

Hamburg Commercial Bank

Issuer View • 17. Januar 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

	Rating	Outlook
Fitch	-	-
Moody's	A3	Stable
S&P	-	-

Hamburg Commercial Bank AG (HCOB), headquartered in Hamburg, is a private commercial bank and specialist financier. Up to February 2019, HCOB traded under the name HSH Nordbank AG. At the end of 2018, HSH was successfully privatised. The largest shareholders are Cerberus Capital Management (H1 2023: 42.25%) and J.C. Flowers & Co (33.97%). Since 1 January 2022, HCOB has been part of the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken GmbH [EdB]) and is also voluntarily involved in the Deposit Protection Fund of the Association of German Banks e.V. (ESF). The business activities extend to real estate financing, international business customers, the corporate customer business in Germany as well as international project and ship financing. In addition to branches in major German cities, HCOB is also active abroad through branches in Athens and Luxembourg, as well as a representative office in London. Reporting is conducted across the segments of Real Estate, Shipping, Project Finance, Corporates and Treasury & Group Functions. In terms of the asset type, the real estate portfolio comprises Office Space (exposure at default: 38%), Retail Space (22%), Residential (15%), Hotels (8%), Logistics & Industrial (5%) and Other (12%). HCOB's funding consisted primarily of ship and mortgage Pfandbriefe, customer deposits and equity. HCOB is also active on the market with unsecured bonds. As part of its sustainability strategy, the bank has set itself the goal of ensuring that more than 10% of its net new green business is in line with the EU taxonomy from 2025.

Homepage

www.hcob-bank.de

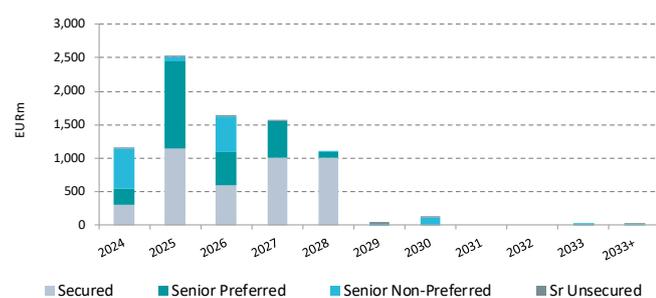
Balance Sheet

(EURm)	2021Y	2022Y	2023H1
Net Loans to Customers	19,752	19,178	18,070
Total Securities	5,271	5,779	7,447
Total Deposits	11,141	13,243	13,455
Tier 1 Common Capital	4,055	3,150	3,061
Total Assets	30,310	31,818	30,812
Total Risk-weighted Assets	14,026	15,403	16,523

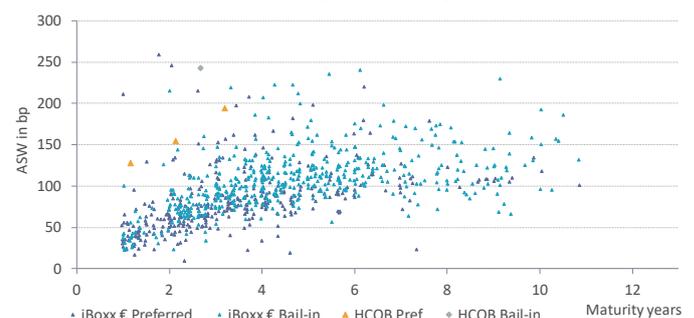
Income Statement

(EURm)	2021Y	2022Y	2023H1
Net Interest Income	526	627	292
Net Fee & Commission Inc.	38	33	11
Net Trading Income	78	13	72
Operating Expense	360	362	176
Credit Commit. Impairment	-32	-11	-2
Pre-tax Profit	299	363	230

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023H1	2021Y	2022Y	2023H1	
Net Interest Margin	1.70	2.08	1.93	Liquidity Coverage Ratio	164.00	197.00	157.00
ROAE	7.75	8.60	7.92	IFRS Tier 1 Leverage Ratio	13.65	9.97	10.00
Cost-to-Income	52.86	48.27	43.56	NPL/ Loans at Amortised Cost	-	-	-
Core Tier 1 Ratio	28.91	20.45	18.53	Reserves/Loans at Amort. Cost	2.35	2.21	1.82

As of 17.01.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Capitalisation
- Liquidity buffer

Risks / Weaknesses

- Concentration risks from ABF business
- Dependency on capital market funding

Covered Bonds

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Public-sector, mortgage and ship Pfandbriefe outstanding

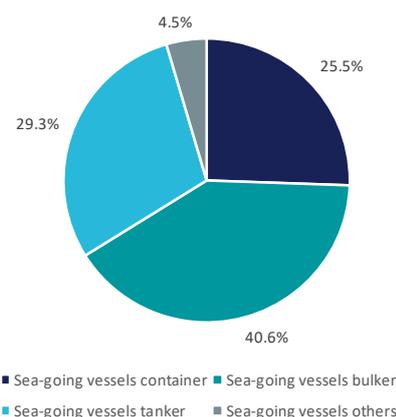
Hamburg Commercial Bank (HCOB) is active on the market as an issuer of Mortgage Pfandbriefe, Public Pfandbriefe and Ship Pfandbriefe. As at the reporting date of 31 December 2023, the outstanding mortgage Pfandbriefe with a volume of EUR 2.7bn were offset by cover assets of EUR 3.3bn. The over-collateralisation is made up of EUR 111m from statutory cover Assets and EUR 498m from voluntary. In the case of public sector Pfandbriefe, the outstanding volume (EUR 608m) is offset by cover totalling EUR 685m (over-collateralisation: EUR 77m). The cover pool for ship Pfandbriefe had a volume of EUR 1.7bn as at the same reporting date, while issues totalled EUR 1.4bn. The statutory over-collateralisation is also stated at EUR 101m, while the additional voluntary over-collateralisation amounts to EUR 247m. The over-collateralisation ratio is therefore 24.8% and thus significantly higher than the legally required nominal over-collateralisation of 5%. The institute is represented in the December composition of the iBoxx EUR Covered benchmark index with six issues (total volume: EUR 3.0bn). In addition to five mortgage Pfandbriefe in the EUR benchmark format, the outstanding deals in this market segment also include a ship Pfandbrief.

Programme data

	Ships
31 December 2023	
Covered bonds outstanding	EUR 1,400.0bn
Cover pool volume	EUR 1,747.2bn
Current OC (nominal / legal)	24.8% / 5.0%
Main type	92.9% Shipping
Main country by ship registration	EUR 590m Marshall Islands
Average Loan Size	EUR 744,090
Number of loans	218
Number of borrowers	98
Fixed interest (Cover Pool / CBs)	7.9% / 53.6%
WAL (Cover Pool / CBs)	3.1y / 1.4y
NPL	0.0%
CB Rating (Fitch / Moody's / S&P)	- / Aa3 / -

Source: Issuer, rating agencies, NORD/LB Floor Research

Cover assets by ship type



Cover pool for ship Pfandbriefe with a total of 218 loans

92.9% of the cover pool is made up of primary cover assets. The cover pool also has a weighted residual term of 3.1 years and comprises 218 loans from 98 borrowers. As at the reporting date of 31 December 2024, the cover pool did not include any non-performing loans (>90 days). The outstanding Pfandbriefe have a weighted average remaining term of 1.4 years and – as prescribed and regulated by the German Pfandbrief Act (PfandBG) – have the option of deferring their maturity by twelve months. The total amount of the ten largest borrowers is stated as EUR 697m. The cover pool by ship type is broken down into "Sea-going vessels bulkers" (EUR 659m), "Sea-going vessels tankers" (EUR 476m), "Sea-going vessels containers" (EUR 415m) and "Other ships" (EUR 74m).

Rating and regulation

Moody's rates the ship Pfandbriefe at Aa3. In our opinion, corresponding EUR benchmarks fulfil the necessary requirements to be used as Level 1 assets in the context of LCR management. In addition, the ship Pfandbriefe also benefit from a risk weighting of 10% in accordance with CRR due to the rating.

Appendix

Contacts at NORD/LB

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Frequent Issuers	+49 511 9818-9640

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Relationship Management

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