



Annual Report 2006

At a Glance

Hamburger Sparkasse		Hamburger Sparkasse AG			
<u>All figures stated in €million</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Balance sheet total	32,704	31,594	31,270	31,785	33,961
Liabilities to banks	5,918	5,966	4,239	4,843	4,900
Customer deposits	19,885	19,458	20,947	21,039	22,534
Bearer bonds	4,115	3,650	3,488	3,290	3,383
Due from banks	3,341	3,313	4,291	4,166	6,637
Customer loans	22,551	22,408	22,386	22,263	21,939
Securities portfolio	6,024	4,852	4,175	4,793	4,999
Equity	2,059	1,472	1,506	1,546	1,580
Customer securities sales	12,758	10,996	11,066	13,790	13,521
Number of employees	6,028	5,915	5,845	5,807	5,350

Hamburger Sparkasse AG, or Haspa, is Hamburg's leading retail bank for retail customers, individual customers and midsized corporate customers in the Hamburg metropolitan area. Haspa is Germany's largest Sparkasse (savings bank), with a balance sheet total of €34 billion and about 5,350 employees. Haspa offers a wide range of financial services for retail and commercial customers in the Hamburg business region and its nearly three million inhabitants. Haspa is the main bank for over 50 percent of Hamburg's residents.

HASPA Finanzholding is Haspa's parent company and a legal entity formed under old Hamburg law. It holds 100 percent of the shares in the Hamburger Sparkasse AG. This arrangement makes Haspa one of the few privately owned savings banks in Germany. Haspa is a member of the Hamburg-based Hanseatischer Sparkassen- und Giroverband (HSGV), (Hanseatic Savings Banks and Giro Association) and the Bremen-based Verband der Deutschen Freien Öffentlichen Sparkassen e.V. (Registered Association of Independent Public Savings Banks). Haspa is affiliated through HSGV with the Deutscher Sparkassen- und Giroverband e.V. (German Savings Banks and Giro Association) in Berlin and Bonn and therefore included in the comprehensive security system of all German savings banks.

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Interview

At the end of January 2007, Dr. Karl-Joachim Dreyer handed over his position as Spokesman of the Board of Management of Hamburger Sparkasse AG, or Haspa, to his successor, Dr. Harald Vogelsang – a change of leadership, which was well-prepared. The predecessor and successor jointly explain the strategy of the company and venture a glimpse into the future.



Dr. Karl-Joachim Dreyer
(Spokesman of the Board of Management
until 30th January 2007)



Dr. Harald Vogelsang
(Spokesman of the Board of Management
since 31st January 2007)

Dr. Dreyer, since 1985, you were a Member of the Board of Management of Haspa, from 1989 until the end of January 2007, its Spokesman. How has the banking market changed in all of these years?

Dr. Dreyer: During a period of more than two decades, there have, of course, been enormous changes in nearly all areas. However, I would particularly like to highlight the trend developments here, such as the technological change, the changing customer behavior, the market entry of new competitors and the changing regulatory requirements. The structural change in the credit services sector has lastly even accelerated. The constant necessary adaptations to these developments were also not always easy for us to accomplish. Within the context of our clearly formulated retail strategy, we constantly modernized Haspa, optimized management processes, reduced costs and pressed ahead with the development of the Haspa group of companies. However, above all - and this appears particularly important to me - we have responded appropriately to the growing demands of our customers. We always remained loyal to our business model, which focuses on the comprehensive and requirement-oriented advisory and servicing of all retail, private and midsized corporate customers.

Interview

Board of Management
Executive Bodies

Is this continuity in the basic business policy positions the secret to Haspa's success?

Dr. Dreyer: If there is a secret to success at all, then this secret is: trust. We, as Haspa, have always remained loyal to our customers. And because we were loyal partners, our customers have rewarded us with longstanding business relationships. Many generations of Hamburg's citizens and merchants have successfully structured their financial life with Haspa – and I am certain: It will also remain this way in the future. This is contributed to by the convincing concept of a savings bank with a close association to the prospering metropolitan region of Hamburg, the nearness to the citizens, nearly 180 years of experience as a leading financial services provider at the Hamburg banking centre and, above all, the extremely competent and motivated employees.

Dr. Vogelsang: I can only emphasize that. For its customers, Haspa will always continue to be a competent and reliable companion in the complex world of finances in the future. In order to ensure this, we are constantly working on improving our products and services. Whether it involves payment services, well-founded retirement concepts, promising investment strategies or flexible financing solutions: With Haspa, the customers can successfully structure their financial future - from their first savings book, right up to old-age pension provision, from starting up a business, right up to successor and inheritance regulation. Decision-making authority on site, our precise market knowledge, competitive products and the in-house expertise of Haspa are advantages that will also convince our customers in future.

A dense branch and central office network is becoming increasingly important to many bank customers. A trend, which Haspa is also observing?

Dr. Dreyer: For me, the Renaissance of branch banking is by no means surprising. In view of increasingly complex financial topics, the personal advisory discussion is simply unbeatable. And because life planning and financial planning happen to go hand-in-hand, a reliable and experienced financial partner is indispensable. Our employees in the branches and customer centers therefore always offer a personal discussion, excellent service and competent life-phase-oriented advisory and servicing on site. One thing can be said for certain: Human banking will always be in vogue.

Dr. Vogelsang: For precisely this reason, the branches and customer centers will also retain their importance in future. We are now already investing intensively in the upgrading of our branch network. With the restructuring, the aim is also to increase the visual presence in the cityscape and make visiting a branch even more attractive. Of course, this does not mean that we are neglecting other access routes to the bank - on the contrary. We are, of course, also available to our customers online and customer advisory by telephone is also well-established with us. In addition to this, there are our mobile services, which enable "banking via mobile phone", for example. Ultimately, our mobile operation - in close cooperation with branches and customer centers - covers a further requirement of our customers. In short: Haspa offers intelligent, multi-channel banking.

Interview

Board of Management
Executive Bodies

Looking back at 2006: Which successes were you particularly pleased about?

Dr. Dreyer: In first position, the start of NRS Norddeutsche Retail-Service AG has to be mentioned. I am also particularly pleased that Haspa has now become a Pfandbrief bank. Since the beginning of our issuing activity on 27th April 2006, we have been able to favourably place mortgage Pfandbrief securities with a total volume of more than €700 million on the Pfandbrief market. Thanks to this refinancing option, we can also continue to offer our customers attractive financing and thus, for example, improve our competitiveness with retail and commercial construction financing. Furthermore, in 2006 - as already in the previous year - we were able to achieve a pleasing annual result overall. This ensures the independence of Haspa and is therefore good for our customers. The dedication and competence of our employees, in direct customer contact, as well as in the departments, has made a significant contribution to our company being in such a good position today.

Dr. Vogelsang: From my point of view, it is particularly pleasing that the customer satisfaction analyses also show good results again in 2006. With retail and individual customers, as well as with mid-sized corporate customers, we were able to observe a stable customer relationship at a high level. Furthermore, the customer satisfaction improved further in many aspects. Backed by these positive analysis results, good results in the branch tests and surveys of Haspa experts, the independent ServiceRating GmbH confirmed the overall test result of "Excellent" from the previous year, for the 2006 quality certification. Another very pleasing "serial result": The specialist magazine, *Elite Report*, chose Haspa as the best asset manager among 268 banks and specialist institutions in the German-speaking zone, for the fourth time in a row. 1st place four times, in four sequential years - that is a fantastic result in this supreme discipline!

Apart from this, during the past year, 70,000 Hamburg inhabitants have decided to open an account at Haspa. A nice sign of confidence! The number of cash accounts at our subsidiary, Haspa-DIREKT alone grew by 65 percent in 2006 to more than 22,000 accounts. With this, we introduced a very attractive, consistently high rate of interest from the first euro for call deposits. An offer, which was well received by our customers.

Dr. Vogelsang, you are not only the Spokesman of the Board of Management of HASPA Finanzholding and Hamburger Sparkasse AG, but you are also the Chairman of the Board of Management of NRS Norddeutsche Retail-Service AG at the same time. How does NRS contribute to the success of Haspa?

Dr. Vogelsang: NRS is a service company by savings banks, for savings banks. HASPA Finanzholding holds 60 percent minus one share, the finance holding company of the Sparkasse in Bremen, 15 percent and the Savings Bank and Giro Association for Schleswig-Holstein, 25 percent plus one share of NRS. As of 1st July 2006, NRS took up its operations with around 1,000 employees at its locations in Bremen and Hamburg. A good 400 Haspa employees, particularly from the Market Service, Central Service and Finance and Controlling departments, moved to NRS, and respectively, its subsidiary, Kredit-Service-Center GmbH. Furthermore, ZVS Zahlungsverkehrs und Transaktions-servicegesellschaft mbh, with around 240 employees at its location in Hamburg, belongs to NRS, as a subsidiary company.

Interview

Board of Management

Executive Bodies

NRS bundles staff functions and back office functions of the savings banks and offers these as services for savings banks, initially in the four fields of Credit Services, Payments Services, Market Service and Finance and Controlling. Over the longer term, NRS intends to offer additional services for savings banks. Through extensive know-how, productivity gains, competitive prices and excellent quality of the products offered, NRS strengthens the competitiveness of its clients - also among them, of course, Haspa.

Dr. Dreyer: That is precisely how I see it. NRS provides an important contribution to bundling the energies of the savings banks in Northern Germany. Through the sourcing of competitive services from NRS, Hamburger Sparkasse AG can concentrate even more intensively on the servicing of its customers and thus further strengthen its market position - completely in line with our consistent retail strategy. I was particularly pleased that the Advisory Board and Board of Management jointly succeeded in convincing the employees of Haspa about the socially acceptable operational transfer to NRS. In this respect - as also with many other issues and change processes during the past years - the constructive cooperation with the Haspa works council proved itself.

Is Haspa well prepared for the change at the head of the Board of Management?

Dr. Dreyer: Together with my Board of Management colleagues at the time, I took over a well ordered organization from my predecessor, Mr. Peter Mählmann, and believe that I am handing the same over to my successor and his colleagues - an organization that Dr. Vogelsang, by the way, has been actively involved in structuring in a responsible position since 1991 and since 2000, in the Board of Management. I believe that Haspa is well prepared for the future. I wish Dr. Vogelsang and his colleagues in the Board of Management, as well as all employees, the best of luck and success.

Dr. Vogelsang: My Board of Management colleagues and I thank Dr. Dreyer, also on behalf of the employees, for his longstanding, tireless commitment to Haspa and the collegial cooperation, characterized by mutual trust. Haspa is a strong company and is fit for the future. This is an excellent starting point for further success.

Hamburg, March 2007

Board of Management



Dr. Karl-Joachim Dreyer, born in 1942, qualified bank officer and lawyer, was the Spokesman of the Board of Management of Hamburger Sparkasse AG until 30th January 2007. In 1979, he began his activity with Haspa, became Member of the Board of Management in 1985 and in 1989, its Spokesman.

Dr. Karl-Joachim Dreyer



Dr. Harald Vogelsang, born in 1959, qualified bank officer and lawyer, has been Spokesman of the Board of Management of Hamburger Sparkasse AG since 31st January 2007. Active with Haspa since 1991, he became a Member of the Board of Management in 2000. As Spokesman of the Board of Management, he is responsible for the Personnel Management and Development, Audit, Corporate Communication, Board of Management Staff and Communication departments, as well as for the Finance and Controlling, Performance Management Partner Savings Banks and Central Cost Management units.

Dr. Harald Vogelsang



Dr. Friedhelm Steinberg, born in 1946, lawyer, has been a Member of the Board of Management of Haspa since 1994, since 1996, he has been Deputy Spokesman of the Board of Management. He is responsible for the Corporate Customer department, Treasury and Institutional Customers, the Central Real Estate department and Mobile Sales. Furthermore, he is responsible for the regional areas, East, South and Wandsbek.

Dr. Friedhelm Steinberg



Dr. Wolfgang Botschatzke, born in 1959, graduate economist, has been active with Haspa since 2003 and has been a member of the Board of Management of Hamburger Sparkasse AG since 2004. He is responsible for the Real Estate Service, Organization, and Information Technology, Securities and Trading Service departments, as well as the Compliance and Money Laundering units. His area of responsibility also extends to the regional areas of North and City Centre.

Dr. Wolfgang Botschatzke



Reinhard Klein, born in 1960, qualified bank officer and graduate in business administration, has been a Member of the Board of Management of Hamburger Sparkasse AG since October 2006. He is responsible for the Retail and Individual customers department, as well as the Investment Management department, in which Haspa Private Banking is domiciled. Furthermore, he is responsible for the regional areas of Alster-West, North-East and West.

Reinhard Klein



Jörg Wohlers, born in 1959, qualified bank officer and a graduate in savings bank business administration, began as a trainee with Haspa in 1979. Since 2005, he has been a Member of the Board of Management of Hamburger Sparkasse AG and is responsible for the Corporate Customers department, the Credit Secretariat and the Procurement and Administration department.

Jörg Wohlers

Executive Bodies

Supervisory Board

Chairman

Dr. Klaus Asche

Lawyer

Deputy Chairman

Ulrich Hülgenhof

Chairman of the Works Council

Hamburger Sparkasse AG

2. Deputy Chairman

Peter Becker

Master baker

President of the Hamburg Chamber of Skilled Trades

Petra Adam-Ferger

Deputy Chairwoman of the Works Council

Hamburger Sparkasse AG

(until June 30, 2006)

Nicola Fallak

Secretary of the ver.di Trade Union

Karin Gronau

Member of the Works Council at Hamburger Sparkasse AG

Uwe Grund

Secretary of the ver.di Trade Union

Dirk Lender

Legal administrator, Hamburger Sparkasse AG

Professor Dr. Gerhard Mehrtens

CEO of the Professional Association
for Health Service and Welfare Work

Olav Melbye

Director, Hamburger Sparkasse AG

Uwe Mellewig

Deputy Chairman of the Works Council

Hamburger Sparkasse AG

Wilfried Sander

Managing Partner

August Sander GmbH

Vice-president of the Hamburg Chamber of Skilled Trades

Manfred Schröder

Member of the Works Council at Hamburger Sparkasse AG

(as of August 4, 2006)

Jürgen Ullrich

Former member of the Board of Management of the
Hamburg Sparkasse

Peter Widmayer

Managing Partner
THOR Wohnungsbau Corporate Group

Dr. Martin Willich

CEO of the Management Board
Studio Hamburg GmbH

Cord Wöhlke

Managing Director
Iwan Budnikowsky GmbH & Co KG

Board of Management**Dr. Karl-Joachim Dreyer**

Spokesman (until January 30, 2007)

Dr. Harald Vogelsang

Spokesman (as of January 31, 2007)

Dr. Friedhelm Steinberg

Deputy Spokesman

Dr. Wolfgang Botschatzke**Reinhard Klein**

(as of October 1, 2006)

Jörg Wohlers



Retail Customers
Corporate Customers

COMPETENCY CREATES PROSPECTS

The declared standard of Hamburger Sparkasse is the best possible advisory and servicing of its customers in all phases of life. With this, professional competency and human nearness are the prerequisites for a trusting, long-lasting partnership between the bank and customer. We are there for our retail customers, whether it involves familiarizing young people with the idea of saving, communicating responsible handling of money to adolescents, developing customized savings, retirement or financing concepts for adults or optimizing and maximizing large assets. And we are also there for our corporate customers, where we advise and accompany new company start-ups, just as we do advise established, midsized companies, tradesmen, small commercial operations or freelancers. We are available to all of our retail, private and midsized corporate customers with attractive products, competent employees and multiple award-winning service and consulting, for all questions surrounding their financial matters.

RETAIL CUSTOMERS

Customer-oriented advisory and servicing in every phase of life

Experience, professional qualification and a major sense of social competency are indispensable for successful customer-oriented consulting and support. Our employees have these attributes. With plenty of motivation and great empathy, they formulate customized financial solutions in personal advisory discussions, thereby establishing long-term partnerships with the customers.

We are successful as a company, because we offer our customers the advice that they expect: uncomplicated, human and always at eyelevel. Furthermore, we dispose of the professional expertise that is able to satisfy the requirements of particularly fastidious customers. Our consulting philosophy is principally aligned toward the individual needs and requirements of our customers.

In order to also be able to meet these high and further increasing demands in future, we invest around € 10 million per year in the training and advanced training of our employees. We also provide our customer advisors with powerful consulting and financial planning tools that they use to rapidly develop a coherent general plan for all of the customers' financial needs in the shortest time. On this solid basis, concrete product recommendations can then be provided within the context of a customer-oriented universal financial concept.

We are pleased that our efforts are being recognized. In 2006 - for the second time in a row - Haspa was awarded with the Seal of Excellence for outstanding service and consulting quality by the Cologne-based company, ServiceRating GmbH. We perceive this as a service pledge to our customers, as well as a commitment for the future.

Investments in our branch bank network

Consulting services and decision-making authority on site create nearness to our customers. We also consider a tightly woven network of branch offices and banking centers as being indispensable for successful, personal, one-on-one, banking in the future. We are continuously optimizing this aspect of our business by readapting locations, business

hours and branch office designs to match our customers' needs. In 2004, we already began an extensive investment program with a total volume of around € 50 million, the objective of which is to completely modernize our branch bank network by 2008. In the year under review, we redesigned 45 branch banks, for which we invested € 10 million.

In 2006, Haspa had around 180 branch offices in and around Hamburg. In addition to this, there are 40 retail customer centers and 7 corporate customer centers. At our corporate headquarters, there are specialist teams, which support, for example, new company start-ups, larger corporate customers or complex real estate financing. During the year under review, new self-service branches were established at five locations, which increased their number to 26. We also established "Advisory Centers", in which customer advisors are available for advisory discussions, in addition to the self-service.

A total of 349 Haspa ATMs provide cash availability coverage throughout Greater Hamburg. During the Football World Cup, from June 9, 2006 until July 9, 2006, we experienced a new record for cash withdrawals at our ATMs, with 2.8 million postings, which we handled without any problems.

Specifically for customers who are unable to meet with their advisor during regular branch office or customer center business hours, the field representatives in our mobile operation are available for visits at home or at work. This form of service was supplemented by Haspa-Vertriebsgesellschaft mbH, established in November 2005, which advised more than 22,000 customers by telephone during the year under review.

Account service – positive development with the HaspaJoker

Reliability in payment transactions and our network of branches and centers, which thoroughly cover the Hamburg metropolitan region, speak for the “account that’s just a few steps away” at Haspa. More than 70,000 Hamburg inhabitants made use of this in 2006 and had a new giro account opened at Haspa. At year-end, we counted 865,000 retail giro accounts. Our “HaspaJoker – Hamburg’s extra benefits account” program also showed positive growth. The number of Hamburg inhabitants, who want to profit from the many attractive additional services of the HaspaJoker, in addition to payment services, grew by 12,000 during the year under review. Thus, 485,000 retail giro accountholders already take advantage of this offer. This figure represents over half of our retail giro account holders.

In online banking, the number of users increased by 11.5 percent in 2006, to around 320,000 - with this, every third giro account can also be optionally managed online. Another positive development was the credit card volume of MasterCard and VISA CARD. With an increase of 4 percent, we counted nearly 260,000 customers with credit cards from Haspa at year-end. VISA CARD experienced the strongest growth.

Saving right from the start

The savings book belongs to the basic financial equipment. Our customers used around 2 million savings accounts for investing smaller and larger amounts. In addition to the “StandardSparen” (Standard Savings), high-interest savings products are also available, such as the exclusive, fixed interest or “CreativSparen” (Creative Savings). The “Haspa SparCard” (Haspa Savings Card), introduced at the beginning of October 2005, established itself as an attractive product in the year under review. Around 30,000 chose this modern and flexible savings product, which offers staggered interest rates, according to investment amounts. With this, “HaspaJoker” customers receive a special interest bonus of an additional 0.25 percentage points. This interest advantage is very popular: A good three-quarters of the “Haspa SparCard” accounts opened in 2006 were opened for “HaspaJoker” customers.

The savings passbook is still the best way to introduce children and young adults to the virtue of saving. With the

“Haspa MäuseSparen” (save your dough) program, children and young people up to age 13 receive a special interest bonus on maximum savings of € 500. This helps young people learn that regular saving offers leeway for future purchases. We also support this within the context of the World Savings Weeks, which we regularly organize on the occasion of World Savings Day on October 30th.

SchülerBanking (Student Banking) to promote general financial education

After a successful pilot program during the previous years, we started the “SchülerBanking” (Student banking) project in March 2006, in which around 100 classes from 55 Hamburg schools participated. Familiarizing young people with financial services at an early stage and thereby promoting general financial education is the aim of this financial education offensive, which is so far unique in Germany. Haspa branch offices act as “satellite classrooms”, where our youth advisors simulate financial advising with students. In addition to Haspa, partners of this project are the institut für finanzdienstleistungen e.V. and the Agency for Education and Sport, with the Zentrum Schule und Wirtschaft. More than 2,400 students, in grades eight to ten, from Hamburger schools were able to find out about the world of finance this way during the year under review.

Asset investment with best advice

Today, customers expect competent advice on the financial products offered by our own financial institution and by institutions outside of our group, in the sense of a best advice approach. Haspa has therefore been offering a broad range of financial service products from various suppliers for a long time. Closed mutual funds, holdings and insurance policies are examples of the products we offer.

With our “Haspa MultiInvest” umbrella fund, we offer a top product to all customers for structured asset investment, in line with the best advice approach. We manage impartial selection of the best mutual funds based on the results of fully accredited rating agencies. Not least, thanks to the positive performance of the “Haspa MultiInvest”, our customers invested around € 280 million during the year under review. With this, the level of this umbrella fund in Haspa deposits increased to € 679 million.

In the field of funds-based asset management, we also offer Haspa Top Select, a product with open access to a universe of fund companies. The deposit level also expanded strongly in this program, compared with the previous year.

More and more investors are discovering structured bonds and certificates as an attractive form of asset investment. With this, most customers prefer security. Products with a capital guarantee at the end of the term have a share of more than 75 percent of total sales.

Special support for individual customers

We now offer special, competent advice at 40 individual customer centers to persons with an increased need for support due to their above-average income or asset status. Our customer advisors develop an individual investment, retirement and finance concept together with the customer, following comprehensive analysis of his or her financial requirements. Computer-supported financial planning serves the requirement-oriented and targeted asset development.

The individual customer business is a growth market that promises good prospects. For this reason, we have invested more in this area during the year under review, in addition to hiring 20 highly qualified advisors. We also intend to adhere to this policy during the coming years.

Successful private banking

Haspa's private banking offers wealthy customers a comprehensive analysis of personal finances, intensive consulting and optimal asset structure alignment with personal goals. We help our customers to make sound investment decisions during asset counseling. Our Asset Management Unit takes over support of the capital investment. The comprehensive analysis prepared by our Financial Planning Office provides recommendations for individually optimizing the asset structure. The Central Family Office controls family assets, and our Generations Management Office develops solutions for transferring assets to heirs or a foundation.

Haspa Private Banking was also on course for success in 2006 and now looks after an investment volume of around € 3.5 billion. The number of private banking customers grew by more than 20 percent in 2006. In view of this development, we are planning to hire a further 12 highly specialized customer advisors in 2007.

1st place in the bank test for the fourth time in a row

In 2006, the specialist magazine, *Elite Report*, chose Haspa as the best asset manager among 268 banks and specialist institutions in the German-speaking zone, for the fourth time in a row. First place in four consecutive years in this supreme discipline is an outstanding record and a major success for the expertise of our investment management and our private banking, which ultimately benefits all Haspa customers.

The testers particularly highlighted our combination of professionalism and customer-orientation positively. They also praised our risk management and our careful analyses of investment markets and investment products. The consulting process is described as being solution-oriented, uncomplicated and accommodating. According to the findings of the *Elite Report*, this also applies to customers who have comparatively smaller investment amounts managed by Haspa.

Foundation management helps to retain values

For centuries, foundations have made a significant contribution to the common good. The establishment of a foundation is a complex and very personal process. Therefore, it is important to have a competent partner at your side. The employees of Foundation Management show ways in which the customer can sustainably retain created values by establishing a foundation.

The innovative foundation model of Haspa Hamburg Stiftung (Haspa Hamburg Foundation) makes it possible for anyone to establish a foundation fund with a minimum investment of €25,000 or a fiduciary foundation with a minimum investment of €100,000, without organizational effort. We also offer the additional option to support the promotional activities of the Haspa Hamburg Stiftung via donations or supplementary endowments.

Foundation funds and fiduciary foundations bear the names of their founders. The organization and administration is assumed by Haspa Hamburg Stiftung, without reducing the income from the foundation assets. The donors exclusively determine how foundation endowment is to be used.

CORPORATE CUSTOMERS

Hamburg's number 1 bank for midsized corporate customers

Hamburger Sparkasse was also able to assert its market leadership as a bank for midsized corporate customers in the Hamburg economic region in 2006. Among other things, this is confirmed by the number of corporate giro accounts, which increased by around 1,300 to 110,000 during the course of the year. The very positive results of the customer satisfaction survey also document this. It attested to the fact that we had, by far, the highest customer satisfaction and customer loyalty in the Hamburg metropolitan region. For us, this is an expression of appreciation, which shows that our products and our consulting quality for new and existing customers are equally honored.

More than 50,000 corporate customers - that is every second Hamburg company - trust the midsized company sector expertise of Haspa. This expertise is based on a strong local presence, many years of experience in the industries and markets, a network of specialized partners and a comprehensive advisory approach, which also takes into account both private and corporate asset issues.

In addition to the around 180 Haspa branches in Greater Hamburg, which are also available to the corporate customers - such as for supplying daily cash requirements - seven corporate customer centers maintain close contact to the customer on site. The corporate customer advisors and a specialist team develop individual financial solutions - using the shortest route and always with very personal customer reference.

In addition, specialists in the Central Corporate Customer department attend to larger companies in the manufacturing and logistics sector. The industry emphases are on the automobile sector, building materials trade, near-harbor logistics, hospitals, accounting and corporate consulting. A further field for wholesale and export customers is aimed at the specific requirements of foreign business, such as documentary foreign payments, foreign currency accounts or letters of credit. With its Central Real Estate department, Haspa offers specialist expertise for complex and large-scale real estate financing, for the building contractor business or project development.

Financing made-to-measure

During the year under review, Haspa provided a total loan volume of around € 16 billion to its corporate customers. The volume of new commitments in the lending business with commercial customers increased by 25 percent. The classic bank loan remained the most important instrument for obtaining liquidity. However, alternative financing methods are increasingly gaining importance. As a bank, we see our task in providing each customer with requirement-oriented financing and investment models for his or her individual financial and liquidity planning, which provide the greatest possible scope for commercial decisions.

Our offer of active interest rate management using interest derivatives was very well received during the year under review. With this, the liquidity provision was separated from the interest rate hedging, which equally optimizes loan conditions and interest rate change risks, in many cases.

An option for increasing the equity ratio and thereby improving the balance sheet structure and rating are dormant and open participations. Haspa Beteiligungsgesellschaft für den Mittelstand mbH, in short, Haspa BGM, was able to further expand its position in 2006 as an attractive financing partner of the midsized company sector in Northern Germany. The portfolio has now been extended to 17 companies. Haspa BGM commits itself as an active partner for midsized companies, accompanies their growth and helps with succession regulations. The priority is on maintaining commercial freedom, a long-term orientation and a partnership approach. Our cooperation partner, BTG Beteiligungsgesellschaft Hamburg mbH, in which we are the largest associate shareholder, was also very active during the 2006 fiscal year and approved 27 new participations during the year under review, with a volume of € 3.5 million. The cooperation with the Bürgschaftsgemeinschaft Hamburg GmbH (BG) was further intensified. During the course of 2006, 349 BG guarantees were granted to Haspa customers - measured on the number of units, this corresponds to a share of 62 percent of the annual BG volume.

For the midsized sector in the Hamburg metropolitan area, we established the Midsized Company Fund in November 2006, together with KfW Mittelstandsbank. The fund, which

has a volume of €25 million, invests on an industry-wide basis in companies with annual sales of at least €5 million and is managed by our subsidiary, Haspa BGM.

For large mid-sized companies, we offer equity capital financing in the form of "Smart Mezzanine" - a participating certificate equity capital program that we established in cooperation with HSH Nordbank and Landesbank Baden-Württemberg (LBBW).

As a further financing alternative with near-capital-market products, we introduced a promissory note loan program during the third quarter of 2006. This instrument also opens up simple and cost-effective access to the capital market for our mid-sized corporate customers, which would otherwise remain closed to many.

Leasing on course for growth

In cooperation with Deutsche Leasing AG and the Leasinggesellschaft der deutschen Sparkassen (Leasing Company of the German Savings Banks), we were able to significantly increase our volume of new business to more than €70 million. This corresponds to a tripling of volume within three years.

Together with the customers, our specialists developed customized, capital-saving and tax-saving leasing models for tangible and intangible assets. In addition to the traditional automobile leasing, systems and real estate moved increasingly into focus, as well as patents and production licenses. Furthermore, the range of leasing expanded toward used assets.

Fully provided for

More than 160,000 employees and around 1,000 decision-makers in the Hamburg economy take advantage of our services in the field of company retirement plans. Our experts provide advice on the selection and structuring of the best suited models - from a company pension plan to complete outsourcing -, optimization of already existing retirement plan models and provide a smooth-running introduction and coordination in the companies on site. Together with our subsidiary company, GBP Gesellschaft für Betriebliche Pensionsplanung mbH, which specializes in this field, Haspa now attends to around 4,000 organizations, among these, more than 400 large companies.

From A to Z

Our Corporate Customer Advisory is completed by a broad range of mid-sized company-specific services regarding asset and cash management, as well as corporate payment services. Our investment specialists support the entrepreneurs with the structuring of their corporate and private assets, through short-term, medium-term and long-term forms of investment, such as the "Deka-Fonds OptiCash Institutionell", introduced by Haspa in October 2006, specifically aimed at company assets.

In the middle of the founder scene

Our position as the largest new business start-up bank in the metropolitan region also remained uncontested in 2006. Haspa participates in 70 percent of all new business start-ups that are financed by loans. Despite declining submissions, the number of approvals and the approval volume both increased. In total, our StartUp-Center supported 344 new business start-up projects with loans of around €40 million.

Through our participation in the Founder Workshop of the Hamburg Chamber of Commerce and the Founder Academy of the Hamburg Business Juniors, as well as the Hamburg Founder Prize, we again contributed to the positive new business start-up climate in the city during the year under review.

Support for institutional customers

Our institutional customers also paid tribute to the longstanding, trusting and comprehensive relationship to our company with rising deposits during the year under review. At year-end 2006, we recorded an investment volume of €2.1 billion and a securities and fund volume of €3.2 billion. The emphasis of our activities in the customer field was on the areas of investment and securities business, account management and electronic payment services.

A specialist unit provides very specialized services for this fastidious group of customers. Just one example is the assumption of advisory mandates for the selection of asset managers. We support institutional customers throughout Germany.



**Community
Commitment**

HASPA: GOOD FOR HAMBURG

The outstanding features of the savings banks in Germany include their orientation toward the common good. The high priority that this position holds to this day has become clear in the intensive public discussion regarding the protection of the “Sparkasse” brand. With this, awareness has been raised again of one key issue: For the savings banks, community commitment, in all of its facets, is a historical root, binding link and permanent promise, at the same time.

Hamburger Sparkasse regards its common good orientation in a comprehensive sense. Supporting sports, education and science, exhibitions and social projects are only memorable examples of this. In addition to this, there is the voluntary commitment of many employees. In fact, Haspa provides far more. Haspa is one of the largest employers, tax payers and educators in the city and finances the majority of new business start-ups. With its branches, customer centers and service facilities, it ensures a comprehensive financial infrastructure and thereby creates a presence that is more than just access to money and financial services.

COMMUNITY COMMITMENT

The foundation for founders

Two years after being founded in February 2005, Haspa Hamburg Stiftung can display an impressive record of success. Within this short time, a total of 30 foundations were established under its auspices, of these, 12 fiduciary foundations and 18 foundation funds, with total assets of more than €3.5 million. This shows that the concept of the foundation is bearing fruit of encouraging citizens, institutions, companies and associations to donate and show more civil commitment - quickly, non-bureaucratically and with comparably low starting capital.

The Haspa Hamburg Stiftung is furnished with capital of €6 million and a starting donation of €500,000, provided by Haspa. In addition to supporting benefactors, it has the task of being active itself for the common good in the field of education and science. A highlight of the year under review was undoubtedly the performance of the dance and music project, "Focus on YOUth", at the Hamburg State Opera House - a joint project with BürgerStiftung Hamburg. The stars of the evening were the students of a comprehensive school, who were familiarized with classical dance theater, patient work, under the direction of star choreographer, John Neumeier.

However, the main focus of the foundation projects – as already in 2005 – was on promoting reading. Within the context of the "Reading is Fun" event series, Haspa Hamburg Stiftung again supported numerous readings for Hamburg school students. Well-known authors promoted enthusiasm and interest in literature.

All in all, the foundation projects in 2005 and 2006 reached around 35,000 Hamburg inhabitants, among these, many children and young people.

Committed for all citizens of Hamburg

As a bank for all citizens of Hamburg, Haspa regards itself as being obligated to live up to its social responsibility in as many fields as possible. Therefore, in addition to major support projects, it must also keep an eye on smaller initiatives. An example of this is the "Haspa LotterieSparen" (lottery savings program). For more than 50 years, we have been setting accents in the social life of our city with the combination of saving, winning and good works. During the year under review, the sum of €1.3 million was able to be disbursed to around 300 charitable societies and organizations in Hamburg.

The Peter-Mählmann-Stiftung (Peter Mählmann Foundation), with capital of €3 million, largely provided by Haspa, concentrated primarily on the support of facilities for disabled persons and socially underprivileged youths in social hotspots, with smaller investment measures. The "Kinder helfen Kindern e. V." (Children Helping Children Association), which is sponsored by the *Hamburger Abendblatt* newspaper, also had reason to be pleased. Several tons of foreign coins that Haspa had collected in its branches were exchanged and used to support underprivileged youths.

Under the motto, "1,000 reasons for doing good", the Haspa Hamburg Stiftung also offered a foundation fund valued at €25,000 during the 2006 fiscal year. In cooperation with the *Hamburger Abendblatt* newspaper, all Hamburg citizens were asked to send in their ideas for a charitable purpose for the foundation. More than 300 suggestions were received. The Hamburger History Workshops and City District Archives can now look forward to long-term support.

Creating cultural variety

Under the motto, "One city - two landmarks", Haspa started an initial broad-based campaign for the Elbphilharmonie century project in February. In addition to the Michel (St. Michael's Church), Hamburg's oldest landmark, the imposing glass structure in the Hafencity, is intended to become an additional landmark for the Hanseatic city in 2009. As this is only realizable with a significant amount of private support, Haspa is taking advantage of its link to Hamburg's citizens, in order to put the financing on a broad base. The campaign flanks the continuous commitment to the reconstruction of the Michel, the main church of St. Michael in Hamburg, which has been ongoing since 1985. With numerous campaigns, such as the laying of donor tablets or carrying out concerts, Haspa has collected more than €5 million.

The Hamburger Sparkasse Art Collection was also able to set valuable accents for art life in Hamburg in 2006. The permanent loans in the Museum für Kunst und Gewerbe (Museum of Art and Crafts) and the Kunsthalle Hamburg (Art Center), as well as the Max-Sauerlandt-Volontariat (Max Sauerlandt Fellowship), financed by Haspa, contributed to Hamburg-specific characteristics of artwork being researched, documented and made publicly available. Highlights of the year were the exhibitions at the Museum of Art and Crafts, "Released - Expressionism in Hamburg Around 1920" and "Muse and Model - Women in the Pictures of the Hamburger Secession". The Haspa Galleries showed many themed exhibitions that received attention, among others, an exhibition for the Hamburg Beckett year.

The Hamburg Institute of International Economics (HWWI) again experienced the long-term support of Haspa. After many years of research, the University of Hamburg was able to complete its 2,600-page Hamburgish Dictionary with funds from Haspa.

Showing sports performance

The sports year 2006 was extremely positive for Haspa. As one of the main sponsors of HSV handball, we were able to celebrate the first DHB trophy win in the history of the club, together with the team. With its success in the "Haspa Final Four", the national league team also qualified to take part in the European Cup. Also, at the Super Cup against record-holders, THW Kiel, in August, "our" team prevailed - a glowing start to the most successful half-series in the club's history.

The marketing within the context of the "HaspaJoker" extra benefits account program and a firework of campaigns, also provided additional drive to the fan culture surrounding handball. With the financial support of the Hamburger Handball-Verband e.V., this organization is able to employ a full-time selection youth trainer - a valuable contribution to promoting new blood.

The sponsoring of the high sea sailing yacht, *Haspa Hamburg*, belonging to the Hamburgischen Verein Seefahrt (Hamburg Maritime Association), benefits young people, who would like to carry out the character-building activity of high sea sailing. The sports highlights during the year under review included the traditional "North Sea Week", the "Glückstadt Regatta", the "Kiel Sailing Week", the "Maritime Regatta" and the "Baltic Sprint Cup" - good preparation for the big Transatlantic Regatta in June 2007.

The Hanseatics' enthusiasm for sports and the successes of "their" sportsmen will also keep Haspa on its toes. As with the Handball World Championship matches, when Haspa rooted for all of the teams, as the local partner, and was pleased about the title for the German team.

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On the basis of the efficient and successful work carried out for its customers, Hamburger Sparkasse successfully affirmed its position as the market leader in the Hamburg metropolitan region. In the year under review it again succeeded in attaining a generally rewarding annual result.

General Conditions

Distinct economic upswing

During the past fiscal year, the growth dynamics have clearly increased in the entire euro zone. A major contributor to this was the German economy, which showed the strongest growth since 2000, with gross domestic product (GDP) growth of 2.7 percent, in real terms. In 2005, this growth still only amounted to 0.9 percent. The revival was supported by unchanged strong growth in exports, significantly increased demand for investment and strengthened consumer activity. On the one hand, the private households gave up their hesitancy to purchase due to the upcoming increase in value-added tax (VAT), while on the other hand, the revival of the German labor market improved the mood of consumers. The number of employed persons increased distinctly during the year under review, while the number of registered unemployed persons was last recorded at more than half a million below the number of the previous year.

The average annual consumer prices increased by 2.2 percent in the euro zone and were therefore above the European Central Bank's (ECB) target figure of "near to, but below, two percent". In Germany, the price rise was 1.7 percent. In order to avert the risk of major price rises, the

ECB tightened its monetary policy in 2006 by increasing the main refinancing rate in five steps of 25 basis points each, to 3.5 percent. With this, the monetary policy now has a less expansive effect.

Hamburg on course for growth

In comparison with Germany overall, the economy of Hamburg generally displays a somewhat stronger pace of economic dynamics. The 2006 growth rate in gross domestic product was 2.9 percent in Hamburg, around one-fifth of a percentage point above the national average.

The revival of the economy in Hamburg not only consolidated itself in 2006, but also increased in terms of its breadth. More and more areas profited primarily from the continued vigorous expansion of global trade. Foreign trade and logistics were again important economic drivers. In addition to this, industry provided important support for the upswing. Due to rising demand, the construction industry passed through the economic trough. The Hamburg real estate market, on which foreign investors are also increasingly discovering attractive investment opportunities, is posting vigorous rises in sales, thanks to the positive economic upswing.

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With the revival of private consumption, the economic upswing also included the retail sector during the year under Outlook Statement review. Particularly service companies, which provide a higher contribution to added value in Hamburg than the national average, contributed to the upswing in the Hanseatic city. Company-oriented services again accounted for a major share of this positive development.

The year also proceeded positively for the restaurant and hotel industry. Generally, Hamburg is a highly attractive destination for tourists on day excursions and short vacation trips, due to its many sights, its broad range of cultural offerings, its trade fairs and congresses, its sporting events and the best shopping opportunities. However, in 2006, the Hanseatic city additionally profited from its status as a venue for the Football World Cup, which resulted in a higher flow of visitors.

The positive economic situation of the city was also reflected in the labor market. At year-end, the number of unemployed persons fell to 86,700. The increase in the number of employed persons that are subject to compulsory social security in nearly all business sectors was also particularly pleasing during the year under review.

Hamburg banking center

The business development and risk situation of the banks and savings banks in Germany improved further in 2006. Due to the intense competition in the financial services sector, in which foreign providers are also increasingly participating, the consolidation process nevertheless continued. The number of financial institutions in Germany fell further during the year under review. However, the well-proven three-pillar system of commercial banks, cooperative banks and savings banks will also characterize the German banking market in future. This is not least made clear by the

political discussions during the year under review, which moved the business model of the savings banks, which is oriented towards the common good, more clearly into public focus again.

Next to Frankfurt, Hamburg is one of the most important financial centers in Germany - for Northern Germany, it is the most important. The financial institutions domiciled in Hamburg employ around 25,000 people here. This makes the credit services sector industry a major employer in the Hanseatic city.

Haspa is a market leader in the Hamburg banking center in retail banking for private and midsized corporate customers. We achieve our high market penetration with our 5,350 employees and around 250 branches and customer centers. This means that around every fifth person employed in the Hamburg credit services sector is a Haspa employee, every third bank branch in Hamburg is a Haspa branch. This also means: Per employee and branch, we look after significantly more customers than our competitors in retail banking. We regard this as clear proof of the efficiency of our employees and the effectiveness of our organization.

No other bank knows the Hamburg metropolitan area better than we do. We are at home in Hamburg and know what our customers need. Well-founded market knowledge, competent and dedicated employees, competitive products, in-house expertise, community commitment for the region and decision-making authority on site pay off. The overall positive 2006 fiscal year supports our view.

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Concentrating on retail business

Competent and comprehensive support of our retail, individual and mid-sized corporate customers in Greater Hamburg also formed the core of all corporate activities of the Hamburger Sparkasse during the year under review. We also supported over one million retail customers – our most important and largest clientele – in word and deed in 2006 in all types of financial matters. We also succeeded in expanding our position even further in the private banking sector, with both individual customers and affluent investors. We likewise supported our corporate customers in all of their business activities and provided them with in-depth consulting services. This applied to those starting up new businesses, as well as skilled tradesmen, small business operators, freelancers and larger mid-sized companies.

Haspa is present in and around Hamburg at around 250 locations, with its network of 180 branch offices, 40 private customer centers, 7 corporate customer centers and 26 self-service branches. This number is augmented by special teams at our head office for persons starting up new businesses, larger corporate customers and real estate business. The dense network of branches and centers is regarded and appreciated by our customers as an important quality feature. We manage 850,000 retail giro accounts and 110,000 business giro accounts. 485,000 giro account holders, 12,000 more than in the previous year, have chosen our “HaspaJoker” added benefits account package in respect of the giro account.

Added value at a high level

The added value of Haspa, i.e., its contribution to the gross domestic product, was €599 million in the year under review. 58 percent of this figure was attributable to human

resource expenditures, 18 percent was paid to the public sector as taxes and 24 percent remained at Haspa as annual net profit.

Balance sheet total increases

Due to the growing customer business, the balance sheet total increased to just under €34 billion in 2006. This equates to growth of €2.2 billion, or 6.8 percent compared with the previous year. Also for this reason, Haspa is still the largest savings bank in Germany.

Receivables due from banks rose by €2.5 billion on the asset side of the balance sheet and our own securities portfolio grew by €205 million. Receivables from customers fell slightly by 1.5 percent to €21.9 billion. The volume of new commitments in the lending business with commercial customers increased by 25 percent. On the liabilities side, Haspa recorded a sharp rise in customer deposits by €1.5 billion or 7.1 percent to €22.5 billion. Demand deposits and time deposits increased significantly by an aggregate amount of more than €1.4 billion. Our €7 billion in savings deposits remained at a high level and nearly constant. With around 2 million savings accounts, the traditional savings passbook still remains the basic financial tool of our customers.

Construction financing dominates the loan business

Nearly one half of the balance sheet total and two thirds of Haspa's loan business resulted from financing construction. These proportions continue to document the importance of real estate for our customers, which is still high. Our portfolio of construction finance loans increased by 1.1 percent in 2006 to €15 billion. While the commercial construction financing only increased by 2.5 percent to €7.4 billion, the private construction financing remained nearly unchanged at €7.7 billion.

Successful Pfandbrief issue

With the lapse of state indemnity guarantees for public-sector financial institutions (maintenance obligation and guarantor indemnity), the "Statute on the reorganization of Pfandbrief law" came into effect on 19th July 2005. With this, for the first time, the opportunity was opened up for Haspa, as a savings bank, to issue Pfandbrief securities, which offer institutional investors high collateral and thereby offer favorable refinancing costs to banks. The Pfandbrief market fits perfectly to the core of our lending business – private and commercial construction financing – and is very high-yielding, as one of the top segments of the European bond market.

During the year under review, Haspa issued its first mortgage Pfandbrief securities - these are promissory notes that are secured by real estate loans. Their high quality was confirmed by the Moody's rating agency, with the best issue rating of "Aaa". Overall, a total volume of more than €700 million was favorably placed. With this, we have developed another interesting source of refinancing for our construction finance business, so that we can continue offering our customers attractive construction financing at competitive conditions.

Economic recovery improves loan portfolio

We had approximately €2 billion in retail loans on account in 2006, which is similar to the previous year's figure. The sum of our corporate loan portfolio was €4.8 billion. The investment propensity of our midsized corporate customers, which is increasing again, could be distinctly felt and was shown by a correspondingly higher volume of loan approvals. We were particularly able to round off our product range with interest rate and currency management.

Against the background of an improving economy and the number of insolvencies, which were beginning to decline again in the meantime, Hamburger Sparkasse formed loan loss provisions that were distinctly lower than in the previous year.

Growth among investments

Our customers have 290,000 securities deposit accounts, and they were similarly active in buying and selling stocks, fixed interest securities and investment funds in 2006, compared with the previous year. Securities sales amounted to a total of €12.6 billion in Haspa securities deposit accounts. Due to the positive development on the stock markets, the stock sales increased by 27 percent, to €2.5 billion, compared with the previous year. With the fixed interest securities, sales were significantly higher at €7.9 billion, however they were around 11 percent below the previous year's level. Measured on total sales, during the year under review, 63 percent of the sales were accounted for by fixed interest securities, 17 percent by investment funds and 20 percent by stocks.

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Fund-based asset management developed positively again in 2006. The managed assets were increased by 18 percent and now amount to more than € 1.3 billion. Furthermore, there was strong demand for the Haspa MultiInvest umbrella fund products. With this, the customers profited from structured capital investments with sensible risk spreading from the entire range of funds admitted in Germany.

Sales of closed-end funds also reached a high level in 2006. The contract volume again reached more than € 200 million.

Self-insured retirement with new emphasis

New business with life insurance policies declined during the year under review, compared with the previous year. After the life insurance sales boom in 2004, which was primarily triggered by changed regulatory framework under tax legislation, business was already declining in 2005 - this decline continued during the year under review. In contrast to this, business with pension insurance and Riester pensions - not least against the background of the increase state subsidy - could be significantly expanded, with which the declining life insurance business was overcompensated. Overall, the sale of products by our partner, neue leben, increased by 27 percent in comparison with the previous year.

Haspa-DIREKT-CashKonto (cash account) structured even more attractively

We offer direct banking services to our customers through Haspa-DIREKT Servicegesellschaft für Direktvertrieb mbH, a direct marketing company. Our CashKonto (a money market account) clearly continues to hold the lead, for which we offer very attractive rates of interest for demand deposits. Furthermore, during the year under review, we introduced a consistently high rate of interest from the first euro. The

number of cash accounts rose by 65 percent in 2006, attaining a figure of over 22,000 accounts, deposits grew by a good third to nearly € 1 billion.

In addition, Haspa-DIREKT and LBS Bausparkasse Hamburg AG are available to Hamburger Sparkasse AG as a telephone service center. It offers the customers various services, from account balance enquiry, over building savings advisory, right up to support with setting up a PC for carrying out online banking.

With our Haspa Vertriebsgesellschaft mbH, established in November 2005, we offer an additional range of telephone customer advisory. More than 22,000 customers received information and advice on Haspa products and services from the employees of this subsidiary company in 2006.

Human Resources

Number of employees fell, due to the outsourcing of parts of the business

At the end of 2006, Haspa employed 5,350 employees – 457 fewer than in the previous year. More than 3,000 of them had direct contact to our customers. 1,037 persons were employed on a part-time basis. Calculated in terms of employee years - i.e. with the conversion of all part-time employees to full-time - the number of employees fell by an annual average of 246 employee years, to 5,068.

While the Marketing department was strengthened during the reporting period through the hiring of new customer advisors, the number of employees in the Sales department of Haspa fell significantly. The reason for this was that a good 400 employees - primarily from the Market Service, Central Service and Finance and Controlling departments - moved from Hamburger Sparkasse AG to NRS Norddeutsche Retail-Service AG, or its subsidiary, Kredit-Service-Center GmbH, as of July 1, 2006. NRS bundles staff functions and back office functions of the savings banks and offers these as services for savings banks in Bremen, Hamburg and Schleswig-Holstein, initially in the four fields of Credit Services, Payments, Market Service and Finance and Controlling. Over the longer term, NRS will offer additional services for savings banks. NRS, in which HASPA Finanzholding participates with 60 percent minus one share, offers the employees that have transferred there secure and attractive jobs within the Haspa group of companies.

A new generation for banking business

Haspa employed 416 trainees on average during the year. With this, our company contributed to implementing the Federal Training Pact, which was concluded between the German business community and the federal government in 2004.

Haspa is one of the largest, private training companies in the Hanseatic city. We likewise provide 38 trainees the opportunity to complete their training with an internationally recognized bachelor degree after finishing studies at the Hamburg School of Business Administration (HSBA). 70 percent of our trainees graduated from high school with university entrance qualification. However, among the 3,000 applicants per year, we also intensively seek out qualified high school graduates without college entrance qualification, which make up approximately one quarter of our trainees. A good 60 percent of our trainees are young women.

Our trainees repeatedly attain above-average scores on their final qualification examinations and evidence especially good performance on the "customer dialog" portion of their practical skills examination - capabilities that directly benefit our customers.

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Trainees	415	414	416	438	450
Part-time	999	1,006	1,030	1,091	1,037
Full-time	4,614	4,495	4,399	4,278	3,863
Total	6,028	5,915	5,845	5,807	5,350

Haspa commits itself to young professionals

As a company that is steeped in tradition, Haspa is committed to the Hamburg business community in many ways. That is why the positive development of the training and study market in Hamburg and Germany, as well as successful career entry for young people is very important to us. EINSTIEG (entry) - the leading job training fair for Hamburg and its surrounding area - was held for the fourth time in February 2006, was initiated by Haspa and drew over 35,000 visitors to the Hamburg Trade Fair Center. For two days, around 270 companies, colleges and private educational institutions introduced their range of training and study programs to young people free of charge - a record number. The job training fair was also accompanied by an extra program of over 100 lectures and workshops on various career profiles and job sectors.

Via our commitment to the EINSTIEG job training fair, we intend to help the young generation to master successful entry into their working and professional lives. This is a crucial precondition for the economic and social welfare of Hamburg and the metropolitan area also being maintained in future.

Qualified employees as guarantors of success

As the market leading retail bank in Hamburg, the majority of Haspa's success is due to its dedicated and competent employees, who put Haspa's high quality of service and consulting to the test each day anew. With an average age of 39, Haspa is a relatively young company, however there are also many employees with longstanding professional experience. Our workforce has an extremely high level of qualification: Three-quarters of our employees are qualified bank officers or have complete other vocational business training; just under 10 percent have completed a college degree. Around every fourth has obtained a further qualification as a fully trained bank officer or bank business administrator.

The good combination of employees with respect to professional qualifications, age and professional experience is particularly advantageous: Every customer can find a suitable contact person at Haspa. In order to ensure continuity with customer support, we aim to assign employees to a branch or customer center over a long period of time. Our flexible working time model permits our employees to orient themselves toward the needs of their customers.

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Investments in employee qualification

Haspa invests around € 10 million annually in the training and advanced training of its employees, more than 360 of them attended training courses and seminars at the Hanseatische Sparkassenakademie in 2006. Around 550 employees intensified their knowledge in additional external seminars. Many additionally expanded their expertise via online seminars and virtual learning programs directly at their workplaces.

With the Haspa Future Planner, which appeared in August 2006, all employees, as well as external applicants, have the opportunity of finding out about our range of training courses on offer and to plan their personal career with the identified prospects.

The subject of management has traditionally had a high priority at Haspa. With this, we especially emphasize professional selection and development of our management staff. With the Management Development Program (MDP), Haspa has a qualification program at its disposal, which prepares participants for taking on management responsibility in several training levels. It was awarded the "Initiative Prize" for training and advanced training by the Association of German Chambers of Commerce. In 2006, 175 employees took part in the MDP.

Corporate culture

A company is only as good as its employees. Our customers measure us on the performance of our employees. Motivated and efficient employees form the basis of our success. As an attractive employer, we would like them to be successful, identify themselves with Haspa and feel comfortable with us. From an employee survey carried out in 2005 regarding Haspa corporate culture, we know that the Haspa employees have a distinctive sense of togetherness.

Building on the results of the survey, which the management staff at Haspa dealt with in numerous workshops in 2006, we intend to develop our corporate culture further. For this, we initially chose the term, "integrative performance culture". This means that the further development of our corporate culture will adequately take into account the interests of customers and the employees, as well as promoting the entrepreneurial thinking of all employees. The trusting cooperation that has been practiced at Haspa for a long time, is a necessary condition on all levels for overcoming all of the upcoming change processes.

A healthy company

Company health management is a fixed component of the Haspa corporate culture. Thanks to its company doctor service, a specialist employee for work safety and the employee-appropriate design of the workplaces and working conditions, Haspa contributes to the maintaining/improvement of the health of its employees with considerable effort. The Haspa Sport Association, which inspires its 2,400 members with a multifaceted range of offerings in 38 fields, from fishing to yoga, is also important for the working climate and general wellbeing.

Each individual is principally responsible for his or her own healthy way of life. However, as their employer, Haspa can and intends to contribute to the health of its employees, by providing health-promoting general conditions. This primarily takes place through education and assistance for self-help, as well as through a multifaceted range of seminars for all employees and by advanced training of the management staff on the subject of company health management.

Haspa Hanse Center

During the second half of 2006, our employees in the Staff and Back Office departments, who were previously spread across several locations, moved into the Haspa Hanse Center at Wikingerweg in City South. This six-storey office building near the subway and suburban railway station, Berliner Tor, was tailored to Haspa's requirements, in close cooperation with the architect and landlord. Space efficiency, process flows and communication between the employees are thereby optimized.

The Haspa Hanse Center is characterized by an open and transparent architecture. The workplaces are fitted with state-of-the-art equipment. The three courtyards, which contain greenery and are flooded with light, also contribute to a pleasant working atmosphere. An additional highlight for the employees is the newly created fitness area. Free-of-charge regeneration courses promote the health and wellbeing of the employees.

Income Development

Profit for the year increases due to improved valuation result

In 2006, Haspa achieved an operating result before valuation of €386 million. In comparison with the previous year, this was a reduction of €44 million or 10 percent. This declining result prior to valuation was nearly compensated by the positive development of the valuation result, so that net profit for the year of €145 million was posted - an increase of 3.2 percent over the previous year.

Net interest income and interest margin declining

At €733 million, the net interest income was just under €40 million below the satisfying previous year's level. The high interest rate on money and capital markets had a burdening impact. While our fixed interest term for funds that we borrow tends to be short, and we subsequently pay a higher interest rate, the majority of the funds that we lend are characterized by longer fixed interest arrangements.

At 73 percent, net interest income continues to account for the predominant share of the bank's gross earnings. The interest margin, measured in terms of the average balance sheet total, was previous year's level, at 2.17 percent in 2006.

Net commission income significantly above previous year

During the year under review, the net commission income amounted to a total of €275 million, thus increasing by €34 million or 14 percent. The increase mainly resulted from the securities business, where the net commission income gained by 21 percent. The net commission income from close-end funds also increased. These successes result from our successful growth strategy in Private Banking and in the business field of individual customers. The net commission income from the insurance business increased by €9 million, or 44 percent. On the one hand, this is due to the business with classic pension insurance and, on the other hand, due to the state-subsidized Riester pension.

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Positive net result from investment banking

The net result from investment banking includes the market results from securities and currency trading. Overall, the trading activities are aimed at supporting the retail business. Furthermore, only closed currency positions are principally held. As we report unrealized market losses from forward exchange contract fully and unrealized market profits only with hedging using special cover, a net result of just under € 1 million resulted. With this, we accumulated hidden reserves, which will accordingly have a positive influence on the net result in 2007.

Successful cost management limits administrative costs

Haspa's administrative costs of € 634 million slightly increased by 2 percent, compared with the previous year. While human resources expenditure grew by just under 1 percent, at € 346 million, operating expenditure increased by around 4 percent to € 288 million. Among other things, the development of human resources and operating expenditure was marked by the establishment of NRS Norddeutsche Retail-Service AG.

NRS Norddeutsche Retail-Service AG takes over employees and provides services for Haspa

During the year under review, a good 400 employees moved from Hamburger Sparkasse AG to NRS Norddeutsche Retail-Service AG, including its subsidiary, Kredit-Service-Center GmbH (KSC), which was jointly established by HASPA Finanzholding and the finance holding company of the Sparkasse in Bremen. Furthermore, ZVS Zahlungsverkehrs- und Transaktionsservicegesellschaft mbh, with around 240 employees at its location in Hamburg, belongs to NRS, as a subsidiary. As a service company for savings banks, NRS bundles tasks in payment services, loan business, account

services and finance and controlling. The formation of NRS Norddeutsche Retail-Service AG will particularly result in a decline in human resource costs, accompanied by a simultaneous increase in operating expenditures for the services. During subsequent years, NRS will have positive effects on the Haspa profit and loss account due to productivity gains.

In spring of 2006, the savings banks in Schleswig-Holstein decided on a participation in NRS. HASPA Finanzholding now holds 60 percent minus one share, the finance holding company of the Sparkasse in Bremen 15 percent, and the Savings Bank and Giro Association for Schleswig-Holstein 25 percent plus one share of NRS Norddeutsche Retail-Service AG.

Valuation result for securities positive again

The valuation of our € 5 billion securities portfolio did not require any net write-downs. We continue to balance this item in compliance with the strict principle of the lower of cost or market and in consideration of the requirement to reinstate original value. Overall, negative developments on the bond markets were considerably overcompensated by positive developments on the stock markets.

Provisions in loan business declining

With the economic recovery in Germany, the number of insolvencies also fell. Haspa took into account its net requirement in the loan business, which was significantly below the previous year's level. In this instance, new formations, which were conservatively reported, were offset by high releases of value adjustments from the previous year that were no longer required. The continued rise in private household insolvencies remained a significant factor.

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Tax expenditures decrease compared with the previous year

In comparison with the previous year, tax expenditures declined by € 19 million to € 108 million.

Repeated increase in net annual profit

The net annual profit amounted to € 145 million - this equates to an increase of 3.2 percent over the previous year.

The Board of Management will propose to the Annual General Meeting, that € 55 million be distributed to HASPA Finanzholding, Haspa's sole shareholder, and € 60 million be allocated to other retained income of the Hamburger Sparkasse AG, in addition to the € 30 million already allocated.

Comprehensive Bank Controlling & Risk Report

Comprehensive bank controlling sets sites on core business and risks

Comprehensive bank controlling is oriented toward the retail strategy of the Hamburger Sparkasse and focuses on the three customer sectors of retail customers, individual customers and mid-sized corporate customers. Successes and risks emerging from trade, investment, maturity transformation and the operation sector complete the general picture.

Internal and external integration – uniform comprehensive bank controlling

Comprehensive bank controlling is governed by linking internal control parameters, with a clear economic orientation, to external parameters that are shaped, for example, by requirements under commercial law or supervisory law. Integrated consideration of both viewpoints subsequently permits targeted business management control.

Comprehensive bank controlling as a closed procedural cycle

The reporting system and internal and external variables are organizationally separated from management in the company's respective responsible offices.

Haspa's strategic orientation is reviewed at an annual strategy workshop at the Board of Management level. The current mid-term planning for the next five years also results from the review process. On this basis, the annual planning process converges into specific and agreeable budgets for the coming year. The budgets are expressed in the target-setting process that takes place throughout the company. An integrated monthly reporting system tracks the development of revenues, costs and risks and of income, expenditures and assessment results on a sub-annual basis. The bank's divisions and departments are integrated into a quarterly preview process, which supplies an updated forecast for the entire year, that is incorporated into the reporting system for governing corporate bodies.

This closed process has been in place for years. Within this context, procedures are constantly improved in terms of their basic model and instruments are continuously refined.

Flexible yield outline

The margins for loan business and deposit business are computed at the individual business level based on the market rate method. Risk costs for loans are additionally deducted. Risk-appropriate conditions are agreed with the customers. The conditions are calculated on the basis of expected default, on the one hand, and scheduled for costs of equity capital with regard to unexpected instances of default, on the other. This form of assessment is generally common in the loan business. In addition to the margins from interest rate transactions, commission income is increasingly playing a part. We use this costing system, which is geared to each loan transaction and each loan contract, to flexibly support sales and marketing in our branch offices, customer centers and regional divisions. An appropriate reporting system constitutes the basis for our costing system.

Efficient controlling – requirement for successful cost management

All business divisions and departments are strictly broken down by means of appropriate cost center structures according to our customer-oriented loan structure organization. Separate budgets are issued for projects. Larger projects are subjected to special investment controlling that evaluates a project by business management standards and stays with the project, from a controlling viewpoint, up to realization of the desired benefit. Around 30 projects are currently being tracked by our investment controlling process, with 7 key activities of Haspa among these. They include, among others, the modernization of our branch network, product development, the introduction of a customer relationship management system for the branch area, the completed relocation to our new service center at Wikingerweg (Haspa Hanse Center) and supervisory topics such as Basle II.

In terms of allocation as a just measure of cause, internal cost allocations are used within the bank to trace service relationships.

Risk quantifying review secures risk acceptance

The essential work of operating a financial institution also inherently entails accepting risks. The ability to comprehensively measure, monitor and control risk is a decisive competitive factor.

The objective of risk management is to optimize success against the background of the accepted risk. For this purpose, the acceptability of the overall risk is assessed by comparing it with the available coverage. Based on this, limits are defined for the individual risk types.

Hamburger Sparkasse assesses its ability to accept risk on the basis of a value-oriented view. For this, all existing risks of the cover assets are compared with the resulting derived total limit, within the context of a present value view. In order to calculate the required cover assets for the agreed total limit, diversification effects and positive tax effects and taken into account with the securitization of the total limit. The remaining amount is to be securitized by the available cover assets. Through the defined total limit, the balance sheet equity capital is not exposed with the defined confidence level of 99 percent.

The constant monitoring of material risks takes place through the early warning systems, which identify the relevant changes in a timely manner and trigger scaled control measures on the basis of threshold values.

Risk management adapted to the latest requirements

The Hamburger Sparkasse employs integrated control and checking tools for measurement, monitoring and controlling. The specifications arising from the Minimum Requirements for Risk Management (MaRisk), as the national implementation of pillar 2 from Basle II, only mean slight adaptations for Hamburger Sparkasse, as the internal control processes were already progressively structured. In detail, we have expanded our risk strategy against the background of the new announcement and examined the consistent incorporation into the business strategy. Furthermore, the emergency concepts were adapted to current requirements and the documentation, particularly regarding risk-related processes, was updated. All MaRisk requirements were implemented on time. Furthermore, MaRisk offer simplifications, which we use on the basis of sound judgment, where it appears to make sense from a business aspect.

Our loan risk policy provides for a diversified loan portfolio

The loan default risk is dominated by expedited focusing on retail business with our retail, individual and midsized corporate customers. Our customer loan portfolio is widely diversified and secured by property mortgages in most instances. Overall, the credit risks are covered by conservative risk provisions.

Our internal rating system was developed in conjunction with Deutsche Sparkassen- und Giroverband e.V. (German Savings Bank and Giro Association, or DSGV). It gives us precise tools that are tailored to our customer groups and comply with the requirements of Basle II.

We are already using scoring systems in our retail business for assessing creditworthiness and pricing.

We also utilize rating procedures in our standard corporate customer business to assess creditworthiness and risk oriented pricing. In this instance, we apply differentiated procedures depending on the type of business. The procedures are different for small, midsized and larger corporate customers, for freelance professions and for persons starting a business. For commercial real estate transactions, the DSGVO property rating tool, which is specifically tailored to commercial property financing, is used in our central Real Estate department.

We avoid issuing party default risk and counter party default risk among our securities investments and in interbank business by exclusively limiting ourselves to trading partners with first-rate credit ratings, a widely diversified portfolio and a stringent limit system.

We use the standard value-at-risk-method to measure the risk of unexpected loan default. The method sets a confidence level of 99 percent for a holding duration of one year.

Discriminate monitoring and control of maturity transformation

The maturity transformation risk is geared toward potential changes in the market interest rate.

Maturity transformation essentially arises from the loan commitment, which tends to be of a longer-term nature on the active side, compared with borrowing, which in many respects tends to be of a shorter-term on the liability side. Changing interest rates on money markets and capital markets have an impact on the bank's profit or loss. We measure and control the maturity transformation risk periodically and in cash value.

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Haspa also employs the value-at-risk-method for establishing the maturity transformation risk. The risk is quantified at a confidence level of 99 percent for a holding duration of one year. We also simulate so-called stress scenarios. Haspa's maturity transformation position is monitored and controlled daily and reviewed in depth at monthly meetings of the Asset & Liability Steering Committee in terms of developments on money markets and capital markets. The entire Board of Management is integrated into the monthly review process.

We also monitor the possible impact of any change in market interest rates on our periodic net interest income. Simulation of various interest scenarios indicate the sensitivity of the interest surplus in the event of corresponding changes in market interest rates.

Haspa employs derivative financial instruments, primarily standard interest rate swaps, for the purpose of controlling the maturity transformation risk.

Low stock risk and credit-rating-based price risks for bonds

Haspa holds a diversified stock portfolio, in a balanced proportion to other forms of investment. The risk from credit-rating-based spread changes with corporate bonds is low - the stocks and the majority of corporate bonds are indirectly held through special funds.

Haspa also employs the value-at-risk method to establish the stock and spread risk. Our risk controlling monitors separate positions on a daily basis, including the instruments held indirectly in special funds.

No notable trade or currency risks

The orientation of Haspa as a retail bank in the Hamburg metropolitan region is also expressed in terms of major restraint in accepting trading risks and currency risks. Customers induce trading to a major extent and principally only hold closed currency and option positions.

Monitoring operational risks

Operational risks arise from risks within operational systems and processes. Haspa has taken a number of steps to assure a flawless and frictionless course of business. In-house procedures and the working order of technical systems are continuously adapted to internal and external requirements. Operational processes are regulated under service instructions and directives. The internal auditing department monitors them.

With the operational start-up of NRS Norddeutsche Retail-Service AG, Haspa outsourced parts of the marketing support processes in the asset, liability and service business, as well as parts of Finance and Controlling, to NRS, or its subsidiaries. Furthermore, parts of the IT department have been transferred to FinanzIT GmbH and Wincor Nixdorf Portavis GmbH.

The interaction between outsourcing centers and Haspa regarding the outsourced functions has been secured within the context of legal requirements through individual contractual and interface-specific regulations.

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IT security is one of the focal points in controlling operational risks. Various contingency plans are in place in our IT department. Furthermore, the emergency concept also includes crisis management and concepts for continuation of business operations. Authorized access systems and control and monitoring processes warrant protection of confidential information against unauthorized access and modifications of business processes. Efficient firewall systems provide protection of unauthorized access from the outside.

Operational risks are evaluated within the scope of a bank-wide annual risk audit.

Unperturbed liquidity situation

Liquidity risks arise when payment obligations are not or cannot be met on time or paid adequately or when liquidity can only be obtained at higher market prices.

Haspa prepares a strategic liquidity preview that indicates a liquidity requirement at early notice. The preview enables us to assess our liquidity status for meeting future deadlines and to take appropriate measures.

With the issuing of Pfandbrief securities, which began in 2006, Hamburger Sparkasse has accessed the major liquidity potential of the Pfandbrief market and could therefore also even cover its own large liquidity requirements in future, without any problems.

The liquidity principle of bank regulatory authorities at the end of the year is 1.8 times the required minimum standard.

Solid risk quantifying review secures risk acceptance

The capacity to accept risks is monitored by comparing it with available asset cover. Our risk coverage potential is adequate.

Regulations under supervisory law for providing funds to financial institutions (Principle I) consistently require an adequate equity capital base. According to the status at December 31, 2006, a total index figure of 10.0 percent emerges for liable equity relative to risk-weighted assets and market risk positions. Haspa clearly exceeds the minimum standard of 8.0 percent as required by law. The Haspa Group also continuously complied with the requirements of Principle I.

Risk assessment

Risks that pose a hazard to portfolios or that could have a significant impact on the status of the assets, finances or earnings are not apparent in the current fiscal year.

We are fortified against essential risks in our line of business: on the one hand, against general risk factors, such as fluctuations in the economy or other general conditions that are subject to change, and on the other hand, against risks that specifically apply to banks.

Outlook Statement

Continuing economic upswing

Despite a slight slowdown in global trade and the anticipated rise in the euro, foreign trade is also expected to provide a major contribution to growth for the German economy in 2007. The second supporting pillar of the continuing, but somewhat weakened growth in comparison with 2006 remains the investment activity of German companies. In particular, the equipment investments are expected to lose some of their dynamics in 2007 and thereby continue to contribute to the growth of gross domestic product.

Vigorously utilized capacities will result in continuing high corporate profits and still favorable financing opportunities for expansion investments, in view of good sales conditions. Due to the dampening effect of the VAT increase, the growth rate for private consumption will be lower than in the previous year, but still positive. Continuing recovery on the labor market and the prospects of rising income could, however, provide the economy with additional drive, so that, all in all, we anticipate a growth in gross domestic product of around 2 percent, in real terms for 2007.

In view of the moderate consumer price rise in the euro zone at the beginning of the year, good opportunities existed in 2007 for achieving the stability target of the ECB.

Nevertheless, the ECB is not expected to move to an interest break, due to the high level of investment activity and expanding lending in 2007.

Optimism in Hamburg

The economy surveys by the Hamburg Chamber of Commerce show that Hamburg companies also intend to invest more and hire additional human resources in the coming year. Many companies in the trade sector also expect an improvement in their economic situation in 2007. These assessments provide good reason to be optimistic. We therefore continue to expect a growth rate for Hamburg that is above the national average. The Hanseatic city, as an international trade and transportation center, will also continue to profit in a disproportionately high manner from growing global trade in the coming years. The positive trend in company-related services shall continue.

Additional impulses will also radiate from the vision of Hamburg as a growth city in future. This growth strategy is designed to expand Hamburg's function as a metropolitan center and bolster its international attractiveness. Hamburg is relying on its ability to attract highly qualified persons both from Germany and abroad as a means of securing its future. A multitude of programs and measures shall promote above-average economic growth and rising employment.

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Planning Haspa

Under the described assumptions, we report on the anticipated development of Hamburger Sparkasse, with the significant opportunities and risks. The forecast time period includes the current and upcoming fiscal year. The incorporated statements that are aimed at the future, are based on the generally expected overall economic development, with a special focus on the Hamburg metropolitan region. The statements are also based on the updated medium-term planning for the upcoming five years. The annual planning process is based on this. This flows into concrete and agreed budgets, which have also been incorporated into the company-wide target-setting process.

Further strengthening of our sales and marketing vitality

Haspa will continue its current strategy in the Hamburg metropolitan region. All of our activities shall remain oriented toward retail, individual and midsized corporate customers and our award-winning private banking.

Retail customers are and remain the basis of our corporate activity. We shall continue to grow in our region by comprehensively supporting this segment of customers. Haspa will be employing additional qualified personnel in the coming years for customer support in the fields of individual and midsized customer business and private banking. We particularly perceive considerable growth potential in these customer segments.

Against the background of a continuing good economy, the volume of customer deposits and customer loans is expected to rise slightly. We believe that income from interest and commission income from customer business will grow slightly at the high level of previous years. In contrast, the net interest income could possibly decline significantly during the current fiscal years, due to the increased level of interest rates, particularly at the short end, with a flat yield curve. We then expect a rise in net interest income again for 2008. The balance sheet total will grow slightly.

Administration expenditure in 2006 already reflected the move of around 400 employees to NRS Norddeutsche Retail-Service AG/Kredit-Service-Center GmbH (KSC) as of July 1, 2006. As the reduction of human resources expenditure with a corresponding higher operating expenditure only had an effect for half of 2006, this effect will be fully reflected from 2007. Therefore, as already shown during the year under review, a shift from human resources expenditure to operating expenditure will emerge during the current year.

Furthermore, we plan to keep the overall number of employees nearly constant for the medium term, but utilizing natural human resources fluctuation, and to further strengthen the Marketing department. After a reduction due to NRS in 2007, human resources expenditure will only increase slightly on the basis of anticipated moderate pay scale rises.

With operating expenditure, we will profit from the cost-saving measures already initiated during previous years. We will consistently continue these efforts. In addition, Hamburger Sparkasse will profit from the productivity gains in Norddeutsche Retail-Service AG in future.

Overall, we only anticipate a moderate cost increase in the coming years.

In summary, we initially forecast an operating result before valuation for the current fiscal year that is below the level of the previous year and then growth again for 2008.

We are expecting a lower requirement for bad debt provisions in our loan business against the backdrop of a further economic recovery.

The cost-income ratio is anticipated to initially rise slightly during the 2007 fiscal year and the equity ratio will fall marginally, however, in the medium term, they will both return to the satisfactory level of the past years again.

The strategic liquidity preview indicates an unperturbed liquidity situation for the future. According to medium-term planning, an adequate sum of liability equity capital shall consistently be available in the future. The planned allocation to core capital will allow the core capital ratio in proportion of risk assets to rise further.

Events of special significance

No events of special significance occurred after closing of the 2006 fiscal year.

Closing statement

"In accordance with section 312, subsection 3, AktG (German Stock Corporation Act) we, the Board of Management of Hamburger Sparkasse AG, Hamburg, state that the company received fair and adequate compensation in each and every legal transaction conducted with an associated company and sustained no disadvantage from the fact that a measure was taken or refrained from with an associated company in fiscal year 2006, under the circumstances known to us at the time that any such legal transaction was conducted or measure taken or refrained from."

Hamburg, March 9, 2007

The Board of Management

Balance Sheet

of Hamburger Sparkasse AG for the year ended December 31, 2006

Assets

All figures stated in €'000	2006	2005
1 Cash reserve		
a) Cash in hand	180,911	186,728
b) Balance with Deutsche Bundesbank	52,363	219,146
	233,274	405,874
2 Debt instruments issued by public authorities and bills approved for refinancing through Deutsche Bundesbank		
a) Treasury bills and non-interest bearing treasury notes and similar debt instruments issued by public authorities	-	-
b) Bills	-	-
	-	-
3 Due from banks		
a) Payable on demand	822,638	113,013
b) Other amounts due	5,814,441	4,053,139
	6,637,079	4,166,152
4 Due from customers	21,938,910	22,262,750
thereof:		
Secured by mortgages	4,840,086	(4,919,814)
Municipal loans	46,515	(81,790)
5 Debentures and other fixed-interest securities		
a) Money market paper		
aa) of public issuers	-	-
thereof: eligible as collateral for Deutsche Bundesbank advances	-	(-)
ab) of other issuers	-	-
thereof: eligible as collateral for Deutsche Bundesbank advances	-	(-)
	-	-

All figures stated in €'000		2006	2005
5	b) Bonds and debentures		
	ba) of public issuers	392,037	416,673
	thereof: eligible as collateral for Deutsche Bundesbank advances	391,892	(416,286)
	bb) of other issuers	1,182,010	1,105,892
	thereof: eligible as collateral for Deutsche Bundesbank advances	1,181,312	(1,105,054)
		1,574,047	1,522,565
	c) Own debentures	139,659	152,887
	Nominal value	136,958	(147,875)
		1,713,706	1,675,452
6	Shares and other non-fixed interest securities	3,284,871	3,117,911
7	Investments	33,879	34,165
	thereof:		
	in other banks	2,961	(2,961)
	in financial service companies	-	(-)
8	Shares in affiliated companies	6,862	8,866
	thereof:		
	in other banks	-	(-)
	in financial service companies	-	(-)
9	Trust assets	2,010	2,968
	thereof: trust loans	2,010	(2,968)
10	Equalization amounts from public authorities including debentures from exchanges thereof	-	-
11	Intangible assets	6,065	8,370
12	Tangible assets	61,348	61,491
13	Other assets	29,346	28,903
14	Prepaid expenses and deferred charges	13,709	11,781
Total assets		33,961,059	31,784,683

Liabilities

All figures stated in €'000	2006	2005
1 Liabilities to banks		
a) payable on demand	108,934	78,824
b) with agreed term or period of notice	4,790,807	4,764,367
	4,899,741	4,843,191
2 Liabilities to customers		
a) Savings deposits		
aa) with agreed period of notice of three months	6,816,764	6,925,528
ab) with agreed period of notice of more than three months	32,655	40,198
	6,849,419	6,965,726
b) Other liabilities		
ba) Payable on demand	6,197,925	5,811,262
bb) With agreed term or period of notice	9,487,036	8,262,425
	15,684,961	14,073,687
	22,534,380	21,039,413
3 Certificated liabilities		
a) Debentures issued	3,895,982	3,290,030
b) Other certificated liabilities	-	-
	3,895,982	3,290,030
thereof:		
Money market paper	-	(-)
own acceptances and promissory note loans in circulation	-	(-)
4 Trust liabilities	2,010	2,968
thereof: trust loans	2,010	
5 Other liabilities	40,910	42,527
6 Deferred income	57,327	61,339
7 Provisions		
a) Provisions for pensions and other commitments	437,001	435,999
b) Tax provisions	24,193	55,650
c) Other provisions	119,515	98,066
	580,709	589,715
8 Special reserve item	-	-
9 Subordinate liabilities	370,000	370,000
10 Profit-sharing rights outstanding	-	-
thereof: payable within two years	-	(-)

Balance Sheet
Income Statement
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All figures stated in €'000	2006	2005
11 Equity		
a) Subscribed capital	1,000,000	1,000,000
b) Capital reserve	380,000	380,000
c) Retained income		
ca) Legal reserves	-	-
cb) Reserve for own shares	-	-
cc) Statutory reserves	-	-
cd) Other reserves	85,000	55,000
	85,000	55,000
d) Group profit	115,000	110,500
	1,580,000	1,545,500
Total 999	33,961,059	31,784,683
1 Contingent liabilities		
a) Contingent liabilities on bills rediscounted and settled	-	-
b) Liabilities from guarantees and warranty agreements	430,191	343,382
c) Commitments based on providing collateral for third party liabilities	-	-
	430,191	343,382
2 Other commitments		
a) Commitments to repurchase assets	-	-
b) Placement and underwriting commitments	-	-
c) Irrevocable loan commitments	1,078,953	918,826
	1,078,953	918,826

Income Statement

of Hamburger Sparkasse AG for the period from January 1 to December 31, 2006

All figures stated in € '000	2006	2005
1 Interest income from		
a) Lending and money market transactions	1,435,453	1,399,605
b) Fixed-interest securities and debt register claims	58,676	56,818
	1,494,129	1,456,423
2 Interest expenditure	-908,613	-786,759
	585,516	669,664
3 Current income from		
a) Shares and other non-fixed interest securities	145,070	100,022
b) Investments	1,723	564
c) Shares in associated companies	114	312
	146,907	100,898
4 Income from profit pools, profit transfer agreements, and partial profit transfer agreements	473	1,023
5 Commission income	289,647	255,314
6 Commission expenditures	-14,455	-13,962
	275,192	241,352
7 Net income or net expenditure from financial transactions	856	11,192
8 Other operating income	28,060	43,399
9 Income from the release of special reserve items	-	-
	1,037,004	1,067,528
10 General administrative expenditure		
a) Human resources costs		
aa) Salaries and wages	-246,273	-251,680
ab) Social security contributions and expenses for pensions and other employee benefits	-99,705	-91,092
	-345,978	-342,772
thereof: for pensions	-49,875	(-39,563)
b) Other administrative expenses	-266,947	-255,828
	-612,925	-598,600
11 Depreciation and value adjustments on intangible and tangible assets	-20,697	-22,284
12 Other operating expenses	-17,131	-16,571
13 Depreciation and value adjustments on amounts due and certain securities as well as allocations to provisions for loan business	-132,254	-163,718
14 Income from additions to amounts due and certain securities as well as the release of provisions for possible loan losses	-	-
	-132,254	-163,718

All figures stated in €'000	2006	2005
15 Depreciation and value adjustments on trade investments, shares in affiliated companies and securities treated as fixed assets	-1,482	-
16 Income from additions to trade investments, shares in affiliated companies and securities treated as fixed assets	-	214
	-1,482	214
17 Expenditure resulting from the accepting of losses		-243
18 Allocations to special reserve items	-	-
19 Profit (loss) of ordinary activities	252,515	266,326
20 Extraordinary income	-	-
21 Extraordinary expenditure	-	-
22 Extraordinary profit (loss)	-	-
23 Taxes on income and earnings	-107,944	-126,637
24 Other taxes not reported under item 12	429	808
	-107,515	-125,829
25 Net income for the year	145,000	140,497
26 Prior period non-appropriated profit/loss	-	3
	145,000	140,500
27 Transfer from profit reserves		
a) from the legal reserve	-	-
b) from the reserve for own shares	-	-
c) from statutory reserves	-	-
d) from other profit reserves	-	-
	-	-
	145,000	140,500
28 Transfer to profit reserves		
a) to the legal reserve	-	-
b) to the reserve for own shares	-	-
c) to statutory reserves	-	-
d) to other profit reserves	-30,000	-30,000
	-30,000	-30,000
29 Net income for the year	115,000	110,500

Notes to the Accounts

GENERAL INFORMATION

The annual financial statements of Hamburger Sparkasse AG for the year ended December 31, 2006 were prepared in accordance with the regulations of the German Commercial Code (HGB) and the provisions of the Bank Accounting Directive ("RechKredV") under consideration of regulations governing stock corporations.

Use was made of the option to not break down pro rated interest by residual terms of maturity (§ 11, sentence 3, RechKredV).

ACCOUNTING AND VALUATION PRINCIPLES

Lending business

We have reported receivables due from customers and banks at nominal value or cost of acquisition. Any discounts retained when paying out loans are distributed over the period of fixed interest or for a maximum period of five years.

Adequate account has been taken of ascertainable risks in lending by making individual value adjustments or by creating provisions. General allowance has been made for potential risks in amounts due. We have observed the principle of revaluation when assessing the value of loans.

Securities

The predominant portion of securities that the bank holds in its own portfolio is held for liquidity purposes. They are also held in trading portfolios and in fixed assets.

For trading transactions in registered Pfandbrief securities issued by us, including the concluded hedging instruments, we implemented a portfolio valuation during the Fiscal Year. The imparity principle was upheld in the process. The reporting of profit contributions takes place as a net result of financial transactions. The ongoing interest payments from the bonds and from interest rate swaps are included in the net interest income.

Furthermore, the securities are valued by applying the strict principle of the lower of cost or market under simultaneous consideration of the requirement to reinstate original value.

Shares in affiliated companies and investments

Shares in associated companies and trade investments are reported on the balance sheet at acquisition cost. The requirement to reverse an impairment loss was observed for the purpose of valuation. Lower values were reported in the absence of special circumstances.

Intangible assets and fixed assets

Intangible assets and fixed assets are principally reported at acquisition cost less scheduled depreciation.

Liabilities

Liabilities are valued at the amount due for repayment. Utilized discounts are reported under the prepaid expenses and deferred charges on the asset side; surplus income is reported under the deferred income on the liability side.

Notwithstanding this, discounted Sparkassenbrief (savings bank certificate) securities and zero-coupon bonds are accounted for at their present value.

Provisions

Reported provisions adequately consider all ascertainable risks and all uncertain commitments. Provisions for pension liabilities are created in accordance with actuarial principles in compliance with § 6a EStG (German Income Tax Act), and they take into account allocation based the 2005 G Heubeck Guidelines.

Currency conversion

Currency is translated according to the regulations of § 340 h HGB (German Commercial Code). Assets in foreign currencies, which are treated as fixed assets, are translated into euros at rates applicable upon acquisition. Foreign currency securities reported under current assets are valued at the cash settlement price.

Other foreign currency items, unfinished spot transactions and unfinished forward transactions are added together by risk classification for each type of transaction, and they are valued at the cash settlement price or forward price. Thus special coverage is available for these items, apart from minor net surpluses which are treated as open items.

We have opted to split the forward rate and to treat swap positions separately in instances of hedging transactions with direct allocation to the respective hedged asset item.

The cash settlement price and forward price are based on the reference rate of the European Central Bank.

Price gains and price losses established during the translation of specially hedged transactions are considered on the income statement. Open items take any resulting expenditure into consideration.

Derivatives

The interest rate swaps are primarily used for managing interest rate risk. Thus, no further valuation was performed. In instances of issued structured loans, Haspa secured the derivative risk with micro-hedges. Therefore, these products have not been valued.

We have valued the portfolio of financial instruments for money trading. The imparity principle was upheld in the process. The reporting of ongoing interest payments from the interest rate swaps takes place within the net income or next expenditure from financial transactions.

In the case of options, Haspa's option writer positions are usually covered by a matched bargain. Option premiums received or paid on options not yet settled and margin obligations from futures transactions are reported on the balance sheet under "Other assets" and "Other liabilities" respectively. The required valuation measures are performed in accordance with position statement BFA 2/1993 or BFA 2/1995.

NOTES TO THE BALANCE SHEET

Notes on Assets

Due from Banks

	2006	2005
	€ million	€ million
This item includes:		
Due from associated companies	69.5	100.2
Breakdown of the sub-item:		
b) Other amounts by terms of maturity		
- up to 3 months	4,974.3	3,146.8
- 3 months to 1 year	166.1	407.8
- 1 year to 5 years	58.4	68.9
- more than 5 years	43.3	1.5

Due from customers

	2006	2005
	€ million	€ million
This item includes:		
Due from associated companies	433.2	442.2
Due from companies in which an interest is held	75.0	71.0
Subordinate amounts due	5.4	5.8
- thereof associated companies	0.5	0.9
Breakdown of the sub-item:		
Amounts due from customers by terms of maturity		
- up to 3 months	1,491.3	1,665.2
- 3 months to 1 year	1,177.3	1,248.1
- 1 year to 5 years	3,976.4	3,897.1
- more than 5 years	14,463.5	14,628.9
- infinite term of maturity	814.5	808.4

Debentures and other non-fixed-interest securities

	2006	2005
	€ million	€ million
Of securities negotiable on the stock exchange, the following are:		
- quoted	1,637.8	1,618.2
- not quoted	75.9	57.3
Thereof due next year	307.0	396.5
Book value of debentures and other fixed interest securities treated as fixed assets	0.1	0.4

Shares and other non-fixed interest securities

	2006 € million	2005 € million
Of the securities contained in this balance sheet item that are certificated as securities negotiable on the stock exchange, the following are:		
- quoted	0.0	0.0
- not quoted	0.7	2.2

This balance sheet item includes special fund units with a book value of €3.3 billion. The marketability of these shares is limited. Profits from the special fund units held were largely reinvested inasmuch as they resulted from price gains. Interest and dividend income was distributed in full.

Investments

	2006 € million	2005 € million
Of the shares contained in this balance sheet item that are certificated as securities negotiable on the stock exchange, the following are		
- quoted	0.0	0.0
- not quoted	0.0	0.0

Trust assets

Reported trust loans exclusively pertain to trust amounts due from customers.

Intangible assets and fixed assets

	Intangible assets € million	Fixed assets € million
Development of intangible assets and tangible assets		
Acquisition costs at January 1, 2006	47.7	263.1
Additions	1.7	24.0
Disposals	3.8	55.1
Accumulated depreciation	39.5	170.7
Balance sheet value at December 31, 2006	6.1	61.3
Balance sheet value at January 1, 2006	8.4	61.5
Write-offs in the Fiscal Year	3.4	17.3

Other assets

	2006 € million	2005 € million
Other assets break down as follows:		
- Checks and other collection documents	7.9	9.9
- Capitalized stocks and other assets	2.8	3.6
- Other amounts due	18.6	15.4
	29.3	28.9

Prepaid expenses and deferred charges income

	2006	2005
	€ million	€ million
Prepaid expenses and deferred charges include:		
- Difference between redemption and lower issue amount for liabilities or debentures	13.5	11.3
- Other prepaid expenses and deferred charges	0.2	0.5
	13.7	11.8

Notes on Liabilities**Liabilities to banks**

	2006	2005
	€ million	€ million
This item includes:		
Liabilities to associated companies	10.0	16.8
Liabilities to companies in which an interest is held	2.7	4.5
Total amount of assets transferred as security for the liabilities contained under this item	1,862.2	1,665.1
Breakdown of sub-item b) by terms of maturity:		
- up to 3 months	380.0	416.2
- 3 months to 1 year	631.1	350.8
- over 1 year to 5 years	682.2	1,069.8
- more than 5 years	2,666.5	2,573.4

Liabilities to customers

	2006	2005
	€ million	€ million
This item includes:		
Liabilities to associated companies	556.0	429.0
Liabilities to companies in which an interest is held	9.4	6.1
Breakdown of sub-item ab) by terms of maturity:		
- up to 3 months	1.4	2.1
- 3 months to 1 year	0.4	0.3
- over 1 year to 5 years	31.0	37.8
- more than 5 years	0.0	0.0
Breakdown of sub-item bb) by terms of maturity:		
- up to 3 months	3,524.8	2,641.1
- 3 months to 1 year	386.8	264.3
- over 1 year to 5 years	854.2	740.8
- more than 5 years	4,505.0	4,442.8

Certificated liabilities

	2006	2005
	€ million	€ million
This item includes:		
Debentures issued with redemption date for next year	1,590.5	1,024.8

Trust liabilities

Reported trust liabilities exclusively pertain to amounts payable to banks.

Other liabilities

	2006	2005
	€ million	€ million
Other liabilities within the scope of social security break down as follows:		
- Liabilities for social security	0.0	6.6
- Taxes payable	23.9	18.5
- Other liabilities	17.0	17.4
	40.9	42.5

Prepaid expenses and deferred charges

	2006	2005
	€ million	€ million
Prepaid expenses and deferred charges include:		
- Difference between redemption and lower issue amount for loans due	47.4	55.7
- Difference between nominal amount and any higher disbursement of liabilities or debentures due	2.5	4.3
- Other deferred income	7.4	1.3
	57.3	61.3

Subordinate liabilities

In the year under review interest amounting to €20.5 million was due on subordinate liabilities amounting to €370 million. Subordinate liabilities constitute a loan to HASPA Finanzholding at an interest rate of 5.54%. The loan matures on December 31, 2012. An early repayment commitment can not arise. In the event of insolvency or liquidation, the subordinate loan may only be repaid after all prior-ranking creditors have been satisfied.

Equity

Equity capital amounts to €1 billion, and it breaks down into 1,000,000 share certificates. HASPA Finanzholding holds all of these shares.

€30 million was allocated to retained income from the 2006 annual profit.

At the Annual General Meeting, the Board of Management will propose to distribute the balance sheet profit of € 115 million to HASPA Finanzholding as a dividend of € 55.0 per share, and to allocate an additional € 60 million to retained income.

NOTES TO THE INCOME STATEMENT

Commission income

Approximately 22% of total commission income is attributable to brokerage and management services for third parties.

OTHER INFORMATION

Information in accordance with § 160, subsection 1, No. 8 AktG (Stock Corporation Act)

The following announcement was published in the electronic edition of the Bundesanzeiger (Federal Gazette) on July 17, 2003:

“HASPA Finanzholding, Hamburg, has advised us that they hold a controlling interest in our company (§ 20, subsection 4, AktG in conjunction with § 16, subsection 1, AktG).”

Board of Management and Supervisory Board

Total earnings of € 3.8 million were paid to members of the Board of Management in Fiscal Year 2006. Loans granted to members of the Board of Management amounted to € 1.0 million.

The total earnings of the members of the Supervisory Board in Fiscal Year 2006 amounted to € 0.5 million.

The credit and guarantee bonds for members of the Supervisory Board amounted to € 7.0 million at the end of the year.

Expenses for the statutory auditor

A total of € 1.0 million was paid in fees to the to the statutory auditor in Fiscal Year 2006. € 0.9 million of this sum was spent for the annual audit and € 0.1 million for other confirmation or assessment work.

Other financial commitments

Obligations arising from rent and lease agreements are in effect for the following Fiscal Years:

Fiscal Year	€ million	thereof associated companies € million
2007	40.1	20.3
2008	40.4	20.2
2009	40.0	20.2
	120.5	60.7

The order commitment for investment projects is within the usual limits.

On the balance sheet date, securities with book value of € 1,316.6 million were on deposit at the Deutsche Bundesbank as collateral for open-market transactions. No obligations arose from this deposit.

Utilization was additionally made of € 9.8 million in conjunction with transactions on futures exchanges and at clearing houses. Securities with a book value of € 125.3 million were additionally deposited for these transactions.

Moreover, obligations to make additional contributions of € 5.3 million are in effect.

With a subscription certificated dated December 27, 2006, Hamburger Sparkasse AG subscribed to an amount of € 5 million and thereby issued a capital commitment. As the entry of Hamburger Sparkasse AG as limited partner is still outstanding, no posting took place yet in 2006 as a participation.

Furthermore, outstanding deposits exist of € 0.5 million.

Foreign currency

The total amounts of assets and liabilities denominated in foreign currencies amount, when converted, to € 849.4 million and € 533.3 million respectively.

Forward business/derivative financial business

The following table shows the volume of transactions in effect at the end of 2006.

At Dec. 31, 2006 in € million	Nominal values			Market values		
	Remaining maturity			Total	positive	negative
	up to 1 year	More than 1 year up to 5 years	More than 5 years			
Interest-related transactions						
OTC products						
Caps	3.0	24.0	8.0	35.0	0.3	0.3
Structured swaps	30.1	134.5	6,251.7	6,416.3	67.2	52.1
Interest swaps	13,304.5	22,211.6	6,283.5	41,799.6	305.9	458.3
Stock exchange instruments						
Interest futures	135.0	0.0	0.0	135.0	1.7	0.0
Total	13,472.6	22,370.1	12,543.2	48,385.9	375.1	510.7
Currency-related transactions						
OTC products						
Currency options	12.5	0.0	0.0	12.5	0.1	0.0
Currency futures transactions	2,166.3	65.3	0.0	2,231.6	16.5	11.2
Currency swaps	5.5	20.2	8.9	34.6	0.3	0.3
Total	2,184.3	85.5	8.9	2,278.7	16.9	11.5
Transactions with other price risks						
OTC products						
Structured swaps	0.0	10.0	0.0	10.0	0.0	0.0
Stock exchange instruments						
Stock options	62.1	0.0	0.0	62.1	0.5	0.5
Index options	165.6	0.0	0.0	165.6	0.7	0.6
Total	227.7	10.0	0.0	237.7	1.2	1.1

Derivatives were principally valued based on the current market price. Prices on the last trading day at the stock exchange in 2006 are used for derivatives traded on the stock exchange. The common mathematical financial valuation procedure is used for valuation if no current market price is immediately available. In the case of interest swaps, for example, cash value is established based on the current interest yield curve. With currency futures transactions, the forward rate is used. Market values of currency options are established based on the current spot exchange rate, interest yield curves and implied volatility (binomial model). Market values for interest options are computed under consideration of interest yield curves and implicit levels of volatility (Black 76 and Hull White Model).

Haspa issues structured securities based on the formation of valuation units. The securities are offset by swaps that are structured into a micro-hedge so that price risks are fully hedged.

The bulk of all of Hamburger Sparkasse AG's interest-related transactions were performed to limit interest rate risks. In the case of interest swaps and forward rate agreements, the period transformation is regulated within the scope of controlling maturity profiles on the asset and liability sides of the balance sheet by Hamburger Sparkasse AG. Interest derivatives traded on markets mainly represent interest rate hedging transactions and trading transactions for customers.

The majority of currency-related transactions pertain to trading transactions with customers that are principally rate-hedged, and own trading transactions to a lesser extent.

The transactions with other price risks exclusively entail trading transactions for customers and structured swaps with fully hedged price risks.

Pfandbrief securities

During the year under review, Hamburger Sparkasse AG issued Pfandbrief securities for the first time. The regular transparency guidelines of § 28 PfandBG (Pfandbrief Act) are fulfilled by disclosure via our homepage on the Internet, www.haspa.de.

PfandBG § 28 Subsection 1 No. 1	December 31, 2006 € million
Mortgage Pfandbrief circulation	
- Nominal value	720.9
- Net present value	730.6
- Risk net present value ¹	695.3
Cover assets	
- Nominal value	1,030.6
- Net present value	1,069.0
- Risk net present value ¹	1,028.6
Excess cover	
- Nominal value	309.7
- Net present value	338.4
- Risk net present value ¹	333.3

¹ dynamic method according to PfandBarwertV (Pfandbrief Net Present Value Ordinance)

December 31, 2006

PfandBG § 28 Subsection 1 No. 2

€ million

Maturity structure of the mortgage Pfandbrief circulation	
- up to 1 year	0.0
- 1 year to 5 years	527.0
- 5 years to 10 years	101.7
- more than 10 years	92.2
Interest commitment maturities of the cover assets	
- up to 1 year	63.3
- 1 year to 5 years	524.6
- 5 years to 10 years	376.1
- more than 10 years	66.5

PfandBG § 28 Subsection 1 No. 3

The cover assets do not include any derivatives

PfandBG § 28 Subsection 2 No. 1

a) Total amount of the nominal value cover assets used by size class	
Loan cover	
- up to € 300,000	560.8
- € 300,000 to € 5 million	353.1
- more than € 5 million	66.7
Securing excess cover	
- up to € 300,000	0.0
- € 300,000 to € 5 million	0.0
- more than € 5 million	50.0
b) Total amount of claims used for cover, by states ^{1,2}	
Federal Republic of Germany	980.6

c) Total amount of claims used for cover, by type of use ^{1,2}	Real estate with residential use	Real estate with commercial use
	Dec. 31, 2006 in € million	Dec. 31, 2006 in € million
Apartments	111.2	0.0
Single-occupancy houses	391.8	0.0
Multiple-occupancy houses	264.3	0.0
Office buildings	0.0	84.1
Trade buildings	0.0	20.2
Industrial buildings	0.0	2.1
other commercially utilized buildings	0.0	106.9
Unfinished and non-income-earning new buildings	0.0	0.0
Construction sites	0.0	0.0

December 31, 2006**PfandBG § 28 Subsection 2 No. 2**

€ million

Total amount of claims at least 90 days in default ²	0.0
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¹ exclusive view of proper cover² no real estate collateral outside of the Federal Republic of Germany

PfandBG § 28 Subsection 2 No. 3a – 3d	real estate with residential use	real estate with commercial use
	Dec. 31, 2006 in € million	Dec. 31, 2006 in € million
Number of pending force auctions and forced administration proceedings	0.0	0.0
Number of forced auctions carried out	0.0	0.0
Takeover of real estate	0.0	0.0
Interest arrears	0.0	0.0
Repayments carried out		
- by amortization	12.7	3.8
- in another manner	2.2	0.0

Trustee

Uwe Rollert – Corporate Consultant

Deputy Dr. Heiner Holtappels – Notary Public, Ret.

Deputy Rainer Sinhuber – Judge, Ret.

Human resources

	Annual average		Total
	Male	Female	
Full-time	2,223	1,603	3,826
Part-time	34	509	543
	2,257	2,112	4,369
Trainees	160	256	416
	2,417	2,368	4,785

Part-time employees are included on a pro rated basis as full-time employees according to their agreed working hours.

An annual average of 1,015 part-time employees were employed in 2006.

Information in compliance with § 340 a, Subsection 4, HGB (German Commercial Code)

Members of the Board of Management, and directors who exercise duties in the duly constituted governing bodies of other large corporations (as defined by § 267, subsection 3 HGB (German Commercial Code)):

Members of the Board of Management

Dr. Karl-Joachim Dreyer

Supervisory Board

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg	Chairman
LBS Bausparkasse Hamburg Aktiengesellschaft, Hamburg	Chairman
NRS Norddeutsche Retail-Service Aktiengesellschaft, Hamburg/Bremen	Chairman

Dr. Friedhelm Steinberg

Supervisory Board

neue leben Pensionsverwaltung Aktiengesellschaft, Hamburg	Chairman
neue leben Pensionskasse Aktiengesellschaft, Hamburg	Chairman
neue leben Holding Aktiengesellschaft, Hamburg	First Deputy Chairman
neue leben Lebensversicherung Aktiengesellschaft, Hamburg	Deputy Chairman
neue leben Unfallversicherung Aktiengesellschaft, Hamburg	Deputy Chairman
LBS Bausparkasse Hamburg Aktiengesellschaft, Hamburg	Chairman
Sparkasse zu Lübeck Aktiengesellschaft, Lübeck	Member

Dr. Wolfgang Botschatzke

Supervisory Board

FinanzIT GmbH, Hannover	Member
NRS Norddeutsche Retail-Service Aktiengesellschaft, Hamburg/Bremen	Member

Dr. Harald Vogelsang

Supervisory Board

neue leben Pensionsverwaltung Aktiengesellschaft, Hamburg	Member
neue leben Pensionskasse Aktiengesellschaft, Hamburg	Member

Jörg Wohlers

Supervisory Board

NRS Norddeutsche Retail-Service Aktiengesellschaft, Hamburg/Bremen	Member
Sparkasse zu Lübeck Aktiengesellschaft, Lübeck	Member

Directors**Holger Lefeber****Supervisory Board**

LBS Bausparkasse Hamburg AG, Hamburg Member

Gerd Penno**Supervisory Board**

Spar- und Leihkasse zu Bredstedt AG, Bredstedt Member

Haspa's holdings in large corporations that exceed 5% of voting rights:

- Bürgerschaftsgemeinschaft Hamburg GmbH, Hamburg
- Bürgerschaftsbank Schleswig-Holstein GmbH, Kiel Supervisory Board

Supervisory Board**Dr. Klaus Asche**Chairman
Lawyer**Professor Dr. Gerhard Mehrtens**CEO of the Management Board
for Health Service and Welfare Work**Ulrich Hülgenhof**Deputy Chairman
Chairman of the Works Council
of Hamburger Sparkasse AG**Olav Melbye**Director
Hamburger Sparkasse AG**Peter Becker**Second Deputy Chairman
Master baker
President
of the Hamburg Chamber of Skilled Trades**Uwe Mellewig**Deputy Chairman of the Works Council
at Hamburger Sparkasse AG**Petra Adam-Ferger**Deputy Chairwoman of the Works Council
of Hamburger Sparkasse AG
(until June 30, 2006)**Wilfried Sander**Managing Partner
August Sander GmbH
Vice-president of the Hamburg Chamber of Skilled Trades**Nicola Fallak**Secretary
of the ver.di Trade Union**Manfred Schröder**Member of the Works Council
at Hamburger Sparkasse AG
(as of August 4, 2006)**Karin Gronau**Member of the Works Council
of Hamburger Sparkasse AG**Jürgen Ullrich**Former member of the Board of Management
of Hamburger Sparkasse**Uwe Grund**Secretary
of the ver.di Trade Union**Peter Widmayer**Managing Partner
THOR Wohnungsbau Corporate Group**Dirk Lender**Paralegal
at the Hamburger Sparkasse AG**Dr. Martin Willich**CEO of the Management Board
Studio Hamburg GmbH**Cord Wöhlke**Managing Director,
Iwan Budnikowsky GmbH & Co. KG

Hamburger Sparkasse AG is a 100% subsidiary of HASPA Finanzholding, Hamburg. HASPA Finanzholding, Hamburg, prepares a consolidated annual report that includes the Hamburger Sparkasse AG. Hamburger Sparkasse AG waives preparation of consolidated annual financial statements in accordance with § 296, subsection 2, German Commercial Code.

Board of Management

Dr. Karl-Joachim Dreyer

Spokesman (until January 30, 2007)

Dr. Harald Vogelsang

Spokesman (as of January 31, 2007)

Dr. Friedhelm Steinberg

Deputy Spokesman

Dr. Wolfgang Botschatzke

Reinhard Klein

(as of October 1, 2006)

Jörg Wohlers

Hamburg, February 13, 2007

The Board of Management

Dr. Vogelsang

Dr. Steinberg

Dr. Botschatzke

Klein

Wohlers

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Auditor's Report

We have audited the Annual Financial Statements, under inclusion of the accounting records, and the Management Report of the Hamburger Sparkasse AG for the Fiscal Year January 1 to December 31, 2006. The Annual Financial Statements consist of the balance sheet, the income statement and the notes to the accounts. The savings bank's corporate management is responsible for preparing accounting records, the Annual Financial Statements and the Management Report in compliance with regulations under the German Commercial Code and supplementary provisions in the savings bank's by-laws. Our task is to render our assessment, based on the audit we perform, of the company's Annual Financial Statements, under inclusion of its accounting records, and its Management Report.

We performed our annual audit in compliance with § 317 German Commercial Code and in observance of professional standards for due and proper annual audit as established by the Institut der Wirtschaftsprüfer (German Institute of Chartered Accountants). Pursuant to the same, an audit is to be planned and executed in such a manner that it can detect, with adequate certainty, inaccuracies and violations that have a substantial impact on the presented view of assets, finances and earnings as conveyed, in accordance with professional accounting standards, by the Annual Financial Statements and the Management Report.

Knowledge about the Bank's business activities, its commercial and legal environment and expectations about possible errors are taken into consideration when audit procedures are established.

The effectiveness of the company's internal control mechanisms and supporting evidence for information reported in the accounting records, the Annual Financial Statements and the Management Report are evaluated, primarily on a

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random-sample basis. The audit covers an evaluation of applied accounting principles and essential estimates of corporate management and duly considers the general presentation of the Annual Financial Statements and the Management Report. We believe that our audit constitutes an adequate and sound basis for our assessment.

Our audit did not result in any objections.

Pursuant to our assessment, which is based on the knowledge we acquired during our audit, the Annual Financial Statements meet the requirements stipulated by law and supplementary provisions in the savings bank's by-laws, and it conveys, under consideration of the principles of standard accounting practices, an accurate view that is commensurate with the actual condition of the savings bank's assets, finances and earnings. The Management Report is in line with the Annual Financial Statements, and it generally presents a correct view of the savings bank's situation and accurately presents the potential risks of future development.

Hamburg, March 20, 2007

Auditing Department of the
HANSEATISCHER SPARKASSEN- UND GIROVERBAND
(HANSEATIC SAVINGS BANK AND GIRO ASSOCIATION)

Mrs. Jacobs
Certified Public Accountant

Report of the Supervisory Board

The Board of Management regularly informed the Supervisory Board in the year under review concerning all basic issues of corporate policy, the development of ongoing business and Haspa's financial condition in a regular, near-time and comprehensive manner. All key issues were discussed in depth with the Board of Management at board meetings. Matters of major importance were additionally considered and examined in advance at meetings of the appropriate committees. A main focus of this was the outsourcing of staff and back office functions as of July 1, 2006 to NRS Norddeutsche Retail-Service AG and accordingly its subsidiary, the Kredit-Service GmbH. The Supervisory Board was involved in all major decisions of Haspa, which legally require the consent of the Supervisory Board. The Spokesman of the Board of Management and the Chairman of the Supervisory Board met regularly to discuss current company operations and review strategic considerations in advance. The Supervisory Board examined and approved management decisions and passed the resolutions that fell under its mandate in accordance with the law and provisions of the Articles of Incorporation at rotating meetings or by means of written procedures.

Ms. Petra Adam-Ferger shall end her Supervisory Board mandate on June 30, 2006, with here entry into retirement after 29 years of membership in the supervisory bodies of Haspa. The Supervisory Board sincerely thanks Ms. Adam-Ferger for her, at all times, faithful and constructive cooperation, as well as for her many years of successful commitment to Haspa. On August 4, 2006, Mr. Manfred Schröder was elected as the successor of Ms. Adam-Ferger by the employees on the Supervisory Board.

Effective October 1, 2006, the Supervisory Board appointed Mr. Reinhard Klein as a regular Member of the Board of Management, in its meeting on June 14, 2006. As of January 30, 2007, Dr. Karl-Joachim Dreyer shall end his activity on the Boards of Management of Hamburger Sparkasse AG and HASPA Finanzholding and shall enter into well-earned retirement. During his 21 years on the Board of Management, thereof, 18 years at the head of Haspa, Dr. Dreyer made a significant contribution to the successes of Haspa. Under his management, Haspa was able to consolidate and expand its position as the uncontested market leader in Greater Hamburg. As one of the most high-profile and recognized manager in the German savings bank organization, Dr. Dreyer has furthermore ensured that the interests of Haspa were always acknowledged beyond this. The Supervisory Board sincerely thanks Dr. Dreyer for his longstanding and extraordinarily successful effectiveness for the benefit of Hamburger Sparkasse and the entire Haspa Group.

By a unanimous resolution, the Board of Management appointed Dr. Harald Vogelsang as Spokesman of the Board of Management with effect from January 31, 2007; Dr. Friedhelm Steinberg shall remain the Deputy Spokesman of the Board of Management.

The Auditing Division of the Hanseatic Savings Banks and Giro Association was appointed as the statutory auditor at the annual general meeting. It audited the submitted Annual Financial Statements at December 31, 2006 - consisting of the balance sheet, income statement and notes to the accounts - under inclusion of the accounting records, and the Management Report, and issued an unqualified auditor's report for them.

The auditors' report was presented to the members of the Pre-audit Steering Committee. The auditor attended the balance sheet meetings of the Steering Committee and of Supervisory Board and reported on the principal results of his audit. The Supervisory Board discussed the auditor's report in depth and acknowledged and approved it. The final result of the Supervisory Board's own closing audit completely matches the result of the closing audit of the Auditing Division of the Hanseatic Savings Banks and Giro Association. The Supervisory Board sees no reason to challenge corporate management or the submitted closing audit. The Supervisory Board approved the Annual Financial Statements prepared by the Board of Management at today's meeting. The Annual Financial Statements have been adopted in accordance with § 172 AktG (German Stock Corporation Act). The Supervisory Board approves the Board of Management's proposal concerning the appropriation of the annual net profit.

The Supervisory Board has also examined the report on relationships with associated companies for the Fiscal Year 2006 in accordance with § 312 AktG prepared by the Board of Management for the year under review and the accompanying audit report prepared by the auditors.

The audit report reads as follows:

"Following our conscientious audit and evaluation, we confirm that

- the factual details of the report are correct,
- that the amounts paid by Hamburger Sparkasse AG for legal transactions listed in the report were not unreasonably high."

Reviews conducted by the Supervisory Board gave no cause for objection. According to the final results of its own internal review, the Supervisory Board agrees with the declaration made by the Chairman of the Board of Management at the end of the report on relationships with associated companies for Fiscal Year 2006.

The Supervisory Board expresses its gratitude and appreciation to the Board of Management and to all employees of Haspa for their major commitment and successful work in the Fiscal Year just ended.

Hamburg, April 11, 2007

The Supervisory Board

Dr. Klaus Asche
Chairman of the Supervisory Board

Regional Advisory Boards

Advisory Board for the Alster-West Region

Prof. Norbert Aust

Managing Director
"Schmidt's Tivoli" GmbH
Cultural Center and Restaurant

Dr. Manuel Cadmus

Lawyer, Tax Consultant

Andreas Fischer-Appelt

Managing Director
fischerAppelt Kommunikation GmbH

Hinnerk Fock

Altona Municipal City District Manager

Holger Kowalski

Executive Chairman
Altonaer Spar- und Bauverein eG

Dipl.-Ing. Jan-Oliver Meding

Managing Partner
Meding Plan + Projekt GmbH

Günter Neumann

Businessman

Felizitas Peters

Managing Director
HGB Hamburger Geschäftsberichte GmbH & Co. KG

Prof. Dr. Ulrike Pfannes

University Professor
HAW Hamburg

Jörn Rompel

Managing Partner
Gebrüder Klingenberg & Rompel in Hamburg GmbH

Heino W. Saier

CEO
Employers' Liability Insurance Association
for Transportation Companies

Dr. Detlef Thomsen

Notary Public

Dipl.-Ing. Klaus-Hinrich Vater

Managing Partner
Vater Holding GmbH

Klaus Weise

Member of the Board of Management
Wohnungsgenossenschaft von 1904 e. G.

Frank K. Westermann

Honorary Counsel of the
United Mexican States

Reinhard Wolf

Staff Lawyer
Hamburg Chamber of Commerce

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Advisory Board of the City Center Region

Helge Adolphsen

Pastor, Ret.

Dr. Jochen Bach

Notary Public

Dr. Uwe Christiansen

Managing Director
Working Committee Education & Media,
North German Chambers of Industry & Commerce

Lars Einsle

Sales Manager
Hamburger Abendblatt
(as of January 1, 2007)

Dr. Georg Faerber

Lawyer
(as of January 1, 2007)

Anthony James Firmin

Managing Director
Hapag-Lloyd Container Linie GmbH

Dipl.-Ing. Wolfgang Großner

Architect

Wolf Michael Henneberg

Corporate Consultant

Dr. Ursula Keller

Former Program Director
Literaturhaus

Beate Langmaack

Film Script Writer

Jens Luther

Chairman of the Board of Management
HEK Hanseatische Health Insurance Co.
(until December 31, 2006)

Tanja Madsen

Head of Marketing
Financial Times Deutschland

Dr. Dirk Masson, MD

Medical Specialist for Gynecology and Obstetrics

Christian Seeler

Director General
Ohnsorg Theater

Prof. Dr. Michael Stawicki

College President
HAW Hamburg
(as of January 1, 2007)

Regional Advisory BoardsRegional Divisions, Departments, Units and Work Council
Haspa Business Development Summary 2002 to 2006**Advisory Board of the North Region****Dipl.-Ing. Dipl.-Chem. Christian Peter Ahrens**
Managing Director
Peter Ahrens Bauunternehmen GmbH
(as of January 1, 2007)**Hans-Peter Brucker**
Local Government Manager
(until December 31, 2006)**Dr. Dieter Collier**
Notary Public**Christian Glied, MBA**
Managing Partner
nordwerbung Marketing Service GmbH**Alida Gundlach**
Author, Producer
(as of January 1, 2007)**Dr. Gerhard Hoffmann**
Notary Public**Dr.-Ing. Hans-Jürgen John**
Managing Director
Meyer & John GmbH & Co. KG**Axel Johnson**
Businessman**Karl-Heinz Jung**
Chartered Accountant, Tax Consultant**Günter Kliewe**
Master Coppersmith**Reimer Lange, MBA**
Managing Director
GAWRON GmbH & Co. KG**Dr. Björn F. Lindemann**
Member of the Board of Management
BioAgency AG
(until December 31, 2006)**Harald Rösler**
Local Government Department Director**Dr. Torsten Schweda**
Pastor
Rector
"Alte Eichen" Lutheran Charitable Foundation**Hermann Tomfort**
Businessman**Claus-Dieter Wulf**
Businessman

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Advisory Board of the North-East Region

Maria-Juliane von Åkerman

Lawyer, Notary Public

Andreas Bartmann

Managing Director
Globetrotter Ausrüstung
Denart & Lechhart GmbH
(as of January 1, 2007)

Henner Dingfelder, MBA

D+H Mechatronic AG

Dr. Andreas Gent

Member of the Board of Management
HanseMercur Versicherungsgruppe

Niels Hellwege

Notary Public

Hans-Hinrich Jürjens

Architect, Civil Engineer
(until December 31, 2006)

Monika Kleemann

Businesswoman
(as of January 1, 2007)

Gert Koetke, MBA

Member of the Board of Management
Bijou Brigitte modische Accessoires AG

Michael Näfken

Local Government Manager
(until December 31, 2006)

Ulrich Stallmann, MSc. Economics

Executive Chairman
Walddörfer Wohnungsbaugenossenschaft eG
a cooperative building association

Angelika Sterra

Local Government Manager
(until December 31, 2006)

Peter Troglauer

Real Estate Agent

Peter Uszkureit

Tax Consultant

Richard Weitenauer

Central Heating Engineer

Sönke Witt, MSc. Economics

Executive Member of the Board of Management
Gartenstadt Hamburg eG Housing Association

Volker Witthöft

Real Estate Agent

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Advisory Board of the East Region

Niels Bonn
CPA & Tax Consultant

Margret von Borstel
Managing Director
Bethesda – Allgemeines Krankenhaus gGmbH

Dr. Matthias Esche
Managing Director
Polyphon Film- und Fernsehgesellschaft mbH
(until December 31, 2006)

Hans-Joachim Eulenstein
Real Estate Agent

Frauke Grube
Managing Director
Baustoffhandel Werner Grube G.m.b.H.

Hans-Jürgen Grünhage
Notary Public

Dörte Inselmann
Managing Director
Kulturpalast im Wasserwerk e.V.
(as of January 1, 2007)

Dr. Christoph Krupp
City District Manager Bergedorf

Norbert Leinius
Managing Director
Wirtschafts- und Aufbaugesellschaft Stormarn mbH
(as of January 1, 2007)

Gisela Paegelow
Master Hairdresser

Dr. Jochen Riebensahm
Managing Director
Schorisch Beteiligungsgesellschaft mbH

Frank Ruppert
Mayor of the Town of Schwarzenbek

Jürgen Sallier
Real Estate Agent

Prof. Dr. Ernst A. Sanders
Dean
HAW Hamburg

Dietrich Sattler
Pastor
Chairman
Das Rauhe Haus

Günter Schiedek
Local Government Manager
(until December 31, 2006)

Joachim Wulff
Businessman

Regional Advisory Boards**Advisory Board of the South Region**

Wiebke Becker
Managing Director
Bäcker Becker GmbH

Helmut Gericke
Pharmacist
(as of January 1, 2007)

Dipl.-Ing. Hans-Albert Kusserow
Architect

Torsten Meinberg
Harburg Municipal City District Manager
(as of January 1, 2007)

Dr. Thomas Neseemann
Notary Public
(as of January 1, 2007)

Michael Niemeyer
Lawyer, Tax Consultant

Thorsten Römer
Managing Director
Lühmann Druck Harburger Zeitungsgesellschaft mbH
& Co. KG

Paul-Otto Schwarz
Businessman

Heike Severin
Local Government Manager, Ret.
(until December 31, 2006)

Bernt Strenge
Church Administrative Council

Mathias Süchting
Managing Director
Autohaus S + K GmbH

Heidi Tillmanns
Managing Director
Hans E. Puhst Freies Wohnungsunternehmen

Peter Voss, MBA
Executive Member of the Board of Management
Finkenwärder-Hoffnung eG
a cooperative building association

Dipl.-Ing. Arne Weber
Managing Partner
H. C. Hagemann GmbH

Prof. Dr.-Ing. Joachim Werther
University Professor
Hamburg-Harburg University of Technology

Dipl.-Ing. Peter Wigger
Executive Chairman
German Red Cross
District Chapter Hamburg-Harburg e.V.

Jochen Winand
Chairman of the Board of Management
Wachstumsinitiative Süderelbe AG
(as of January 1, 2007)

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Advisory Board of the Wandsbek Region

Heino Bartholl, MBA
CPA & Tax Consultant
(until December 31, 2006)

Dr. Ronald Crone
Businessman

Gerhard Fuchs
Municipal District Manager
City Development and Environment Agency

Werner Gaedeke, MSc. Engineering
Architect
(until December 31, 2006)

Peter Johannsen
Businessman

Prof. Dr. Lisa Kosok
Director
Labor Museum

Dr. Rolf Lange
Senator, Ret.
Executive Member of the Board of Management
HANSA Baugenossenschaft eG

Laurenz Lenffer
Managing Partner
Porzellanhaus Lenffer & Sohn KG

Heinz Meyer
Tax Consultant

Ernst Pfaff
Forwarding Agent
Supervisory Board Chairman of SVG Nordwest eG

Torsten Püst, MBA
Chartered Accountant, Tax Consultant
(as of January 1, 2007)

Rolf Salo
Managing Director
Gewerblich-technische Bildung GmbH
(until December 31, 2006)

Michael Schaper
Journalist
Deputy Chief Editor of GEO
(as of January 1, 2007)

Patricia Schlesinger
Head of the Current & Foreign Affairs Department
NDR Radio & Television

Hans-Peter Siebert
Chairman of the Board of Management
Wohnungsbaugenossenschaft
Gartenstadt Wandsbek eG
a cooperative building association

Armin Thorn
Businessman

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Advisory Board of the West Region

Dr. Astrid von Beckerath

Chairwoman of the Board of Management
Heinrich Schmilinsky Foundation

Prof. Dr. Hermann-Josef Bunte

Lawyer

Frank Fischer

Businessman

Winfried Gretemeier

Construction Contractor

Hans-Walter Kröger

Businessman

Thomas Leistenschneider

Managing Director
ROPELIUS. MARKE UND DESIGN GmbH
(as of January 1, 2007)

Arnold von Mallesch

Businessman

Peter E. Merck

Managing Director
Golf Lounge GmbH

Klaus Roggenbuck

Master Builder

Dr. Ulrich Schneider

Notary Public

Klaus Schümann

Publisher

Robert Schulte Hemming

Composer
Managing Partner
Off Beat GmbH

Jürgen Wehr

Shipping Agent
(until December 31, 2006)

Wolfgang Westphalen, MBA

Tax Consultant

Regional Divisions, Departments, Units and Works Council

Regional Divisions

Alster-West Main Branch District
Holger Eschholz

City Center Main Branch District
Rüdiger Lekschas

East Main Branch District
Klaus-Dieter Bruhns

North-East Main Branch District
Andreas Meyer

North Main Branch District
Michael Günther

South Main Branch District
Thomas Piehl

Wandsbek Main Branch District
Joachim Ewald

West Main Branch District
Helge Steinmetz

Departments

Auditing Department
Walter Ullrich

Board of Management Staff and Communication
Arne Nowak

Central Real Estate Department
Wilfried Jastremski

Corporate Communication
Stefanie von Carlsburg

Corporate Customer Business Division
Jürgen Marquardt

Corporate Customer Department
Andreas Mansfeld

Credit Secretary
Olav Melbye

Human Resources Management and Development
Jürgen Rodewald

Individual and Retail Customer Business Division
Thorsten Giele

Mobile Sales & Support
Hans-Otto Kattenberg

Organisation and Information Technology
Thomas Tänzer

Portfolio Management
Jörg Ludwig, Chief Representative

Procurement and Administration
Wolfgang Beckmann (provisional)

Real Estate Service Division
Gerhard Lippe

Securities and Trading Service
Carsten Hoever

Treasury
Heinz Drees, Chief Representative

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Units reporting directly to the Board of Management

Central Cost Management

Thorsten Pegelow

Finance and Controlling

Dr. Burkhard Haun

Compliance and Money Laundering

Martina Frentz

Performance Management Partner Savings Banks

Andreas Bielert

Works Council

Chairman of the Works Council

Ulrich Hülgenhof

HASPA Business Development Summary from 2002 to 2006

		Hamburger Sparkasse	Hamburger Sparkasse AG			
		2002	2003	2004	2005	2006
		€ million	€ million	€ million	€ million	€ million
Figures from the balance sheet						
Assets						
1	Cash reserves	275	845	249	406	233
2	Due from banks	3,341	3,313	4,291	4,166	6,637
3	Due from customers	22,551	22,408	22,386	22,263	21,939
	3.1 Business loans	6,497	5,824	5,660	5,313	4,821
	3.2 Personal loans	1,776	1,928	1,989	1,990	2,025
	3.3 Commercial construction financing	6,902	7,049	7,092	7,208	7,389
	3.4 Private construction financing	7,174	7,432	7,501	7,670	7,657
	3.5 Municipal loans	202	175	144	82	47
4	Securities	6,024	4,852	4,175	4,793	4,999
5	Investments and shares in associated companies	278	43	43	43	41
6	Fixed assets and intangible assets	100	78	73	70	67
7	Other assets	135	55	53	44	45
Liabilities						
1	Liabilities to banks	5,918	5,966	4,239	4,843	4,900
2	Liabilities to customers	19,885	19,458	20,947	21,039	22,534
	2.1 Savings deposits	6,952	7,026	7,061	6,966	6,849
	2.2 RentaPlan	486	304	178	90	41
	2.3 Savings certificates	1,217	1,052	1,055	1,273	1,267
	2.4 Time deposits	5,333	4,221	4,088	2,619	3,678
	2.5 Promissory note loans	1,697	2,357	3,224	4,280	4,303
	2.6 Registered Pfandbrief securities	-	-	-	-	198
	2.7 Deposits payable on demand	4,200	4,498	5,341	5,811	6,198
3	Certificated liabilities	4,115	3,650	3,488	3,290	3,383
4	Pfandbrief securities	-	-	-	-	513
5	Provisions	573	543	576	590	581
6	Subordinate liabilities		370	370	370	370
7	Equity	2,059	1,472	1,506	1,546	1580
8	Other liabilities	154	135	144	107	100
Balance sheet total		32,704	31,594	31,270	31,785	33,961

	Hamburger Sparkasse	Hamburger Sparkasse AG			
	2002 € million	2003 € million	2004 € million	2005 € million	2006 € million
1 Net interest income	626	736	737	772	733
1.1 Interest income	1,789	1,735	1,586	1,558	1,642
1.2 Interest expenditure	1,163	999	849	787	909
2 Net commission income	182	217	248	241	275
3 Administrative expenditure	604	595	607	621	634
4 Net result from financial transactions	4	0	6	11	1
5 Balance of other operating income and expenditure	36	-2	-17	27	11
6 Operating result before valuation	244	356	368	430	386
7 Tax on income and earnings	62	88	80	127	108
8 Net income for the year	347	92	126	140	145
CIR (according to DSGV) ¹	67.8%	58.3%	57.5%	58.5%	59.8%
Equity ratio bef. tax	23.9%	13.1%	14.9%	19.0%	17.6%

¹ according to definition of DSGV/German Savings Banks and Giro Association

Hamburger Sparkasse AG

Ecke Adolphsplatz/Großer Burstah
20457 Hamburg
Sort Code 200 505 50
Telephone + 49 40 35 79-0 · Telefax +49 40 35 79-34 18
www.haspa.de · haspa@haspa.de

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Wolfgang Werner, Captain, Haspa customer
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Hamburger Sparkasse AG

Ecke Adolphsplatz /Großer Burstah · 20457 Hamburg

Sort Code 200 505 50 · Telephone (040) 35 79-0 · Telefax (040) 35 79-34 18

www.haspa.de · haspa@haspa.de