Disclosure Report

as at **30 June 2023** according to part 8 CRR

Hamburg
Commercial
Bank

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

A Introduction and general principles

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)(b) 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.

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.

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. 1: KM1: KEY METRICS

		a	b	c	d
		30.06.2023	31.03.2023	31.12.2022	30.09.2022
	Available own funds (amounts) in Mio. €				
1	Common Equity Tier 1 (CET1) capital	3,061	3,152	3,150	3,852
2	Tier 1 capital	3,061	3,152	3,150	3,852
3	Total capital	4,030	4,124	4,126	4,850
	Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	16,523	16,673	15,403	15,934
	Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	18.52	18.91	20.45	24.17
6	Tier 1 ratio (%)	18.52	18.91	20.45	24.17
7	Total capital ratio (%)	24.39	24.73	26.79	30.43
	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 (%)	1.820	1.820	2.070	2.070
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.020	1.020	1.164	1.164
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.370	1.370	1.553	1.553
EU 7d	Total SREP own funds requirements (%)	9.820	9.820	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 (%)	0.503	0.434	0.230	0.127
EU 9a	Systemic risk buffer (%)	0.0483	0.0410	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-
EU 10a	Other Systemically Important Institution buffer	-	-	-	-
11	Combined buffer requirement (%)	3.052	2.975	2.730	2.627
EU 11a	Overall capital requirements (%)	12.87	12.79	12.80	12.70
12	CET1 available after meeting the total SREP own funds requirements (%)	11.15	11.54	12.90	16.62
	Leverage ratio				
13	Total exposure measure	32,616	33,912[1]	33,248[1]	32,088
14	Leverage ratio (%)	9.385	9.296[1]	9.476[1]	12.00
	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)	6,903	7,072	6,856	6,434
EU 16a	Cash outflows - Total weighted value	4,627	4,779	4,499	4,351
EU 16b	Cash inflows - Total weighted value	390	378	379	399
16	Total net cash outflows (adjusted value)	4,237	4,400	4,118	3,951
17	Liquidity coverage ratio (%)	164,5	162,7	168,3	164,4
	Net Stable Funding Ratio				
18	Total available stable funding	19,569	21,018	21,208	21,316
19	Total required stable funding	17,324	18,520	18,816	17,619
20	NSFR ratio (%)	113.0	113.5	112.7	121.0

[1] Technical correction of the total exposure measure: The total exposure measure was already reduced by the proposed dividend payment as of 31 December 2022, analogously to the Tier 1 capital; this reduction is temporarily reversed for the total exposure measure for the reporting dates 31 December 2022 and 31 March 2023 until the dividend is paid out - the dividend payment continues to be taken into account as a reduction in the Tier 1 capital. (The leverage ratio decreases accordingly by 0.3 percentage points.)

Explanation of key changes

Common Equity Tier 1 capital ratio decreases by 1.5 percentage points compared to the reporting date 31 March 2023 and is at a very high level of 18.5%. The decrease in the Common Equity Tier 1 ratio results from the reduction in CET1 capital, which falls more than the total risk-weighted assets in percentage terms. CET1 capital decreases as a result of higher regulatory reductions. It should be noted that the half-year profit generated in 2023 has not been included in common equity. The dividend payment made in April 2023, were already included in Common Equity Tier 1 capital as of March 31, 2023, among other things.

The leverage ratio increases to 9.4% as the overall risk position measure decreases slightly more than Tier 1 capital in percentage terms. For the development of Tier 1 capital, see above.

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

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 30 June 2023. 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 30 June 2023. 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 30 June 2023.

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 € 1,089 m. For an overall view, capital requirement in the amount of € 36 m pursuant to Article 3 CRR must be added to the credit risk. That leads to a increase in credit risk to € 1,125 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 € 34 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 € 96 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 requirement 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 € 62 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 € 1,322 m.

TAB. 2: OV1: OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS (€M)

		a	b	c
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		30.06.2023	31.03.2023	30.06.2023
1	**Credit risk (excluding CCR)**	**14,229**	**14,279**	**1,138**
2	Of which the standardised approach	4,504	4,001	360
3	Of which the foundation IRB (FIRB) approach	8,937	9,129	715
4	Of which: slotting approach	-	-	-
EU 4a	Of which: equities under the simple risk weighted approach	299	253	24
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	**Counterparty credit risk - CCR**	**192**	**223**	**15**
7	Of which the standardised approach	114	144	9
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	4	4	0
EU 8b	Of which credit valuation adjustment - CVA	53	53	4
9	Of which other CCR	22	22	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)**	**475**	**351**	**38**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	226	182	18
19	Of which SEC-SA approach	249	169	20
EU 19a	Of which 1250%/ deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**430**	**622**	**34**
21	Of which the standardised approach	430	622	34
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**1,198**	**1,198**	**96**
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	1,198	1,198	96
EU 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**780**	**1,062**	**62**
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
	Additional risk exposure amount due to Article 3 CRR	**455**	**856**	**36**
29	**Total**	**16,523**	**16,673**	**1,322**

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. 3: CCYB2: AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

		a
1	**Total risk exposure amount (€m)**	**16,523**
2	Institution specific countercyclical capital buffer rate (%)	0.5034
3	Institution specific countercyclical capital buffer requirement (€m)	83

TAB. 4: CCYB1: GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER (€M)

		a	b	c	d	e	f
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures – Exposure value for non-trading book	Total exposure value
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models		
010	**Breakdown by country**						
	(AE) United Arab Emirates	-	30	-	-	-	30
	(AT) Republic of Austria	163	37	-	-	-	200
	(AU) Australia	11	-	-	-	-	11
	(BE) Kingdom of Belgium	158	388	-	-	-	546
	(BM) Bermuda	0	41	-	-	164	205
	(CA) Canada	7	18	-	-	-	25
	(CH) Swiss Confederation	60	126	17	-	-	202
	(CY) Republic of Cyprus	0	96	–	-	-	96
	(DE) Federal Republic of Germany	883	6,820	17	-	-	7,720
	(DK) Kingdom of Denmark	2	202	4	-	-	207
	(EE) Republic of Estonia	0	33	–	-	-	33
	(ES) Kingdom of Spain	193	155	8	-	-	357
	(FI) Republic of Finland	279	105	–	-	-	383
	(FR) French Republic	570	518	17	-	-	1,105
	(GB) Great Britain and Northern Ireland	379	560	29	-	4	972
	(GG) Guernsey	61	-	-	-	-	61
	(GR) Hellenic Republic	-	728	-	-	-	728
	(IE) Ireland	248	138	-	-	594	980
	(IL) State of Israel	-	45	-	-	-	45
	(IM) Isle of Man	105	45	-	-	-	150
	(IN) Republic of India	-	1	-	-	-	1
	(IT) Italian Republic	38	150	17	-	-	205
	(JE) Jersey	124	35	-	-	268	428
	(JP) Japan	7	-	-	-	-	7
	(KY) Cayman Islands	2	4	-	-	434	441
	(LI) Principality of Liechtenstein	-	19	-	-	-	19
	(LR) Republic of Liberia	0	89	-	-	-	89
	(LU) Grand Duchy of Luxembourg	731	2,641	-	-	264	3,636
	(MH) Republic of the Marshall Islands	0	946	-	-	-	946
	(MT) Republic of Malta	0	-	-	-	-	0
	(NL) Kingdom of Netherlands	654	764	17	-	-	1,435
	(NO) Kingdom of Norway	324	130	-	-	-	455
	(PA) Republic of Panama	0	27	-	-	-	27
	(PL) Republic of Poland	30	-	-	-	-	30
	(PT) Portuguese Republic	-	127	-	-	-	127
	(QA) State of Quatar	-	-	-	-	-	–
	(RU) Russian Federation	-	7	-	-	-	7
	(SE) Kingdom of Sweden	203	397	-	-	-	600
	(SG) Republic of Singapore	-	159	-	-	-	159
	(TR) Republic of Turkey	0	3	-	-	-	3
	(US) United States of America	1,575	390	-	-	409	2,374
	(VG) Virgin Islands (British)	-	61	-	-	-	61
	(x28) Other	-	-	-	-	-	-
020	**Total**	**6,809**	**16,035**	**125**	**–**	**2,138**	**25,106**

		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**							
	(AE) United Arab Emirates	2	-	-	2	25	0.19	-
	(AT) Republic of Austria	4	-	-	4	55	0.42	-
	(AU) Australia	1	-	-	1	11	0.09	1.00
	(BE) Kingdom of Belgium	15	-	-	15	190	1.46	-
	(BM) Bermuda	2	-	2	4	46	0.35	-
	(CA) Canada	2	-	-	2	24	0.19	-
	(CH) Swiss Confederation	7	1	-	8	99	0.76	-
	(CY) Republic of Cyprus	7	–	-	7	85	0.65	-
	(DE) Federal Republic of Germany	251	1	-	252	3,147	24.19	0.75
	(DK) Kingdom of Denmark	11	0	-	11	133	1.02	2.50
	(EE) Republic of Estonia	2	–	-	2	26	0.20	1.00
	(ES) Kingdom of Spain	19	0	-	19	237	1.82	-
	(FI) Republic of Finland	15	-	-	15	183	1.41	-
	(FR) French Republic	35	1	-	36	448	3.44	0.50
	(GB) Great Britain and Northern Ireland	64	1	0	65	809	6.22	1.00
	(GG) Guernsey	5	-	-	5	61	0.47	-
	(GR) Hellenic Republic	47	-	-	47	585	4.49	-
	(IE) Ireland	24	-	10	33	416	3.20	0.50
	(IL) State of Israel	3	-	-	3	34	0.26	-
	(IM) Isle of Man	11	-	-	11	137	1.05	-
	(IN) Republic of India	0	-	-	0	0	0.00	-
	(IT) Italian Republic	9	1	-	9	114	0.87	-
	(JE) Jersey	12	-	5	17	209	1.61	-
	(JP) Japan	1	-	-	1	7	0.06	-
	(KY) Cayman Islands	1	-	6	7	90	0.69	-
	(LI) Principality of Liechtenstein	1	-	-	1	11	0.08	-
	(LR) Republic of Liberia	4	-	-	4	53	0.41	-
	(LU) Grand Duchy of Luxembourg	170	-	10	180	2,245	17.25	0.50
	(MH) Republic of the Marshall Islands	52	-	–	52	650	5.00	-
	(MT) Republic of Malta	0	-	-	0	0	0.00	-
	(NL) Kingdom of Netherlands	50	1	-	51	636	4.88	1.00
	(NO) Kingdom of Norway	9	-	-	9	114	0.88	2.50
	(PA) Republic of Panama	1	-	-	1	7	0.06	-
	(PL) Republic of Poland	2	-	-	2	25	0.19	-
	(PT) Portuguese Republic	4	-	-	4	50	0.38	-
	(QA) State of Quatar	-	-	-	-	-	-	-
	(RU) Russian Federation	-	-	-	-	-	-	-
	(SE) Kingdom of Sweden	21	-	-	21	268	2.06	2.00
	(SG) Republic of Singapore	9	-	-	9	113	0.87	-
	(TR) Republic of Turkey	0	-	-	0	0	-	-
	(US) United States of America	124	-	5	130	1,621	12.46	-
	(VG) Virgin Islands (British)	4	-	-	4	47	0.36	-
	(x28) Other	-	-	-	-	-	-	-
020	**Total**	**999**	**4**	**38**	**1,041**	**13,014**	**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. 5: LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES (€M)

		a
		Applicable amount
1	Total assets as per published financial statements	30,812
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-26
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	-177
9	Adjustment for securities financing transactions (SFTs)	159
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,943
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	-96
13	**Total exposure measure**	**32,616**

TAB. 6: LRCOM: LEVERAGE RATIO COMMON DISCLOSURE (€M)

		CRR leverage ratio exposures	
		a	b
		30.06.2023	31.12.2022[2]
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	30,466	31,360
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)	-	-
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)	-556	-486
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**29,911**	**30,874**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	190	279
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	253	284
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	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**444**	**563**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	159	42
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	159	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**	318	84
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	4,218	3,718
20	(Adjustments for conversion to credit equivalent amounts)	2,275	1,991
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**1,943**	**1,727**
	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)	-	-

[2] see footnote under Tab. 1 (KM1)

		CRR leverage ratio exposures	
		a	b
		30.06.2023	31.12.2022[2]
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**Total exempted exposures**	-	-
	Capital and total exposure measure		
23	**Tier 1 capital**	**3,061**	**3,150**
24	**Total exposure measure**	**32,616**	**33,248**
	Leverage ratio		
25	Leverage ratio (%)	9.385	9.476
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.385	9.476
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.385	9.476
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)		33,213
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)		33,213
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)		9.485%
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)		9.485%

TAB. 7: 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:**	**29,447**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which	29,447
EU-4	Covered bonds	2,103
EU-5	Exposures treated as sovereigns	6,457
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	120
EU-7	Institutions	1,522
EU-8	Secured by mortgages of immovable properties	6,407
EU-9	Retail exposures	0
EU-10	Corporates	10,265
EU-11	Exposures in default	244
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	2,329

E 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.

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.

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 30 June 2023 is 164% (31 March 2023: 163%), where average liquid assets of € 6,903 m (31 March 2023: € 7,072 m) and net cash outflows of € 4,237 m (31 March 2023: € 4,400 m) were taken into account.

The increase in the ratio compared to the previous quarter is mainly due to the Almost parallel decrease (in absolute terms) in liquidity buffer compared with net liquidity outflows (numerator/denominator effect).

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 second calendar quarter of 2023 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.

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 30 June 2023, calculated in accordance with Article 451a(3) CRR, amounts to 113% and is thus above the regulatory minimum requirement of 100%.

Table LIQ2 shows the assets, liabilities and off-balance sheet items in relation to the net stable funding ratio as at 30 June 2023.

TAB. 8: 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)**	**30.06.2023**	**31.03.2023**	**31.12.2022**	**30.09.2022**	**30.06.2023**	**31.03.2023**	**31.12.2022**	**30.09.2022**
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					6,903	7,072	6,856	6,434
Cash outflows									
2	retail deposits and deposits from small business customers, of which:	77	79	85	97	10	10	10	11
3	*Stable deposits*	13	16	20	24	1	1	1	1
4	*Less stable deposits*	58	58	61	68	9	9	9	10
5	Unsecured wholesale funding	6,717	6,796	6,588	6,338	2,741	2,824	2,772	2,689
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	1,226	1,296	1,280	1,144	297	314	311	279
7	*Non-operational deposits (all counterparties)*	5,372	5,354	5,173	5,082	2,325	2,364	2,326	2,298
8	*Unsecured debt*	119	146	135	112	119	146	135	112
9	Secured wholesale funding					-	0	2	4
10	Additional requirements	3,403	3,547	3,647	3,782	1,527	1,640	1,600	1,543
11	*Outflows related to derivative exposures and other collateral requirements*	342	348	350	364	331	337	339	351
12	*Outflows related to loss of funding on debt products*	2	38	43	43	2	38	43	43
13	*Credit and liquidity facilities*	3,059	3,161	3,254	3,375	1,194	1,265	1,218	1,149
14	Other contractual funding obligations	319	276	88	76	290	248	60	49
15	Other contingent funding obligations	1,439	1,435	1,408	1,400	59	57	55	55
16	**Total cash outflows**					**4,627**	**4,779**	**4,499**	**4,351**
Cash inflows									
17	Secured lending (e.g. reverse repos)	-	-	-	18	-	-	-	-
18	Inflows from fully performing exposures	473	440	425	427	294	269	256	257
19	Other cash inflows	98	111	125	143	96	109	123	142
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**	**571**	**551**	**550**	**588**	**390**	**378**	**379**	**399**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	571	551	550	588	390	378	379	399
Total adjusted value									
EU-21	**Liquidity buffer**					**6,903**	**7,072**	**6,856**	**6,434**
22	**Total net cash outflows**					**4,237**	**4,400**	**4,118**	**3,951**
23	**Liquidity coverage ratio (%)**					**164.5**	**162.7**	**168.3**	**164.4**

TAB. 9: LIQ2: NET STABLE FUNDING RATIO IN € M

(in currency amount)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1year	≥ 1year	
Available stable funding (ASF) Items						
1	Capital items and instruments	3.568	-	-	909	4.477
2	*Own funds*	3.568	-	-	909	4.477
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		66	5	1	65
5	*Stable deposits*		11	0	1	11
6	*Less stable deposits*		55	4	0	54
7	Wholesale funding:		12.120	2.460	8.520	14.535
8	*Operational deposits*		931	10	-	27
9	*Other wholesale funding*		11.189	2.450	8.520	14.508
10	Interdependent liabilities		133	64	1.777	-
11	Other liabilities:	65	294	-	492	492
12	*NSFR derivative liabilities*	65				
13	*All other liabilities and capital instruments not included in the above categories*		294	-	492	492
14	**Total available stable funding (ASF)**					19.569
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					465
EU-15a	Assets encumbered for more than 12m in cover pool		191	376	2,668	2,750
16	Deposits held at other financial institutions for operational purposes		169	-	-	84
17	Performing loans and securities:		1,982	1,460	12,350	12,652
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*		426	324	1,639	1,844
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1,446	1,123	7,002	7,943
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		6	81	876	1,269
22	*Performing residential mortgages, of which:*		107	6	365	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		107	6	365	-
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*		3	8	3,344	2,865
25	Interdependent assets		151	98	1,813	-
26	Other assets:		737	32	828	1,153
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		117	-	-	100
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		449			22
31	*All other assets not included in the above categories*		170	32	828	1,031
32	Off-balance sheet items		206	356	4,247	218
33	**Total RSF**					**17,324**
34	**Stable Funding Ratio (%)**					**113.0**

F 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.

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

		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			**Non-performing exposures**		
			of which stage 1	of which stage 2		of which stage 2	of which stage 3
005	Cash balances at central banks and other demand deposits	3,704	3,704	-	-	-	-
010	*Loans and advances*	17,794	15,913	1,711	501	0	478
020	*Central banks*	-	-	-	-	-	-
030	*General governments*	769	769	-	-	-	-
040	*Credit institutions*	392	392	0	-	-	-
050	*Other financial corporations*	2,554	2,279	141	13	-	13
060	*Non-financial corporations*	13,953	12,374	1,543	484	0	465
070	*Of which SMEs*	6,524	5,441	1,048	156	-	156
080	*Households*	126	99	26	4	0	1
090	Debt securities	7,166	6,757	-	-	-	-
100	*Central banks*	-	-	-	-	-	-
110	*General governments*	586	554	-	-	-	-
120	*Credit institutions*	3,288	3,170	-	-	-	-
130	*Other financial corporations*	3,051	2,811	-	-	-	-
140	*Non-financial corporations*	241	223	-	-	-	-
150	Off-balance sheet exposures	5,501	4,623	465	47	-	25
160	*Central banks*	-	-	-	-	-	-
170	*General governments*	17	17	-	-	-	-
180	*Credit institutions*	7	0	-	-	-	-
190	*Other financial corporations*	1,920	1,895	19	14	-	6
200	*Non-financial corporations*	3,550	2,703	446	32	-	19
210	*Households*	7	7	-	-	-	-
220	**Total**	**34,166**	**30,997**	**2,176**	**547**	**0**	**504**

		g	h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						**Accumulated partial write-off**	**Collaterals and financial guarantees received**	
		Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated 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	-	-	-	-	-	-	-
010	Loans and advances	-160	-77	-83	-158	-0	-142	-103	9,723	303
020	*Central banks*	-	-	-	-	-	-	-	-	-
030	*General governments*	-0	-0	-	-	-	-	-	-	-
040	*Credit institutions*	-0	-0	-	-	-	-	-	-	-
050	*Other financial corporations*	-5	-3	-2	-	-	-	-	827	7
060	*Non-financial corporations*	-155	-74	-80	-156	-0	-141	-103	8,836	296
070	*Of which SMEs*	-81	-24	-57	-38	-	-38	-	4,377	101
080	*Households*	-1	-0	-1	-2	-0	-1	-	60	0
090	Debt securities	-1	-1	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-
110	*General governments*	-0	-0	-	-	-	-	-	-	-
120	*Credit institutions*	-0	-0	-	-	-	-	-	-	-
130	*Other financial corporations*	-1	-1	-	-	-	-	-	-	-
140	*Non-financial corporations*	-0	-0	-	-	-	-	-	-	-
150	Off-balance sheet exposures	6	2	4	31	-	27	-	870	12
160	*Central banks*	-	-	-	-	-	-	-	-	-
170	*General governments*	-	-	-	-	-	-	-	-	-
180	*Credit institutions*	0	-	-	-	-	-	-	-	-
190	*Other financial corporations*	1	1	1	0	-	0	-	65	0
200	*Non-financial corporations*	5	2	3	30	-	27	-	805	12
210	*Households*	-0	-0	-	-	-	-	-	-	-
220	**Total**	**-168**	**-81**	**-87**	**-189**	**-0**	**-169**	**-103**	**10,593**	**315**

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

		a
		Gross carrying amount
010	**Initial stock 31.12.2022**	**398**
020	Inflows to non-performing portfolios	258
030	Outflows from non-performing portfolios	-155
040	Outflows due to write-offs	-86
050	Outflows due to other situations	-68
060	**Final stock 30.06.2023**	**501**

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. 12: 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**	**25,461**	**501**	**501**	**24,868**	**- 310**		**- 9**
020	DE	8,663	220	220	8,612	- 120		- 9
030	LU	3,046	137	137	3,039	- 57		-
040	US	2,974	-	-	2,785	- 4		-
050	MH	1,305	7	7	1,305	- 14		-
060	NL	1,303	-	-	1,296	- 6		-
070	FR	1,218	-	-	1,206	- 5		-
080	IE	951	-	-	860	- 2		-
090	GB	867	-	-	804	- 15		-
100	SE	484	86	86	484	- 19		-
110	NO	483	-	-	479	- 1		-
120	BE	459	-	-	424	- 0		-
130	LR	411	-	-	411	- 4		-
140	FI	406	-	-	399	- 9		-
150	ES	386	-	-	378	- 3		-
160	CA	359	-	-	341	- 0		-
170	JE	295	-	-	295	- 0		-
180	IT	232	33	33	204	- 34		-
190	SG	215	0	0	215	- 2		-
200	AT	199	-	-	192	- 0		-
210	PA	180	-	-	180	- 1		-
220	DK	173	-	-	163	- 1		-
230	PT	168	-	-	168	- 0		-
240	CH	159	7	7	132	- 1		-
250	IM	158	7	7	157	- 10		-
260	KY	103	-	-	103	- 0		-
270	Other countries	264	3	3	234	- 1		-
280	**Off-balance sheet exposures**	**5,548**	**47**	**47**			**37**	
290	DE	2,067	46	46			32	
300	LU	1,592	0	0			1	
310	KY	331	-	-			0	
320	US	285	-	-			0	
330	GB	206	-	-			0	
340	DK	134	-	-			0	
350	SE	132	-	-			0	
360	NL	111	-	-			0	
370	BM	107	-	-			0	
380	LR	104	-	-			0	
390	MH	100	-	-			0	
400	IE	91	-	-			0	
410	ES	47	-	-			1	
420	JE	41	-	-			0	
430	IT	38	1	1			1	
440	FR	35	-	-			0	
450	CY	32	-	-			0	
460	Other countries	95	-	-			0	
470	**Total**	**31,008**	**547**	**547**	**24,868**	**- 310**	**37**	**- 9**

TAB. 13: 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	148	16	16	148	-9	-
040	Electricity, gas, steam and air conditioning supply	1,883	120	120	1,878	-68	-0
050	Water supply	81	-	-	81	-2	-
060	Construction	714	66	66	714	-26	-
070	Wholesale and retail trade	313	10	10	313	-10	-
080	Transport and storage	3,325	22	22	3,324	-34	-
090	Accommodation and food service activities	272	27	27	272	-10	-
100	Information and communication	467	0	0	467	-14	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	5,636	151	151	5,599	-74	-7
130	Professional, scientific and technical activities	1,363	72	72	1,359	-55	-0
140	Administrative and support service activities	88	-	-	88	-1	-
150	Public administration and defence, compulsory social security	-	-	-	-	-	-
160	Education	0	-	-	0	-	-
170	Human health services and social work activities	101	0	0	101	-0	-
180	Arts, entertainment and recreation	11	-	-	11	-0	-
190	Other services	35	-	-	35	-0	-
200	**Total**	**14,437**	**484**	**484**	**14,390**	**-303**	**-8**

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. 14: 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	904	5,968	9,684	5,318	-	21,874
2	Debt securities	-	597	2,117	3,352	-	6,066
3	**Total**	**904**	**6,566**	**11,800**	**8,670**	**-**	**27,940**

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

		a	b	c	d	e	f	g	h
		Gross carrying amount/ Nominal amount of exposures with forbearance measures				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collaterals received and financial guarantees received on forborne exposures**	
			Non-performing forborne						
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		of which: on non-performing forborne exposures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	205	270	270	267	-11	-126	278	112
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	13	13	13	-	-	7	7
060	*Non-financial corporations*	205	258	258	254	-11	-126	271	105
070	*Households*	-	0	0	0	-	-0	-	-
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	75	7	7	7	-2	-0	6	0
100	**Total**	**279**	**277**	**277**	**274**	**-13**	**-126**	**284**	**112**

TAB. 16: 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	3,704	3,704	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	17,794	17,794	-	501	312	53	75	4	35	0	22	501
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	769	769	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	392	392	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	2,554	2,554	-	13	13	-	-	-	-	-	-	13
060	*Non-financial corporations*	13,953	13,953	-	484	297	53	75	3	35	0	21	484
070	*Of which SMEs*	6,524	6,524	-	156	69	40	47	-	-	-	-	156
080	*Households*	126	126	-	4	2	0	-	0	-	-	1	4
090	Debt securities	7,166	7,166	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	586	586	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	3,288	3,288	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	3,051	3,051	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	241	241	-	-	-	-	-	-	-	-	-	-
150	Loan commitments given	5,501	-	-	47	-	-	-	-	-	-	-	47
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
170	*General governments*	17	-	-	-	-	-	-	-	-	-	-	-
180	*Credit institutions*	7	-	-	-	-	-	-	-	-	-	-	-
190	*Other financial corporations*	1,920	-	-	14	-	-	-	-	-	-	-	14
200	*Non-financial corporations*	3,550	-	-	32	-	-	-	-	-	-	-	32
210	*Households*	7	-	-	-	-	-	-	-	-	-	-	-
220	**Total**	**34,166**	**28,665**	**-**	**547**	**312**	**53**	**75**	**4**	**35**	**0**	**22**	**547**

III Use of credit risk mitigation techniques

III.1 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. 17: CR3: CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES (€M)

		a	b	c	d	e
		Unsecured carrying amount	**Secured carrying amount**			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	11,654	10,026	9,763	263	-
2	Debt securities	7,166	-	-	-	
3	Total	18,821	10,026	9,763	263	-
4	*Of which non-performing exposures*	198	303	297	6	-
5	*Of which defaulted*	198	303			

III.2 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. 18: 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	-	-	11	-	-	-
2	Regional government or local authorities	126	-	126	-	22	17.36
3	Public sector entities	411	-	418	0	0	0.0198
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	12	-	12	-	-	-
6	Institutions	1,239	97	1,242	45	327	25.39
7	Corporates	2,888	506	2,875	247	2,662	85.28
8	Retail	0	0	0	0	0	75.00
9	Secured by mortgages on immovable property	537	6	537	3	229	42.45
10	Exposures in default	70	5	70	1	76	106.8
11	Exposures associated with particularly high risk	68	52	68	25	140	150.0
12	Covered bonds	2,088	-	2,088	-	224	10.72
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	662	458	662	229	824	92.58
15	Equity	-	-	-	-	-	-
16	Other items	-	-	-	-	-	-
17	**Total**	**8,101**	**1,124**	**8,108**	**550**	**4,504**	**52.02**

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. 19: 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	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	11
2	Regional government or local authorities	17	-	-	-	109	-	-	-	-	-	-	-	-	-	-	126	126
3	Public sector entities	417	-	-	-	0	-	-	-	-	-	-	-	-	-	-	418	418
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	12
6	Institutions	-	-	-	-	1,149	-	81	-	-	56	-	-	-	-	-	1,287	1,287
7	Corporates	-	-	-	-	418	-	33	-	-	2,670	-	-	-	-	-	3,122	3,122
8	Retail	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-	0	0
9	Secured by mortgages on immovable property	-	-	-	-	-	94	388	-	-	-	-	-	-	-	57	539	539
10	Exposures in default	-	-	-	-	-	-	-	-	-	62	10	-	-	-	-	71	71
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	93	-	-	-	-	93	93
12	Covered bonds	-	-	-	2,001	66	-	21	-	-	-	-	-	-	-	-	2,088	2,088
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	81	-	-	-		589	11	1	-	-	209	890	890
15	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	**Total**	**457**	**-**	**-**	**2,001**	**1,824**	**94**	**524**	**-**	**0**	**3,377**	**113**	**1**	**-**	**-**	**266**	**8,658**	**8,658**

IV IRB approach

IV.1 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. 20: 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	5,939	8	0.87	6,071	0.0072	8	45.00	2.50	214	0.04	0	-6
	0.00 to < 0.10	5,854	8	0.87	5,986	1.027	6	45.00	2.50	183	0.03	0	-6
	0.10 to < 0.15	86	-	-	86	0.1296	2	45.00	2.50	31	0.36	0	-0
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to < 2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	2.5 to < 5	-	-	-	-	-	-	-	-	-	-	-	-
	5 to < 10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	1	-	-	-	-	-	-
	10 to < 20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to < 30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to < 100.00	-	-	-	-	-	1	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**5,939**	**8**	**0.87**	**6,071**	**0.0072**	**9**	**45.00**	**2.50**	**214**	**0.04**	**0**	**-6**
Institutions													
	0,00 bis < 0,15	12	-	-	10	0.0300	3	45.00	2.50	2	0.15	0	-0
	0.00 to < 0.15	12	-	-	10	0.0300	3	45.00	2.50	2	0.15	0	-0
	0.00 to < 0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	33	38	0.77	63	0.3428	3	45.00	2.50	48	0.76	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)	0	0	-	0	100.00	1	45.00	2.50	-	-	0	-17
	Subtotal	**45**	**38**	**0.77**	**73**	**0.3148**	**7**	**45.00**	**2.50**	**49**	**0.67**	**0**	**-17**
Corporates – Specialised lending													
	0.00 to < 0.15	1,740	58	0.56	1,758	0.0928	110	41.91	2.50	371	0.21	1	-19
	0.00 to < 0.10	894	42	0.50	911	0.0660	72	41.00	2.50	141	0.15	0	-1
	0.10 to < 0.15	846	16	0.71	847	0.1217	38	42.89	2.50	230	0.27	0	-18
	0.15 to < 0.25	1,034	109	0.74	1,105	0.1792	53	37.91	2.50	296	0.27	1	-6
	0.25 to < 0.50	2,412	338	0.66	2,621	0.3329	95	39.04	2.50	1,090	0.42	3	-13
	0.50 to < 0.75	1,096	363	0.73	1,362	0.5942	47	40.28	2.50	799	0.59	3	-15
	0.75 to < 2.50	2,230	532	0.69	2,584	1.295	90	39.29	2.50	1,949	0.75	13	-34

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	1,615	473	0.69	1,937	1.062	69	39.63	2.50	1,439	0.74	8	-18
	1.75 to < 2.5	615	59	0.74	647	1.989	21	38.24	2.50	510	0.79	5	-16
	2.50 to < 10.00	155	5	0.61	158	3.749	10	40.43	2.50	129	0.82	2	-8
	2.5 to < 5	123	3	0.50	124	2.961	9	39.19	2.50	92	0.74	1	-2
	5 to < 10	32	2	0.75	34	6.667	1	45.00	2.50	38	1.12	1	-5
	10.00 to <100.00	116	0	0.75	116	14.75	3	37.50	2.50	156	1.34	6	-1
	10 to < 20	103	0	0.75	103	14.05	2	37.82	2.50	131	1.27	5	-1
	20 to < 30	13	-	-	13	20.40	1	35.00	2.50	25	1.97	1	-0
	30.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (default)	267	1	0.20	213	100.00	12	38.96	2.50	-	-	83	-147
	Subtotal	**9,050**	**1,406**	**0.69**	**9,918**	**2.927**	**420**	**39.66**	**2.50**	**4,790**	**0.48**	**113**	**-241**
Corporates SMEs													
	0.00 to < 0.15	233	3	0.01	232	0.1100	17	36.61	2.50	44	0.19	0	-0
	0.00 to < 0.10	67	0	0.20	66	0.0428	12	39.33	2.50	8	0.11	0	-0
	0.10 to < 0.15	166	3	0.01	166	0.1368	5	35.52	2.50	37	0.22	0	-0
	0.15 to < 0.25	403	29	0.71	424	0.1847	9	35.52	2.50	102	0.24	0	-1
	0.25 to < 0.50	26	13	0.11	27	0.3059	10	37.18	2.50	9	0.34	0	-1
	0.50 to < 0.75	29	-	-	29	0.6500	2	41.87	2.50	18	0.62	0	-0
	0.75 to < 2.50	83	29	0.08	85	1.161	11	40.18	2.50	55	0.65	0	-3
	0.75 to < 1.75	79	14	0.08	80	1.095	8	40.00	2.50	50	0.63	0	-2
	1.75 to < 2.5	4	15	0.08	5	2.242	3	43.21	2.50	4	0.87	0	-0
	2.50 to < 10.00	-	0	0.20	0	2.963	1	-	2.50	-	-	-	-0
	2.5 to < 5	-	0	0.20	0	2.963	1	-	2.50	-	-	-	-0
	5 to < 10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	2	1	0.04	2	11.35	1	27.34	2.50	2	0.89	0	-0
	10 to < 20	2	1	0.04	2	11.35	1	27.34	2.50	2	0.89	0	-0
	20 to < 30	-	-	-	-	-	-	-	-	-	-	-	-0
	30.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**776**	**75**	**0.33**	**799**	**0.3181**	**51**	**36.59**	**2.50**	**230**	**0.29**	**1**	**-5**
Corporates other													
	0.00 to < 0.15	1,078	404	0.36	1,185	0.0747	53	38.17	2.50	262	0.22	0	-2
	0.00 to < 0.10	829	294	0.41	916	0.0598	32	37.28	2.50	174	0.19	0	-1
	0.10 to < 0.15	249	110	0.21	269	0.1257	21	41.16	2.50	88	0.33	0	-1
	0.15 to < 0.25	311	224	0.12	338	0.1859	30	41.13	2.50	138	0.41	0	-1
	0.25 to < 0.50	1,281	455	0.44	1,461	0.3762	73	42.56	2.50	885	0.61	2	-10
	0.50 to < 0.75	616	145	0.63	706	0.6557	25	41.21	2.50	536	0.76	2	-7
	0.75 to < 2.50	521	268	0.44	645	1.438	36	42.92	2.50	634	0.98	4	-9
	0.75 to < 1.75	327	154	0.56	423	1.094	28	41.92	2.50	396	0.94	2	-5
	1.75 to < 2.5	193	114	0.27	222	2.095	8	44.83	2.50	238	1.07	2	-3
	2.50 to < 10.00	85	82	0.69	140	3.974	10	39.72	2.50	181	1.29	2	-14
	2.5 to < 5	60	76	0.67	110	3.399	7	41.64	2.50	142	1.30	2	-10
	5 to < 10	25	6	0.96	31	6.023	3	32.90	2.50	38	1.25	1	-4
	10.00 to <100.00	19	3	0.09	19	20.19	9	41.66	2.50	44	2.23	2	-11
	10 to < 20	5	1	0.20	5	11.30	2	45.00	2.50	11	2.14	0	-2
	20 to < 30	13	2	0.01	13	20.00	2	39.86	2.50	28	2.24	1	-8
	30.00 to < 100.00	2	0	0.20	2	45.00	5	45.00	2.50	5	2.44	0	-0
	100.00 (default)	115	31	0.32	117	100.00	23	34.38	2.50			40	-76
	Subtotal	**4,025**	**1,612**	**0.40**	**4,612**	**3.200**	**259**	**40.87**	**2.50**	**2,679**	**0.58**	**53**	**-128**
Total		**19,837**	**3,138**	**0.54**	**21,474**	**2.054**	**746**	**41.33**	**2.50**	**7,963**	**0.37**	**167**	**-398**

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. 21: 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	6,071	-	-	-	-	-	-	-	-	-
2	Institutions	73	-	-	-	-	-	-	-	-	-
3	Corporates	15,329	0.8032	55.44	42.09	0.4705	12.88	-	-	-	-
3,1	*Of which Of which Corporates – SMEs*	799	0.2684	86.93	78.99	0.1323	7.811	-	-	-	-
3,2	*Of which Corporates – Specialised lending*	9,918	0.5735	56.58	47.15	0.0239	9.410	-	-	-	-
3,3	*Of which Corporates – Other*	4,612	1.3897	47.52	24.81	1.489	21.22	-	-	-	-
4	**Total**	**21,474**	**0.5734**	**39.57**	**30.04**	**0.3359**	**9.194**	**-**	**-**	**-**	**-**

		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	-	-	214	214
2	Institutions	-	-	49	49
3	Corporates	-	-	7,699	7,699
3,1	*Of which Of which Corporates – SMEs*	-	-	230	230
3,2	*Of which Corporates – Specialised lending*	-	-	4,790	4,790
3,3	*Of which Corporates – Other*	-	-	2,679	2,679
4	**Total**	**-**	**-**	**7,963**	**7,963**

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. 22: 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 31.03.2023**	**8,223**
2	Asset size	-55
3	Asset qualitiy	-213
4	Model updates	278
5	Methodology and policy	-
6	Acquisitions and disposals	56
7	Foreign exchange movements	9
8	Other	-2
9	**REWAs as at the end of the reporting period 30.06.2023**	**8,295**

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.

The main drivers for the model adjustments in Q2 2023 are methodological changes in the project finance and corporates rating modules (increase in PD). For methodological changes in rating procedures, including those from care projects, the effects are spread over three quarters, i.e. 1/3 of the changes that actually take effect are distributed per quarter.

In the reporting period, there were no regulatory adjustments, minor changes in the investment portfolio and small exchange rate fluctuations. 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. 23: 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	68	-	290%	68	196	1
Other equity exposures	28	-	370%	28	103	1
Total	**95**	**-**		**95**	**299**	**1**

G Exposure to counterparty credit risk

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

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. 24: 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)	137	117		1.40	355	355	345	114
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)					984	159	159	22
5	VaR for SFTs					-	-	-	-
6	**Total**					**1,339**	**515**	**504**	**136**

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. 25: 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	53
EU4	Based on the Original Exposure Method	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**113**	**53**

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. 26: 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	91	86	-	-	153	4	-	-	-	-	-	333
7	Corporates	-	0	-	-	0	1	-	-	20	-	-	21
8	Retail	-	-	-	-	-	-	-	0	-	-	-	0
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	2	0	-	-	-	0	-	3
11	**Total**	**91**	**86**	**-**	**-**	**155**	**5**	**-**	**0**	**20**	**0**	**-**	**357**

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. 27: 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	3	-	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	**3**	**-**	**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	164	0.12	47	45.00	2.50	42	25.39
	0.15 to < 0.25	7	0.17	10	44.99	2.50	2	26.84
	0.25 to < 0.50	10	0.36	22	44.72	2.50	4	43.02
	0.50 to < 0.75	2	0.54	7	45.00	2.50	1	52.57
	0.75 to < 2.50	10	1.22	13	44.94	2.50	7	64.97
	2.50 to < 10.00	2	5.56	6	45.00	2.50	2	103.0
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	0	100.00	1	45.00	2.50	-	-
	Subtotal	**196**	**0.26**	**106**	**44.98**	**2.50**	**58**	**29.53**
Corporates SMEs								
	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	1	0.15	1	45.00	2.50	0	26.65
	0.25 to < 0.50	1	0.39	2	44.84	2.50	1	48.73
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	16	2.18	4	45.00	2.50	16	99.60
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**18**	**1.98**	**7**	**44.99**	**2.50**	**16**	**93.37**
Corporates other								
	0.00 to < 0.15	7	0.08	10	39.75	2.54	2	23.89
	0.15 to < 0.25	1	0.18	3	45.00	2.50	0	43.82
	0.25 to < 0.50	5	0.32	12	44.96	2.51	3	56.03
	0.50 to < 0.75	2	0.64	4	44.97	2.50	1	82.04
	0.75 to < 2.50	1	1.40	6	45.00	2.50	1	101.25
	2.50 to < 10.00	0	4.13	3	45.00	2.59	1	149.3
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	0	100.0	1	45.00	2.50	-	-
	Subtotal	**16**	**0.38**	**39**	**42.64**	**2.52**	**8**	**48.41**

		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		**233**	**0.39**	**154**	**44.82**	**2.50**	**82**	**35.22**

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. 28: 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	18	58	260	123	-	-	-	-
2	Cash – other currencies	41	-	2	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	548
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**59**	**58**	**263**	**123**	**-**	**-**	**-**	**548**

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. 29: CCR6: CREDIT DERIVATIVES EXPOSURES (€M)

		a	b
		Protection bought	**Protection sold**
Notionals			
1	Single-name credit default swaps	-	-
2	Index credit default swaps	125	-
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	-	-
6	**Total notionals**	**125**	**-**
	Fair values		
7	Positive fair value (asset)	-	-
8	Negative fair value (liability)	-1	-

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. 30: 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	86	2
3	(i) OTC derivatives	86	2
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	108	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	8	2
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	-	-

H 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 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 € 2.138 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 € 219 million is composed of a € 181 million on-balance sheet and a € 38 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 2023

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 € 620 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. 31: 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		of which SRT		of which SRT		STS	Non-STS			STS	Non-STS		
1	**Total exposures**	-	-	-	-	-	-	-	-	**219**	-	-	-	**1,919**	-	-
2	Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	*Residential mortgage*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	*Credit card*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	*Other retail exposures*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	*Re-securitisation*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	219	-	-	-	1,919	–	–
8	*Loans to corporates*	-	-	-	-	-	-	-	-	219	-	-	-	1,919	–	–
9	*Commercial mortgage*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	*Lease and receivables*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	*Other wholesale*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	*Re-securitisation*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TAB. 32: 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**	**-**	**219**	**-**	**-**	**-**	**-**	**-**	**219**	**-**	**-**	**-**	**77**	**-**	**-**	**-**	**6**	**-**
2	Traditional transactions	-	219	-	-	-	-	-	219	-	-	-	77	-	-	-	6	-
3	Securitisation	-	219	-	-	-	-	-	219	-	-	-	77	-	-	-	6	-
4	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	219	-	-	-	-	-	219	-	-	-	77	-	-	-	6	-
7	of which STS	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	-	-
11	Retail	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	-	-

TAB. 33: 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**	**1,919**	-	-	-	-	-	**1,101**	**818**	-	-	**226**	**172**	-	-	**18**	**14**	-
2	Traditional transactions	1,919	-	-	-	-	-	1,101	818	-	-	226	172	-	-	18	14	-
3	Securitisation	1,919	-	-	-	-	-	1,101	818	-	-	226	172	-	-	18	14	-
4	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	1,919	-	-	-	-	-	1,101	818	-	-	226	172	-	-	18	14	-
7	of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

I Market risk

I Market risk

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 decreased, whereas the foreign exchange risk increased.

TAB. 34: MR1: MARKET RISK UNDER THE STANDARDISED APPROACH (€M)

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	136
2	Equity risk (general and specific)	-
3	Foreign exchange risk	294
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**430**

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. 35: 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	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Parallel up	-389	-279	-60	-9
Parallel down	138	87	7	-31
Steepener	-39	-14		
Flattener	-106	-87		
Short rates up	-244	-193		
Short rates down	79	66		

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.

In the case of EBA interest rate shocks, not only are the yield curves shifted, but the results also include modeling assumptions (of, for example, customer behavior with regard to deposits).

J 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 since 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. If there were significant changes to the CSR Report 2022 as of 30.06.23, these have been taken into account here.

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.[3]

For 2023 and the following years, HCOB has defined targets with respect to the categories "Strategy & Governance", "Portfolio Level" and "Corporate Level" which were communicated conclusively via the CSR Report 2022 and for which a selection regarding ESG strategy and ESG risk management is presented below:[4]

- 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[5] 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)

[3] 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.

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

[5] "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.[6]

(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.,

[6] 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 two ESG Departments, which have 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 co-chaired by the CRO and the CIO. 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 Matrix7 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.[8]

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. With respect to the latter in addition to the Disclosure

[7] 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".

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

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.[9] 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 Minimum Requirements for Risk Management (MaRisk), 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.

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)

[9] 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.

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[10] in a further 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.

For evaluation the materiality of physical and transition risks, 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).

Type of risk		Credit	Market	Liquidity	Operational	Reputation	Business strategy	Other
Physical risks	Acute							
	Chronic							
Transition risks	Political & legal pressure							
	Green regulation							
	Green technology							
	Market sentiment							
	Digital ESG reputation							
	Ecological protectionism							

Materiality	
	low
	minor
	moderate
	high

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.[11]

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

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

[11] 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).

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.

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.

(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[12] 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.

[12] 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 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.

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

An overall evaluation of the ESG-Scoring takes place once a year: 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". [13]

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.

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).[14] 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] 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.

[14] 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. 36: 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***	**12,451**	**117**		**1,180**	**405**
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*	-	-		-	0
9	C - Manufacturing	175	4		35	16
10	*C.10 - Manufacture of food products*	40	-		0	5
11	*C.11 - Manufacture of beverages*	-	-		-	-
12	*C.12 - Manufacture of tobacco products*	-	-		-	-
13	*C.13 - Manufacture of textiles*	1	-		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*	0	-		-	-
17	*C.17 - Manufacture of pulp, paper and paperboard*	14	-		6	-
18	*C.18 - Printing and service activities related to printing*	6	-		0	-
19	*C.19 - Manufacture of coke oven products*	4	4		-	-
20	*C.20 - Production of chemicals*	33	-		5	-
21	*C.21 - Manufacture of pharmaceutical preparations*	3	-		-	3
22	*C.22 - Manufacture of rubber products*	-	-		-	-
23	*C.23 - Manufacture of other non-metallic mineral products*	5	-		0	0
24	*C.24 - Manufacture of basic metals*	8	-		-	3
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*	12	-		0	-
27	*C.27 - Manufacture of electrical equipment*	0	-		-	-
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	16	-		8	4
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	27	-		16	-
30	*C.30 - Manufacture of other transport equipment*	6	-		0	0
31	*C.31 - Manufacture of furniture*		-		-	-
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	1,932	74		185	120
35	*D35.1 - Electric power generation, transmission and distribution*	1,929	73		184	120
36	*D35.11 - Production of electricity*	1,929	73		184	120
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	92	-		0	-
40	F - Construction	714	-		116	66
41	*F.41 - Construction of buildings*	658	-		116	61
42	*F.42 - Civil engineering*	47	-		-	3
43	*F.43 - Specialised construction activities*	9	-		0	1
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	313	33		40	10
45	H - Transportation and storage	3,321	7		57	22
46	*H.49 - Land transport and transport via pipelines*	76	7		0	7
47	*H.50 - Water transport*	2,891	-		48	16
48	*H.51 - Air transport*	0	-		-	-
49	*H.52 - Warehousing and support activities for transportation*	353	-		9	-
50	*H.53 - Postal and courier activities*	-	-		-	-
51	I - Accommodation and food service activities	272	-		74	27
52	L - Real estate activities	5,631	-		674	144
53	**Exposures towards sectors other than those that highly contribute to climate change***	**13,010**	**1**		**531**	**96**
54	K - Financial and insurance activities	9,153	-		141	13
55	Exposures to other sectors (NACE codes J, M - U)	3,857	1		390	83
56	**TOTAL**	**25,461**	**119**		**1,711**	**501**

		f	g	h	i	j	k
Sector/Subsector		**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*	**-233**	**-49**	**-126**			
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	-9	-1	-8			
10	*C.10 - Manufacture of food products*	-3	0	-2			
11	*C.11 - Manufacture of beverages*	-	-	-			
12	*C.12 - Manufacture of tobacco products*	-	-	-			
13	*C.13 - Manufacture of textiles*	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	0	-			
18	*C.18 - Printing and service activities related to printing*	0	-	-			
19	*C.19 - Manufacture of coke oven products*	0	-	-			
20	*C.20 - Production of chemicals*	0	0	-			
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*	-1	-	-1			
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	-	-			
27	*C.27 - Manufacture of electrical equipment*	0	-	-			
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	-4	0	-4			
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	0	0	-			

	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	
30	*C.30 - Manufacture of other transport equipment*	0	-	0			
31	*C.31 - Manufacture of furniture*	-	-	-			
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	-68	-26	-34			
35	*D35.1 - Electric power generation, transmission and distribution*	-68	-26	-34			
36	*D35.11 - Production of electricity*	-68	-26	-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	-2	-	-			
40	F - Construction	-26	0	-21			
41	*F.41 - Construction of buildings*	-23	0	-19			
42	*F.42 - Civil engineering*	-3	-	-2			
43	*F.43 - Specialised construction activities*	0	-	0			
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-10	-1	-8			
45	H - Transportation and storage	-34	-4	-8			
46	*H.49 - Land transport and transport via pipelines*	-1	-	-1			
47	*H.50 - Water transport*	-31	-4	-7			
48	*H.51 - Air transport*	-	-	-			
49	*H.52 - Warehousing and support activities for transportation*	-2	0	-			
50	*H.53 - Postal and courier activities*	-	-	-			
51	I - Accommodation and food service activities	-10	-1	-7			
52	L - Real estate activities	-74	-17	-40			
53	**Exposures towards sectors other than those that highly contribute to climate change***	**-87**	**-34**	**-32**			
54	K - Financial and insurance activities	-6	2	-			
55	Exposures to other sectors (NACE codes J, M, U)	-81	-32	-32			
56	**TOTAL**	**-320**	**-83**	**-158**			

		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***	**9,316**	**1,891**	**1,206**	**38**	**5.45**
2	A - Agriculture, forestry and fishing	0	-	-	-	0.50
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	160	14	-	-	2.50
10	*C.10 - Manufacture of food products*	40	-	-	-	2.35
11	*C.11 - Manufacture of beverages*	-	-	-	-	-
12	*C.12 - Manufacture of tobacco products*	-	-	-	-	-
13	*C.13 - Manufacture of textiles*	1	-	-	-	0.77
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	-	-	-	2.49
17	*C.17 - Manufacture of pulp, paper and paperboard*	9	5	-	-	3.68
18	*C.18 - Printing and service activities related to printing*	6	-	-	-	0.13
19	*C.19 - Manufacture of coke oven products*	4	-	-	-	1.74
20	*C.20 - Production of chemicals*	33	-	-	-	2.36
21	*C.21 - Manufacture of pharmaceutical preparations*	3	-	-	-	0.13
22	*C.22 - Manufacture of rubber products*	-	-	-	-	-
23	*C.23 - Manufacture of other non-metallic mineral products*	5	-	-	-	1.00
24	*C.24 - Manufacture of basic metals*	8	-	-	-	0.83
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	1	-	-	-	2.45
26	*C.26 - Manufacture of computer, electronic and optical products*	3	9	-	-	5.08
27	*C.27 - Manufacture of electrical equipment*	0	-	-	-	1.00
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	16	-	-	-	2.80
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	27	-	-	-	3.03
30	*C.30 - Manufacture of other transport equipment*	6	-	-	-	0.87
31	*C.31 - Manufacture of furniture*	-	-	-	-	-
32	*C.32 - Other manufacturing*	0	-	-	-	0.98

		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	132	940	861	0	9.58
35	*D35.1 - Electric power generation, transmission and distribution*	129	940	861	0	9.59
36	*D35.11 - Production of electricity*	129	940	861	0	9.59
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	2	-	-	-	4.75
38	*D35.3 - Steam and air conditioning supply*	1	-	-	-	1.81
39	E - Water supply; sewerage, waste management and remediation activities	64	28	-	-	3.86
40	F - Construction	469	245	-	1	2.82
41	*F.41 - Construction of buildings*	463	194		1	2.43
42	*F.42 - Civil engineering*	3	44	-	-	8.03
43	*F.43 - Specialised construction activities*	3	7	-	-	3.94
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	293	21	-	-	2.65
45	H - Transportation and storage	2,806	226	288	-	4.03
46	*H.49 - Land transport and transport via pipelines*	40	-	36	-	6.48
47	*H.50 - Water transport*	2,717	166	9	-	3.08
48	*H.51 - Air transport*	0	-	-	-	1.00
49	*H.52 - Warehousing and support activities for transportation*	50	61	243	-	11.26
50	*H.53 - Postal and courier activities*	-	-	-	-	-
51	I - Accommodation and food service activities	272	0	-	-	2.41
52	L - Real estate activities	5,119	417	58	37	2.58
53	**Exposures towards sectors other than those that highly contribute to climate change***	**7,184**	**2,459**	**1,633**	**1,734**	**6.42**
54	K - Financial and insurance activities	4,599	1,879	970	1,706	6.77
55	Exposures to other sectors (NACE codes J, M, U)	2,585	581	663	28	5.20
56	**TOTAL**	**16,500**	**4,351**	**2,839**	**1,771**	**8.72**

*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 EU 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. 37: 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**	**7,025**	**332**	**1,473**	**724**	**184**	**45**	**91**
2	Of which Loans collateralised by commercial immovable property	5,857	318	1,428	630	177	1	10
3	Of which Loans collateralised by residential immovable property	1,169	15	45	94	6	44	80
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	1,758	124	1,016	548	70	-	-
6	**Total Non-EU area**	**416**	**0**	**135**	**86**	**17**	**-**	**-**
7	Of which Loans collateralised by commercial immovable property	416	0	135	86	17	-	-
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	227	-	129	82	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**	**1,861**	**397**	**188**	**136**	**49**	**2**	**216**	**4,177**	**25.3%**
2	Of which Loans collateralised by commercial immovable property	1,750	396	183	117	34	-	85	3,292	28.8%
3	Of which Loans collateralised by residential immovable property	111	1	6	18	15	2	131	885	10.9%
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								1,758	100%
6	**Total Non-EU area**	**175**	**-**	**-**	**46**	**-**	**-**	**17**	**178**	**57.1%**
7	Of which Loans collateralised by commercial immovable property	175	-	-	46	-	-	17	178	57.1%
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								227	100%

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. 38: 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	10	0.04%		1.5	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).[15] 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.

[15] 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. 39: 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	-	-	-	0.50	n/a	0	n/a
2	B - Mining and quarrying	-	-	-	-	-	-	n/a	-	n/a
3	C – Manufacturing	175	2	-	-	-	1.97	n/a	2	n/a
4	D - Electricity, gas, steam and air conditioning supply	1,932	-	5	-	-	9.00	n/a	5	n/a
5	E - Water supply; sewerage, waste management and remediation activities	92	49	0	-	-	3.35	n/a	49	n/a
6	F – Construction	714	-	-	-	-	-	n/a	-	n/a
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	313	-	-	-	-	-	n/a	-	n/a
8	H - Transportation and storage	3,321	-	-	-	-	-	n/a	-	n/a
9	L - Real estate activities	5,631	-	-	-	-	-	n/a	-	n/a
10	Loans collateralised by residential immovable property	1,169	-	-	-	-	-	n/a	-	n/a
11	Loans collateralised by commercial immovable property	6,272	-	-	-	-	-	n/a	-	n/a
12	Repossessed collaterals	-	-	-	-	-	-	n/a	-	n/a
13	Other relevant sectors (Sector K)	9,153	29	-	-	-	3.38	n/a	29	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	-	-	0	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	0	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	0	-	-
6	F – Construction	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-
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.

Own funds according to Article 437 CRR

TAB. 40: 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	1,833	EU CC2 row 5 + 6
2	Retained earnings	1,817	EU CC2 row 8 + 9
3	Accumulated other comprehensive income (and other reserves)	-33	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**	**3,617**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-9	
8	Intangible assets (net of related tax liability) (negative amount)	-68	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)	-281	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)	-139	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)	-49	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	-9	

28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-556**	
29	**Common Equity Tier 1 (CET1) capital**	**3,061**	
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)**	**3,061**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	913	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	56	
51	**Tier 2 (T2) capital before regulatory adjustments**	**969**	
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**	**969**	

59	**Total capital (TC = T1 + T2)**	**4,030**	
60	**Total risk exposure amount**	**16,523**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	18.52	
62	Tier 1	18.52	
63	Total capital	24.39	
64	Institution CET1 overall capital requirements	8.57	
65	of which capital conservation buffer requirement	2.50	
66	of which countercyclical capital buffer requirement	0.50	
67	of which systemic risk buffer requirement	0.05	
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	1.02	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**11.15**	
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)	271	
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)	312	
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	63	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	191	
9	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	56	
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. 41: 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	68	EU CC1 line 8	Regulatory netting of deferred tax liabilities and no consideration of write-downs
2	Deferred tax assets	697	625	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	139	EU CC1 line 15	
	Total assets	**894**	**832**		
Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*					
4	Subordinated capital	930	923	EU CC1 line 46	Regulatory reporting at nominal value and without accrued interest
	Total liabilities	**930**	**923**		
Shareholders' Equity					
5	Share capital	302	302	EU CC1 line 1	
6	Capital reserve	1,529	1,531	EU CC1 line 1	
7	Retained earnings	2,915	1,813		
8	of which: other retained earnings	2,099	1,011	EU CC1 line 2	
9	of which: group reserve	819	805	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	-4	EU CC1 line 3	
11	Revaluation reserve	-6	-27	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	-	EU CC1 line 3	
13	Group net result	425	183	EU CC1 line EU-5a	Profit not eligible for regulatory purposes
	Total shareholders' equity	**5,164**	**3,801**		

L 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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