

Press release

Moody's upgrades HCOB's issuer rating to A3

- Agency acknowledges strong financial performance and sound strategy execution
- CEO Ian Banwell: Rating upgrade in A-territory honors HCOB's great progress over the last year's

HAMBURG - Rating agency Moody's announced on February 17th that it has upgraded Hamburg Commercial Bank's (HCOB) major ratings by one notch.¹ The bank's issuer, senior preferred and deposit ratings have been upgraded from Baa1 to A3 with a stable outlook, while the stand-alone rating has improved from ba1 to baa3. The recent positive rating action follows an upgrade in July 2021 to Baa1 / ba1 and is a further improvement since HCOB achieved a Baa2 / ba2 rating at its privatization in November 2018. The rating trajectory mirrors the continued improvement and lengthened track record of HCOB's financial performance as a privatized bank. On February 9th Hamburg Commercial Bank has published strong preliminary figures for 2022 with a net profit after taxes of 425 million euros. The agency sees HCOB well positioned based on a solid capital position, improved asset quality and significantly strengthened recurrent profitability.

"The upgrade ... reflects the bank's sustainably strengthened solvency profile, including a resilient asset quality during the pandemic, paired with the achieved improvement in profitability driven by higher revenues and strict cost discipline, while its strong capital levels provide a substantial cushion against potential losses from its still largely asset-based finance exposures", Moody's said.

"The rating upgrade to A3 acknowledges HCOB's great progress over the last years, the excellent work of our people and the resilient and efficient platform we have built to serve our clients in their respective markets. The upgrade recognizes our capability to achieve recurrent profits in clear, well defined markets, where we are expert", said Ian Banwell, Chief Executive Officer of HCOB. "In the current volatile environment, we are placing strong emphasis on reliability and stability. Going forward, we expect to continue our moderate growth path, leveraging our focused asset-based finance business model while adding diversifying exposures." Marc Ziegner, Chief Financial Officer, added: "The rating upgrade acknowledges HCOB's strengthened capital generation capacity, its well-positioned-balance-sheet, its strong earnings, and its sound risk-return profile. Stringent cost control and efficiency has been the key to our success over the last years – and will remain so." The upgrade, including the improvement of HCOB's covered bonds by one notch (Mortgage to Aaa, Ship to Aa3) should provide significant tailwind for the bank's franchise and funding activities by increasing investor base and tightening spreads.

1) Latest publications by rating agencies available on Hamburg Commercial Bank's website:
<https://www.hcob-bank.de/en/investoren/rating/rating/>

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