securities**	**-1**	**-1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-
110	General governments	-0	-0	-	-	-	-	-	-	-
120	**Credit institutions**	-0	-0	-	-	-	-	-	-	-
130	**Other financial corporations**	-0	-0	-	-	-	-	-	-	-
140	**Non-financial corporations**	-0	-0	-	-	-	-	-	-	-
150	**Off-balance sheet exposures**	**-3**	**-2**	**-1**	**-38**	**-**	**-31**		**200**	**12**
160	Central banks	-	-	-	-	-	-		-	-
170	General governments	-	-	-	-	-	-		-	-
180	Credit institutions	-0	-0	-	-	-	-		-	-
190	Other financial corporations	-1	-1	-0	-23	-	-19		2	-
200	Non-financial corporations	-3	-1	-1	-15	-	-13		198	12
210	Households	-0	-0	-0	-0	-	-		-	-
220	**Total**	**-176**	**-75**	**-101**	**-284**	**-**	**-263**	**-17**	**11,287**	**157**

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

		a
		Gross carrying amount
010	**Initial stock 30.06.2026**	**386**
020	Inflows to non-performing portfolios	29
030	Outflows from non-performing portfolios	-18
040	Outflows due to write-offs	-12
050	Outflows due to other situations	-6
060	**Final stock 31.12.2022**	**398**

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

		a	b	c	d	e	f	g
		Gross carrying amount/nominal amount				**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**
			of which: non-performing		of which: subject to impairment			
				of which: defaulted				
010	**On balance sheet exposures**	**24,940**	**398**	**398**	**24,317**	**-411**		**-8**
020	DE	9,377	301	301	9,309	-253		-8
030	LU	3,121	14	14	3,117	-34		-
040	MH	1,954	2	2	1,749	-4		-
050	NL	1,484	8	8	1,484	-7		-
060	FR	1,340	-	-	1,327	-11		-
070	GB	1,078	-	-	1,058	-23		-
080	US	822	-	-	746	-4		-
090	NO	560	-	-	560	-4		-
100	SE	558	-	-	501	-1		-
110	BE	555	-	-	551	-1		-
120	LR	533	-	-	528	-10		-
130	IE	428	-	-	384	-0		-
140	CA	359	-	-	359	-0		-
150	PA	303	-	-	292	-3		-
160	DK	290	-	-	281	-0		-
170	CH	254	0	0	254	-2		-
180	SG	234	33	33	201	-35		-
190	FI	210	-	-	199	-1		-
200	CY	193	-	-	193	-1		-
210	VG	191	-	-	191	-7		-
220	ES	170	-	-	170	-0		-
230	IT	170	-	-	170	-0		-
240	PT	161	-	-	157	-0		-
250	AT	161	9	9	130	-1		-
260	Other countries	436	30	30	406	-9		-
270	**Off-balance sheet exposures**	**4,551**	**47**	**47**			**41**	
280	DE	2,021	47	47			39	
290	LU	1,067	-	-			0	
300	KY	338	-	-			0	
310	MH	209	-	-			0	
320	GB	160	-	-			0	
330	US	126	-	-			0	
340	SE	119	-	-			0	
350	NL	97	-	-			0	
360	DK	95	-	-			0	
370	CH	85	-	-			0	
380	FR	42	-	-			0	
390	LR	33	-	-			0	
400	CY	33	-	-			0	
410	Other countries	129	1	1			1	
420	**Total**	**29,491**	**445**	**445**	**24,317**	**-411**	**41**	**-8**

TAB. 20: CQ5: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY (€M)

		a	b	c	d	e	f
		Gross carrying amount				**Accumulated impairment**	**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		
				of which: defaulted			
010	Agriculture, forestry and fishing	0	-	-	0	-0	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	244	20	20	244	-15	-
040	Electricity, gas, steam and air conditioning supply	2,044	36	36	2.038	-73	-0
050	Water supply	16	-	-	16	-0	-
060	Construction	795	4	4	795	-9	-
070	Wholesale and retail trade	290	13	13	290	-14	-
080	Transport and storage	3,775	45	45	3.775	-33	-
090	Accommodation and food service activities	278	28	28	278	-11	-
100	Information and communication	371	0	0	371	-5	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	6,277	187	187	6,236	-180	-5
130	Professional, scientific and technical activities	1,346	41	41	1,342	-59	-0
140	Administrative and support service activities	103	-	-	103	-1	-
150	Public administration and defence, compulsory social security	82	-	-	82	-0	-
160	Education	0	-	-	0	-	-
170	Human health services and social work activities	108	-	-	108	-0	-
180	Arts, entertainment and recreation	11	-	-	11	-0	-
190	Other services	21	-	-	21	-0	-
200	**Total**	**15,761**	**374**	**374**	**15,710**	**-401**	**-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.

TAB. 21: 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	888	8,036	10,357	5,792	-	25,073
2	Debt securities	-	740	1,715	2,240	-	4,695
3	**Total**	**888**	**8,776**	**12,071**	**8,032**	**-**	**29,768**

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: 2.0%), 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(d) CRR.

TAB. 22: 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**	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		of which: on non-performing forborne exposures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	418	363	363	351	-25	-237	471	161
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	18	18	18	-	-4	11	11
060	Non-financial corporations	418	341	341	332	-25	-229	460	150
070	Households	0	4	4	1	-	-4	0	0
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	12	8	8	8	-1	-6	-	-
100	**Total**	**430**	**370**	**370**	**358**	**-26**	**-243**	**471**	**161**

TAB. 23: CQ3: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS (€M)

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount of performing and non-performing exposures											
		Performing exposures			Non-performing exposures								
			Not past due or Past due < 30 days	Past due > 30 days < 90 days		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**	5,327	5.327	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	19,134	19,099	35	398	258	36	36	0	44	0	24	398
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	707	707	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	325	325	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	2,567	2,567	-	18	18	-	-	-	-	-	-	18
060	Non-financial corporations	15,387	15,352	35	374	239	36	36	0	41	0	21	374
070	Of which SMEs	7,031	7,031	-	42	9	33	-	-	-	-	-	42
080	Households	148	148	-	6	1	-	0	0	3	-	3	6
090	**Debt securities**	5,409	5,409	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	727	727	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	2,820	2,820	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	1,654	1,654	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	208	208	-	-	-	-	-	-	-	-	-	-
150	**Loan commitments given**	4,504			47								47
160	Central banks	-			-								-
170	General governments	18			-								-
180	Credit institutions	7			-								-
190	Other financial corporations	1,331			12								12
200	Non-financial corporations	3,137			36								36
210	Households	10			0								0
220	**Total**	29,046	24,507	35	445	258	36	36	0	44	0	24	445

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.

The "Template 1" table is intended to provide 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. Two types of EBA-compliant moratoriums were applied at Hamburg Commercial Bank, but they had already expired in full as of the reporting date. A replacement is not currently being offered. Since the table "Template 1" would be empty, the table is not shown.

Table 24 shows a breakdown of loans by the remaining term of the associated moratorium.

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 € 99 million. € 89 million of this relates to non-financial corporations.

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	119							
2	Loans and advances subject to moratorium	9	97	0	97	-	-	-	-	-
3	of which: Households		0	0	0	-	-	-	-	-
4	of which: Collateralised by residential immovable property		0	0	0	-	-	-	-	-
5	of which: Nonfinancial corporations		97	-	97	-	-	-	-	-
6	of which: Small and Mediumsized Enterprises		40	-	40	-	-	-	-	-
7	of which: Collateralised by commercial immovable property		97	-	97	-	-	-	-	-

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	99	47	80	-
2	of which: Households	-			-
3	of which: Collateralised by residential immovable property	-			-
4	of which: Non-financial corporations	89	47	71	-
5	of which: Small and Medium-sized Enterprises	1			-
6	of which: Collateralised by commercial immovable property	-			-

IV Use of credit risk mitigation techniques

Qualitative information on credit risk mitigation techniques is disclosed in accordance with Article 453 a to 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. Only standard framework agreements are used. The conclusion of new agreements for Hamburg Commercial Bank is carried out by the legal department. The legal enforceability of the netting agreement in the various legal systems is checked by regularly obtaining legal opinions. The contract data can be stored in the specialized standard application LeDIS. This data management system enables an automated review of individual derivative transactions. At present, only cash collateral is accepted as collateral for derivatives transactions. Standard master agreements are also used here.

The risk mitigation or netting agreement results from the offsetting of opposing risk positions through netting agreements. Hamburg Commercial Bank uses close-out netting, which is usually applied in the event of a deterioration in the creditworthiness of a counterparty, up to and including insolvency. In this process, receivables and liabilities are offset against each other. As a result, the resulting claims are determined by an equalization claim in the amount of the net market value of these transactions or the resulting unrealized gain or loss for both parties and the amounts are netted. In addition, individual collateral agreements may be concluded for securities lending and repo transactions. As at the reporting date, there is a counterparty credit risk position in the amount of € 266 million (see Table CCR4 in Section H II).

IV.2 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 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.3 Main types of collateral and information about market or credit risk concentrations within the credit mitigation taken

he market value of the collateral is based on the exposure level and probability of default. Collateral is recognized and valued on the basis of fixed criteria.

The options for taking collateral into account in the CRSA in relation to the FIRB approach are significantly limited. Accordingly, the portfolio segments treated by Hamburg Commercial Bank as CRSA positions under the partial use approach have disadvantages in terms of risk mitigation compared with the portfolio segments managed under the FIRB approach. For regulatory reporting in accordance with the CRR, partial-use positions are shown as CRSA positions, with the result that only collateral eligible for inclusion in the CRSA leads to a reduction in weighting.

While only real estate, financial collateral, life insurance policies, guarantees and netting agreements are taken into account in the CRSA, the FIRB approach also takes other IRB collateral into account in addition to receivables when calculating the risk-weighted exposure amounts.

When considering financial collateral as a credit risk mitigation tool, Hamburg Commercial Bank uses the comprehensive method in accordance with Articles 223 to 228 CRR. The risk exposure value of the counterparty risk position is reduced by the value of the financial collateral. Haircuts due to currency and maturity mismatches and volatility fluctuations are taken into account for the collateral.

For the recognition of real estate in CRSA, Articles 124 to 126 and 199 CRR are reviewed. The recognition of real estate as a credit risk mitigation instrument in FIRB is performed using the regulatory LGD in accordance with Article 230 CRR. Foreign real estate with a correlation between the risk of the obligor and the performance of the underlying property or project is recognized only if the competent authority of that Member State has published evidence that there is a well-developed, long-established residential real estate market in the territory of that Member State whose loss rates and aggregate losses have not exceeded certain limits set out in Articles 125, 126 and 199 CRR.

Among other IRB collateral, ship mortgages are recognized with a certain haircut because Hamburg Commercial Bank was able to demonstrate, in accordance with Article 199(5)(d) CRR, that for more than 10% of all liquidations, the proceeds realized were not less than 70% of the value of the collateral.

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

Real estate collateral accounts for approximately 68% of the total collateral portfolio. Of this, just under 83% is commercial real estate. The share of ships in the total collateral portfolio is approximately 22%. Container ships and bulkers account for just under 77% of this, while tankers account for 17% of ship collateral. The remaining collateral consists mainly of cash collateral and guarantees and accounts for approximately 8%.

Concentration risks arising from eligible collateral are managed on a portfolio basis at the level of the Bank as a whole, e.g. by monitoring and reporting these risks in management reports to the Risk Committee. In addition, it is integrated into the strategic planning and limit-setting process in that, for typical business area-related collateral (in particular project collateral such as ships), business area-related planning and limit-setting also has the effect of limiting the collateral typically associated with the respective business areas.

IV.4 Guarantors and credit derivative counterparties and their creditworthiness

The CRSA provides for the substitution principle for the recognition of warranties. This means that the risk weight of the debtor is replaced by that of the guarantor. This results in a transfer of the guaranteed amount from the debtor's exposure class to that of the guarantor. However, a transfer only takes place if the risk weight of the guarantor is lower than that of the debtor.

m Moody's, which is used for guarantees in CRSA. If two or more external credit assessments are available for an item, the allocation is made in accordance with the requirements of Article 138 CRR.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.

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

IV.5 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.

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	13.208	11.232	10.946	286	-
2	Debt securities	5.409	-	-	-	
3	**Total**	**18.617**	**11.232**	**10.946**	**286**	**-**
4	Of which non-performing exposures	253	145	140	4	-
5	Of which defaulted	208	145			

V Use of external ratings and Standardised Approach

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
Non-Bank Financial Institutions	CRSA Corporate	Fitch
Insurance	CRSA Corporate	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 credit risk 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 g to i CRR in conjunction with Artikel 444 e CRR 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	-	-	15	-	0	0.00
2	Regional government or local authorities	170	-	170	-	22	13.10
3	Public sector entities	430	0	434	0	0	0.023
4	Multilateral development banks	51	-	51	-	0	0.00
5	International organisations	13	-	13	-	0	0.00
6	Institutions	1,174	59	1,178	20	290	24.16
7	Corporates	2,403	325	2,383	157	2,190	86.21
8	Retail	0	0	0	0	0	74.00
9	Secured by mortgages on immovable property	539	7	539	3	238	43.85
10	Exposures in default	12	3	12	1	17	129.37
11	Exposures associated with particularly high risk	2	2	2	0	4	150.00
12	Covered bonds	1,690		1,690	-	179	10.59
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	569	413	569	207	659	84.98
15	Equity	-	-	-	-	-	-
16	Other items	-	-	-	-	-	-
17	**Total**	**7,053**	**810**	**7,057**	**388**	**3,599**	**48.34**

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)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight																
	Exposure classes	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1250%**	**Other**	**Total**	**Of which unrated**
1	Central governments or central banks	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15	15
2	Regional government or local authorities	59	-	-	-	111	-	-	-	-	-	-	-	-	-	-	170	170
3	Public sector entities	434	-	-	-	0	-	-	-	-	-	-	-	-	-	-	434	434
4	Multilateral development banks	51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51	51
5	International organisations	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	13
6	Institutions	-	-	-	-	1,099	-	60	-	-	40	-	-	-	-	-	1,199	1,199
7	Corporates	-	-	-	-	311	-	34	-	-	2,195	-	-	-	-	-	2,540	2,540
8	Retail	-	-	-	-	-	-		-	0		-	-	-	-	-	0	0
9	Secured by mortgages on immovable property	-	-	-	-	-	96	376	-			-	-	-	-	70	542	542
10	Exposures in default	-	-	-	-	-	-	-	-	-	5	8	-	-	-	-	13	13
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	2	2
12	Covered bonds	-	-	-	1,617	64	-	9	-	-	-	-	-	-	-	-	1,690	1,690
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	95	-	-	-	-	495	-	0			186	776	776
15	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	v
16	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
17	**Total**	**570**			**1,617**	**1,681**	**96**	**479**		**0**	**2,736**	**10**	**0**			**256**	**7,445**	**7,445**

VI IRB approach

In the following four subsections, the requirements under Article 452 (a) to (f) CRR are met. The following two subsections deal with quantitative requirements.

VI.1 Competent authority's permission of the IRB Approach or approved transition

Hamburg Commercial Bank uses the foundation IRB approach (FIRB) . It thus calculates the probability of default (PD) internally to determine the risk-weighted position amount. All other required parameters are specified by the supervisor. These are loss given default - LGD, exposure at default - EAD, credit conversion factor - CCF and maturity – M. The Bank received the necessary permission from the competent authority to use the IRB-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.

VI.2 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(f) 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.

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. 30: 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	Project financing	57
	Corporates	109
	Savings Banks Real Estate Rating (SIR)	4
	Countries and transfer risk	7.222
	Total	**7,392**
Institute	Corporates	52
	Total	**52**
Company	Ship financing	1,703
	Corporates	4,611
	Savings Banks Real Estate Rating (SIR)	7,435
	Project financing	3,334
	Total	**17,084**
Participations[1)]	Savings Banks Real Estate Rating (SIR)	0
	Total	**0**

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

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.

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.3 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.

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 subportfolios 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 foundation IRB Approach.

TAB. 31: RATING MODULES OF HAMBURG COMMERCIAL BANK APPROVED BY THE SUPERVISORY AUTHORITIES

Borrower, bearer of economic risk, asset or project	Rating module	Rating method
Company	Corporates	Scorecard
Real estate	Savings Banks Real Estate Rating (SIR)	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

Hamburg Commercial Bank uses the basic IRB approach, thus the regulatory LGDs are used.

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 regulatory CCFs are used.

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.

VI.4 Control mechanisms for rating systems

In accordance with Article 452(c) 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

The validation of the supervisory-approved rating modules 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.

The rating, LGD and CCF models that are not subject to supervisory approval from Hamburg Commercial Bank's perspective and are used for risk management purposes are also subject to regular validation. In addition, validity is also established for RSU and SR independently of maintenance and development.

Independence between model development and validation is ensured within Hamburg Commercial Bank by organizational separation of the units.

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.

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 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 Foundation IRB Approach (FIRB). This is why no separate table is shown for the advanced IRB approach (AIRB).

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

F-IRB Exposure class	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
	a	b	c	d	e	f	g	h	i	j	k	l	m
Central governments and central banks													
	0.00 to < 0.15	7,128	8	0.88	7,136	0.0021	7	45.00	2.50	83	0.01	0	-0
	0.00 to < 0.10	7,124	8	0.88	7,132	0.0021	6	45.00	2.50	82	0.01	0	-0
	0.10 to < 0.15	4	-	-	4	0.1031	1	45.00	2.50	1	0.32	0	-0
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	82	-	-	82	0.2601	1	45.00	2.50	44	0.54	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	-	-	-	-	-	1	-	-	-	-	-	-
	10 to < 20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to < 30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to < 100.00	-	-	-	-	-	1	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**7,211**	**8**	**0.88**	**7,218**	**0.0051**	**9**	**45.00**	**2.50**	**128**	**0.02**	**0**	**-0**
Institutions													
	0,00 bis < 0,15	13	-	-	13	0.0316	3	45.00	2.50	2	0.13	0	-0
	0.00 to < 0.15	13	-	-	13	0.0316	3	45.00	2.50	2	0.13	0	-0
	0.00 to < 0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	15	35	0.75	41	0.2887	1	45.00	2.50	31	0.75	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	**28**	**35**	**0.75**	**54**	**0.2286**	**4**	**45.00**	**2.50**	**33**	**0.60**	**0**	**-0**
Corporates – Specialised lending													
	0.00 to < 0.15	1,880	127	0.61	1,957	0.0798	120	40.44	2.50	339	0.17	1	-1
	0.00 to < 0.10	1,382	108	0.60	1,447	0.0670	90	40.07	2.50	215	0.15	0	-1
	0.10 to < 0.15	498	19	0.64	511	0.1160	30	41.51	2.50	124	0.24	0	-1
	0.15 to < 0.25	1,342	155	0.71	1,443	0.1757	55	40.17	2.50	404	0.28	1	-2
	0.25 to < 0.50	3,175	291	0.63	3,360	0.3276	132	38.72	2.50	1,374	0.41	4	-13
	0.50 to < 0.75	1,562	376	0.71	1,828	0.5919	47	39.83	2.50	1,106	0.61	4	-15
	0.75 to < 2.50	1,644	191	0.66	1,769	1.2791	68	38.91	2.50	1,218	0.69	8	-40

F-IRB Exposure class	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
	a	b	c	d	e	f	g	h	i	j	k	l	m
	0.75 to < 1.75	1,238	167	0.65	1,346	1.0495	53	39.30	2.50	891	0.66	5	-21
	1.75 to < 2.5	406	23	0.72	423	2.0102	15	37.64	2.50	327	0.77	3	-19
	2.50 to < 10.00	106	1	0.20	95	5.1067	6	41.78	2.50	92	0.97	2	-26
	2.5 to < 5	42			42	3.1107	3	37.66	2.50	31	0.73	0	-6
	5 to < 10	64	1	0.20	53	6.6667	3	45.00	2.50	62	1.16	2	-20
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to < 20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to < 30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (default)	191	1	0.20	191	100.00	9	39.21	2.50			72	-140
	Subtotal	**10,521**	**1.459**	**0.69**	**11,504**	**2.2943**	**492**	**39.68**	**2.50**	**5,189**	**0.45**	**90**	**-240**
Corporates SMEs													
	0.00 to < 0.15	266	6	0.66	270	0.1138	18	35.69	2.50	51	0.19	0	-0
	0.00 to < 0.10	84	4	0.63	87	0.0617	13	36.97	2.50	12	0.14	0	-0
	0.10 to < 0.15	182	2	0.73	183	0.1385	5	35.08	2.50	39	0.22	0	-0
	0.15 to < 0.25	373	47	0.72	407	0.1846	9	35.73	2.50	98	0.24	0	-1
	0.25 to < 0.50	23	37	0.16	29	0.3003	12	40.26	2.50	10	0.36	0	-0
	0.50 to < 0.75	39	13	0.08	40	0.6375	5	42.15	2.50	25	0.62	0	-0
	0.75 to < 2.50	62	10	0.29	65	1.047	5	42.36	2.50	45	0.69	0	-1
	0.75 to < 1.75	62	5	0.55	65	1.047	4	42.36	2.50	45	0.69	0	-1
	1.75 to < 2.5	-	5	-	-	-	1	-	-	-	-	-	-0
	2.50 to < 10.00	2	1	0.10	2	6.550	3	25.89	2.50	2	0.69	0	0
	2.5 to < 5		0	0.20	0	2.963	2		2.50				-0
	5 to < 10	2	1	0.06	2	6.6667	1	26.73	2.50	2	0.71	0	-0
	10.00 to <100.00	0	-	-	0	45.00	1	45.00	2.50	1	1.74	0	-0
	10 to < 20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to < 30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to < 100.00	0	-	-	0	45.00	1	45.00	2.50	1	1.74	0	-0
	100.00 (default)	14	-	-	14	100.00	1	39.55	2.50			6	-11
	Subtotal	**781**	**115**	**0.42**	**828**	**2.030**	**54**	**36.75**	**2.50**	**232**	**0.28**	**7**	**-14**
Corporates other													
	0.00 to < 0.15	1,099	392	0.43	1,267	0.0695	52	38.42	2.50	260	0.20	0	-1
	0.00 to < 0.10	876	303	0.41	1,001	0.0563	33	37.60	2.50	174	0.17	0	-0
	0.10 to < 0.15	223	89	0.50	266	0.1193	19	41.52	2.50	85	0.32	0	-0
	0.15 to < 0.25	692	371	0.35	823	0.1933	41	40.88	2.50	346	0.42	1	-1
	0.25 to < 0.50	1,239	455	0.43	1,435	0.3817	68	42.14	2.50	860	0.60	2	-4
	0.50 to < 0.75	814	81	0.69	868	0.6482	22	42.02	2.50	647	0.75	2	-4
	0.75 to < 2.50	633	277	0.50	767	1.2759	36	40.17	2.50	707	0.92	4	-7
	0.75 to < 1.75	487	166	0.66	594	1.0356	28	42.09	2.50	548	0.92	3	-5
	1.75 to < 2.5	145	111	0.25	173	2.1032	8	33.55	2.50	159	0.92	1	-2
	2.50 to < 10.00	174	18	0.40	175	3.8136	14	41.70	2.50	234	1.34	3	-14
	2.5 to < 5	174	13	0.16	170	3.6935	12	41.71	2.50	225	1.32	3	-14
	5 to < 10	0	5	1.00	5	7.9661	2	41.44	2.50	9	1.73	0	-0
	10.00 to <100.00	27	12	0.40	32	32.6771	11	42.50	2.50	72	2.26	4	-10
	10 to < 20	5	1	0.20	5	10.0000	2	45.00	2.50	10	2.05	0	-2
	20 to < 30	9	5	0.00	9	20.0000	2	40.06	2.50	20	2.25	1	-3
	30.00 to < 100.00	13	6	0.75	18	45.0000	7	43.00	2.50	42	2.33	4	-6
	100.00 (default)	145	33	0.38	154	100.0000	23	36.98	2.50			45	-76
	Subtotal	**4,822**	**1,640**	**0.44**	**5,521**	**3.5148**	**267**	**40.65**	**2.50**	**3,126**	**0.57**	**61**	**-117**
Total		**22,741**	**2,939**	**0.53**	**24,263**	**1.8774**	**771**	**41.31**	**2.50**	**8,051**	**0.33**	**161**	**-368**

Table CR6-A presents information on the extent of use of the IRB approach and the standardized approach per exposure class in accordance with Article 452 (b) CRR. This table also includes counterparty credit risk exposures.

TAB. 33: 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	7,385	8,064	8.424	-	91,58
1.1	*Of which Regional governments or local authorities*	-	170	100.0	-	-
1.2	*Of which Public sector entities*	-	432	100.0	-	-
2	Institutions	52	3,161	98.36	-	1.642
3	Corporates	16,735	20,677	19.06	-	80.94
3.1	*Of which Corporates - Specialised lending, excluding slotting approach*	-	10,556	-	-	100.0
3.2	*Of which Corporates - Specialised lending under slotting approach*	-	-	-	-	-
4	Retail	-	7	100.0	-	-
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	81	81	-	-	100.0
6	Other non-credit obligation assets	152	152	-	-	100.0
7	**Total**	**24,405**	**32,142**	**24.07**	**-**	**75.93**

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 Foundation IRB Approach (FIRB) exclusively. This is why no separate table is shown for the Advanced IRB Approach (AIRB).

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

			Credit risk mitigation techniques								
				Funded credit protection (FCP)							
		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 (%)
		a	**b**	**c**	**d**	**e**	**f**	**g**	**h**	**i**	**j**
1	Central governments and central banks	7,388	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Institutions	52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Corporates	16,823	0.99	56.95	42.20	0.37	14.38	0.00	0.00	0.00	0.00
3,1	Of which Of which Corporates – SMEs	826	0.16	85.74	79.36	0.39	5.99	0.00	0.00	0.00	0.00
3,2	Of which Corporates – Specialised lending	10,571	0.52	59.46	48.59	0.02	10.84	0.00	0.00	0.00	0.00
3,3	Of which Corporates – Other	5,426	2.05	47.69	24.09	1.04	22.56	0.00	0.00	0.00	0.00
4	**Total**	**24,263**	**0.69**	**39.49**	**29.26**	**0.26**	**9.97**	**0,00**	**0,00**	**0,00**	**0,00**

		Credit risk mitigation techniques		**Credit risk Mitigation methods in the calculation of RWEAs**	
		Unfunded credit protection (UFCP)			
		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)
		k	**l**	**m**	**n**
1	Central governments and central banks	0.00	0.00	128	128
2	Institutions	0.00	0.00	33	33
3	Corporates	0.00	0.00	7,891	7,891
3,1	Of which Of which Corporates – SMEs	0.00	0.00	232	232
3,2	Of which Corporates – Specialised lending	0.00	0.00	4,520	4,520
3,3	Of which Corporates – Other	0.00	0.00	3,138	3,138
4	**Total**	**0.00**	**0.00**	**8,051**	**8,051**

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.

Hamburg Commercial Bank currently does not hedge credit derivatives in order to reduce credit risk.. As a result, credit derivatives currently have no impact on the capital requirements and the Bank does not disclose Table CR7.

RWEA flow statement

In Table CR8, in accordance with Article 438 point (h) CRR, a flow statement is shown showing the changes in risk weighted exposure amounts (RWEAs) calculated under the IRB Approach. Shown are the total risk weighted exposure amount for credit risk calculated under the IRB Approach, taking into account support factors under Articles 501 and 501a CRR. Positions subject to counter-party credit risk (CCR positions) (Part 3 Title II Chapter 6 CRR) are not to be shown in this reporting sheet.

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

		a
		Risk weighted exposure amount
1	**RWEAs as at the end of the previous reporting period 30.09.2022**	**8,802**
2	Asset size	-51
3	Asset qualitiy	-234
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	1
7	Foreign exchange movements	-175
8	Other	-35
9	**REWAs as at the end of the reporting period 31.12.2022**	**8,308**

As required by the requirements of the Implementing Regulation (EU) 2021/637 in conjunction with the EBA/ITS/2020/04, significant changes to the RWEA flow statements during the reporting period and their main drivers are explained below.

The effect in terms of asset size is particularly due to the decrease in balance sheet assets.

Asset quality includes the effects of all parameter changes that lead to a change in the risk weight of a transaction. In addition to the value shown in the table above, the adjustments to model parameters currently anticipated in the additional risk position in accordance with Article 3 CRR (see Section B II) must also be taken into account when considering asset quality. In the overall view, there is a decrease in RWEA in the reporting period. As soon as the anticipated model adjustments become effective, they will be included in the RWEA flow statements.

In the fourth quarter of 2022, there were no model updates and no spillover effects from previous maintenance projects.

In the reporting period, there were no regulatory adjustments, nor were there any significant changes to the investment portfolio relevant to the RWEA flow statements.

The effect of foreign exchange movements results primarily from the USD exchange rate, which decreased from 0,9748 EUR/USD to 1,0666 EUR/USD.

Other includes in particular changes in exposure from the standard approach to the IRB approach and vice versa due to changed rating conditions.

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	-	-	190%	-	-	-
Exchange traded equity exposures	54	-	290%	54	157	0
Other equity exposures	25	2	370%	27	100	1
Total	**79**	**2**		**81**	**256**	**1**

VI.6 IRB Approach – PD backtesting

Information on the backtesting of IRB model parameters is disclosed in accordance with Article 452h 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.

lt rate is balanced overall. After an increase in default rates compared to the forecasts was evident in previous observation periods due to the difficult market environment, the temporary and segment-specific positive market environment in the more recent observation periods led to an improvement in the economic environment as well as to lower forecast values, which in addition tend to be undercut by the default rates.

Overall, the default rates in the corporates area are appropriate with only minor deviations from the forecast over time. The risk mapping of the Corporates portfolio in the crisis period was adequate, especially with regard to the Covid pandemic and the Ukraine war, and the realized default rate was slightly below the forecast. Overall, the Corporates model shows a very good match between the long-term level of the forecast and the default rate.

In the national real estate rating and the project-finance 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	5	-	-	0.0021	0.0400	-
	0.00 to < 0.10	4	-	-	0.0021	0.0175	-
	0.10 to <0.15	1	-	-	0.1031	0.1156	-
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	2	-	-	0.2601	0.2601	-
	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	-	-	-	-	-	-
	2.50 to < 5.00	-	-	-	-	-	-
	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	3	-	-	0.0316	0.0300	-
	0.00 to < 0.10	3	-	-	0.0316	0.0300	-
	0.10 to <0.15	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	1	-	-	0.2887	0.2887	-
	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	-	-	-	-	-	-
	2.50 to < 5.00	-	-	-	-	-	-
	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)	-	-	-	-	-	-
Corporates – Specialised lending	0.00 to < 0.15	146	-	-	0.0798	0.0800	-
	0.00 to < 0.10	106	-	-	0.0670	0.0614	-
	0.10 to <0.15	40	-	-	0.1160	0.1156	-
	0.15 to < 0.25	54	-	-	0.1757	0.1736	0.1700
	0.25 to < 0.50	141	-	-	0.3276	0.3263	0.0800
	0.50 to < 0.75	60	-	-	0.5919	0.5868	-
	0.75 to < 2.50	92	1	1.0900	1.2791	1.3520	0.1600
	0.75 to < 1.75	65	-	-	1.0495	1.0901	-
	1.75 to < 2.50	27	1	3.7000	2.0102	1.9826	0.4300
	2.50 to < 10.00	22	-	-	5.1067	4.4040	0.9600
	2.50 to < 5.00	16	-	-	3.1107	3.5556	0.4100
	5.00 to < 10.00	6	-	-	6.6667	6.6667	2.270
	10.00 to < 100.00	2	-	-	-	12.50	11.96
	10.00 to < 20.00	2	-	-	-	12.50	6.900
	20.00 to < 30.00	-	-	-	-	-	15.49
	30.00 to < 100.00	-	-	-	-	-	23.08
	100.00 (default)	9	-	-	100.0	100.0	-

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	28	-	-	0.1138	0.0600	0.5600
	0.00 to < 0.10	22	-	-	0.0617	0.0433	0.8000
	0.10 to <0.15	6	-	-	0.1385	0.1195	-
	0.15 to < 0.25	8	-	-	0.1846	0.1734	-
	0.25 to < 0.50	12	-	-	0.3003	0.3252	0.4000
	0.50 to < 0.75	7	-	-	0.6375	0.6279	-
	0.75 to < 2.50	13	-	-	1.0474	1.2905	1.0600
	0.75 to < 1.75	9	-	-	1.0474	0.9862	0.8800
	1.75 to < 2.50	4	-	-	-	1.9753	1.2300
	2.50 to < 10.00	7	-	-	6.5504	3.6190	4.7600
	2.50 to < 5.00	6	-	-	2.9630	3.1111	4.7600
	5.00 to < 10.00	1	-	-	6.6667	6.6667	4.3500
	10.00 to <100.00	12	-	-	45.00	38.7500	5.3600
	10.00 to <20.00	-	-	-	-	-	11.5400
	20.00 to < 30.00	3	-	-	-	20.00	-
	30.00 to <100.00	9	-	-	45.00	45.00	-
	100.00 (default)	6	-	-	100.0	100.0	-
Corporates other	0.00 to < 0.15	66	-	-	0.0695	0.0700	-
	0.00 to < 0.10	39	-	-	0.0563	0.0415	-
	0.10 to <0.15	27	-	-	0.1193	0.1176	-
	0.15 to < 0.25	48	1	2.0800	0.1933	0.1776	0.1700
	0.25 to < 0.50	101	-	-	0.3817	0.3319	0.0800
	0.50 to < 0.75	39	-	-	0.6482	0.6110	0.0000
	0.75 to < 2.50	58	1	1.7200	1.2759	1.2952	0.1600
	0.75 to < 1.75	46	1	2.1700	1.0356	1.1049	0.0000
	1.75 to < 2.50	12	-	-	2.1032	2.0247	0.4300
	2.50 to < 10.00	11	-	-	3.8136	4.6519	0.9600
	2.50 to < 5.00	7	-	-	3.6935	3.5005	0.4100
	5.00 to < 10.00	4	-	-	7.9661	6.6667	2.2700
	10.00 to <100.00	20	1	5.0000	32.6771	23.770	11.9600
	10.00 to <20.00	4	-	-	10.00	12.500	6.9000
	20.00 to < 30.00	12	1	8.3300	20.00	20.450	15.4900
	30.00 to <100.00	4	-	-	45.00	45.00	-
	100.00 (default)	34	-	-	100.0	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.

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 concluded collateral contracts with all financial counterparties and non-financial counterparties relevant for trading above the clearing threshold.

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. The initial margin (IM) requirement under EMIR came into effect for Hamburg Commercial Bank in September 2022. The bank has opted for the IM monitoring variant. Corresponding agreements were made with counterparties.

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.

Hamburg Commercial Bank exclusively uses 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)	201	137		1.40	473	473	441	199
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)					531	42	42	19
5	VaR for SFTs					-	-	-	-
6	**Total**					**1,005**	**515**	**483**	**219**

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 requirements. As a result, rows 1 to 3 and 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	113	47
EU4	Based on the Original Exposure Method	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**113**	**47**

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	-	120	-	-	96	6	-	-	-	-	-	**221**
7	Corporates	-	0	-	-	1	1	-	-	107	-	-	**108**
8	Retail	-	-	-	-	-	-	-	0	-	-	-	**0**
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	**-**
10	Other items	-	-	-	-	2	0	-	-	-	5	-	**7**
11	**Total**	**-**	**120**	**-**	**-**	**98**	**7**	**-**	**0**	**107**	**5**	**-**	**337**

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	4	-	1	45.00	2.50	-	-
	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	**4**	**-**	**1**	**45.00**	**2.50**	**-**	**-**
Institutions								
	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	0	0.43	1	45.00	2.50	0	69.04
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**0**	**0.43**	**1**	**45.00**	**2.50**	**0**	**69.04**
Corporates – Specialised lending								
	0.00 to < 0.15	38	0.07	48	44.93	2.50	7	17.51
	0.15 to < 0.25	150	0.17	17	44.99	2.50	42	27.98
	0.25 to < 0.50	9	0.33	23	43.60	2.50	4	42.43
	0.50 to < 0.75	1	0.59	4	45.00	2.50	0	53.70
	0.75 to < 2.50	11	1.13	17	44.87	2.50	7	67.34
	2.50 to < 10.00	7	6.55	4	45.00	2.50	8	117.9
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**216**	**0.42**	**113**	**44.91**	**2.50**	**69**	**31.74**
Corporates SMEs								
	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	1	0.15	1	45.00	2.50	0	26.64
	0.25 to < 0.50	1	0.38	2	35.00	2.50	0	37.60
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	0	1.22	3	45.00	2.50	0	69.65
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**2**	**0.36**	**6**	**40.77**	**2.50**	**1**	**35.78**
Corporates other								
	0.00 to < 0.15	12	0.09	11	40.06	2.50	3	26.11
	0.15 to < 0.25	4	0.18	7	45.00	2.50	2	43.37
	0.25 to < 0.50	7	0.33	16	44.94	2.50	4	55.61
	0.50 to < 0.75	18	0.65	6	44.46	2.50	15	81.41
	0.75 to < 2.50	1	1.00	4	45.00	2.50	1	96.48
	2.50 to < 10.00	0	4.23	3	45.00	2.50	0	150.4
	10.00 to <100.00	0	44.96	2	45.00	2.50	1	244.0
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**43**	**0.66**	**49**	**43.35**	**2.50**	**26**	**59.23**

		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 ma-turity (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		**266**	**0.45**	**170**	**44.62**	**2.50**	**95**	**35.79**

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 foundation IRB approach, the regulatory LGDs are assigned to the collateral.

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	29	139	218	135	-	-	-	-
2	Cash – other currencies	73	4	1	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	183
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**102**	**143**	**220**	**135**	**-**	**-**	**-**	**183**

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 acts as collateral provider (seller) for credit derivatives. There are no transactions from intermediation activities.

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	-	195
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	-	-
6	**Total notionals**	**-**	**195**
	Fair values		
7	Positive fair value (asset)	-	3
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)**		**4**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	121	2
3	(i) OTC derivatives	121	2
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	116	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	8	1
10	Unfunded default fund contributions	16	-
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	-	-

I Securitisations

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 € 1,541 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 and the names of the credit rating agencies are 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 € 241 million is composed of a € 214 million on-balance sheet and a € 27 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 € 708 million.

Planned securitisation activities

In the business plan for 2023, 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		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
1	**Total exposures**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**241**	**–**	**–**	**–**	**1,299**	**–**	**–**
2	Retail (total)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Residential mortgage	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Credit card	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Other retail exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	–	–	–	241	–	–	–	1,299	–	–
8	Loans to corporates	–	–	–	–	–	–	–	–	241	–	–	–	1,299	–	–
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**	**–**	**241**	**–**	**–**	**–**	**–**	**–**	**241**	**–**	**–**	**–**	**84**	**–**	**–**	**–**	**7**	**–**
2	Traditional transactions	–	241	–	–	–	–	–	241	–	–	–	84	–	–	–	7	–
3	Securitisation	–	241	–	–	–	–	–	241	–	–	–	84	–	–	–	7	–
4	Retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Wholesale	–	241	–	–	–	–	–	241	–	–	–	84	–	–	–	7	–
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**	**1,299**	**–**	**–**	**–**	**–**	**–**	**607**	**693**	**–**	**–**	**127**	**104**	**–**	**–**	**10**	**8**	**–**
2	Traditional transactions	1,299	–	–	–	–	–	607	693	–	–	127	104	–	–	10	8	–
3	Securitisation	1,299	–	–	–	–	–	607	693	–	–	127	104	–	–	10	8	–
4	Retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Wholesale	1,299	–	–	–	–	–	607	693	–	–	127	104	–	–	10	8	–
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 102 – 104
b) Structure and organisation of the market risk management function	Article 435(1)(b)	Group management report (Risk Report) Page 102 – 104
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 102 – 104

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 bank has no equity risk and no commodity risk. The interest rate risk increased, whereas the foreign exchange risk decreased.

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

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	208
2	Equity risk (general and specific)	–
3	Foreign exchange risk	116
4	Commodity risk	–
	Options	
5	Simplified approach	–
6	Delta-plus approach	–
7	Scenario approach	–
8	Securitisation (specific risk)	–
9	**Total**	**324**

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.

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 Asset Liability Committee manages the interest rate risk in the banking book within the framework of the market price risk limits and guidelines set by the Management Board in the Strategic Risk Framework. The implementation takes place in the Treasury & Markets business unit. 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 different interest rate shock. For this special analysis of the interest rate risks associated with banking book positions, the Bank primarily 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 determined on a monthly basis showed 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 for the year under review, meaning that it complies with the requirements set out in BaFin Circular 06/2019 (BA). The value of the additional early warning indicator of 15% of the Tier 1 capital is also not reached in any of the interest rate shock scenarios considered in accordance with EBA/GL/2018/02.

In addition, Hamburg Commercial Bank measures the interest income risks of the banking book positions on a quarterly basis by simulating the net interest income for different interest rate scenarios.

The quantitative information according to the EU IRRBB1 reporting form in accordance with DVO 2022/631 in conjunction with EBA/GL/2018/02 can be found in the following table.

TAB. 50: IRRBB1: INTEREST RATE RISKS OF NON-TRADING BOOK ACTIVITIES (€M)

	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios	**31.12.2022**	**30.06.2022**	**31.12.2022**	**30.06.2022**
Parallel up	-279	-95	-9	47
Parallel down	87	12	-31	15
Steepener	-14	50		
Flattener	-87	-117		
Short rates up	-193	-147		
Short rates down	66	71		

The values for the changes in the economic value of equity show the changes in present value aggregated across the essential currencies. The contributions of the currencies with a positive value are counted at 50% and the contributions of the currencies with a negative value are counted at 100% in the aggregated change in present value.

The quarterly values determined for the changes in net interest income indicate the difference between the net interest income assuming a development in interest rates according to forwards and the net interest income in the event of a parallel upward or downward shock in accordance with the regulatory requirements, i.e. taking into account an interest rate floor.

The change in the results at the end of 2022 compared to the middle of the year results primarily from the interest rate increase in the second half of 2022, which was driven by monetary policy and was particularly pronounced at the short end, resulting in an inverse yield curve. In addition, the adjustment of the bank's interest position to the changed market environment had an impact.

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 108 to 112) 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 € 90 million.

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

		a	b	c	d	e
		Relevant indicator			**Own funds requirements**	**Risk exposure amount**
Banking activities		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	597	527	635	90	1,124
3	*Subject to TSA*	597	527	635		
4	*Subject to ASA*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

L ESG risks

As of December 31, 2022, the new ESG disclosure requirements under Art. 449a of the Regulation (EU) 575/2013 (CRR) in conjunction with the Implementing Regulation (EU) 2022/2453 (hereinafter DVO 2022/2453) have entered into force. The new ESG disclosure requirements do not all come into force on the same effective date. With the exception of selected columns, the qualitative tables 1 to 3 and the quantitative reporting forms 1, 2, 4, 5, 10 must already be published as of reporting date December 31, 2022. In addition, a separate explanation is required for reporting form 3, which is explained in more detail in the corresponding chapter. All information has been provided on a best efforts basis.

Hamburg Commercial Bank (HCOB) is fully aware of its responsibility to create transparency about its ESG risk exposure. It will therefore find an adequate balance between regulatory requirements, voluntary disclosure and necessarily internal steering instruments used in the management-oriented dialogue.

I Qualitative ESG risks

The regulation (EU) 2022/2453 in conjunction with Art. 435 CRR requires institutions to deliver qualitative information on Environmental (E), Social (S) and Governance (G) issues along the dimensions “Business strategy and processes”, “Governance” and “Risk Management”. Those dimensions are chosen to structure the subsequent qualitative information whereby E, S and G aspects are subsumed under those dimensions to assure reading fluency and avoid redundancies. The line information (a-r) refer to the specifications in the DVO 2022/2453.

The present reporting on qualitative information with respect to E, S and G is strongly based on the CSR Report and supplemented with additional information where necessary. Furthermore, the focus here is on the portfolio level with some additional information regarding HCOB’s corporate level. HCOB’s CSR Report for the year 2022 was again considerably enhanced and expanded, e.g. regarding alignment with the Global Reporting Initiative (GRI) Standards, materiality analysis and reporting on EU Taxonomy Regulation. The CSR Report 2022 includes the Bank’s combined separate non-financial report, which was subject to limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

I.1 Business Strategy and Processes

Consideration of environmental and social risks in the business strategy (Art. 449a table 1 line a and table 2 line row a)

For HCOB, sustainability means future viability. The Bank acknowledges that aligning its business model and processes to sustainability requirements is one of the critical success factors for the future - considering both the opportunities and the risks related to environmental, social and governance factors. The Bank’s internal Guiding Principles (e.g. considering ESG as part of HCOB’s DNA, financing sustainable business activities to promote the transformation of the economy) serve as orientation for HCOB’s sustainable business conduct and as decision guidance for Bank members to contribute to sustainable transformation.

HCOB is a specialised commercial lender operating in four market-oriented segments (Real Estate, Shipping, Project Finance, and Corporates) with locations mostly in German metropolitan regions and selected markets across Europe. HCOB’s core focus is on asset-based lending and project and corporate financings. The largest share of HCOB’s loan book is based in the eurozone and other developed markets with high legal and social standards and strong transparency indicators. These markets are also influenced by the various international initiatives relating to ESG, making the Bank confident in its ability to successfully implement ESG standards. In 2022, HCOB further operationalised the ESG strategy in its business segments and continuously optimised its product offerings and the ESG-related customer dialogue by additional ESG training for the relationship sales team. Large shares of the Bank’s loan book relate to real estate, which focuses on office, retail and residential buildings mostly in Germany. Besides that, the Project Finance loan book supports renewable energy and infrastructure projects throughout Europe. HCOB’s Corporate Banking activities relate to a diverse mix of segments and clients, with only a small exposure to high emission industries such as basic materials, transportation and electric utilities. HCOB’s ship financing activities are focusing mainly on the three asset classes container, bulker and tanker. As a strong partner for the maritime sector, the Bank supports its clients to reduce the fuel consumption and pollutant emissions of their fleets.

Sustainability issues present systemic challenges to the continuation of business as usual. A sustainable business strategy presents a way of changing the overall risk profile of an organisation through mitigating, minimising and removing potential flaws likely to act as obstacles to business success over the long term. HCOB’s critical challenges lie in understanding sustainability as a transformational driver rather than an operational issue, and in communicating the financial implications of its sustainable behaviour to investors and markets. HCOB has integrated its strategic approaches and objectives based on sustainability aspects as defined in the Strategy Architecture, supplemented by the Sustainability Framework to form a meaningful set of guidelines. The Sustainability Framework has therefore been implemented on a high level of the Strategy Architecture to ensure a holistic integration of all the Bank’s subordinate strategies (namely Business Strategy, Risk Strategy, Funding Strategy, Credit Standards, and Functional Strategies).

Every disruptive market environment - in this case caused by the mega trend ESG - offers a broad range of market business opportunities. The Bank wants to safeguard its revenues by establishing a future-oriented, stable cash flow generating portfolio within an adequate risk/return profile, that is in line with the changing market environment and therefore avoids stranded assets at the same time.

The Bank's Strategic Risk Framework (SRF) states that HCOB increasingly takes advantage of ESG business opportunities resulting from transition finance and actively manages resulting ESG risks in accordance with self-commitments and regulatory initiatives. An understanding of, and shared responsibility for, risks as well as an adequate level of competence when considering the potential offered by new products, markets and distribution channels, is a prerequisite for an effective risk management system. Climate and environment-related opportunities and risks have been analysed in particular.

In 2023, as a subsequent next step to the identification of ESG-related market potentials in late 2022, the Bank will create and establish a Sustainable Finance Framework (SFF) and develop segment specific climate strategies. The SFF will provide sector-based definitions of 'sustainable ' finance, 'transformational' finance and 'exclusion' finance with a focus on climate change mitigation and adaptation, and other environmental and social criteria where appropriate. The SFF defines how HCOB actively supports the transformation of the economy in general and individual clients in particular. The focus will be on transformational finance. In line with the development of the SFF, the climate strategies and in accordance with its commitment to the PCAF (Partnership for Carbon Accounting Financials) standard, HCOB will develop a respective emission reduction strategy by the end of 2023.

Objectives, targets and limits for the assessment and management of environmental and social risks (Article 449a CRR table 1 line b and table 2 line b)

The Strategic Risk Framework, which serves as the foundation of the risk culture, sets out the focus of the Bank's risk management activities and defines the objectives of risk management based on the planned development of key business activities and measures taken to achieve these objectives. The focus lies on securing and allocating the scarce resources of capital and liquidity to the requirements arising from the existing and targeted new business and on optimising earnings in the long term, considering the risk appetite, business strategy objectives, sustainability goals, the market environment and both the existing and planned portfolios. In accordance with the character of being a driver for the respective risk types, ESG aspects have especially been integrated in the Strategic Risk Framework's risk-strategic principles, the risk strategies and the governance.

HCOB takes adequate measures to actively manage and reduce ESG risks in accordance with the spirit of relevant sustainability and regulatory initiatives, e.g. the Paris Agreement, the PCAF standard, the "Guide on climate-related and environmental risks" issued by the ECB or BaFin-Merkblatt "Guidance notice on dealing with sustainability risks". To this end, HCOB has developed a comprehensive evaluation system based on the core elements Black List, ESG decision matrix, ESG scoring, internal stress testing/ scenario analysis and risk inventory process. The first three elements aim at excluding or restricting environmental, social, and governance risks, respectively defining additional mitigating measures. With respect to scenario analysis and stress testing, HCOB has two explicit ESG scenarios.[2]

For 2023 and the following years, HCOB has defined targets with respect to the categories "Strategy & Governance", "Portfolio Level" and "Corporate Level" which are communicated conclusively via the CSR Report 2022 and for which a selection regarding ESG strategy and ESG risk management is presented below:[3]

- Develop sustainable finance framework accompanied by respective segment specific climate strategies including further development of KPIs and KRIs
- Position core lending franchises to capture attractive market opportunities especially regarding sustainable new business origination
- Continuously adapt to dynamic, regulatory environment regarding internal climate risk stress testing
- Further assess and improve usage of climate-risk related data (esp. asset classes CRE and Shipping) for risk management purposes
- Further enhance evaluation of the loan portfolio against physical and transition risks (PRB target for climate adaptation)
- Develop ESG-linked pricing and product solutions for implementation in 2024, in alignment with the sustainable finance framework and segment specific climate strategies
- Safeguard our strict Investment Policy[4] in our investment portfolios
- Evaluate every new loan by ESG-Scoring Tool and conduct no loans with score 5 and 6
- Evaluate every new loan against the UN Sustainable Development Goals (PRB target for climate adaptation)

[2] See section "Instruments and processes for the identification, measurement and monitoring of business activities exposed to environmental and social risks as well as limits and escalation processes" regarding a description of details, application and limits of all mentioned elements of the evaluation process.

[3] For more information see chapter „HCOB's Sustainability Targets", page 35-38 of CSR Report 2022.

[4] "Sustainability Guidelines for Investments in Securities"; regarding investment activities also see next chapter.

Current investment activities and (future) investment targets towards EU taxonomy-aligned activities (Art. 449a CRR table 1 line c)

In addition to its lending business, HCOB is also an active investor in Capital Markets. The Bank distinguishes between three different product classes in its investment portfolio:

1. Active investments

Bonds from well-known issuers like supranationals, governments, state agencies and major banks from developed countries are referred to as active investments, as such security investments are actively managed by HCOB. They constitute the largest part of the Bank's investment portfolio.

2. Passive investments

With so-called passive investments HCOB also invests in securities and other structured financial instruments to build up diversified portfolios of loans or similar financial instruments, for example SME corporate loans. Such portfolios are actively managed by independent third-party portfolio managers.

3. Semi-passive investments

In addition, HCOB also strategically invests in so-called semi-passive products. These are investment vehicles set up exclusively for HCOB by an independent external portfolio manager, investing in diversified portfolios of corporate loans and bonds.

Details regarding the treatment of ESG issues with respect to the different asset classes can be derived from the section "Instruments and processes for the identification, measurement and monitoring of business activities exposed to environmental and social risks as well as limits and escalation processes".

EU Taxonomy-aligned activities

EU Taxonomy provides the first methodology to identify "green" assets. As required, HCOB publishes information on Taxonomy-eligibility as well as other indicators for year-end 2021 and 2022 in the CSR Report. The first reporting on EU Taxonomy-aligned business will be carried out as of reporting date 31.12.2023.

HCOB's Taxonomy-eligible activities amounted to 2 percent of total covered assets as of year-end 2022. The mandatory Taxonomy KPIs don't reflect the extent of HCOB's activities towards industry sectors with particular relevance to GHG emissions and climate change as most of the Bank's asset finance and project finance business is done with clients not subject to NFRD (Non-Financial Reporting Directive). To give a more realistic picture of HCOB's exposure with regard to financed Taxonomy-relevant economic activities, additional information is provided on a voluntary base. As a result, HCOB's covered assets of € 26.2 billion at year-end 2022 comprise of € 15.7 billion (60 %) financings of Taxonomy-eligible economic activities as well as € 10.4 billion (40 %) exposure from financings of Taxonomy-non- eligible economic activities, including other assets. As of year-end 2022 nil of HCOB's exposure from SPV/project financings of wind and solar farms qualified for inclusion in the Bank's eligibility KPIs.

HCOB successively integrates EU Taxonomy Regulation in its business strategy, product design processes and engagement with clients and counterparties. Identification of Taxonomy-eligible clients' business activities and their alignment is part of the loan origination process and long-term strategic planning. EU Taxonomy will also be the core of HCOB's Sustainable Finance Framework which is currently under development. Hereby, the material criteria for sustainable economic activities provided by Taxonomy Regulation will be used as a key guideline for defining practicable criteria that are applicable to all of the Bank's clients, regardless of their size and country of domicile.

Policies and procedures for the involvement of counterparties in relation to their management of environmental and social risks (Article 449a CRR table 1 line d and table 2 line c)

The Bank has a transparent and documented decision-making process and a clear allocation of responsibilities and authority within the internal control framework, including business lines, internal units and internal control functions that promote informed decision-making by the management body.

Here, we refer to selected overall internal guidelines; specific policies and procedures, especially those regarding the loan origination process, can be found in the respective sections.[5]

(1) Code of conduct

The Code of Conduct creates a reliable framework for responsible action by all employees that meets both legal requirements and ethical and social standards. It primarily covers the classic compliance rules, along with the requirements for HCOB's conduct in the areas of tax, finance, risk management, data privacy and communications. It also contains the standards of conduct employees apply in their day-to-day collaboration with colleagues, in their dealings with customers and in fulfilling HCOB's social responsibility. Compliance with these standards enhances the Bank's reputation among customers, investors, regulators, rating agencies, the public, employees and shareholders.

(2) General guidelines for business relationships and transactions

The general guidelines for the Bank's business activities and interactions anchored in HCOB's Code of Conduct are based on the requirements that apply to the Bank from its environment and take into account e.g.,

[5] For the loan origination process, the instruments used and their embedment in the process, please refer too section "Instruments and processes for the identification, measurement and monitoring of business activities exposed to environmental and social risks as well as limits and escalation processes".

the 10 principles of the UN Global Compact and include the following aspects:

- Human Rights and Labour Standards
- Environmental Protection
- Anti-Corruption and Criminal/illegal activities
- Violent groups
- Arms and weapons industry
- Speculation on the agricultural commodities/food markets and Tax compliance

Exclusion criteria and requirements, which are to be complied with by the initiating units as part of the know-your-customer process, have been defined for these aspects.

I.2 Governance

Responsibilities of the management body for the management of environmental and social risks, its integration of risk effects, organizational structure and internal control functions as well as measures (Article 449a CRR table 1 line e, f, g and table 2 line d, e)

The assignment of roles and responsibilities is an issue common to all three spheres, i.e. Environmental, Social and Governance. Comprehensive and structured sustainability governance forms the basis for good sustainability work. At HCOB, the Management Board is responsible for the topic of sustainability. To empower sustainable action as a formative component of the HCOB DNA and ensure achievement of its sustainability goals, the Bank has established a Sustainability Committee (SC) to act as a decision-making body on a strategic level, as well as an ESG Department, which has the responsibility of operationalising the SC's strategic decisions. Additionally, sustainability topics are operationalised by respective line functions throughout the Bank.

In accordance with the importance HCOB attributes this topic, the SC is chaired by the CEO, with the CRO as deputy (SC is co-chaired by the CRO and the CIO since 11/2022). To ensure compliance with the Bank's ESG goals and with the requirements of ESG-related legal, regulatory and other external frameworks to which HCOB has committed itself voluntarily, the Sustainability Committee is responsible for:

1. The development and management of the Bank's sustainability strategy with regard to ESG-criteria and goal setting
2. Monitoring the implementation of the sustainability (ESG) plan of the Bank
3. Initiation of appropriate corresponding counter or mitigating measures in case of significant plan deviations
4. Decision-making with regards to the ESG Decision Matrix[6] only for cases requiring a positive vote of the SC
5. As applicable and in accordance with HCOB's business and funding objectives, facilitation and implementation of HCOB's Green Bond Framework according to ICMA (International Capital Market Association) and Green Bond Principles

Apart from the Sustainability Committee which meets regularly and in which the entire Management Board is a member, also the Supervisory Board forms an integrative part of HCOB's sustainability governance structure. ESG is a standing agenda item in the Supervisory Board meetings and periodically in its subcommittees. Thus, the Supervisory Board is kept well informed on the progress being made and other key considerations related to ESG.

ESG aspects are an integral part when new business opportunities are presented to the Bank's Franchise and Credit Committee. One of the main functions of the Franchise Committee is the steering of strategically desired deals with respect to profitability (incl. syndication and product), structural and risk aspects as well as with regard to sustainability criteria. ESG aspects are an integral part of any credit decisions including those taken on Credit Committee and Management Board level.

The individual organisational units of the Bank – as the first line of defence – are responsible for identifying and managing risks and for establishing effective controls in day-to-day business operations. The second line of defence defines the framework for managing risk by setting uniform rules and methods and monitors their implementation. Internal Audit, as the third line of defence, is responsible for the independent review of processes and procedures.[7]

As ESG is considered a driver for the respective risk types, the three-lines-of-defence principle fully applies for the integration of short-, medium-, and long-term environmental factors and risks.

Processes, roles and organisational responsibilities associated with sustainability risks are set out in the Strategic Risk Framework, which lies in the responsibility of BU Risk Control.

Lines of reporting and frequency of reporting relating to environmental, social and governance risks (Article 449a CRR table 1 line h, table 2 line f and table 3 line a)

To enable the Management Board to steer ESG risks, the Supervisory Board to perform its monitoring function and to be able to inform its stakeholders, the Bank will continue to integrate risk-relevant information in the Management Report and its external disclosure.

[6] For further details regarding the ESG Decision Matrix and its process integration please refer to section "Instruments and processes for the identification, measurement and monitoring of business activities exposed to environmental and social risks as well as limits and escalation processes".

[7] Further information on the objectives, organisation and effectiveness of the risk management system can be found in the HCOB Annual Report 2022.

With respect to the latter in addition to the Disclosure Report according to part 8 CRR, the CSR Report contains comprehensive ESG information. Furthermore, ESG (including risk aspects) is integrated into manifold internal reports according to their respective frequencies. For example compliance with the risk limits and guidelines set by the Strategic Risk Framework is ensured via monitoring in monthly reports to the Management Board. Semi-annually (as of reference dates 30.06. and 31.12.) these reports also include aggregated information on scoring results as well as the so-called heat map which contains detailed information regarding the E, S and G results of the ESG Scoring combined with country scores, all differentiated along the segments in which HCOB is active.[8] Finally, sub-portfolio risk analysis is continuously further developed to contain more ESG-related data and considerations in the risk reports to the Management Board.

In order for the Bank to carry out dynamic stress tests, the Scenario Steering Committee (SSC) approves macroeconomic and segment-specific forecasts based on observed market developments and macroeconomic forecasts of relevant central banks. These expected and stress forecasts are incorporated in different simulation scenarios and the results are presented quarterly to the Asset Liability Committee (ALCO) and Overall Management Board.

Alignment of the remuneration policy with institution's environmental and social risks (Article 449a CRR table 1 line i and table 2 line g)

The remuneration policy for the Management Board has been adjusted to ensure that ESG objectives are appropriately taken into account and are included in the assessment of compensation. Compliance with these objectives is monitored by the Supervisory Board.

Furthermore, the overall Bank objectives also include specific ESG-related targets that apply to all employee levels.

By integrating ESG criteria into both the remuneration of the Management Board and the variable components of employees, active incentives are created to drive the sustainable transformation of the Bank even further.

I.3 Risk Management

Definitions, methodologies and international standards on which the environmental and social risk management framework is based (Article 449a CRR table 1 line k and table 2 line h)

Several frameworks are used by HCOB for the definition of risks in relation to stakeholder interests. The identification of key factors for assessing risks, developments and important sub-indicators are provided by the Guidance Notice published by the German Federal Financial Supervisory Authority (BaFin) on dealing with Sustainability Risks, the ECB's guide on climate-related and environmental risks, the EBA Guidelines on loan origination and monitoring, and Art. 449a CRR requirements regarding ESG risk disclosure.

Furthermore, regulators and other relevant organisations have issued various frameworks and regulations concerning the definition of certain requirements and guidance to follow by HCOB on its sustainability journey. Examples are the EU Taxonomy, the TCFD – Task Force on Climate-related Financial Disclosures, ECB questionnaire in respect of climate and environmental risks, the EU Disclosure Regulation, and MiFID II with regard to ESG. The requirements set out in the various frameworks and regulations referred to above have been firmly anchored in the Bank's ESG roadmap and are accordingly integrated into control, process and task descriptions.

Description of transmission channels and integration of short-, medium- and long-term effects in the risk management framework (Article 449a CRR table 1 line j, r and table 2 line m)

The starting point for a consideration of sustainability risks in the risk management process are the ESG factors identified as material in the risk inventory. In line with regulatory initiatives, HCOB does not think of sustainability risks as a separate risk type, but as a risk driver for the respective risk types. As such it can induce a negative impact based on changes in the relevant ESG influencing factors.

In line with the Bank's business model, the analysis in the risk inventory process focuses on climate-related risks and considers both physical risks and transition risks. In particular, physical risks, which involve long-term business risks due to changes in weather and climate, as well as transition risks are considered as a risk driver for the different risk types in the risk inventory and as such have an effect on the classic risk types such as credit or market risk by means of transmission channels. These transmission channels prove to be a powerful tool when considering sustainability risks in risk management processes and can fulfil three tasks: supporting materiality assessment, documentation and quantitative modelling.

Transmission channels are to be defined institution- and business model-specific for each risk type and relevant asset class. In fulfilling their first task of supporting materiality assessment, their representation can support the structuring of the lines of argumentation with regard to an evaluation of the relevance and materiality of a given ESG factor. In its second task, the resulting catalogue of transmission channels fulfils the documentation obligation - in the language defined by the supervisory authorities - to stringently demonstrate the (non)-relevance of certain ESG factors. In fulfilling their third role, transmission channels can assist in the

[8] Information on which topics HCOB evaluates its counterparties regarding E, S and G can be found in the section describing the ESG Scoring Tool in more detail.

development of quantitative models or in the identification of quantitative shocks to institution-specific risk factors in individual risk models. This is because, along the impact chains, the magnitude of the impact of the respective preceding event can be determined for the individual chain segments and, ultimately, changes in risk model parameters can be derived on the basis of models or expert judgements. The elements of the impact chains can be manifold and do not only include economic aspects. For example, the modelling of physical climate scenarios requires not only an understanding of economics, but also an understanding of the physical interrelationships during the impact of an extreme weather event, for example.

The following table further describes the transmission channels analysed in the risk inventory process:

Physical risks	**Acute physical risks** *damage to property and assets of HCOB & customers* Extreme weather events and climate induced natural disaster like floodings, storms or fires may occur once in the planning horizon
	Chronic physical risks - climate change *increased costs for HCOB & customers to address damages or losses incidents affecting their ability to pay* Extreme weather and climate induced natural disaster events like floodings, storms or fires that occur regular and permanently (change like sea level rise)
Transition risks	**Political & legal pressure on banks** *"best-in-class-approach" in EU regulation for banks - pressure on business models of financial institutions in the EU (products, services, investments)*
	Green regulation *"best-in-class-approach" in EU regulation for real economy - sharpened environmental regulations for real estate, transport & energy sector*
	Green technology *clients which are affected by substitution of existing non-sustainable products and services - green trends e.g. decarbonisation*
	Market sentiment *consumers and investors favoring more sustainable products*
	Digital ESG reputation *public internet boycott invocation due to ESG topics for single client or sector products & services*
	Ecological protectionism *international trade conflicts caused by environmental requirements of national governments*

The impact of these identified transmission channels is further specified on risk type level[9] in a second step, which allows an adequate description of the manifold impacts, the assessed relevance and materiality. For each transition channel a time frame has been defined, in which the most relevant impact is expected.

HCOB continues to intensify its work in the area of identifying and managing ESG risks. For evaluation, the Bank is relying on qualitative assessments supported by strong quantitative elements. The latter take into account externally acquired data (e.g. KARL© for physical risks, Energy Performance Certificates, data from Scope SE & Co. KGaA) as well as internally generated data (e.g. ESG scores, stress test results or depositor analysis). According to the progress in data availability and modelling, HCOB expects the evaluation to become increasingly quantitative with a focus on the development of segment-specific climate strategies for the Bank’s portfolio.

Drawing up the risk inventory is part of HCOB’s process to at least yearly update the Strategic Risk Framework. At the end of this process the results are approved by the Management Board.

Instruments and processes for the identification, measurement and monitoring of business activities exposed to environmental and social risks as well as limits and escalation processes (Article 449a CRR table 1 line l, n, q and table 2 line i, k, l)

It is important for HCOB to support the sustainable transformation of the economy and society through its business. In doing so, the Bank not only pays attention to ecological aspects, but also consciously includes social and governance aspects. To meet this requirement, HCOB has developed a comprehensive evaluation system based on the core elements Black List, ESG decision matrix, ESG scoring and internal stress testing/ scenario analysis. With the help of this comprehensive and forward looking ESG risk management instruments, the Bank aims to contribute to the long-term sustainability and performance of its loan book and its investment portfolio.

ESG Risk Management in Loan Origination

(1) Risk management elements

Black List

The HCOB Black List is a key element to prevent the financing of highly questionable companies and business activities. It defines the areas in which HCOB will not become involved in any direct financing arrangements and is updated regularly. The Black List consists of the three levels (i) country, (ii) industry and (iii) company. With respect to the first level, no business will be conducted in countries with either a high level of corruption or a very low level of peacefulness. On the second level, no business will be conducted in industries and economic activities that according to HCOB negatively impact sustainability aspects. And finally on the third level, no business will be conducted with companies that violate human dignity, human rights or any other global norms in general with companies that violate human dignity, human rights or any other global norms in general.[10]

[9] In accordance with the risk types defined in the Bank’s Strategic Risk Framework.

[10] For further details and a more comprehensive overview please refer to ESG Factbook - Black List Update or the CSR Report (both published on the HCOB website).

As a first step in HCOB's decision process in loan origination, the Black List must be used as a basis for classifying new transactions. Based on this first step, HCOB ensures a thorough screening process for new business. The use of proceeds, the borrower or company, and the location of the project and sponsor are all taken into consideration, including basic ethical principles such as the respect for human rights.

ESG Decision Matrix

To be able to make decisions at company level in a systematic manner and to create a uniform and standardised basis for decision-making, HCOB has created an ESG decision matrix as a guide for lending. After the check against the Black List it is to be applied as a second step in the loan origination process. The application of the ESG Decision Matrix may require further investigation, mitigants and/ or a positive vote of the Sustainability Committee dependent on the existence and extent of potentially blacklisted business activities and the use of proceeds. Certain combinations of clients and use of proceeds are excluded from financing.

With this process, HCOB has created a basis for evaluating companies and respective financing purposes that are partly unsustainable. The Bank's goal is not to exclude companies from financing, but to reward the impulse to improve and encourage the move towards a greener economy. This means the HCOB ESG decision matrix positively highlights the willingness to improve and enables financings of such sustainable improvements even in so called "brown" industries.

ESG Scoring Tool (Article 449a CRR table 2 line d [i-iv] and table 3 line b, c [i-vi], d [i-vi])

In October 2020, HCOB introduced a holistic ESG Scoring Tool in order to evaluate the ESG characteristics of its lending activity and loan portfolio ESG quality. The model is applicable to financings for corporations across all industry sectors as well as to project and asset financings. Only governments and retail clients cannot be assessed with regard to their ESG characteristics.

The scoring tool was built alongside the guidance from EBA and BaFin to integrate ESG factors into the lending process. It supports the Bank to intensify the sustainability dialogue with its clients, allowing HCOB to:

– Systematically evaluate Climate/Environmental/Social/Governance aspects of the clients, assets and projects which HCOB finances,
– Assess physical and transition risks from climate change in its lending and investment portfolio,
– Better understand HCOB's clients' challenges on their path towards a sustainable future and provide financing solutions that suit their needs.

The in-house developed ESG Scoring methodology is fully integrated in the loan origination as well as – where applicable – in the investment process. It encompasses environmental, social and governance aspects and has strong risk references. For example, with respect to the environmental aspect physical and transition risks have to be evaluated on a single deal basis considering specific use of proceeds and overall ESG assessment of the customer.

The ESG scoring tool encompasses in total 34 questions of which 18 relating to climate and environmental aspects, 7 to social aspects and 9 to governance-linked issues.

Environmental questions (weight: 50%)	relating to	
	(i)	Climate risk exposure (4 questions)
	(ii)	GHG emissions and energy (5 questions)
	(iii)	Other environmental fields and related specific issues (9 questions)
Social questions (weight: 25%)	relating to	
	(i)	Compliance with labour standards
	(ii)	Trade unions, work council and freedom of assembly
	(iii)	Fair working conditions
	(iv)	Safety of employees and health protection
	(v)	Product safety
	(vi)	Observance of social standards in the supply chain
	(vii)	Rights of minorities and consideration of the population's interest
Governance questions (weight: 25%)	relating to	
	(i)	Compliance with relevant laws and regulations
	(ii)	Corporate transparency
	(iii)	Whistleblowing
	(iv)	Farsightedness and sustainability of corporate policy
	(v)	Remuneration of management board linked to sustainability targets
	(vi)	Social responsibility/ commitment
	(vii)	Corporate governance standard
	(viii)	Data security problems
	(ix)	Missing fairness in dealings with employees

The scoring model provides Environment, Social and Governance sub-grades as well as an overall ESG grade. Hereby, the "Environmental" factor has a double weighting assigned, meaning that this sub-grade carries more weight compared to the social and governance sub-grades. Here, a special focus is placed on exposure to physical and transition risk, energy consumption, energy efficiency and carbon footprint.

The overall ESG grade ranges from 1 to 6 (1 being the best grade) and is assigned to each new business opportunity presented to the Bank's Franchise and Credit Committees. A new business opportunity with a score of 5 and 6 leads to deal rejection if no mitigating factors are presented and if not explicitly accepted by the voting Credit Committee members.

To perform a scoring is in principle mandatory for each new business. For existing business, the scoring has to be updated at least once a year. In 2022, the ESG Scoring process was aligned to the rating process by having the 2nd line of defence approve the ESG Scoring results.

The ESG scoring tool continues to be refined and improved, e.g. with newly developed methods for quantifying physical and transition risk, evolving standards and best practice in the different sustainability factors as well as the adaption and reflection of EU taxonomy requirements. In 2023 the aim for ESG scoring is to develop and integrate an online solution to enable client ESG self-assessments and to align the ESG assessment with HCOB's new Sustainable Finance Framework under development.

Non-climate-related environmental risks such as pollution and biodiversity risks are a part of ESG scoring and are thus already subject to systematic evaluation as part of the loan origination process. HCOB monitors the current developments in regulation and standard setting in order to develop appropriate solutions for the factors regarding quantifiability and comparability across asset classes, industries and countries. With greater concretization, the Bank's instruments will be adapted accordingly, i.e. in particular the ESG Scoring Tool, but also the Black List if necessary. According to our knowledge, the expansion of the EU Taxonomy Regulation to include non-climate-related environmental risks and its concretization is not expected until 2024. Subsequently, we will also expand the disclosure accordingly.

(2) Embedment

The three key elements Black List, ESG Decision Matrix and ESG Scoring are fully integrated in the loan origination process.

In conjunction with the Bank's business and risk strategy, HCOB's credit standards provide a binding and comprehensive framework for all parties involved in the lending business. Business approaches that are not fully compliant with the above-mentioned three elements of the loan origination process are not pursued as a matter of principle.

ESG Risk Management in the Investment Process

Here, the decision-making processes follow the Bank's Investment Policy and are closely aligned with the standards in the Bank's lending business. In the investment process particular attention is paid to the HCOB Black List.

1. Active investments

Sustainability factors for the mentioned type of issuers are seen as rather uncritical. Nonetheless all non-governmental issuers covered in this part of the investment portfolio have to be covered by using the Bank's ESG scoring tool.

2. Passive Investments

Issue-specific investment policies and guidelines laid out in the respective prospectuses are checked against Black List requirements. Examples for such passive investments are managed CLOs (Collateralised Loan Obligation) and ABS (Asset Backed Securities). Also investment funds, separate externally managed accounts, ETFs and hedge funds would fall into this category.

3. Semi-passive investments

Here, being the only investor, HCOB has significantly more influence in the development of the product's basic investment policy (compared to a passive investment), especially with regard to the investment vehicle's adherence to the Bank's Black List. A key characteristic of the investment vehicle's semi-passive nature is, however, that HCOB does not reserve the right to instruct the purchase of any specific assets for the portfolio but keeps the power to enforce the sale of non-acceptable single investments and to place specific issuers on a prohibited list for the investment manager. This structuring is intended to make use of the portfolio manager's investment expertise and success as well as to avoid circumventing the Bank's ESG restrictions applicable to active investments.

Due to the external active management of a passive or a semi-passive investment, its underlying portfolio composition changes with each portfolio reallocation, as well as with each reinvestment of instalment payments from the portfolio that the manager undertakes over time. As a consequence, the portfolio's composition potentially could change in an undesirable way with respect to the Bank's ESG preferences, resulting in an unintended portion invested in business activities and practices blacklisted by HCOB. Hence, a periodic monitoring of the underlying portfolios is set up. Each case of non-compliance with the internal grace thresholds[11] is red flagged, reported and, in case of two consecutive threshold breaches, triggers a review of the investment decision which has to be presented to the Bank's Sustainability Committee for approval. In the case of semi-passive investments, HCOB has the right to implement a Black List of investees for the investment vehicle forcing the investment manager to sell off undesired investments. Also, where necessary, HCOB will make use of its agreed rights to realign the fund's investment policy with changes to the Black List.

[11] Due to the less precise mapping, the Bank allows for low grace thresholds for passive and semi-passive investments with regard to specific critical industries: max. 5 % each for blacklisted industry sectors as well as an overall limit of 15 % for all investments associated to the set of critical industries.

Stress testing and scenario analysis

In 2022, HCOB fully participated in the ECB Climate Risk Stress Test. In general, the Bank considers stress testing and scenario analysis as an important element of risk management.

In addition to stress tests specific to risk types, the Bank also regularly conducts stress tests across all risk types in order to be able to better estimate the effects of potential adverse scenarios on key parameters such as utilisation of the risk-bearing capacity, regulatory capital ratios, profits and liquidity and thus HCOB's overall risk position. Based on observed market developments and macroeconomic forecasts of relevant central banks, the Scenario Steering Committee approves macroeconomic and segment-specific forecasts for the carrying out of dynamic stress tests. These expected and stress forecasts are incorporated in different simulation scenarios such as a severe economic downturn, asset-specific crises, as well as scenarios that reflect potential transitional, reputational and physical risks associated with climate change and other environmental risks. The results are presented quarterly to the Asset Liability Committee (ALCO) and Overall Management Board.

With respect to ESG, HCOB has explicitly integrated into its scenario set (i) a transition risk scenario based on physical events that trigger both a policy and a confidence shock, including a significant increase in the carbon price over the next years and (ii) a reputational risk scenario. But also in other scenarios ESG aspects are implicitly covered. HCOB's ESG-related scenarios are considered "regular scenarios" which means that they are calculated quarterly in the bank-wide planning and forecast process. They provide management with an action-oriented dialogue and are taken into account in the derivation of the Bank's risk appetite and limit systematic for capital and liquidity.

Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile (Article 449a CRR table 1 line o)

HCOB is aware of the importance to consider ESG risk in all its dimensions and has fully integrated it into its risk management processes and governance.

Notable achievements in 2022 include the successful execution of relevant assessments by Supervisory Authorities (e.g., ECB Climate Risk Stress Test 2022, C&E Thematic Review) as well as performing internal ESG-related stress tests on a regular basis. Regarding the integration of ESG aspects across all risk types in 2022, the risk inventory process was enhanced towards a more quantitative orientation based on an improved overall data availability and quality. Additionally, the Bank rolled out an enhanced third version of the ESG Scoring Tool. Related processes were adapted by establishing the approval of the 2nd line of defence to mirror the process already proven for internal ratings. Furthermore, HCOB's Black List as well as its Investment Policy were updated and an initial depositor scan conducted regarding ESG. ESG-related market potential was identified and employee awareness increased by conducting ESG-specific trainings. Moreover, sub-portfolio risk analysis was further developed to contain more ESG-related data and considerations in the risk reports to the Management Board, and the heat map was adapted to contain the individual ESG scorings. Another achievement was made regarding the increased usage of climate-risk-related data for risk management purposes. All this contributes to an ESG rating position which has successively improved since 2020 and to an enhancement of internal reporting and external disclosure.

In addition to the information provided in the quantitative section the processes implemented show the following results:

(1) ESG Decision Matrix

In 2022, no cases which require the approval of the Sustainability Committee were submitted.

(2) ESG Scoring

As of 31.12.2022 the average ESG score is 2.64 (2021: 2.65). In total, 43 % of the ESG-scored credit exposure (measured in EAD) is scored in the top category of ESG grades 1 and 2 (2021: 40 %) and 57 % in the intermediate category of ESG scores 3 and 4 (2021: 60 %). There is no financing in the portfolio that is assessed as having unfavourable ESG quality (grades 5 or 6).

Looking deeper into the ESG Scoring results, most of the Bank's clients and financings show solid governance assessments (G-grades of mostly 2 and 3) and profit from the high social standards in most core business regions such as Germany (S-grades mostly from 1 to 3). With regard to the environmental assessments, however, the E-grades of the scored clients and financings span from 1 to 5, depending on the asset or client's economic activity financed. In total the scoring results across HCOB's business sectors unsurprisingly continue to show an ESG ranking with Renewable Energy financings at the top (average ESG grade 1.9), followed by Infrastructure (average grade 2.1). Real Estate, Treasury & Group Functions, and Corporates Germany show ESG scores around average (range from 2.4 to 2.8), while Corporates International & Specialised Lending (average grade 3.1) and Shipping (average grade 3.4) are at the lower end of the ESG ranking.

(3) Physical risks

As shown in Template 5 in the quantitative part, HCOB has no material loans exposed to high physical risk. Buildings financed by HCOB are mostly located in regions with low flood risk. Furthermore, the Bank has no relevant exposure in segments that are sensitive to drought and heat waves.

(4) Transition risk

With regard to transition risk, the most relevant transmission channels identified in the risk inventory process are Green regulation and Green technology, especially with regard to Shipping and Commercial Real Estate business activities. But even for these most relevant transmission channels HCOB considers the impact to be only low to moderate due to the structure and duration of its loan portfolio.

(5) Overall

HCOB sees most significance regarding ESG risks with respect to climate risk in the loan portfolio. Based on the currently available information, the internal and external data considered and given the structure and duration of the loan portfolio, at the moment the Bank considers the risk therein as manageable.

In line with HCOB's commitment to the PRB and in accordance with the general increase in knowledge with respect to ESG risks the Bank continuously strives to enhance its risk management methodology, data availability and data quality.

Activities and commitments to mitigate environmental and social risks (Article 449a CRR table 1 line m and table 2 line j)

(1) Principles for Responsible Banking

As a signatory of the United Nations Principles for Responsible Banking (PRB), we set a clear commitment to climate protection and sustainable action. We aim to implement sustainability aspects in all of the Bank's business areas and therefore commit to reduce the Bank's impact on climate change in all business operations and strengthen internal company awareness for ecological sustainability and resource protection.

The Principles for Responsible Banking constitute an overarching framework for ensuring that signatory banks' strategies and practices are aligned with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement. As a signatory of the PRB since September 22, 2020, HCOB is committed to these two predominant pillars in regard to ESG alignment. In the reporting year, the Bank has made further progress and achieved numerous results in implementing the principles. The main focus now is on measuring and monitoring greenhouse gas emissions in line with strict EU requirements, this being all based on the aim of achieving net zero according to the Paris Climate Agreement by 2050 to be in line with the 1.5°C target. HCOB acknowledges that its main impact is driven by its business activities (portfolio level) and therefore has chosen climate change mitigation and climate change adaptation as its significant impact areas. For the two identified significant impact areas initial targets were defined, e.g. "Green new business production of >10 % of the total net new business in 2025". [12]

The Bank is fully aware that the chosen set of targets is not yet fully compliant with the PRB requirements for SMART targets, which will be defined in the future.

(2) Partnership for Carbon Accounting Financials (PCAF)

In 2021, HCOB joined the Partnership for Carbon Accounting Financials (PCAF) initiative which is an international standard for measuring and disclosing greenhouse gas emissions financed by loans and investments.

With the Bank's signing of the PCAF commitment letter, HCOB committed to measure and disclose the greenhouse gas (GHG) emissions from its portfolio of loans and investments within three years using the PCAF GHG accounting methodologies. This has the overall target to ultimately enable the alignment of the Bank's portfolio with the Paris Climate Agreement. As HCOB's sustainability target for 2022 was to perform a first internal evaluation of its scope 3 GHG emissions on portfolio level according to PCAF and to develop a respective emission reduction strategy by the end of 2023, the Bank has undertaken several relevant measures in 2022. Besides the IT implementation of the data requirements resulting from the adaption of the PCAF standard, which is underway, the focus is on the collection of emission data on asset level while ensuring data quality. As high emitting sectors, the asset classes Shipping and Commercial Real Estate received special attention. For these, emission data was made available on an individual vessel or building level, both by collecting energy performance certificates and using an external data provider. Additionally, HCOB incorporates in its approach the publicly disclosed emissions of its clients via their sustainability reports. For assets where there is no emission data available, the defined PCAF emission factors will be used.

The disclosure of the Bank's carbon footprint at portfolio level in accordance with the PCAF standard will be published in the CSR Report 2023 for the first time (as on 31.12.2023). HCOB has made considerable progress in developing transparent monitoring of energy efficiency and carbon footprint indicators for the Bank's entire portfolio according to PCAF. This methodology allows the Bank to improve the calculation of the Carbon Footprint of its portfolio and thus of the Bank's scope 3 GHG emissions. With the increased understanding of its indirect impacts, HCOB can make better informed decisions with regard to its loan portfolio and financing activities.

[12] Indicative internal validation in accordance with economic criteria of EU Taxonomy on best effort basis, with calculations irrespective of clients' Non-Financial Reporting Directive (NFRD) obligation; please refer to CSR Report 2022, page 37.

Data availability, quality and accuracy, and efforts to improve these aspects (Article 449a CRR Table 1 line p)

“Digital Competence” is an important topic for HCOB. The Bank is aiming to improve data availability, quality and accuracy through developing and maintaining systems and processes for collecting, storing, and analysing sustainability related data (e.g. carbon emissions).[13] For implementing a data platform as effective as possible, HCOB engages in ongoing efforts to analyse the requirements from regulatory institutions, disclosure standards, and self-commitments to translate these into specific data and IT requirements to ensure that the data collected and produced is relevant, reliable, and meets the needs of all stakeholders.

The status of implementing an IT platform for ESG data collection and reporting based on HCOB’s defined IT target architecture is on par with the plan, as initial progress was made and next steps and internal resources are assigned. Achievements were made regarding the increased usage of climate risk related data for risk management purposes, e.g. the collection of energy efficiency data for Real Estate on the basis of a customer survey, and with respect to the reporting under EU Taxonomy Regulation.

KPI and KRI development will be continued, especially with regard to data availability in the context of carbon accounting.

[13] Internal and external data used is mentioned in section “Description of transmission channels and integration of short-, medium- and long-term effects in the risk management framework”.

II Quantitative ESG risk

Banking book - Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Template 1 discloses transition risk by sector of economic activities in the banking book with a focus on carbon-related sectors. The information published includes the non-performing status, stage 2 classification, and related provisions as well as maturity buckets. Scope 1, 2, and 3 emissions of the counterparties as well as the exposures environmentally sustainable can and will be published at the later disclosure reference date. With the exception of column b the data is taken from the FINREP reporting. Column b contains exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12 (1) points (d) to (g) and in accordance with Article 12 (2) of Regulation (EU) 2020/18. That are companies that derive a certain percentage of their revenues from coal, oil, gaseous fuels and from electricity generation with a GHG intensity of more than 100 g CO 2 e/kWh. The sectors can be derived from the statistical classification of economic activities in the European community. Accordingly, the respective NACE-Codes could be assigned to the gross carrying volume. The economic sector D. 35 electricity, gas, steam and air conditioning supply were analyzed internally to divide the renewable and non-renewable sector. NACE-Codes D35.1 and D35.11 include the same exposures therefore the amounts are identical. Any implications that these exposures may have for the different risk categories are described in part L. I regarding the transmission channels. The disclosure of the Bank's carbon footprint at portfolio level in accordance with the PCAF standard is planned for the first time as of 31.12.2023 in the CSR Report 2023.

TAB. 52: TEMPLATE 1: BANKING BOOK- INDICATORS OF POTENTIAL CLIMATE CHANGE TRANSITION RISK: CREDIT QUALITY OF EXPOSURES BY SECTOR; EMISSIONS AND RESIDUAL MATURITY

		a	b	c	d	e
		Gross carrying amount (Mln EUR)				
	Sector/Subsector		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
1	**Exposures towards sectors that highly contribute to climate change***	**13.788**	**144**		**1.155**	**332**
2	A - Agriculture, forestry and fishing	0	-		-	-
3	B - Mining and quarrying	-	-		-	-
4	*B.05 - Mining of coal and lignite*	-	-		-	-
5	*B.06 - Extraction of crude petroleum and natural gas*	-	-		-	-
6	*B.07 - Mining of metal ores*	-	-		-	-
7	*B.08 - Other mining and quarrying*	-	-		-	-
8	*B.09 - Mining support service activities*	-	-		-	-
9	C - Manufacturing	264	-		47	20
10	*C.10 - Manufacture of food products*	42	-		0	5
11	*C.11 - Manufacture of beverages*	-	-		-	-
12	*C.12 - Manufacture of tobacco products*	-	-		-	-
13	*C.13 - Manufacture of textiles*	3	-		2	-
14	*C.14 - Manufacture of wearing apparel*	-	-		-	-
15	*C.15 - Manufacture of leather and related products*	-	-		-	-
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	0	-		-	-
17	*C.17 - Manufacture of pulp, paper and paperboard*	18	-		-	-
18	*C.18 - Printing and service activities related to printing*	6	-		0	-
19	*C.19 - Manufacture of coke oven products*	16	16		-	-
20	*C.20 - Production of chemicals*	59	-		5	-
21	*C.21 - Manufacture of pharmaceutical preparations*	4	-		0	4
22	*C.22 - Manufacture of rubber products*	-	-		-	-
23	*C.23 - Manufacture of other non-metallic mineral products*	0	-		0	0
24	*C.24 - Manufacture of basic metals*	6	-		-	6
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	1	-		1	0

	Sector/Subsector	a	b	c	d	e
		Gross carrying amount (Mln EUR)				
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
26	*C.26 - Manufacture of computer, electronic and optical products*	38	-		0	-
27	*C.27 - Manufacture of electrical equipment*	3	-		-	-
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	33	-		25	4
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	29	-		14	-
30	*C.30 - Manufacture of other transport equipment*	5	-		0	0
31	*C.31 - Manufacture of furniture*	0	-		-	-
32	*C.32 - Other manufacturing*	0	-		-	0
33	*C.33 - Repair and installation of machinery and equipment*	-	-		-	-
34	D - Electricity, gas, steam and air conditioning supply	2.066	51		224	36
35	*D35.1 - Electric power generation, transmission and distribution*	2.062	50		223	36
36	*D35.11 - Production of electricity*	2.062	50		223	36
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	2	0		-	-
38	*D35.3 - Steam and air conditioning supply*	1	1		0	-
39	E - Water supply; sewerage, waste management and remediation activities	28	-		0	-
40	F - Construction	795	-		1	4
41	*F.41 - Construction of buildings*	735	-		1	0
42	*F.42 - Civil engineering*	49	-		0	3
43	*F.43 - Specialised construction activities*	11	-		0	1
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	300	68		23	13
45	H - Transportation and storage	3.776	9		150	45
46	*H.49 - Land transport and transport via pipelines*	66	9		0	9
47	*H.50 - Water transport*	3.350	-		124	36
48	*H.51 - Air transport*	-	-		-	-
49	*H.52 - Warehousing and support activities for transportation*	359	-		26	-
50	*H.53 - Postal and courier activities*	-	-		-	-
51	I - Accommodation and food service activities	278	-		154	28
52	L - Real estate activities	6.282	-		558	187
53	**Exposures towards sectors other than those that highly contribute to climate change***	**11.152**	**17**		**406**	**65**
54	K - Financial and insurance activities	7.342	**-**		32	18
55	Exposures to other sectors (NACE codes J, M - U)	3.809	17		373	48
56	**TOTAL**	**24.940**	**161**		**1.561**	**398**

	Sector/Subsector	f	g	h	i	j	k
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting
			Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions	
1	Exposures towards sectors that highly contribute to climate change*	-340	-78	-209			
2	A - Agriculture, forestry and fishing	0	-	-			
3	B - Mining and quarrying	-	-	-			
4	*B.05 - Mining of coal and lignite*	-	-	-			
5	*B.06 - Extraction of crude petroleum and natural gas*	-	-	-			
6	*B.07 - Mining of metal ores*	-	-	-			
7	*B.08 - Other mining and quarrying*	-	-	-			
8	*B.09 - Mining support service activities*	-	-	-			
9	C - Manufacturing	-13	-4	-8			
10	*C.10 - Manufacture of food products*	-3	-1	-2			
11	*C.11 - Manufacture of beverages*	-	-	-			
12	*C.12 - Manufacture of tobacco products*	-	-	-			
13	*C.13 - Manufacture of textiles*	0	0	-			
14	*C.14 - Manufacture of wearing apparel*	-	-	-			
15	*C.15 - Manufacture of leather and related products*	-	-	-			
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	-	-	-			
17	*C.17 - Manufacture of pulp, paper and paperboard*	0	-	-			
18	*C.18 - Printing and service activities related to printing*	0	0	-			
19	*C.19 - Manufacture of coke oven products*	0	-	-			
20	*C.20 - Production of chemicals*	-1	-1	-			
21	*C.21 - Manufacture of pharmaceutical preparations*	-1	-	-1			
22	*C.22 - Manufacture of rubber products*	-	-	-			
23	*C.23 - Manufacture of other non-metallic mineral products*	0	-	0			
24	*C.24 - Manufacture of basic metals*	0	-	0			
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	0	0	-			
26	*C.26 - Manufacture of computer, electronic and optical products*	0	0	-			
27	*C.27 - Manufacture of electrical equipment*	0	-	-			
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	-5	-1	-4			
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	-2	-2	-			

		f	g	h	i	j	k
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			**GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)**		**GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting**
Sector/Subsector			Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions	
30	*C.30 - Manufacture of other transport equipment*	0	0	0			
31	*C.31 - Manufacture of furniture*	0	0	-			
32	*C.32 - Other manufacturing*	0	-	0			
33	*C.33 - Repair and installation of machinery and equipment*	-	-	-			
34	D - Electricity, gas, steam and air conditioning supply	-76	-34	-34			
35	*D35.1 - Electric power generation, transmission and distribution*	-76	-34	-34			
36	*D35.11 - Production of electricity*	-76	-34	-34			
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	0	-	-			
38	*D35.3 - Steam and air conditioning supply*	0	0	-			
39	E - Water supply; sewerage, waste management and remediation activities	0	-	-			
40	F - Construction	-6	0	-3			
41	*F.41 - Construction of buildings*	-3	0	0			
42	*F.42 - Civil engineering*	-3	0	-2			
43	*F.43 - Specialised construction activities*	0	0	0			
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-13	-1	-11			
45	H - Transportation and storage	-29	-4	-9			
46	*H.49 - Land transport and transport via pipelines*	-3	-1	-1			
47	*H.50 - Water transport*	-24	-2	-8			
48	*H.51 - Air transport*	-	-	-			
49	*H.52 - Warehousing and support activities for transportation*	-2	-2	-			
50	*H.53 - Postal and courier activities*	-	-	-			
51	I - Accommodation and food service activities	-12	-2	-9			
52	L - Real estate activities	-191	-33	-136			
53	**Exposures towards sectors other than those that highly contribute to climate change***	**-79**	**-22**	**-37**			
54	K - Financial and insurance activities	-8	0	-4			
55	Exposures to other sectors (NACE codes J, M, U)	-72	-22	-33			
56	**TOTAL**	**-419**	**-100**	**-246**			

		l	m	n	o	p
Sector/Subsector		<= 5 years	>5 Jahre <=10 years	>10 Jahre <=20 years	>20 years	Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	**10.492**	**1.932**	**1.326**	**38**	**4,18**
2	A - Agriculture, forestry and fishing	0	-	-	-	1,00
3	B - Mining and quarrying	-	-	-	-	-
4	*B.05 - Mining of coal and lignite*	-	-	-	-	-
5	*B.06 - Extraction of crude petroleum and natural gas*	-	-	-	-	-
6	*B.07 - Mining of metal ores*	-	-	-	-	-
7	*B.08 - Other mining and quarrying*	-	-	-	-	-
8	*B.09 - Mining support service activities*	-	-	-	-	-
9	C - Manufacturing	221	43	0	-	3,02
10	*C.10 - Manufacture of food products*	42	-	0	-	2,86
11	*C.11 - Manufacture of beverages*	-	-	-	-	-
12	*C.12 - Manufacture of tobacco products*	-	-	-	-	-
13	*C.13 - Manufacture of textiles*	3	-	-	-	1,11
14	*C.14 - Manufacture of wearing apparel*	-	-	-	-	-
15	*C.15 - Manufacture of leather and related products*	-	-	-	-	-
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	0	-	-	-	2,32
17	*C.17 - Manufacture of pulp, paper and paperboard*	10	8	-	-	4,28
18	*C.18 - Printing and service activities related to printing*	6	-	0	-	0,28
19	*C.19 - Manufacture of coke oven products*	16	-	-	-	2,01
20	*C.20 - Production of chemicals*	59	-	-	-	2,62
21	*C.21 - Manufacture of pharmaceutical preparations*	4	-	-	-	0,63
22	*C.22 - Manufacture of rubber products*	-	-	-	-	-
23	*C.23 - Manufacture of other non-metallic mineral products*	0	-	0	-	1,84
24	*C.24 - Manufacture of basic metals*	6	-	-	-	0,80
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	1	-	0	-	2,73
26	*C.26 - Manufacture of computer, electronic and optical products*	9	29	0	-	5,42
27	*C.27 - Manufacture of electrical equipment*	3	-	-	-	0,37
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	33	-	0	-	2,54
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	23	6	-	-	3,50
30	*C.30 - Manufacture of other transport equipment*	5	-	0	-	0,86
31	*C.31 - Manufacture of furniture*	-	-	0	-	10,18
32	*C.32 - Other manufacturing*	0	-	-	-	1,00

		l	m	n	o	p
Sector/Subsector		**<= 5 years**	**>5 Jahre <=10 years**	**>10 Jahre <=20 years**	**>20 years**	**Average weighted maturity**
33	*C.33 - Repair and installation of machinery and equipment*	-	-	-	-	-
34	D - Electricity, gas, steam and air conditioning supply	175	940	951	0	10,05
35	*D35.1 - Electric power generation, transmission and distribution*	173	938	951	0	10,06
36	*D35.11 - Production of electricity*	173	938	951	0	10,06
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	-	2	-	-	5,25
38	*D35.3 - Steam and air conditioning supply*	1	-	0	-	2,27
39	E - Water supply; sewerage, waste management and remediation activities	14	14	0	-	4,35
40	F - Construction	661	134	0	1	2,12
41	*F.41 - Construction of buildings*	654	81	0	1	1,67
42	*F.42 - Civil engineering*	3	46	0	-	8,50
43	*F.43 - Specialised construction activities*	4	7	0	-	3,99
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	275	24	0	-	2,33
45	H - Transportation and storage	3.174	292	310	-	3,97
46	*H.49 - Land transport and transport via pipelines*	29	-	37	-	8,20
47	*H.50 - Water transport*	3.089	232	29	-	3,07
48	*H.51 - Air transport*	-	-	-	-	
49	*H.52 - Warehousing and support activities for transportation*	56	60	243	-	11,55
50	*H.53 - Postal and courier activities*	-	-	-	-	-
51	I - Accommodation and food service activities	278	-	0	-	3,11
52	L - Real estate activities	5.694	485	66	37	2,76
53	**Exposures towards sectors other than those that highly contribute to climate change***	**7.978**	**1.554**	**1.076**	**544**	**4,49**
54	K - Financial and insurance activities	5.496	963	373	511	4,21
55	Exposures to other sectors (NACE codes J, M, U)	2.481	591	704	33	5,49
56	**TOTAL**	**18.469**	**3.486**	**2.403**	**582**	**4,34**

*In accordance with the Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Standards and EIU Paris-aligned Benchmark Standards Regulation – Recital 6: Sectors listed in Sections A to H und Section L of Annex I to Regulation (EC) No.1893 /2006

Banking book: Indicators of potential climate change transition risk: Loans collateralized by immovable property – Energy efficiency of the collateral

Template 2 shows the gross carrying amount of loans collateralised with commercial and residential immovable property and of repossessed real estate collaterals for EU and Non-EU countries. The data has among other things been collected by means of an extensive survey. Columns b to g includes information on the level of energy efficiency of the collaterals measured in terms of kWh/m2. Row 5 and 10 show the respective estimates. Columns h to n disclose the gross carrying amount of exposures grouped by the EPC label of the collateral for those collaterals. Column o shows separately those exposures for which we do not have the EPC information of the collateral while column p presents the percentage of the exposures without EPC label of the collateral for which Hamburg Commercial Bank is providing estimates.

TAB. 53: TEMPLATE 2: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE CHANGE TRANSITION RISK: LOANS COLLATERALISED BY IMMOVABLE PROPERTY – ENERGY EFFICIENCY OF THE COLLATERAL

		a	b	c	d	e	f	g
Counterparty sector		Total gross carrying amount (in MEUR)						
			Level of energy efficiency (EP score in kWh/m² of collateral)					
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500
1	**Total EU area**	**7.667**	**626**	**1.776**	**492**	**7**	**1**	**44**
2	Of which Loans collateralised by commercial immovable property	6.342	401	1.365	464	1	-	41
3	Of which Loans collateralised by residential immovable property	1.324	226	411	27	6	1	3
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	2.903	8	1.084	355	-	-	16
6	**Total Non-EU area**	**592**	**2**	**132**	**45**	**16**	-	-
7	Of which Loans collateralised by commercial immovable property	592	2	132	45	16	-	-
8	Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	468	2	131	44	16	-	-

		h	i	j	k	l	m	n	o	p
	Counterparty sector	**Total gross carrying amount (in MEUR)**								
		Level of energy efficiency (EPC label of collateral)							Without EPC Label of collateral	
		A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	**1.342**	**712**	**420**	**133**	**151**	**107**	**79**	**4.722**	**18,8%**
2	Of which Loans collateralised by commercial immovable property	1.182	694	345	-	-	9	41	4.071	20,5%
3	Of which Loans collateralised by residential immovable property	160	18	75	133	151	98	38	651	11,7%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated								1.440	18,8%
6	**Total Non-EU area**	**77**	**58**	**-**	**-**	**45**	**-**	**16**	**397**	**33%**
7	Of which Loans collateralised by commercial immovable property	77	58	-	-	45	-	16	397	33%
8	Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated								275	33%

Banking book: Indicators of potential climate change transition risk: Alignment metrics

Quantitative Information regarding template 3 have to be published for the first time for the disclosure reference date 30.06.24. The disclosure of the Bank's carbon footprint at portfolio level in accordance with the PCAF standard is planned for the first time as of 31.12.2023 in the CSR Report 2023. In February of 2023, the Bank also began developing a Sustainable Finance Framework (SFF) and climate strategies along the market segments. In this regard, we refer to our explanations in the qualitative section on environmental risks.

Banking book: Indicators of potential climate change transition risk: Exposure to top 20 carbon-intensive firms

Template 4 discloses aggregate information on exposures towards the most carbon-intensive counterparties in the world. That includes loans and advances, debt securities and equity instruments. Column c had to be filled at a later reference date. Our data source is the Climate Accountability Institute to identify the Top 20. Hamburg Commercial Bank has only limited risk positions vis-à-vis CO2-intensive companies. These are two subsidiaries of the top 20, one of which belongs to the renewable energy sector. Both operations are in line with the Bank's current blacklist.

TAB. 54: TEMPLATE 4: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE CHANGE TRANSITION RISK: EXPOSURES TO TOP 20 CARBON INTENSIVE FIRMS

	a	B	c	d	e
	Gross carrying amount (aggregate) (in MEUR)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	13	0,05%		2	2

**For counterparties among the top 20 carbon emitting companies in the world

Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk

Template 5 discloses gross carrying amounts (acute, chronic as well as acute and chronic) for loans and advances, debt securities and equity instruments depending on the economic sectors according to the NACE classification that are disposed to physical risk. The information published includes the non-performing status, stage 2 classification, and related provisions as well as maturity buckets. The data is taken from FINREP with the exception of the columns h to j.

The table has been compiled on a best effort basis in accordance with the assessment results from HCOB's risk inventory process taking into account the complexity of the physical risk assessment itself as well as different level of data quality & availability.

To estimate physical risk for real estate Hamburg Commercial Bank uses K.A.R.L as a data source. It is a tool from Köln Assekuranz to analyse risks of natural hazards. The following risk types are appraisable: flood, heavy rain, hurricane, hail, earthquake, volcanic eruption, tsunami. The special feature of K.A.R.L is a pinpoint location analysis. The evaluation includes among others historical data, the exact elevation as well as soil characteristics and landscape form in the immediate vicinity. For Real Estate, flood and storm flood are classified as relevant, which are conventionally considered as acute physical risks.

Physical risk for the shipping sector can be judged by using Clarksons "World Fleet Register". This contains an expert judgement based on losses in shipping through natural hazards.

The sector renewable energy is especially dependent on the location of the wind turbine and the solar parks. To assess physical risk (especially risk of flooding) the bank uses the ECB flood map from the 2022 stress test. These are also classified as acute risks.

For other segments HCOB uses the customer-specific insights on chronic and acute physical risks obtained by the ESG Scoring Tool, which are condensed into an overall physical risk classification. The condensed results from the scoring are conservatively classified as acute risk for purposes of this report.

If it is not possible to receive detailed data on physical risk or a sector is esteemed as particular sensitive, Hamburg Commercial Bank classifies the whole sector as acute exposed to physical risk (e.g. agriculture).[14] Template 5 includes all exposures with a high physical risk. Since the aggregate amount is pretty low compared to the balance sheet sum of the bank, Hamburg Commercial Bank does not provide a breakdown by geography.

[14] No filling of columns h and j in tab 55 "Reporting sheet 5: Banking book - Indicators for potential physical risks from climate change: Risk positions with physical risk" in the absence of valid data on the classification of chronic physical risk.

TAB. 55: TEMPLATE 5: BANKING BOOK - INDICATORS OF POTENTIAL CLIMATE CHANGE PHYSICAL RISK: EXPOSURES SUBJECT TO PHYSICAL RISK

a		b	c	d	e	f	g	h	i	j
		Gross carrying amount (Mln EUR)								
			of which exposures sensitive to impact from climate change physical events							
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events
Variable:			<= 5 years	> 5 Jahre <= 10 years	> 10 Jahre <= 20 years	> 20 years	Average weighted maturity			
1	A - Agriculture, forestry and fishing	0	0	-	-	-	1,00	n/a	0	n/a
2	B - Mining and quarrying	-	-	-	-	-	-	n/a	-	n/a
3	C – Manufacturing	264	-	-	-	-	-	n/a	-	n/a
4	D - Electricity, gas, steam and air conditioning supply	2.066	-	5	-	-	9,5	n/a	5	n/a
5	E - Water supply; sewerage, waste management and remediation activities	28	-	-	-	-	-	n/a	-	n/a
6	F – Construction	795	-	-	-	-	-	n/a	-	n/a
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	300	10	-	-	-	0,03	n/a	10	n/a
8	H - Transportation and storage	3.776	-	-	-	-	-	n/a	-	n/a
9	L - Real estate activities	6.282	-	-	-	-	-	n/a	-	n/a
10	Loans collateralised by residential immovable property	1.324	-	-	-	-	-	n/a	-	n/a
11	Loans collateralised by commercial immovable property	6.934	-	-	-	-	-	n/a	-	n/a
12	Repossessed collaterals	-	-	-	-	-	-	n/a	-	n/a
13	Other relevant sectors (Sector K)	7.342	69	-	-	-	3,88	n/a	69	n/a

a		k	l	m	n	o
		Gross carrying amount (Mln EUR)				
		of which exposures sensitive to impact from climate change physical events				
		Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
					of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	0	-	-
2	B - Mining and quarrying	-	-	-	-	-
3	C – Manufacturing	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	0	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-
6	F – Construction	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	0	-	-
8	H - Transportation and storage	-	-	-	-	-
9	L - Real estate activities	-	-	-	-	-
10	Loans collateralised by residential immovable property	-	-	-	-	-
11	Loans collateralised by commercial immovable property	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-
13	Other relevant sectors (Sector K)	-	-	0	-	-

Other climate change mitigation actions that are not covered in Regulation (EU) 2020/852

This template covers other climate change mitigating actions and includes exposures of the institutions that are not taxonomy-aligned as referred to in Regulation (EU) 2020/852 according to templates 7 and 8 but that still support counterparties in the transition and adaptation process for the objectives of climate change mitigation and climate change adaptation. This is not applicable for Hamburg Commercial Bank because the bank does not have any exposures that are not covered by the EU Taxonomy Regulation.

TAB. 56: LI3: DESCRIPTION OF DIFFERENCES BETWEEN THE SCOPE OF CONSOLIDATION (BY INDIVIDUAL COMPANY)

Company type / Company	Regulatory treatment					Consolidation under balance sheet law (IFRS)
	Consolidation		Exemption pursuant to Article 19 CRR	Deduction method 1)	Total risk-weighted	
	full	quotal				full
FI Asian Capital Investment Opportunities Limited			X			
FI BINNENALSTER-Beteiligungsgesellschaft mbH	X					X
FI Bu Wi Beteiligungsholding GmbH			X			
FI HCOB Auffang- und Holding-gesellschaft mbH & Co. KG	X					X
FI HCOB Finance (Guernsey) Limited	X					X
FI HCOB Private Equity GmbH	X					X
FI Klarphos S.à.r.l.	X					X
FI RESPARCS Funding Limited Partnership I	X					X
VU HCOB Residual Value Ltd.2)				X	X	X
So Adessa Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG2)					X	X
So Apollo Alster Lending Fund (LUX) SCSp					X	X
So GmbH Altstadt Grundstücksgesellschaft2)					X	X
So HCOB Securities S.A.2)					X	X
So HI-Hafen Global-Fonds					X	X
So HPS Elbe Unlevered Direct Lending Fund, SCSp					X	X
So OCEAN Funding 2013 GmbH2)					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. 57: 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	1,831	EU CC2 row 5 + 6
2	Retained earnings	2,897	EU CC2 row 8 + 9
3	Accumulated other comprehensive income (and other reserves)	-11	EU CC2 row 10 + 11 + 12
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	EU CC2 row 13
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**4,717**	
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)	-54	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)	-260	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	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-1	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-141	EU CC2 row 3
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	
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)	-	
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)	-	
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)	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
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)	-14	EU CC2 row 2
22	Amount exceeding the 17.65% threshold (negative amount)	-	
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	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
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)	-	

27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	-1,089	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-1,566**	
29	**Common Equity Tier 1 (CET1) capital**	**3,150**	
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)**	**3,150**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	918	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	58	
51	**Tier 2 (T2) capital before regulatory adjustments**	**976**	
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**	**976**	
59	**Total capital (TC = T1 + T2)**	**4,126**	
60	**Total risk exposure amount**	**15,403**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	20.45	
62	Tier 1	20.45	
63	Total capital	26.79	
64	Institution CET1 overall capital requirements	8.390	
65	of which capital conservation buffer requirement	2.500	
66	of which countercyclical capital buffer requirement	0.2301	
67	of which systemic risk buffer requirement	-	
EU-67a	of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.160	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**12.90**	
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)	254	
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)	425	
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)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	51	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	207	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	58	
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	-	
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	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

TAB. 58: 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	55	55	EU CC1 line 8	Regulatory netting of deferred tax liabilities and no consideration of write-downs
2	Deferred tax assets	697	682	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	141	141	EU CC1 line 15	
	Total assets	**894**	**879**		
Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*					
4	Subordinated capital	930	930	EU CC1 line 46	Regulatory reporting at nominal value and without accrued interest
	Total liabilities	**930**	**930**		
Shareholders' Equity					
5	Share capital	302	302	EU CC1 line 1	
6	Capital reserve	1,529	1,529	EU CC1 line 1	
7	Retained earnings	2,915	2,894		
8	of which: other retained earnings	2,099	2,087	EU CC1 line 2	
9	of which: group reserve	819	811	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	-3	-3	EU CC1 line 3	
11	Revaluation reserve	-6	-6	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	425	420	EU CC1 line EU-5a	As of the reporting date, no application pursuant to Art. 26 (2) CRR had been submitted for profit recognition
	Total shareholders' equity	**5,164**	**5,138**		

III Main features of issued own funds instruments

TAB. 59: DESCRIPTION OF THE MAIN FEATURES OF CAPITAL INSTRUMENTS ISSUED

		a	b	c
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 law	English law
	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	Bearer bonds	Bearer bonds
8	Amount eligible for regulatory capital (in EURm)	301.8	42.5	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	Share capital	Liabilities - amortised cost value	Liabilities - amortised cost value
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.

		d	e	f
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)	79.9	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.

		g	h	i
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.

		j	k	l
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.

		m	n	o
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	17.3	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	17.3	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.

		p	q	r
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)	21.3	5.0	23.4
9	Nominal value of the instrument (in currency)	22,7 (USDm)	5 (EURm)	25 (USDm)
9	Nominal value of the instrument (in EURm)	21.3	5	23.4
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.

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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)	134.1	19.9
9	Nominal value of the instrument (in currency)	143 (USDm)	20 (EURm)
9	Nominal value of the instrument (in EURm)	134.1	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.

N List of abbreviations

AIRB	Advanced Internal Ratings Based (advanced IRB)
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
CRSA	Credit Risk Standardised Approach
CRR	Capital Requirements Regulation
CSR Report	Corporate Social Responsibility Report
CVA	Credit Valuation Adjustment
EAD	Exposure at Default
EBA	European Banking Authority
ECAI	External Credit Assessment Institution (rating agency)
ECB	European Central Bank
EL	Expected Loss
ESG	Environmental, Social, Governance
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
GHG	green house gas
GL	Guideline
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)
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
NFRD	Non-Financial Reporting Directive
NPL	Non-performing loan
NSFR	Net stable funding ratio

OTC	Over the counter
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PRB	Principles for Responsible Banking
QCCP	Qualified central counterparty
RC	Risk Control
RSF	Required Stable Funding
RWEAs	Risk-weighted assets
RWEA	Risk-weighted exposure amount
SC	Sustainability Committee
SFT	Securities Financing Transactions
SIR	Sparkassen-ImmobiliengeschäftsRating
SMEs	Small and medium-sized enterprises
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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