

Annual Report 2008



Haspa[®]
Hamburger Sparkasse

My Bank.

At a Glance

All figures in € million	2004	2005	2006	2007	2008
Balance sheet total	31,270	31,785	33,961	34,581	36,100
Liabilities to banks	4,239	4,843	4,900	5,573	4,619
Customer deposits	20,947	21,039	22,534	22,805	25,543
Bearer bonds	3,488	3,290	3,383	2,980	2,695
Due from banks	4,291	4,166	6,637	7,020	5,157
Customer loans	22,386	22,263	21,939	21,356	22,668
Securities portfolio	4,175	4,793	4,999	5,545	7,500
Equity	1,506	1,546	1,580	1,627	1,622
Customer securities sales	11,066	13,790	13,521	17,784	13,751
Number of employees	5,845	5,807	5,350	5,328	5,434





Other banks are
letting people go.

We are investing in our
new human resources.

The financial crisis has cost many bank employees their jobs. This is a loss also for customers, who will miss their personal advisors and their help. We are demonstrating that there are other options, and are investing in bright minds and offering career perspectives instead of cutting down on jobs and service. Any questions concerning currently vacant positions can be answered by our head of Human Resources, Mr Jürgen Rodewald, on +49 (0)40 3579-4651.

www.haspa.de

A Haspa Career
is your future.

Haspa[®]
Hamburger Sparkasse

My Bank.

A snapshot

Hamburger Sparkasse AG, or Haspa, is Hamburg's leading retail bank for retail, individual and midsize corporate customers in the Hamburg metropolitan area. Haspa is also Germany's largest Sparkasse (savings bank), with a balance sheet total of €36 billion and some 5,450 employees. Haspa offers a wide range of financial services for retail and commercial customers in the Hamburg business region and its more than three million inhabitants. For more than 50 percent of Hamburg's residents, Haspa is their main bank.

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. Haspa is a member of both 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). Through the HSGV, Haspa is affiliated 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. This institutional guarantee system ensures that customer deposits at all German Sparkassen are backed without limitation. This applies to all deposits of private, business and institutional customers.



Haspa is a safe haven in these turbulent times endured by the financial markets. Trust built over generations and a solid business model – banking services for all retail and mid-sector corporate customers in the Hamburg metropolitan region – are real competitive advantages for Haspa. They are complemented by the high degree of competence and significant commitment of our employees. Haspa is on a path of growth. And growth requires sound human resources. So, Haspa continues to hire.



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Dr. Harald Vogelsang, born in 1959, holds a Banking Diploma and a law degree, and has been the Spokesman for the Board of Management of Hamburger Sparkasse AG since 31 January 2007. He has been with Haspa since 1991 and became a Member of the Board in 2000. As Board Spokesman, he is responsible for the Human Resources, Audit, Strategic Asset Allocation, Corporate Communications and Board Staff divisions as well as for the Partner Savings Banks Performance Management Department.



Reinhard Klein, born in 1960, holds a Banking Diploma and an MBA, and has been a Member of the Board of Management of Hamburger Sparkasse AG since October 2006; since January 2009 he has also been the Bank's Deputy Board Spokesman. His Private Customers reporting area includes the corporate divisions Individual Customers, Mobile Sales, Private Banking, Private Customers I and II, Quality Management, Central Management Private Customers, Central Management High Net Worth Individuals and the Private Customers Management Department.

Ladies and Gentlemen,

Hamburger Sparkasse AG (Haspa) continues on its successful course of growth even under the current extremely difficult economic conditions and is further developing its position as a leading retail bank for all private, individual and midsize corporate customers in Hamburg.

Thus in 2008 we were able to achieve a nonetheless substantially satisfactory annual result and record rewarding new customer acquisition and strong growth in customer deposits. Credit approvals increased by more than € 1 billion. To ensure proper human resources support for our course of growth, in 2008 we added some 100 new staff, more than 60 percent of whom are assigned to customer advisory services.

In addition, we continued with our targeted investment in our branch network. The bank opened up new branches in growth areas such as the new HafenCity district and in the new Bavaria Quarter. Branches with new target group specific design and advisory concepts started operating in November 2008 at Hamburg University and in February 2009 at the Hamburg-Eppendorf University Clinic. To better meet our customers' needs, we have again expanded our branch opening hours.

Service and advice for our customers are the first priority at Haspa. The "Best Bank in Hamburg" award, which we received in 2008 for the second time running in the Focus Money Bank Test, is an encouraging confirmation of the success of our endeavours. In addition, for the sixth time in a row, Haspa Private Banking has awarded the accolade of Best Asset Manager in the German speaking region.



Dr. Wolfgang Botschatzke, born in 1959, holds an MBA, and has been with Haspa since 2003 and a Member of the Board of Management of Hamburger Sparkasse AG since 2004. He is responsible for the corporate divisions Real Estate and Logistics, Information Technology, Productivity and Processes as well as for the Securities and Trading Service.



Frank Brockmann, born in 1963, holds a Banking Diploma and a Bachelor's of Banking Diploma and has been a Deputy Board Member of Hamburger Sparkasse AG since 1 October of 2008. He has responsibility for the corporate divisions Corporate Customers, Corporate Customers South, Real Estate Customers, Midsize Corporate Customers, Treasury, Entrepreneurial Customers and Central Management Corporate Customers.



Jörg Wohlers, born in 1959, holds diplomas in Banking and Savings Bank Administration. He started working at Haspa as a trainee in 1979. He has been a Member of the Board of Management of Hamburger Sparkasse AG since 2005. His responsibilities include the corporate divisions Finance and Controlling, Credit and Legal, Central Purchasing and Procurement as well as the Compliance and Money Laundering Department.

Precisely in the current financial markets crisis environment, Haspa has chosen to continue strengthening its relationships with its customers. Personal banking, competent advice and local service with a human face are a great advantage in the current climate of general uncertainty and in view of the many questions raised by the financial markets crisis for our customers and business partners. Personal interaction in our branches and customer centres, which continue to be the most important contact points to Haspa, is and remains a simply unbeatable advantage for our customers.

Trust, reliability and safety are what is most important now. As a responsible, reliable partner, in difficult times we are more than ever by our customers' side. We have always been, and will continue to be, a safe haven with practical solutions for individual problems. Never before have good service, advice and customer care been as important and valuable as they are today.

We thank our customers and business partners for the trust they place in us. Special thanks also go to all employees of Haspa. Particularly in this difficult environment, they have demonstrated outstanding commitment, sensitivity and competence. Our staff's flexibility, as well as the constructive cooperation with the Works Council have additionally enabled us to manage all necessary change processes in order to consolidate and further develop our market leadership position.

Closeness to our customers and competence are our greatest guarantee for growth – and for a successful future for our Haspa.

Hamburg, March 2009

The Board of Management

Interview with Dr. Harald Vogelsang



Haspa's Board Spokesman addresses the financial crisis and explains the Bank's growth strategy as well as its attractiveness for both customers and staff.

The financial markets crisis has shaken the world economy. How do you assess the current situation?

> Looking back, it has become clear that it was a serious mistake to allow a globally system relevant credit institution like the US investment bank Lehman Brothers to become insolvent. The distortions on the financial markets and the consequences for the world economy were dramatic and continue to cause concern. However, I hope that the positive economic trends in Germany and in particular in the economy of the Hamburg region in the past years will constitute a good foundation that will enable us to survive the crisis comparably unscathed. In my estimation, the worldwide efforts that are being undertaken to stimulate the economy will show their first effects in approximately six months. Therefore, we could see calmer waters in the course of 2010.

What are the consequences of the international financial markets crisis for the German credit business?

> The painful experience of the financial markets crisis has shown in a most salutary way how important it is for an economy to have a stable banking system with a sustained interest in the well-being of the region in which one lives and works. This is one very important reason why the complaints concerning the German "three pillar" system of the credit business, consisting of the private and cooperative banks as well as in particular the Sparkassen financial group, have now ceased.

It is in times of financial market crises that traditional business models and thus in particular also the Sparkassen come into their own. The traditional approach to banking, i.e. gathering deposits in our own region for our own region and granting local loans to ensure investment that can also generate jobs has come back into fashion with a vengeance.

Banking that is oriented on the real economy and that concentrates on personal customers and businesses in the midsize sector in the regional business area is comparatively well equipped to confront the crisis. In times of great uncertainty it is precisely also the Sparkassen savings banks that are safe havens. Allegedly old-fashioned business models are once again all the rage, even if they do not generate top yields, but instead enable stable earnings over the long term to be achieved at a reasonable level of risk. Traditional values have finally once again come to the fore. They include safety, reliability and trust – that's what counts now. Haspa has stood for these qualities for more than 180 years.

What effects has the financial markets crisis had on Haspa?

> In this crisis environment, the Haspa safe haven has attracted new customers and new deposits. This is a very positive development for us. Because of our solid, regionally rooted and not capital market oriented business model, we have also been substantially less affected by the financial markets crisis than many other banks. Nonetheless, the recent developments have

not left us entirely unscathed either. In view of the generalised price declines on the capital markets, we, too, were forced to write down some of our proprietary investments. In any event, Haspa's cautious investment policy and high quality risk management enabled such write-downs to remain within a very limited scope.

In spite of this burden on earnings, Haspa was able to return an annual surplus of €60 million. In view of the extraordinarily challenging market environment, we still consider this to be a satisfactory result. In short: our business model can also be said to be crisis-proof. We were even able further to strengthen our financial clout and now boast very good liquidity – a highly positive situation in view of our planned growth for the customer and credit businesses.

Does the current environment impact the competitive situation on the Hamburg bank market?

➤ The attractiveness of our business sector has always involved highly intensive competition for Haspa. The departure of local decision-making capabilities from some of our competitors here in Hamburg has not changed this in any way. Nonetheless, we have seen a significant need for orientation from customers who had done all their main banking with competitors for decades, where these brands are now disappearing or are subject to other upheavals. On the other hand, the financial markets crisis is expected to exacerbate the pressure of competition in our customary business areas: On the search for sustainable and above all less risk affected business models it is likely that a new trend

will emerge in which ever more credit institutions will target the private customer and midsize corporate sector business. But in this connection, too, the well-known adage applies: only the best will succeed over the long term.

So what is your strategic answer?

➤ In the context of a long term approach and of a sustainable business policy such as those that happen in particular to have been typical for the Sparkassen savings banks for generations, we are even now making our strategic preparations for more intense competition. We are the market leaders in Hamburg and want to remain in that position. In those segments of our business in which we are not yet market leaders, we aggressively want to gain market share, e.g. with high net worth individual customers for Private Banking, but also for corporate customers. We want to continue growing in all business areas.

Do you need additional staff to stay on your course of growth?

➤ Without a doubt – yes. Growth requires human resources. The more customers we win, the more committed and competent staff we need on board – in particular for customer service. As Haspa is an attractive employer, we would like to get all kinds of professionals excited about working with Haspa – and, in spite of the currently apparent demographic developments, for us this spans all kinds of young people from trainees to university graduates, as well as people with a great deal of work experience in the credit business, but also people seeking lateral moves or career changes.



On 1 August 2008 some 200 young people started their training at Haspa. The traditional trainee “class photograph” was made at the Laeiszhalle – Musikhalle Hamburg, the city's concert hall. For its 100th birthday in 2008 we made a gift of a Steinway grand piano to the Laeiszhalle and made financial resources available to the Hamburger Symphony Orchestra for their instruments. In keeping with Haspa's reinforced commitment to music,

the Hamburg Symphony Orchestra musicians accompanied our trainees throughout their first day at work. “Working life is not that different from playing in an orchestra: every member must perform at his or her best for the overall picture to be outstanding”, said Daniel Kühnel, Director of the Hamburger Symphony.

Executive Bodies

Supervisory Board

Chairman

Dr. Karl-Joachim Dreyer

Chairman of the Board of Directors of
Haspa-DIREKT Servicegesellschaft
für Direktvertrieb mbH
Chairman of the Hamburg Chamber of Commerce
(until 8 May 2008)

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

Günter Elste, MBA

Chairman of the Board of Directors of
Hamburger Hochbahn AG

Nicola Fallak (until 14 April 2008)

Secretary of the ver.di Trade Union

Karin Gronau

Branch Manager, Hamburger Sparkasse AG

Uwe Grund

Secretary of the ver.di Trade Union

Claus Krohn (since 14 April 2008)

Deputy Chairman of the Works Council of
Hamburger Sparkasse AG

Dirk Lender

Legal Administrator, Hamburger Sparkasse AG

Professor Dr. Gerhard Mehrtens

Chairman of the Board of Directors
Berufsgenossenschaft für Gesundheitsdienst
und Wohlfahrtspflege (Trade Association for
Health Service and Welfare Work)

Olav Melbye

Director, Hamburger Sparkasse AG

Uwe Mellewigt

Deputy Chairman of the Works Council of
Hamburger Sparkasse AG

Wilfried Sander

Managing Partner
August Sander GmbH
Vice-president of the Hamburg Chamber of Skilled Trades

Manfred Schröder (until 14 April 2008)

Member of the Works Council at Hamburger Sparkasse AG

Peter Widmayer

Managing Partner of the THOR
Wohnungsbau Home Construction group of companies

Dr. Martin Willich

Chairman of the Board of Directors
Studio Hamburg GmbH

Cord Wöhlke

Managing Director
Iwan Budnikowsky GmbH & Co. KG

Board of Management

Dr. Harald Vogelsang

Spokesman

Dr. Friedhelm Steinberg

Deputy Spokesman (until 31 December 2008)

Reinhard Klein

Deputy Spokesman (since 1 January 2009)

Dr. Wolfgang Botschatzke

Jörg Wohlers

Frank Brockmann

Deputy Member (since 1 October 2008)

Trust and safety are

what counts now.



Collecting deposits locally, granting loans in the home region and always being close to the customer have always been core components of solid traditional banking. Haspa has always followed these fundamental principles in the more than 180 years of its existence. Its business policy has always been oriented towards the people and businesses in the Hamburg metropolitan region. And it has always been rewarded – in particular now in the middle of the turbulence created by the financial markets crisis. Haspa backs its customers and is a responsible, competent and reliable partner. Never before have good service, advice and customer care been as important and valuable as they are today. Haspa meets its private and corporate customers eye-to-eye, as equals. Together, we develop practical solutions for individual problems. Especially in the current crisis environment, with the level and scope of our services and our commitment to Hamburg we are sending a clear signal: trust, reliability and safety are what counts now.

It seems self-evident that, particularly in times of crisis, money seeks a safe haven. But trust doesn't just develop overnight. It has to be earned and deserved. It requires closeness to the customer and a high degree of customer orientation. Trust builds on values such as continuity and reliability.

These values have traditionally been the load-bearing pillars of our business model. Our foundation is to be anchored in our region. While many other banks have thinned out their branch networks over the last few years, Haspa has constantly built a more closely meshed organisation. We follow our customers when new districts develop. Thus, in 2008 we opened new branches at the heart of the HafenCity and in the Bavaria Quarter on St. Pauli. In addition, an Advisory Centre with a new design was established in the University Quarter in collaboration with the CampusCafé of the Hamburg Students' Services Association. There, future

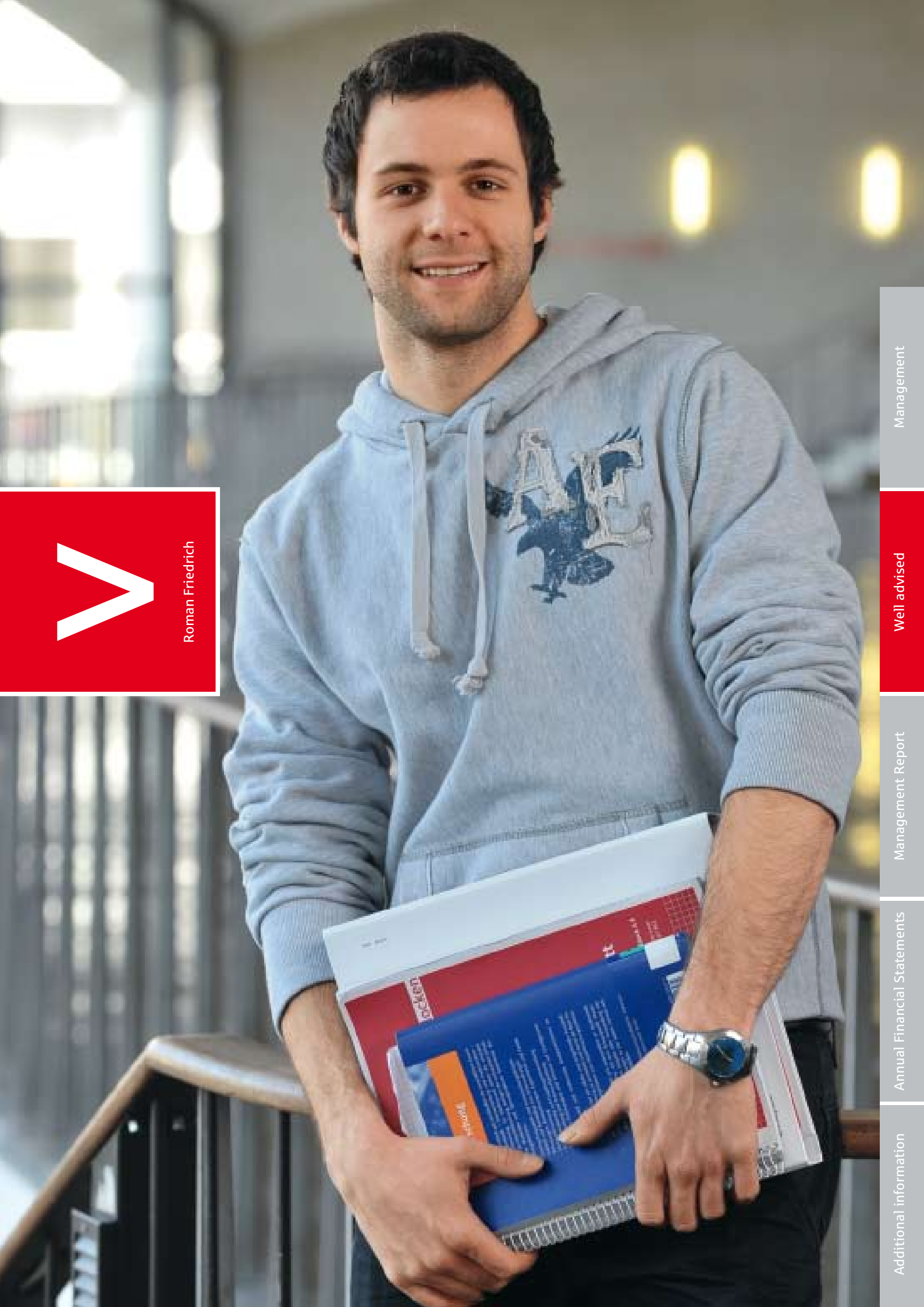
"I think it's great that there is a Haspa virtually just around the corner almost everywhere in Hamburg. As an economics student I have a natural interest in financial issues. This may explain why I am already thinking about investments and retirement planning such as mortgage savings and Riester Pensions. Haspa gave me lots of good advice. The other services are great, too. The wages from my job on the side go straight to the Cash Account – because of the interest, of course. I do my transfers online – it's just a lot more convenient. And when I go to the cinema I even get a discount if I show my HaspaJoker Unicus card."

Roman Friedrich, 23, Socioeconomics Student at Hamburg University

academics can find out about all financial issues and special offers and student rebates, including the HaspaJoker Unicus account and the Haspa Student credits in a relaxed atmosphere, while sipping a latte macchiato. And in February of 2009 we opened a Haspa branch for patients, visitors and employees in the central new building of the University Clinic Hamburg-Eppendorf.

Haspa considers itself as a partner for all customer categories. In addition to our around 180 branches, there are more than 40 Individual customer centres, in which customers with more specific advisory needs receive support from specialists. There is also Haspa Private Banking for high net worth individuals. Customers who prefer to stay home can also do their banking online. Our abundant local presence is supplemented by Haspa Online Banking and a Mobile Sales Department. Our Online Branch enjoys excellent acceptance and is more and more frequently used to buy banking products. With some 5,450 employees, Haspa is the biggest financial services provider in the Hamburg metropolitan region and at the same time one of the biggest private sector employers and training organisations.

New ideas for new banking needs.



Roman Friedrich

Haspa is a partner for its customers at all stages of their lives. Trust begins small, as with the Haspa “MäuseSparen” [MouseSavings] for our youngest customers – for deposits of up to €500 they get special high interest rates. Our goal is to offer all customers the best solutions for their individual problems. Thus for example the Haspa Student Credit 2008 became even better adapted to the needs of young people.

Recognising situations of need and developing innovative solutions are characteristics that identify a customer oriented bank. Thus, within the scope of risk coverage, since the autumn of 2008, Haspa has also been offering the Haspa PflegeRente Care Pension scheme, a private care insurance for people over 50. With this new product, Haspa is reacting to the dramatically rising need for additional reliable care provision.

“How important its customers are for a bank can be seen not only in the way it treats adults, but also in its attitude to children. We had MouseAccounts set up for our three boys in order to get them used to handling money from an early age. At six years of age, Jonas, the oldest, thinks saving is a lot of fun. And all of us benefit from the advantages of our HaspaJoker Accounts. We particularly frequently make use of the reductions at Hagenbeck and in the Tropical Aquarium. We have even already successfully used the Key Finder Service.”

Ilka Kaiser, 34, and her husband Tobias, 37, with their children Louis, 1, Moritz, 3, and Jonas, 6

Customers enjoy the advantages of a remarkably comprehensive insurance package specially tied up and filled with special benefits just for Haspa by the insurance company neue leben.

Creating added value for the customer – an idea that starts with account management. The central and pivotal point are the HaspaJoker packages that surround the giro account and combine numerous services and discounts. In 2008, too, thanks to the HaspaJoker account our customers enjoyed many advantages ranging from discounted cinema tickets and travel bookings all the way to the Key Finder Service. On average, every day four keys are returned to their once again happy owners – just one example out of many of the practical uses of the HaspaJoker. In the meantime, more than one out of every two Haspa customers has opened one of these advantage accounts. In February of last year we exceeded the one half million Haspa-Joker customers milestone and continue on a rising trend.

Continue growing for more closeness.

Being close to our customers and wanting to accompany them all through their lives – these are two of the essential success criteria identified by experts as being the “genetic code” generating the high degree of trust and sympathy of the Sparkasse brand. This conclusion is underscored by numerous awards received by Haspa in 2008: for the second time running, our bank was selected as the “Best Bank in Hamburg” by the Focus-Money bank test, and “Best Asset Manager in the German Language Region” by the Elite-Report in Munich.

For us these awards are an encouragement to continue investing in our advisory competence and customer orientation.



The Kaiser family





Kristin Schwarz



A bank as a rock in turbulent waters – this economic expectation is today no longer met by many credit institutions. Credit line shortening and project financing refusals are not always the result of economic downturns or exceedingly high investment risks. Sometimes the problem is simply a lack of appropriate knowledge of the market on the part of the lender, long and complicated decision-making paths or – now ever more frequently as a result of the financial markets crisis – a dearth of refinancing options. Haspa is in a comparably good position in the financial markets crisis, and has sufficient liquidity and equity. In fact, we had made one additional billion in credit funding available as early as the beginning of 2008 to prevent a credit crunch in Hamburg. In this way we contribute to the creation and maintenance of jobs by our customers here in Hamburg.

“For decades, Haspa has been a reliable financing partner for us; the bank has also highly constructively supported us in the generational transition undergone by our company. We enjoy the benefit of competent contacts, short decision-making paths and highly flexible and innovative solutions. Haspa has a lot of understanding for our market and our needs. And precisely now, in these times of financial crisis, we have also learnt to appreciate how important it is for a midsize company to have a stable banking partner.”

Kristin Schwarz, 34, Managing Partner of Schwarz Craz GmbH & Co. KG in Neu-Wulmstorf

With some 60,000 corporate customers in the greater Hamburg area, Haspa is the region's leading bank for midsize businesses. Our range of services encompasses everything from foreign transactions through to interest management. Central to Haspa is the supply of credit to the home economy – from start-up financing with government subsidies all the way to growth financing and complex funding structures for e.g. commercial real estate projects. But topics such as succession planning are naturally also part of our service offering.

Over the last few years, the corporate customer business has developed into one of our strongest engines of growth. Not even the increasingly deteriorating overall economic trends have been able to stop this trend in 2008. On the contrary: the new customer business is booming. Especially in the real estate sector, to mention just one example, we were able to increase the number of large project financing ventures by more than 50 percent in 2008.

These results were not obtained by taking on higher levels of risk. Haspa has neither relaxed nor tightened its guarantee requirements. The reason can rather be found in the fact that the willingness of businesses to put their banking relationships on the test bench has distinctly increased as a result of the financial markets crisis. Trust, reliability and safety are what counts now. Other traditional values that are characteristic of Haspa, such as competence, closeness to the customer and a strong connection to Hamburg have also acquired greater importance.

New solutions for new ideas.



Peter Jorzick



Midsized businesses have a particular need for customer care and support that frequently relates not only to the customer's business finances but also to his or her personal assets. Our corporate customers business area is set up in a manner such that it is able to meet all requirements and special circumstances. This applies to companies of all sizes and industries, and also to all development phases of a company, from start-ups to the midsize companies in the growth phase or during a generational transition. With our broad coverage branch network and regionally oriented corporate customer centres, Haspa is present in the entire Hamburg economic area. For businesses and self-employed customers, it is only a short stop to their Business Customer Advisor. In addition, there are specialists available at all times for topics such as Leasing, Vehicle Fleet Management, Real Estate, Corporate Finance, Foreign Trading and many other sectors. In addition, Haspa has set up centralised Competence Centres that concentrate specialised industry know-how. This applies to the Real

“Business relations between entrepreneurs and banks are made of people relationships. My experience has been that trust and continuity are the most important factors for success when building such relationships. As a midsize real estate project developer in the Hamburg metropolitan region we need financing partners who know the market and can make quick decisions. In the many years of our collaboration, Haspa has never disappointed us. We don't need to give a lot of explanations if we are designing a new project. Our credit requests are processed quickly. And, another thing that is just as important in today's world: even in times of financial crisis we can be sure that Haspa will back its commitments.”

Peter Jorzick, 55, Managing Director of HAMBURG TEAM, Gesellschaft für Projektentwicklung mbH, a Project Development Company

Estate, Trading, Ports, Logistics and Manufacturing industries as well as to the Health Care business (Life Sciences), Media/IT and other service sectors. Another Competence Centre for industry and production is located south of Hamburg (Harburg), which is a focal point of the industrial development of the metropolitan region.

The first point of contact for young entrepreneurs is and remains the Haspa Start-Up Centre. Each year, we receive more than 1,000 enquiries here. Business founders are provided comprehensive advice and support, also as concerns guarantees and government funding. The success of this approach can be documented with the following figures: some 80 percent of the governmental start-up subsidies in Hamburg are channelled through Haspa. In 2008, our Haspa Start-Up Centre granted loans for a total amount of €55 million to 300 new Hamburg entrepreneurs, thus reaching the highest volume of approvals of the last six years.

Haspa considers itself as a partner in all phases of a company's development. Perhaps the most important stage in the life of a business – and also the most underestimated – is the generational transition or succession phase. Haspa has a broad network of experts who systematically develop solutions and provide professional support ranging from the search for an appropriate successor down to the actual transaction. Since 2008, Haspa has also been offering special Private Banking for entrepreneurs. This service aims at generating an overall view of private and business needs and goals. Good advice is of the essence. As the only institution that offers its corporate customers the regional commitment of the largest Sparkasse bank in Germany combined with the broad range of service offerings of a major bank and the individual care approach of a private bank, we stand by our customers – with lean structures, fair pricing and short decision-making paths.

Investing in a safe future.

> Good for Hamburg

The typical features of a Sparkasse savings bank include its orientation toward the common good. As a shaping component of the society, the Sparkasse assumes local responsibility and shares economic success with the community. The reliability of this commitment is all the more valuable when times are hard. Haspa's orientation toward the common good has multiple aspects. We promote sports, cultural activities, education and science, art and music, the environment and social projects. In this way we contribute to enhancing social life in Hamburg. In 2008, Haspa made available more than € 5 million for such purposes. In addition to this, there is the voluntary commitment of our employees in many regional organisations. But Haspa does even more. The Bank is one of the largest employers, tax payers, clients and educators in the city and finances many new business start-ups. With its important branch network, Haspa provides comprehensive access to money and financial services for all.

“Music is more than entertainment. It expresses something that cannot be put into words. Every evening I experience the emotions that are released by music. And I am happy to see how much social commitment there is in my home city to develop the reputation of Hamburg as a music capital of the world. It is fantastic that Haspa has also adopted music as one of its main sponsoring areas. With its goal of furthering musical training and education but also music therapy and music research, the Haspa Music Foundation has adopted a course on which I will gladly support and accompany them.”

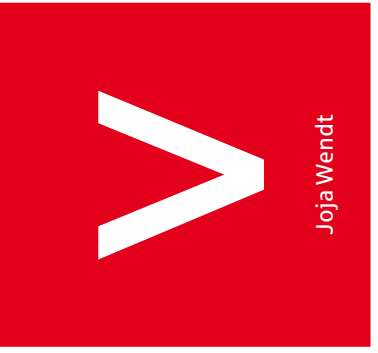
Joja Wendt, 44, pianist and Member of the Board of Trustees of the Haspa Music Foundation

Nothing is better capable to unite people than music. It is a language understood by all. Many good things can be achieved with music. For this reason, Haspa has selected music as its new sponsorship focus – with a concept that combines the notions of benefactor, sponsor and donor. In the year under review, Haspa has made contributions to Hamburg as a city of music as the main sponsor of both the Laeisz Hall and the Reeperbahn Festival. This goal was also served by the book project “Hamburg, City of Music”, which we made possible with an endowment to the Johannes Brahms Society. The gift of a Steinway concert grand piano for the chamber music hall of the Laeiszhalle also documents our sponsoring spirit.

Commitment to the City of Music.

Haspa has sent a signal with the new Haspa Music Foundation. With this new organisation we will sustainably support Hamburg's development as a world capital of music. The focal points of our sponsorship are education and training, therapy, research and teaching in the field of music. Our commitment to music is only in its infancy. It will continue to grow in the coming years and will also focus on the many associations and organisations devoted to the dissemination of music and musical skills.

But music is not the only topic that Haspa is particularly fond of. Because of our close connection with the City and its citizens, we also pursue our commitment in other areas of sponsorship. The best example are the payouts from the special allocation revenues of the “Haspa LotterieSparen” [Lottery Savings Programme]. By these means, every year Haspa makes available a seven-figure amount for good works. The sponsored projects benefit the social, sports, cultural activities, science and environmental areas. Since 2008 we have focused on music promotion, which was allocated 30 percent of these resources. In addition to larger grants and endowments, these resources are intentionally broadly distributed among almost 400 charitable institutions.



Management

Good for Hamburg

Management Report

Annual Financial Statements

Additional information

> Good for Hamburg

Haspa sets great store in the maintenance of cultural values. This is why we are committed to the restoration of the Main Church of St. Michaelis, Hamburg's characteristic landmark locally known as the "Michel". With the help of Hamburg's citizens, we have been able to collect many million euro since 1985. Furthermore, Haspa has a splendid Hamburg-related art collection. Some of these works, supplemented by works on loan, are exhibited twice a year at Haspa's Headquarters at the Adolphsplatz Square.

Hamburg is trying to enhance its sports identity. This is why another of our focal points is the promotion of three different sports. Thus Haspa is the sponsor of the HSV Handball club. An equally close relationship exists between Haspa and the HSV Football club via the latter's "Hamburger Weg" [Hamburg Way] sponsoring institution. The special charm of this initiative is that it supports primarily charitable social projects,

"It was my most innermost wish to be able to make a contribution to help people in need. But before I would never have had the idea of creating a foundation, because I always assumed that one needed a great deal of money and that the administrative load would also be very heavy. Then, when Haspa told me how easy and uncomplicated the creation of a foundation under the umbrella of the Haspa Hamburg Foundation can be, I was very excited. The proceeds of the Lilo Menzer Foundation are intended to contribute to the Hamburg Donors' Parliament, which has a good overview to help decide where the money can be used most sensibly."

Lieselotte Menzer, 73, a pensioner from Hamburg-Barmbek, created the 100th foundation under the umbrella of the Haspa Hamburg Foundation

continuing on the course set by Haspa more than 180 years ago. Our commitment to sports is completed by our long-term support of the "Hamburgische Verein Seefahrt" [Hamburg Seafaring Association]. The Association's flagship is named "Haspa Hamburg" and is primarily used to enable young people, regardless of their financial resources, to learn the character building art of ocean sailing.

Environmental and climate protection are popular buzzwords these days, and for good reasons. Here, too, Haspa tries to make a contribution. We offer our customers the appropriate financing and investments, and structure our own operation in an increasingly climate-friendly manner. Furthermore, we partnered in the "Hamburg Climate Competition 2008" sponsored by the environmental organisation B.A. U. M.

Full commitment to the region.

Citizen commitment is most durably defined by foundations because they are organised "ad vitam aeternam". Those who participate show their desire to make a positive contribution over the long term. The Haspa Hamburg Foundation, created in 2005, is at the centre of the Haspa family of foundations. Its concept is special: on the one hand it provides an umbrella under which everyone can create a foundation. Citizens and companies can create their own foundation simply, quickly and without administrative fuss. In fact, never has the old adage "charity begins at home" been so true! At the end of 2008 we were already able to welcome the creation of the 100th foundation. On the other hand, the Foundation is itself highly active as a sponsor. With the proceeds from the capital endowed by Haspa, the Haspa Hamburg Foundation demonstrates a strong commitment to education and science. The emphasis is on promoting reading among children and teenagers.

Children and youth are also at the centre of the Peter Mählmann Foundation. This foundation, created by Haspa in 1997, aims at promoting youth in terms of instruction, education, cultural activities and sports. Specifically, it provides grants to charitable youth institutions in socially disadvantaged areas of the City. Haspa's Foundation concept is completed with the Haspa Music Foundation, created in 2008.



Lieselotte Menzer



Management Report

Throughout 2008, the financial markets crisis and the consequent distinct deterioration in economic prospects have become the main topic in the political and economic arenas. The credit business is faced with important challenges. In this environment, Hamburger Sparkasse has succeeded in nonetheless attaining a substantially rewarding annual result. Thanks to the solid commitment of its employees, Haspa was able further to reinforce its customer service and advisory activities and once more to improve its market leadership position in the Hamburg metropolitan region.

General Conditions

The financial markets crisis

The financial markets crisis that started smouldering in the summer of 2007 in the form of what has been referred to as the “US Subprime Crisis” attained a new dimension in September

Through the institutional guarantee system of the Sparkassen, our customer deposits are guaranteed even in times of turmoil.

of 2008 with the insolvency of the US investment bank Lehman Brothers. Because of the worldwide shock suffered by general confidence in the stability of credit institutions, money trading between banks almost entirely

collapsed at one time. Risk premiums skyrocketed, so that capital market refinancing costs steeply rose for all institutions involved. Bank stocks recorded very high losses.

Both liquidity and confidence in the financial sector threatened to collapse. At first in the USA, but soon also in other countries, governments were forced to arrange for support packages and safety nets. Thus, in early October, the German government, too, declared that all bank and Sparkasse Savings Bank deposits were guaranteed by the state. The comprehensive institutional guarantee system of the Sparkassen Financial Group has always ensured that customer deposits at all German Sparkassen are backed without limitation. This applies to all deposits of private, corporate and institutional customers.

The German government's guarantee statement was followed by the formal establishment of a “Special Financial Markets Stabilisation Fund” [Sonderfonds Finanzmarktstabilisierung (SoFFin)]. This Fund can issue guarantees for bank liabilities, assume risks in regard to write-off threatened assets and provide equity. To date, several private credit institutions and Landesbanks have resorted to the Fund.

To date, the German credit business has, as a whole, proven to be relatively stable. This applies in particular to Sparkassen and cooperative banks, less so for some private credit institutes and Landesbanks. Indeed, the distinct share price declines on the financial markets and the overall economic consequences resulting from the financial markets crisis represent a huge challenge for all banks and Sparkassen.

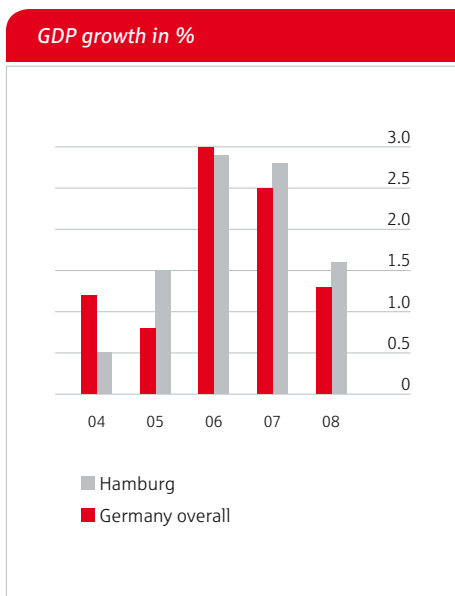
Hamburg as a banking center

After Frankfurt, Hamburg is one of the most important financial centres in Germany – for Northern Germany, it is the most important. The financial institutions domiciled in Hamburg employ some 24,000 people here. This makes the credit services sector a major employer in the Hanseatic City.

Like the German credit business as a whole, all of Hamburg's credit institutions were faced with important challenges as a result of the financial markets crisis. However, the Hamburg banking market has to date proven to be stable as a whole.

Strong economic downturn

The world economy growth rate has noticeably slowed down in 2008. All major industrial countries have in the meantime entered a state of recession, and the emerging countries have undergone a distinct slowdown in their growth rates. The at first merely dampening effects of strong increases in energy and raw materials prices were followed, from September onwards – after the collapse of the US investment bank Lehman Brothers – by a severe breakdown of the economy. The distortions on the financial markets had a negative effect on the overall economy because of the worsening financing options and the weakening confidence level of consumers and investors.



After a very strong upswing for the year, the German economy, too, slid into recession. A general overview of the entire year shows only moderate growth of 1.3 percent of real GDP remaining – as opposed to growth rates of 2.5 percent and 3.0 percent in the two prior years. Labor market trends were very encouraging: The number of people in employment rose by 1.5 percent to 40.4 million. This represents the highest employment rate since German Reunification. In 2008, the jobless lists included some half a million fewer people than in the previous year.

On an annual average, German consumer prices rose by 2.6 percent. This is the highest price increase of the last 14 years. A strong increase in the first half of the year due to the steep price rises in the energy and food sectors was however followed by falling prices as a result of the substantial economic downturn.

As a result of the impact of the financial markets crisis on the credit business, of the strengthening recession and of the drop in consumer prices in the Eurozone, the European Central Bank lowered its main refinancing rate to 2.5 percent by year end.

Stable economic growth in Hamburg.

In the first six months of 2008 Hamburg's economy saw real growth of 2.6 percent as compared to the same period in the prior year. This means that the positive economic trend slowed down a little in Hamburg, but that on a German Federal basis the region once again achieved above-average growth. In the second half of the year, however, as a result of the distinctly exacerbated financial markets crisis, the worldwide recession had a noticeable impact on the economy of Hamburg, which as a region is relatively strongly influenced by trends in world trade. In 2008 as a whole, the real GDP of the Hanseatic City of Hamburg increased by 1.6 percent, or 0.3 percentage points more than the German Federal average.

In spite of the conspicuous economic haze, employment grew also in 2008. Thus, on an annual average just on 25,000 more people had jobs than in the prior year – an increase of 2.3 percent. Job expansion was therefore distinctly above the Federal average of 1.5 percent. At the end of 2008, the number of unemployed in Hamburg had fallen to 69,600.

Haspa on a course for growth

As a retail bank, Haspa concentrates on the competent and comprehensive servicing of private and midsize corporate customers in the Hamburg metropolitan region. With this stable business model, Haspa proves to be a safe haven particularly in turbulent times, which enables it to win additional customers and deposits.

Haspa is the leader in retail banking on the Hamburg banking market. We achieve our high market penetration with our 5,450 employees and around 250 branches and customer centres. This means that approximately every fifth person employed in the Hamburg credit services sector is a Haspa employee, and that every third bank branch in Hamburg is a Haspa branch.

No other bank knows the Hamburg metropolitan region 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 are some of our most important assets.

Our closeness to our customers, demonstrated every day by our employees, as well as Haspa's high quality of service and advice once more won accolades from independent experts and testers in 2008. Focus Money named Haspa the "Best Bank in Hamburg" for the second time running. And the specialist magazine Elite Report chose Haspa as the best asset manager in the German-speaking region for the sixth time in a row in 2008.

In the year under review, Haspa has also further developed its customer and growth orientation. This is why, within the scope of a new leadership and organizational structure, we not only more sharply defined the areas of responsibility and accountability at Board level, but also strengthened the entrepreneurial responsibility of precisely the second level of management. Since 1 September 2008, the structural organization of departments and teams at the third and fourth management levels has also been even more strongly oriented towards its pertinent external or Haspa-internal customers.

Business Trends

Concentrating on retail business

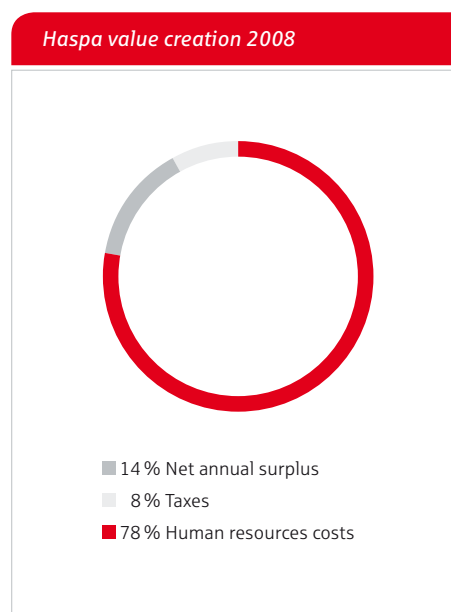
As always, competent and comprehensive support of our private, individual and midsize corporate customers in Greater Hamburg continued to form the core of the Hamburger Sparkasse's entrepreneurial activities. In 2008, too, we supported well over one million private customers – our most important and largest clientele

We lead with more than 1.1 million giro accounts. Above all, our customers appreciate our dense Branch and Customer Center network.

– in word and deed in all types of financial matters, while continuing to consolidate our position as the market leader in our region. Furthermore, we succeeded in further expanding our position 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 to skilled tradesmen, small business operators, members of the liberal professions and larger midsize companies.

Haspa is present in and around Hamburg at some 250 locations, with its network of 180 branch offices, 42 Individual customer centres, 7 corporate customer centres and 27 self-service branches. This number is augmented by special teams at our head office to service businesses start-ups, larger corporate customers, real estate businesses and Private Banking. Our concentrated network of branches and centres is held in high regard and appreciated by our customers as an important quality feature. In the meantime, we manage well over 1.1 million giro accounts. Out of these, more than 505,000 giro account holders – some 7,500 more than at the end of the prior year – decided to open a "HaspaJoker – Hamburg's Advantage Account".



Added value at a high level

Haspa's value creation, i.e. its contribution to the gross domestic product, was of some €420 million in the year under review and thus continues to trend at a high level. Seventy-eight per cent of this figure was attributable to human resource expenditures, 8 percent was paid to the public sector as taxes and 14 percent remained at Haspa as annual surplus.

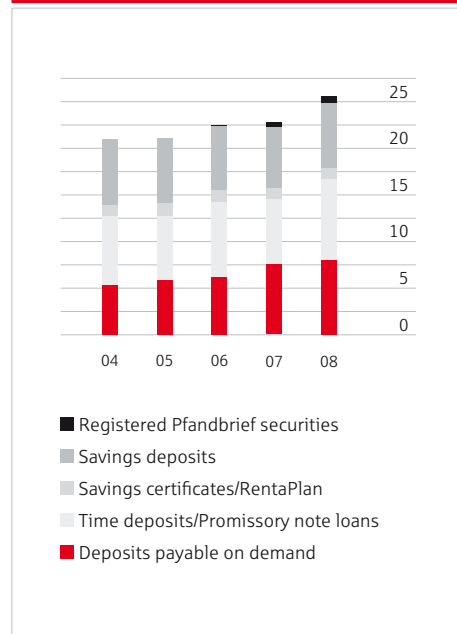
Encouraging developments in the customer business lead to significant balance sheet expansion.

As a result of the distinct increase in customer business in 2008, the Balance Sheet amount rose to €36.1 billion. This corresponds to an increase of more than €1.5 billion or 4.4 percent. Haspa thus continues to be the largest savings bank in Germany. On the asset side of the balance sheet, the due from customers line item grew by €1.3 billion. On the other hand, a distinctly higher portfolio of debentures and other fixed interest securities is matched by a decrease of a similar amount in the amounts due from credit institutions. In this case, assets at credit institutions in the amount of around 2 billion have been replaced with Pfandbrief securities. On the liabilities side, the increase is primarily due to higher customer deposits. It was possible substantially to increase both savings deposits and other liabilities by a total of €2.7 billion. By comparison, liabilities to credit institutions declined by €950 million to €4.6 billion.

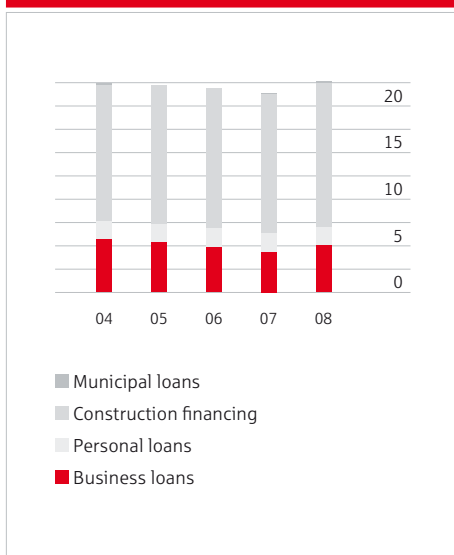
Construction financing as a predominant pillar of the loan business – target of one additional billion in credits exceeded

More than 40 percent of the balance sheet total and a good two thirds of Haspa's loan business are represented by financing construction activities. These percentages once more document the continuing high importance our customers assign to real estate. In 2008, the construction financing portfolio, which consists of approximately equal proportions of personal and business financing, grew by just on 4 percent to €15.5 billion. This increase

Customer deposits in bn €



Customer loans in bn €



results primarily from business construction financing, which rose by a good €500 million. Personal loans remained almost constant during the year under review at €2 billion. Business loans recorded a distinct increase of more than €680 million. Overall, Haspa was thus able to increase its receivables from customers by €1.3 billion, thus simultaneously making a strong contribution in particular to meeting the credit needs of the midsize corporate customer sector.

Savers trust Haspa – Customer money distinctly on the rise

On the liabilities side, Haspa recorded a rise in liabilities to customers that amounted to €2.7 billion or 12 percent to €25.5 billion. This increase is particularly obvious in the time deposits segment, which grew by €1.7 billion, but the savings portfolio also grew by more than 6 percent or a good €400 million. With just on two million savings accounts, the traditional savings passbook continued to be the basic financial tool preferred by our customers.

Strong utilization of the Haspa-DIREKT CashKonto

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),

The number of CashKontos has doubled, and deposits have once more grown by more than two thirds.

for which we offer very attractive rates of interest for demand deposits, clearly continues to hold the lead. Furthermore, we pay the same high amount of interest from the very first euro onwards.

In the year under review, the number of CashKontos has once again doubled to now almost 130,000, while it had already tripled in the prior year. Deposits once more grew by more than two thirds to a good €2.6 billion.

Securities sales have been marked by the turmoil in the money and capital markets.

Our customers have just on 290,000 securities deposit accounts, and in 2008 their stocks, bonds and investment shares buying and selling activities were distinctly more reluctant than they had been even in the previous year. This particular case, too, demonstrates the uncertainties generated among bank customers by the generalized financial markets crisis. The entire securities turnover amounted to almost €14 billion, down by a good four billion euro

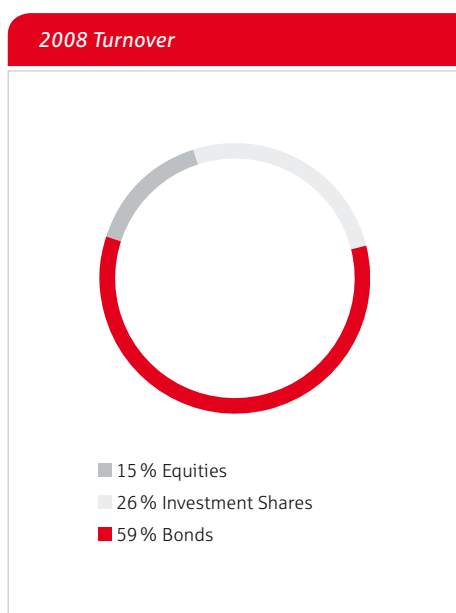
as compared to the prior year and thus back to the level of 2006. Because of the highly disadvantageous developments in the equities markets, sales of equities as well as of investment funds and real property investment trust certificates were distinctly on the decline. Measured on total sales, during the year under review, 59 percent of the sales were accounted for by bonds, 26 percent by investment shares and 15 percent by equities.

Construction savings on the other hand experienced a positive trend. In this segment, closing volumes increased by just on 3 percent to almost €620 million.

Overall we were able distinctly to exceed our growth forecasts both in the credit and in the deposits business, while the services business – and in particular the securities segment, which was especially affected by the financial markets crisis – fell below expectations.

Haspa has also provided support to those of its customers who have been affected by the Lehman Brothers insolvency.

Hamburg investors, too, have been harmed by the insolvency of the US investment bank Lehman Brothers, including, to our great regret, some 3,700 Haspa customers who had acquired investment certificates of this issuer who had right until the bitter end received high ratings from all experts. In total, our customers had invested some €54 million in Lehman certificates. By the end of December we had contacted all customers affected by this development and were able to have meetings with almost all of them. Some of these customers have enjoyed our financial assistance. In addition, we are supporting those of our customers who were affected by the Lehman insolvency in the assertion of their claims against that bank.



Human Resources

More employees

Haspa is a reliable and attractive employer offering many types of qualified employment both for its existing human resources and also for outside applicants.

In the year under review, the number of our employees rose by more than 100 people or 2 percent. At the end of 2008, Haspa employed some 5,450 people. More than 3,000 of them have direct contact to our customers. The new 2008 hires, too, are primarily directly involved in customer care. Some 1,150 persons were employed on a part-time basis. In fact, the number of part-time employees rose by 45 in the year under review.

Human Resources	2004	2005	2006	2007	2008
Trainees	416	438	450	432	424
Part-time	1,030	1,091	1,037	1,101	1,146
Full-time	4,399	4,278	3,863	3,795	3,864
Total	5,845	5,807	5,350	5,328	5,434

By means of goal oriented management, variable compensation and flexible working hours, Haspa encourages motivation and entrepreneurial thinking and acting in its employees. Beyond standard bank salaries, we offer our staff a broad range of social benefits that further increase Haspa's attractiveness as a fair employer.

A new generation for banking business

As of the end of 2008, Haspa employed 424 trainees. With this, our company once again significantly 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 operations in the Hanseatic City. Our training programs lead to qualifications for the Banking Diploma and the Diploma in Office Communications. We likewise provide 45 trainees with the opportunity to complete their training with an internationally recognized Bachelor of Arts (B.A.) degree after completion of a dual curriculum at the Hamburg School of Business Administration (HSBA).

More than three quarters of our trainees hold a minimum university entrance requirements diploma (German Abitur). However, among the 3,000 applicants per year, we also intensively seek out qualified high school graduates without college entrance qualifications, who make up just on one quarter of our trainees. Two thirds of our new blood are young women.

Our trainees repeatedly attain above average scores on their final qualification examinations and evidence especially good performance on the "customer dialogue" portion of their practical skills examination – proving that they are outstandingly able to apply Haspa's customer oriented advisory and care system with capabilities that directly benefit our customers.

In 2008 Hamburger Sparkasse was, for the eighth time, rewarded by the Hamburg Chamber of Commerce for its outstanding performance in dual professional education and training. With our promotional "Top Trainee Model" program started in 2008 we are opening up additional training and education offerings and career perspectives to particularly high-performing and committed trainees.

Haspa will make additional training spots available in 2009 and 2010. This will further increase the number of our trainees. With the creation of additional training spots, and in particular against the background of the dual Abitur cohorts, we are taking on a responsibility for the professional future perspectives of young people.

"Professional Banking" trainee program started

In October of last year, Haspa started the new "Professional Banking" trainee program. Sixteen university graduates become familiar with the banking business on site in our branches and centers while simultaneously taking part in technical finance courses and personality building seminars. After successful completion, the trainees will work as deputy branch managers, or individual or corporate customer advisors at Haspa.

Depending on their level of knowledge at the time of joining the program, trainees can complete it in 18 or 24 months. This trainee program will in future be offered on an annual basis.

Cultural diversity as an opportunity

Promoting diversity and equal opportunity are part of Haspa's corporate culture. Our trainees and employees are just as versatile as our company, our society and our customers. The different origins and multilingual backgrounds of many of our trainees are put to best advantage by assigning them wherever possible, to branches that have a foreign language customer base.

For its exemplary commitment to the training and education of young people from an immigrant background, in June of 2008 Haspa received the promotion prize "Diversity in Training and Education" from Mayor Ole von Beust; this prize has been created by the "Unternehmensverband Nord" [Business Association North] and the BQM – Beratungs- und Koordinierungsstelle zur beruflichen Qualifizierung von jungen Migrantinnen und Migranten

[Counseling and Coordination Agency for the Professional Qualification of Young Immigrants].

At Haspa, every customer finds a good contact, as we have an excellent variety of highly qualified staff.

In November of 2008 Haspa signed the "Diversity as an Opportunity – The

Charter of Diversity in German Companies" charter. In this way we underscore our belief in fairness and the appreciation of people in companies and the creation of a working environment free of prejudice, discrimination and exclusion. The German Federal Government supports the "Diversity as an Opportunity" initiative. It is sponsored by Germany's Chancellor, Dr. Angela Merkel.

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 reinvent Haspa's high quality of service and consulting every day. With an average age of around 40, Haspa is a relatively young company, although there are also many employees with long-standing professional experience. Our workforce is extremely highly qualified: More than three quarters of our employees are qualified bank officers or have completed other vocational business training. Approximately 25 percent have obtained a further qualification as a qualified banking clerk or bank business administrator. Just on 10 percent of our staff member have completed a university degree.

The good combination of employees with respect to professional qualifications, age and professional experience is particularly advantageous: Every customer will 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 hours model enables our employees to orient themselves on their customers' needs.

Investments in employee qualification

Every year, Haspa invests some 10 million euro in employee training and further education. Haspa's clearly structured training architecture enables all employees and external applicants to obtain comprehensive information about our range of training courses and to plan their personal career based on the available prospects.

Some 200 Haspa employees attended seminars of the Hanseatic Savings Bank Academy in 2008. Some 470 employees enhanced their expertise in additional external seminars. Many additionally expanded their know-how via online seminars and virtual learning programs directly at their workplaces.

The subject of management has traditionally been given high priority at Haspa. We especially emphasize professional selection and development of our management staff. With the MEP Management Development Program and other qualification programs, we have tried-and-trusted tools at our disposal for the training and further education of our current and upcoming management generations.

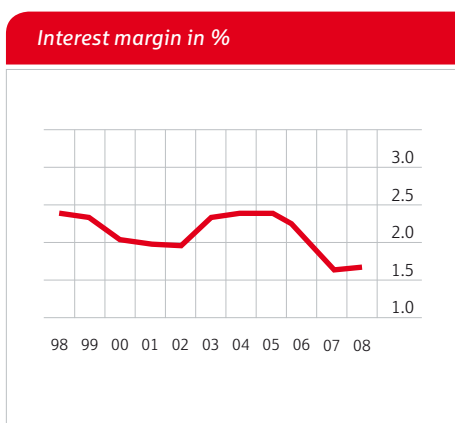
Income Trends

Encouraging trend in operating result before revaluation

In 2008, Haspa achieved an operating result before revaluation of almost €247 million. In comparison with the previous year, this was an increase of a good €21 million. On the profits side, the increases in net interest revenue as well as in all other ordinary revenues were distinctly able to more than compensate for the decline in the commissions income surplus, so that on a net basis income increased by €16 million. The expense side benefited in particular from a decline in other administrative expenses, which were countered by a slight increase in personnel expenditure. Altogether expenses taken into account to determine the operating result before revaluation were reduced by a good €5 million.

Interest income surplus increases again

At €590 million, the interest surplus was almost €32 million above the level of the prior year. While the contribution made by the customer business could not entirely reach the high levels of the prior year because of more favorable customer interest rates, the higher levels of interest on the money and capitalmarket in 2008 resulted in positive effects in particular on current earnings from securities. Customer business portfolios could be substantially developed, enabling us to lay the foundations for future successes in the customer business.



At around 70 percent, net interest income continues to account for the predominant share of the bank's gross earnings as a total of interest rate and commission surpluses. The interest margin, measured in terms of the significantly greater average balance sheet total, was at almost the previous year's level, at 1.68 percent in 2008.

Commission income negatively affected by the capital markets crisis

After a highly successful 2007, which had in particular still benefited from a distinct expansion in the securities business, a clear decline was observed in the year under review. The turmoil on the financial markets is the determining driving factor that caused the 12 percent or €34 million decline in the commission surplus to €260 million.

Positive net result from financial transactions

The net result from financial transactions includes the market results from securities and currency trading. Overall, the trading activities are aimed at supporting the retail business. Furthermore, we essentially carry only closed currency positions. As we report unrealized market losses from forward exchange contracts fully, and unrealized market profits only in connection with hedging using special cover, financial transactions recorded a net result of a good €1 million.

Administrative expense once more below prior year level

At €626 million, administrative expenses are €6 million lower than in the previous year. While personnel expenses rose by just on €3 million to 324 million, other administrative expenses as well as depreciation and write-downs on intangible investment assets and fixed assets amounted, as a total, fell by almost €9 million. In this area, we once again benefited from measures already implemented in previous years. Thus productivity gains at NRS Norddeutsche Retail-Service AG also reduced the charges allocated to Haspa's administrative expense.

NRS Norddeutsche Retail-Service AG – a reliable partner

NRS Norddeutsche Retail-Service AG bundles back office and staff functions in the areas of Consulting, Finance and Controlling, Loan Service, Market Service and Payments, an approach that has made it the first comprehensive provider on the market. Its collaboration with NRS enables Haspa to concentrate its strengths on its core business: competent advice to customers and the provision of high quality financial services. By providing efficiency and quality gains as well as competitive product pricing, NRS strengthens Haspa's competitiveness.

Revaluation result characterized by unfavorable capital markets environment

While the prospects in the credit business remain almost unchanged, clearly unfavorable effects can be noticed in the securities revaluation result. Against the background of the global financial markets crisis, special attention was devoted to a close examination of the revaluation bases used by all credit institutions for the revaluation and balance sheet accounting of their proprietary investments. In the revaluation of their proprietary securities investments Haspa has taken a distinctly conservative approach, generally using market rates and prices. Only in rare, exceptional cases and in connection with financial derivatives were valuation methods based on financial mathematics used. Haspa's balance sheet accounting of its securities continues to be performed according to the strict principle of the lower of cost or market value under simultaneous consideration of the requirement to reinstate original value, and thus has accretion potential in regard to future revaluations.

Tax expenditures decrease compared with the previous year

In the period under review, taxation expense fell to €33 million.

Annual surplus lower than in the previous year; Haspa strengthened by further appropriations to retained earnings

At €60 million, annual net earnings are a good €40 million lower than in the previous year. They therefore remain below the forecast level, a circumstance that can in a determining manner be attributed to the financial markets crisis, which has not entirely spared even Haspa. The Board of Management will propose to the Annual General Meeting that €25 million be distributed to HASPA Finanzholding, Haspa's sole shareholder, and €25 million be allocated to other retained income of the Hamburger Sparkasse AG to strengthen its equity position, in addition to the €10 million already allocated.

Comprehensive Bank Controlling & Risk Report

Well equipped to weather the financial crisis

The liquidity crisis that is currently affecting the banking sector that had already begun in 2007 required rescue measures for various credit institutions in, among other countries, the US, the UK and also in Germany – particularly remarkable cases in this country include Hypo Real Estate and the Landesbanks. The US investment bank Lehman Brothers was the first case of a globally system relevant credit institution that became insolvent, destabilizing the confidence in the banking sector. The collapse of the three large Icelandic banks, whose rescue would have overwhelmed the Icelandic government, was an additional blow. As a result of the ongoing financial crisis, the leading economic institutions assume a substantial recession accompanied by a contraction of the economy of approximately 2 percent in 2009 for Germany. Hamburger Sparkasse has accounted for this extraordinary situation with a forward-looking risk policy in the bank trading and capital markets areas, and now finds itself well prepared as a result of its comfortable equity and cash position in combination with a continuously evolving risk management approach.

Comprehensive bank controlling focused on core business and risks

At the center of its comprehensive bank controlling, the three clientele sectors – retail, individual and midsize corporate customers – are based on the retail strategy of Hamburger Sparkasse. 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 of a distinct economic orientation to external parameters shaped, for example, by commercial or supervisory law requirements. Integrated consideration of both viewpoints enables 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 Board level strategy workshop. The review process also produces an updated mid-term plan covering the coming years. On this basis, the annual planning process converges into specific and agreeable budgets for the coming year. The budgets are expressed in the targetsetting 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 business areas are integrated into a quarterly preview process, which supplies an updated forecast for the entire year, which is in turn incorporated into the reporting system for governing corporate bodies.

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

Flexible yield outline

The margins for the asset and liability business are computed at the transaction level based on the market rate method. Risk costs for loans are deducted separately. 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 playing a very important role. 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 and customer centers.

Efficient controlling – the prerequisite for successful cost management

All business areas are strictly broken down by means of appropriate cost center structures according to our customer-oriented loan structure organization. All projects are budgeted separately. Larger projects are subjected to special investment controlling that evaluates projects according to business management standards and continues to monitor them from a controlling viewpoint, up to achievement of the desired benefit. At present, some 35 projects are at the investment controlling stage. They include, among others, the modernization of our branch network, product development, the development of our customer relationship management system for the branch area, and topics of supervisory or statutory interest such as the final withholding tax.

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 incurring risks. The ability comprehensively to 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 regularly comparing it with the available coverage. Based on this, limits are defined for the individual risk types. To do so, all existing risks are compared to the asset coverage and to the global limit derived therefrom. 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. At the ascertained 99 percent confidence level, a broad range of these cover assets is not utilized by the global limits set. Thus even in the event of actual occurrence of this risk scenario, both the balance sheet equity and also the other significant components of the cover assets will remain intact.

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.

Timely limitation of capital markets risk

The year under review was characterized by the continuing exacerbation of the financial crisis. As a result of the connected extraordinary market trends, capital markets risks continued to increase in magnitude. The risks for the economy as a whole have also increased. By applying the appropriate control measures, Hamburger Sparkasse has reacted in a timely manner to limit these risks. As a result, Haspa's overall risk position trends distinctly below the average of the last few years.

Successful credit risk controlling in the financial markets crisis

Counterparty default risk is characterized by credit relationships with retail, corporate, business and real estate customers. Our customer loan portfolio is widely diversified and to a large extent secured by mortgages. Overall, the credit risks are covered by conservative risk provisions.

Each customer group is assigned its own internal rating procedure aimed at minimizing counterparty default risk.

The internal rating procedures jointly developed in the Sparkassen Finance

Group provide us with cutting edge tools specifically tailored to our customer groups and that are constantly undergoing further development.

We are also using the current scoring systems of the Sparkasse organisation to determine creditworthiness and pricing in our retail business.

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, midsize and larger corporate customers, for freelance professions and for start-up founders. For commercial real estate commitments, our Real Estate customers business area uses a property transactions rating tool specifically tailored to commercial property financing. An automated small business customer rating has also been introduced to enable targeted credit scoring for small business customers.

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. As early as 2007 and as a result of the threatening financial markets crisis, Haspa additionally introduced intensive monitoring of counterparties in the banking sector, which has paid off in view of subsequent developments. By expanding guarantees in the trading business (collateral management, repos) default risk could be substantially limited. The derivatives business has in the meantime become backed to more than two thirds by collateral arrangements.

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

Differentiated 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 asset side, compared with borrowing, which in many respects tends to run over a shorter-term on the liabilities side. This causes changing money and capital market interest rates to have an immediate effect on the company's results. We measure and control the maturity transformation risk both by periods and by its net present value.

Haspa also employs the value-at-risk-method to determine maturity transformation risk. The risk is quantified at a confidence level of 99 percent for a holding duration of one year. Stress scenario simulations also take place for this type of risk. Haspa's maturity transformation position is monitored on an ongoing basis and reviewed in greater depth in terms of money and capital market trends at monthly meetings of the Asset & Liability Steering Committee that also include the participation of the Board of Management.

The possible impact of any change in market interest rates on our periodic net interest income is also monitored on an ongoing basis. 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.

In the year under review, the maturity transformation risks assumed by Haspa are distinctly below the average of the last few years.

Equity risk was reduced, and creditworthiness price risks in connection with bonds increased as a result of the financial markets crisis.

Because of the extraordinary capital market developments we are experiencing, Haspa had already substantially reduced the equities portfolio in the course of the year. The risk due to creditworthiness dependent spread changes in corporate bonds has, however, significantly increased as a result of the recent market developments. Corporate bonds are being held indirectly via special funds.

Haspa also employs the value-at-risk method to establish equity and spread risk. Our risk controlling monitors separate positions on a daily basis. The special funds apply the transparency principle.

Strategic building of real estate investments to diversify proprietary investments

For further strategic development of our proprietary investments, over the course of the year we invested in first-class real estate funds. The resulting risks are incorporated into the existing risk monitoring procedures, but because of the currently still low volume and the high quality of the properties included in these funds the pertinent risks represent a small proportion of the total risk.

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 risks in securities and currency trading as well as in terms of currency revaluation risks. Trading activities are mostly customer induced, and principally only closed currency and option positions are held.

Monitoring operational risks

Operational risks arise from risks within operational systems and processes. Haspa has taken a number of steps to ensure that its business runs smoothly and flawlessly. Inhouse 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.

Haspa has outsourced parts of the marketing support processes in the asset, liability and service business, as well as parts of Finance and Controlling, to NRS Norddeutsche Retail Service AG and/or its subsidiaries. Furthermore, parts of the IT area have been transferred to Finanz Informatik GmbH & Co. KG and to Wincor Nixdorf Portavis GmbH.

The interaction between outsourcing centres and Haspa regarding the outsourced functions has been secured from a statutory and regulatory point of view by means of individual contractual and interface-specific provisions. These arrangements have proven to be highly functional within the scope of the interaction between the companies and are further developed and refined on an ongoing basis.

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 against unauthorized external access.

Operating risk is evaluated and controlled within the scope of an annual internal risk inventory by means of the analysis of significant events of loss and an indicator based early warning system.

Comfortable liquidity situation

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

Beyond the short-term liquidity outlook, based on the plans of the different business areas Haspa also develops a strategic-liquidity outlook that gives an early indication of liquidity needs. This places us in a position to evaluate our liquidity for future maturities and to take the appropriate cash management measures. In addition, risk scenarios are also developed and analysed on the same basis.

By becoming an issuer of Pfandbrief securities in 2006, the Hamburger Sparkasse has furthermore tapped into the vast liquidity potential of the Pfandbrief market, which could therefore also enable it, in future, independently to cover large liquidity needs.

Furthermore, Haspa has for years acted as a funding provider on the interbank market.

As of the end of the year the liquidity ratio pursuant to the new liquidity regulation is 1.8 times the minimum requirement.

Solid economic and regulatory risk acceptance capability guarantees risks incurred

The bank's risk acceptance capability is monitored by means of a comparison with the available asset coverage. The risk coverage potential is comfortable also in view of the current changed market conditions.

From 2008 onwards, the regulatory requirements for the availability of capital resources within credit institutions were drafted according to the requirements of the solvency regulation. Haspa uses the standard approach for compliance. Compliance with the solvency regulation requires a constantly adequate equity basis. As of 31 December 2008, the total capital ratio of the Haspa Group is of approximately 13.4 percent, while the core capital ratio is of 11.6 percent.

Risk evaluation

No risks that jeopardize portfolios or that can exercise a material influence on the Bank's asset, financial or earnings position have been detected for the current year, even against the background of the immense insecurity concerning future economic developments.

Outlook Statement

The recession continues

The financial markets crisis has led to a worldwide recession. Germany's strongly export oriented economy will clearly be affected in the course of 2009. To what extent the expansive impulses of the governmental economic programs and of the European Central Bank's low interest rate policy can develop in view of pessimistic expectations remains to be seen. In 2009, Germany's GDP will contract by more than 2 percent, shortened working weeks and unemployment are expected to rise substantially.

In view of unusually small consumer price increases and ongoing problems on the financial markets, the ECB is likely to decide to continue lowering interest rates. In any event, in 2009 the key interest rate should remain at a very low level.

Reduced growth in Hamburg

In 2009 Hamburg will also be affected by a reduction in its real GDP of more than 2 percent. The high proportion of service industries, in particular also of export trade and logistics, in Hamburg's economy, which over the last few years have led to above average rates of growth could – in the current world economy crisis environment – lead to an even stronger decline in economic performance than the German Federal average. This development will also leave its mark on Hamburg's labor market. However, the encouraging trend set over the past years is a good foundation to help overcome the current recession.

Haspa Planning

Under the described assumptions, we report on the expected development of Hamburger Sparkasse, including the relevant opportunities and risks facing the Company. 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. These statements are also based on the updated medium-term planning for the coming five years, on which the annual planning process is based. This flows into concrete and agreed budgets, which have also been incorporated into the company-wide target-setting process.

Customer business set on a course for growth

Haspa will continue to develop its current strategy in the Hamburg metropolitan region also in the future. All of our activities shall remain oriented toward private, individual and midsize corporate customers and towards our multiple award winning Private Banking operations.

Private 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. This is expected to lead to continued increases in customer deposit volumes and to a growing commissions business. Haspa will employ additional, highly qualified personnel both in its individual and corporate customer division and also in our Private Banking division. We perceive considerable growth potential particularly in these highly care intensive customer segments and also in the younger customer market.

The interest rate surplus will likely increase slightly during the current business year against the background of lower interest rates. For 2010 we are currently assuming a slightly higher increase in the interest rate surplus. The balance sheet figure will increase very slightly.

In 2009 the commission surplus will, because of the economic uncertainty and its impact in particular on the securities services business, which has been so strongly affected by the financial markets crisis, also be combined with a certain degree of insecurity.

A moderate increase in administrative expenses is expected. The increase would, in addition to the expected collective agreement based salary increases, also reflect the planned new customer care hires for the advisory intensive segments.

In summary, we forecast a slight increase in operating results before revaluation for the current financial year as well as for the following year.

As concerns risk provisions for the credit business, even when taking into consideration any potential impacts of the financial crisis onto the economy as a whole we expect hardly any changes for the coming years. In particular, more substantial write-downs could be compensated by lesser general provisions. While as a result of better procedural processes general provisions have been higher in the previous years, the relief effects are now being felt.

We do not expect our cost-income ratio to change significantly in financial 2009, while our equity ratio is expected to improve. Over the medium term we expect a distinct improvement in both key ratios.

Our strategic liquidity outlook continues to show a relaxed liquidity situation for the future even taking into consideration the current financial markets crisis. Our medium term planning is characterised by comfortable equity capital resources.

Events of special significance

No events of special significance took place after closing of the 2008 financial year.

Closing statement

“In accordance with Paragraph 312 , Section 3, AktG (German Stock Corporation Act) we, the Board of Management of Hamburger Sparkasse AG, Hamburg, hereby state that, under the circumstances known to us at the time in which any given legal transaction was conducted or measure taken or refrained from, in the reporting year 2008 the Company received fair and adequate compensation in respect to each and every legal transaction conducted with an associated company and sustained no disadvantage from the fact that any given measure was taken or refrained from.”

Hamburg, March 9, 2009

The Board of Management

Balance Sheet

of Hamburger Sparkasse AG for the year ended 31 December 2008

Assets in €'000		2008	2007
1	Cash reserve		
	a) Cash in hand	220,323	223,791
	b) Balance with Deutsche Bundesbank	407,045	295,491
		627,368	519,282
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	Receivables due from banks		
	a) Payable on demand	1,668,559	432,027
	b) Other amounts due	3,488,740	6,588,063
		5,157,299	7,020,090
4	Due from customers	22,667,504	21,355,645
	thereof:		
	Secured by mortgages	9,262,652	(9,211,552)
	Municipal loans	181,353	(111,399)
5	Debentures and other non-fixed-interest securities		
	a) Money market paper		
	aa) of public issuers	–	–
	thereof: eligible as collateral for Deutsche Bundesbank advances	–	(–)
	ab) of other issuers	632,428	931
	thereof: eligible as collateral for Deutsche Bundesbank advances	–	(–)
		632,428	931
	b) Bonds and debentures		
	ba) of public issuers	526,543	317,852
	thereof: eligible as collateral for Deutsche Bundesbank advances	526,543	(317,844)
	bb) of other issuers	2,062,589	1,205,686
	thereof: eligible as collateral for Deutsche Bundesbank advances	2,062,589	(1,204,453)
		2,589,132	1,523,538
	c) Own debentures	197,660	105,988
	Nominal value	193,183	(103,764)
		3,419,220	1,630,457
6	Shares and other non-fixed interest securities	4,081,025	3,914,650
7	Investments	39,258	37,271
	thereof:		
	in other banks	2,961	(2,961)
	in financial service companies	–	(–)
8	Shares in affiliated companies	11,357	11,702
	thereof:		
	in other banks	–	(–)
	in financial service companies	–	(–)
9	Trust assets	1,037	1,554
	thereof: trust loans	1,037	(1,554)
10	Equalization amounts from public authorities including debentures from exchanges thereof	–	–
11	Fixed assets	6,515	5,063
12	Tangible assets	51,239	54,544
13	Other assets	25,887	18,974
14	Accruals and deferrals	12,678	12,205
Total assets		36,100,387	34,581,437

<i>Liabilities in €'000</i>		<i>2008</i>	<i>2007</i>
1	Liabilities to banks		
	a) Payable on demand	219,672	164,103
	b) with agreed term or period of notice	4,399,505	5,408,526
		4,619,177	5,572,629
2	Liabilities to customers		
	a) Savings deposits		
	aa) with agreed period of notice of three months	7,046,188	6,625,701
	ab) with agreed period of notice of more than three months	20,610	26,064
		7,066,798	6,651,765
	b) Other liabilities		
	ba) Payable on demand	7,950,901	7,511,965
	bb) with agreed term or period of notice	10,525,635	8,641,464
		18,476,536	16,153,429
		25,543,334	22,805,194
3	Certificated liabilities		
	a) Debentures issued	3,207,652	3,492,861
	b) Other certificated liabilities	–	–
		3,207,652	3,492,861
	thereof:		
	Money market paper	–	(–)
	own acceptances and promissory note loans in circulation	–	(–)
4	Trust liabilities	1,037	1,554
	thereof: trust loans	1,037	(1,554)
5	Other liabilities	92,215	62,126
6	Accruals and deferrals	40,948	50,233
7	Provisions		
	a) Provisions for pensions and other commitments	439,626	441,015
	b) Tax provisions	26,903	32,615
	c) Other provisions	137,495	126,210
		604,024	599,840
8	Special reserve item	–	–
9	Subordinate liabilities	370,000	370,000
10	Profit-sharing rights outstanding	–	–
	thereof: payable within two years	–	(–)
11	Equity		
	a) Subscribed capital	1,000,000	1,000,000
	b) Capital reserve	380,000	380,000
	c) Profit reserves		
	ca) Legal reserves	–	–
	cb) Reserve for own shares	–	–
	cc) Statutory reserves	–	–
	cd) Other reserves	192,000	162,000
		192,000	162,000
	d) Group profit	50,000	85,000
		1,622,000	1,627,000
Total Liabilities		36,100,387	34,581,437
1	Contingent liabilities		
	a) Contingent liabilities on bills rediscounted and settled	–	–
	b) Liabilities from guarantees and warranty agreements	996,690	442,850
	c) Commitments based on providing collateral for third party liabilities	–	–
		996,690	442,850
2	Other commitments		
	a) Repurchase commitments from non-genuine repo transactions	–	–
	b) Placement and underwriting commitments	–	–
	c) Irrevocable loan commitments	1,394,629	1,230,527
		1,394,629	1,230,527

Income Statement

of Hamburger Sparkasse AG for the period from 1 January to 31 December 2008

All figures stated in € '000	2008	2007
1 Interest income from		
a) Lending and money market transactions	1,507,518	1,493,195
b) Fixed-interest securities and debt register claims	103,946	67,080
	1,611,464	1,560,275
2 Interest expenditure	-1,211,860	-1,138,465
	399,604	421,810
3 Current income from		
a) Shares and other non-fixed interest securities	189,610	135,321
b) Investments	1,926	1,479
c) Shares in associated companies	234	-
	191,770	136,800
4 Income from profit pools, profit transfer agreements, and partial profit transfer agreements	-	1,022
5 Commission income	282,556	313,344
6 Commission expenditures	-22,692	-19,468
	259,864	293,876
7 Net income or net expenditure from financial transactions	1,369	2,888
8 Other operating income	49,009	29,127
9 Income from the release of special reserve items	-	-
	901,616	885,523
10 General administrative expenditure		
a) Human resources costs		
aa) Salaries and wages	-247,974	-239,485
ab) Social security contributions and expenses for pensions and other employee benefits	-76,150	-82,065
	-324,124	-321,550
thereof: for pensions	-29,391	(-35,515)
b) Other administrative expenses	-286,642	-291,708
	-610,766	-613,258
11 Depreciation and value adjustments on intangible assets and fixed assets	-14,961	-18,502
12 Other operating expenses	-29,236	-28,484
13 Depreciation and value adjustments on amounts due and certain securities as well as allocations to provisions for loan business	-150,465	-75,155
14 Income from additions to amounts due and certain securities as well as the release of provisions for possible loan losses	-	-
	-150,465	-75,155

All figures stated in € '000	2008	2007
15 Depreciation and value adjustments on trade investments, shares in affiliated companies and securities treated as fixed assets	–	–75
16 Income from additions to investments, shares in affiliated companies and securities treated as fixed assets	240	–
	240	–75
17 Expenditure resulting from the accepting of losses	–3,500	–
18 Allocations to special reserve items	–	–
19 Profit (loss) from ordinary business activities	92,928	150,049
20 Extraordinary income	–	–
21 Extraordinary expenditure	–	–
22 Extraordinary profit (loss)	–	–
23 Taxes on income and earnings	–32,928	–48,013
24 Other taxes not reported under item 12	–	–36
	–32,928	–48,049
25 Net annual profit/surplus	60,000	102,000
26 Prior period non-appropriated profit/loss	–	–
	60,000	102,000
27 Transfer from profit reserves		
a) from legal reserves	–	–
b) From reserve for own shares	–	–
c) from statutory reserves	–	–
d) from other profit reserves	–	–
	–	–
	60,000	102,000
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	–10,000	–17,000
	–10,000	–17,000
29 Net income for the year	50,000	85,000

Notes to the Accounts

General Information

The annual financial statements of Hamburger Sparkasse AG for the year ended 31 December 2008 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.

The option not to break down pro rated interest by residual terms of maturity (§ 11, sentence 3, RechKredV) was taken advantage of.

Accounting and Valuation Principles

Lending business

Receivables due from customers and banks have been reported at their nominal value or acquisition cost. Any discounts retained when paying out loans are distributed over the period of fixed interest or over 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. The principle of revaluation was observed when assessing the value of loans.

In the Balance Sheet item "Due from customers" for the first time the sub-item "Secured by mortgages" lists all amounts that met the requirements of § 14 PfandBG, i.e. in addition to the credits secured exclusively by means of mortgages, the real prorata credit shares in total loans has also been shown. In order to ensure comparability of annual financial statements, the amount for the previous year, 2007, was corrected; instead of 4,760.707 €'000 the amount is now 9,211.552 €'000.

Securities

The predominant portion of securities that the bank holds in its own portfolio is held for liquidity purposes as well as in trading portfolios.

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

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

For assets held in specialised funds for which there is no trading price available, the funds determine the adequate trading value by means of careful valuation using appropriate valuation models that take current market conditions into account.

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 when special circumstances so warranted.

Intangible assets and fixed assets

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

Liabilities

Liabilities are valued at their redemption amount. Discounts taken are reported under accruals and deferrals on the assets side; premium income is reported under deferred income on the liabilities side.

In deviation from the above, 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 denominated in foreign currencies, which are treated as fixed assets, are translated into euros at the 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 overhangs that 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 and forward price are based on the reference rate of the European Central Bank.

Price gains and losses established during the translation of specially hedged transactions are recorded on the income statement. Potential related expenditures are taken into consideration for all open items.

Derivatives

Interest rate swaps are primarily used for managing interest rate risk. Thus, no further valuation was performed.

When issuing structured debt instruments, Hamburger Sparkasse AG backed the derivative risk with micro-hedges. Therefore, there has been no valuation of these products.

Money trading financial instruments were valued on a portfolio basis. 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.

For options, Hamburger Sparkasse AG's option writer positions are usually covered by matched contracts. 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.

The credit derivatives are hedge positions in the Bank's proprietary trading portfolio. Thus, no valuation was performed.

Cash Flow Statement

	2008	2007
	€ million	€ million
Profit or loss for the period before extraordinary items	60.0	102.0
Non-cash items included in the profit/loss for the period and adjustments to reconcile net income to net cash used in operating activities		
Depreciation, write-downs and accretions on receivables, tangible fixed and financial assets	165.4	93.7
Increase/decrease in provisions	4.2	19.1
Other non-cash expenditure/income	0.0	0.0
Gain/Loss from the disposal of financial and tangible fixed assets	0.1	0.3
Other adjustments (net)	-707.1	-584.9
Subtotal	-477.4	-369.8
Net changes in assets and liabilities from standard operating activities		
Assets – due from		
– banks and credit institutions	1,862.9	-383.0
– customers	-1,311.9	583.3
Securities (other than financial investments)	-1,955.1	-546.7
Other assets from standard operating activities	-6.9	12.3
Liabilities		
– banks/credit institutions	-953.5	672.9
– customers	2,738.1	270.8
Certificated liabilities	-285.2	-403.1
Other liabilities from standard operating activities	20.3	13.8
Interest and dividends received	1,801.1	1,695.6
Interest paid	-1,211.9	-1,138.5
Extraordinary receipts	0.0	0.0
Extraordinary disbursements	0.0	0.0
Taxes on profits paid	-32.9	-48.0
Cash flow from standard operating activities	187.6	359.6
Receipts from disposal of		
– financial investments assets	0.0	0.0
– tangible fixed assets	0.3	0.7
Disbursements for investments in		
– financial assets	-1.6	-8.1
– tangible fixed assets	-8.9	-9.2
Cash flows from other investment activities (net)	-4.3	-2.0
Cash flow from investment activities	-14.5	-18.6
Receipts from equity contributions (capital increases, sale of treasury shares, etc.)	0.0	0.0
Dividend payments to HASPA Finanzholding	-65.0	-55.0
Cash flows from other capital sources (net)	0.0	0.0
Cash flow from financing activities	-65.0	-55.0
Non-cash changes in cash and cash equivalents (sum of cash flows)	108.1	286.0
Net effect of exchange rate and valuation determined changes in the financing fund	0.0	0.0
Cash and cash equivalents at the start of the period	519.3	233.3
Cash and cash equivalents at the end of the period	627.4	519.3

Notes to the Balance Sheet

Notes on Assets

Due from banks

	2008	2007
	€ million	€ million
This item includes:		
Due from associated companies	0.0	0.0
Breakdown of sub-item b) by residual terms:		
– up to 3 months	2,240.8	5,039.1
– More than 3 months to 1 year	60.9	83.7
– More than 1 year to 5 years	558.1	56.6
– More than 5 years	17.8	34.1

Due from customers

	2008	2007
	€ million	€ million
This item includes:		
Due from associated companies	80.5	81.7
Due from companies in which an interest is held	47.5	62.2
Subordinate amounts due	3.2	2.0
– thereof: associated companies	0.4	0.5
Breakdown of the position by residual terms:		
– up to 3 months	1,599.7	1,386.6
– More than 3 months to 1 year	1,457.7	1,180.3
– More than 1 year to 5 years	4,457.0	4,205.1
– More than 5 years	14,314.4	13,827.4
– with indeterminate maturity	808.8	738.4

Debentures and other fixed-interest securities

	2008	2007
	€ million	€ million
Of securities negotiable on the stock exchange, the following are:		
– listed	102.6	101.7
– not listed	3,316.6	1,528.7
of which, due next year	2,646.1	1,352.2
Book value of debentures and other fixed interest securities treated as fixed assets	0.0	0.0

Shares and other non-fixed interest securities

Of securities negotiable on the stock exchange, the following are:	2008 € million	2007 € million
– listed	0.0	0.0
– not listed	1.9	6.1

This balance sheet item includes special fund units with a book value of €4.1 billion. The marketability of these shares is limited. Gains on special fund units held were largely reinvested to the extent that they resulted from gains on prices. Gains from interest and dividend income were distributed in full.

Investments

Of securities negotiable on the stock exchange, that are certificated as securities negotiable on the stock exchange, the following are:	2008 € million	2007 € million
– listed	0.0	0.0
– not listed	0.0	0.0

Trust assets

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

Intangible assets and fixed assets

	Intangible Assets € million	Fixed assets € million
Development of intangible assets and fixed assets		
Acquisition costs as of 01 January 2008	44.5	226.1
Additions	4.9	8.9
Disposals	1.6	16.9
Accumulated depreciation	41.3	166.9
Balance sheet value at 31 December 2008	6.5	51.2
Balance sheet value at 01 January 2008	5.1	54.5
Write-offs in the Fiscal Year	2.9	12.1

Other assets

Other assets break down as follows:	2008 € million	2007 € million
– Checks and other documents for collection	0.1	0.1
– Capitalized inventories and other assets	2.4	2.7
– Other amounts receivable	23.4	16.2
	25.9	19.0

Accruals and deferrals income

Accruals and deferrals include:	2008 € million	2007 € million
– Difference between redemption and lower issue amount for liabilities or debentures	12.5	12.1
– Other accruals and deferrals	0.2	0.1
	12.7	12.2

Notes on Liabilities

Liabilities to banks

	2008	2007
	€ million	€ million
This item includes:		
Liabilities to associated companies	0.0	0.0
Liabilities to companies in which an interest is held	3.0	5.4
Total amount of assets transferred as security for the liabilities contained under this item	2,057.4	1,969.9
Breakdown of sub-item b) by residual terms:		
– up to 3 months	103.8	706.7
– More than 3 months to 1 year	267.2	320.5
– More than 1 year to 5 years	977.5	641.0
– More than 5 years	2,386.2	2,666.7

Liabilities to customers

	2008	2007
	€ million	€ million
This item includes:		
Liabilities to associated companies	316.5	198.4
Liabilities to companies in which an interest is held	8.9	9.0
Breakdown of sub-item ab) by residual terms:		
– up to 3 months	1.1	1.1
– More than 3 months to 1 year	0.3	0.3
– More than 1 year to 5 years	19.2	24.7
– More than 5 years	0.0	0.0
Breakdown of sub-item bb) by residual terms:		
– up to 3 months	4,407.9	2,892.3
– More than 3 months to 1 year	398.0	195.3
– More than 1 year to 5 years	1,214.6	1,048.8
– More than 5 years	4,201.6	4,259.1

Certificated liabilities

	2008	2007
	€ million	€ million
This item includes:		
Debentures issued with redemption date for next year	1,784.1	1,624.3

Trust liabilities

The trust liabilities reported pertain exclusively to amounts due to banks.

Other liabilities

	2008	2007
	€ million	€ million
Other liabilities within the scope of social security break down as follows:		
– Liabilities in relation to social security contributions	0.0	0.0
– Taxes due	52.4	42.2
– Other liabilities	39.8	19.9
	92.2	62.1

Accruals and deferrals income

	2008	2007
	€ million	€ million
Accruals and deferrals include:		
– Difference between nominal and lower redemption amount for loans due	38.1	42.9
– Difference between redemption amount and higher issuance amount of liabilities or debentures	2.6	1.5
– Other accruals and deferrals	0.2	5.8
	40.9	50.2

Subordinate liabilities

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

Equity

Equity capital amounts to €1 billion, and is divided into 1,000,000 individual share certificates. HASPA Finanzholding holds all of these shares.

€10 million was allocated to retained income from the 2008 annual profit.

At the Annual General Meeting, the Board of Management will propose to distribute the balance sheet profit of €50 million to HASPA Finanzholding as a dividend of €25 per share, and to allocate an additional €25 million to retained income.

Notes to the Income Statement

Commission income

Approximately 23 percent 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 (Companies Act)

Hamburger Sparkasse AG published the following announcement 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 €3.6 million were paid to members of the Board of Management in the financial year 2008. Loans and guarantees granted to members of the Board of Management amounted to €1.2 million.

The total earnings of the members of the Supervisory Board in the financial year 2008 amounted to €0.6 million. Credits and guarantee bonds issued to members of the Supervisory Board amounted to €6.5 million as of year end.

Statutory Auditor expense

Statutory Auditor fees in the financial year 2008 amounted to a total of €0.8 million. Of this amount, €0.7 million related to the statutory audit of the Annual Financial Statements, and €0.1 million to other certification services.

Other financial commitments

There are commitments arising from letting, rental and lease agreements in effect for the coming financial years:

Financial Year	€ million	including, to affiliated companies € million
2009	42.3	7.7
2010	42.6	7.9
2011	42.5	7.9
	127.4	23.5

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

On the balance sheet date, securities with book value of €2,706.7 million were on deposit at the Deutsche Bundesbank as collateral for open-market transactions. The related liabilities amounted to an equivalent of €35.5 million.

Utilization was additionally made of €40.5 million in conjunction with transactions on futures exchanges and at clearing houses. Securities with a book value of €179.1 million were additionally deposited for these transactions.

Moreover, obligations to make additional contributions of €5.0 million are also in effect.

Furthermore, there are outstanding deposits of €19.7 million.

Foreign currency

The total amounts of assets and liabilities denominated in foreign currencies amount, when converted, to €786.5 million and €482.7 million respectively.

Forward business/derivative financial business

The following table shows the volume of transactions in effect at the end of 2008.

As of 31 December 2008 in € million	Nominal values			Market values		
	Residual term			Total	Positive	Negative
	up to 1 year	>1 year to 5 years	More than 5 years			
Interest rate related transactions						
OTC products						
Caps	2.6	77.0	9.6	89.2	0.2	0.2
Collars	0.0	67.5	21.3	88.8	1.6	1.6
Securities						
futures transactions	23.0	0.0	0.0	23.0	0.0	0.0
Structured swaps	41.3	111.0	6,176.8	6,329.1	109.9	30.6
Interest rate swaps	14,563.7	18,264.1	11,359.1	44,186.9	516.1	967.7
Stock market instruments						
Interest rate futures	2,003.4	0.0	0.0	2,003.4	0.2	6.7
Total	16,634.0	18,519.6	17,566.8	52,720.4	628.0	1,006.8
Currency-related transactions						
OTC products						
Collars	0.0	3.3	0.0	3.3	0.1	0.1
Currency options	4.8	0.0	0.0	4.8	0.2	0.2
Currency futures transactions	1,399.6	37.3	0.0	1,436.9	35.6	50.9
Currency swaps	0.0	31.1	170.5	201.6	15.0	12.0
Stock market instruments						
Interest rate futures	22.3	0.0	0.0	22.3	0.1	0.0
Total	1,426.7	71.7	170.5	1,668.9	51.0	63.2
Transactions with other price risks						
OTC products						
Structured swaps	0.0	10.0	0.0	10.0	0.0	1.1
Stock market instruments						
Share/Stock options	8.3	0.1	0.0	8.4	0.5	0.6
Index Futures	101.9	0.0	0.0	101.9	0.3	0.4
Index Options	14.1	0.0	0.0	14.1	0.1	0.0
Total	124.3	10.1	0.0	134.4	0.9	2.1
Credit derivatives						
OTC products						
Credit Default Swaps	0.0	540.0	10.0	550.0	0.0	34.8
Total	0.0	540.0	10.0	550.0	0.0	34.8

Derivatives were fundamentally always valued based on the current market price. Exchange traded derivatives are valued at their prices on the last stock exchange trading day in 2008. 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 determined 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).

Hamburger Sparkasse AG issues structured securities based on the formation of valuation units. The securities are offset by swaps that are structured into a microhedge so that interest rate and other pricing risks are fully hedged.

The bulk of all of Hamburger Sparkasse AG's interest-related transactions mentioned above 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. Exchange traded interest rate derivatives 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, to a lesser extent, own portfolio trading transactions.

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

The credit derivatives are guarantor options in the Bank's deposit business. The underlying counterparties are exclusively EU countries or companies listed in the iTraxx Europe Index and possessing ratings in the investment grade range.

Pfandbrief securities

Hamburger Sparkasse AG has been issuing Pfandbrief securities since its financial year 2006. The regular transparency guidelines of § 28 PfandBG (Pfandbrief Act) are fulfilled by disclosure via our Web page, www.haspa.de.

	2008	2007
	in € million	in € million
PfandBG § 28 Sec. 1 No. 1		
Mortgage Pfandbrief circulation		
– Nominal value	1,143.1	970.9
– Net present value	1,229.0	966.3
– Risk net present value ¹	1,141.1	915.7
Cover assets		
– Nominal value	2,207.1	1,689.2
– Net present value	2,363.3	1,707.8
– Risk net present value ¹	2,236.1	1,642.0
Excess cover		
– Nominal value	1,064.0	718.3
– Net present value	1,134.3	741.5
– Risk net present value ¹	1,095.0	726.3
PfandBG § 28 Sec. 1 No. 2		
Maturity structure of the mortgage Pfandbrief circulation		
– up to 1 year	0.0	16.0
– more than 1 year to 5 years	527.0	511.0
– more than 5 years to 10 years	334.4	216.2
– more than 10 years	281.7	227.7
Interest commitment maturities of the cover assets		
– up to 1 year	251.2	207.0
– more than 1 year to 5 years	836.5	681.3
– more than 5 years to 10 years	928.6	663.3
– more than 10 years	190.9	137.6
PfandBG § 28 Sec. 1 No. 3		
The cover assets do not include any derivatives		
PfandBG § 28 Sec. 2 No. 1		
a) Total amount of nominal value cover assets used, by size class		
Credit coverage		
– up to € 300,000	1,200.4	898.5
– more than € 300,000 to € 5 million	829.2	644.8
– more than € 5 million	127.5	95.9
Securing excess cover		
– up to € 300,000	0.0	0.0
– more than € 300,000 to € 5 million	0.0	0.0
– more than € 5 million	50.0	50.0
b) Total amount of claims used for cover, by states ^{2,3}		
Federal Republic of Germany	2,157.1	1,639.2

¹ Dynamic procedure according to PfandBarwertV [Pfandbrief-Net Present Value Directive]

² Only regular cover is taken into consideration

³ no real estate collateral outside of the Federal Republic of Germany

	Real estate with residential use		Real estate with commercial use	
	2008	2007	2008	2007
	in € million	in € million	in € million	in € million
c) Total amount of receivables used for cover by type of use ^{1,2}				
Apartments	221.8	168.1	0.0	0.0
Single-occupancy houses	800.6	611.1	0.0	0.0
Multiple-occupancy houses	628.6	485.8	0.0	0.0
Office buildings	0.0	0.0	165.8	128.3
Trade/commercial buildings	0.0	0.0	29.3	24.9
Industrial buildings	0.0	0.0	15.2	7.3
other commercially utilized buildings	0.0	0.0	296.0	213.8
Unfinished and non-income-earning new buildings	0.0	0.0	0.0	0.0
Construction sites	0.0	0.0	0.0	0.0

	2008	2007
	in € million	in € million
PfandBG § 28 Sec. 2 No. 2		
Total amount of claims at least 90 days in default ²	0.0	0.0

	Real estate with residential use		Real estate with commercial use	
	2008	2007	2008	2007
	Number	Number	Number	Number
PfandBG § 28 Sec. 2 No. 3a – 3d				
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

	2008		2007	
	in € million		in € million	
	2008	2007	2008	2007
Interest arrears	0.0	0.0	0.0	0.0
Repayments carried out				
– by amortization	34.9	21.5	6.3	11.7
– in another manner	9.7	4.6	0.1	9.0

¹ exclusive view of proper cover

² no real estate collateral outside of the Federal Republic of Germany

Trustee

Uwe Rollert – Corporate Consultant

Deputy Dr. Heiner Holtappels – Notary Public Ret'd.

Deputy Rainer Sinhuber – Judge Ret'd.

Employees

	Annual average		Total
	Male	Female	
Full-time	2,141	1,497	3,638
Part-time	48	531	579
	2,189	2,028	4,217
Trainees	139	251	390
	2,328	2,279	4,607

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

An annual average of 1,120 part-time staff were employed in 2008.

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):

Members of the Board of Management

Dr. Harald Vogelsang

Supervisory Board

NRS Norddeutsche Retail-Service AG, Hamburg/Bremen	Chairman
Landesbank Berlin Holding AG, Berlin	Member
Landesbank Berlin AG, Berlin	Member
neue leben Pensionsverwaltung AG, Hamburg	Member
neue leben Pensionskasse AG, Hamburg	Member

Dr. Friedhelm Steinberg

Supervisory Board

neue leben Pensionsverwaltung AG, Hamburg	Chairman
neue leben Pensionskasse AG, Hamburg	Chairman
neue leben Holding AG, Hamburg	First Deputy Chairman
neue leben Lebensversicherung AG, Hamburg	First Deputy Chairman
neue leben Unfallversicherung AG, Hamburg	First Deputy Chairman
LBS Bausparkasse	
Schleswig-Holstein-Hamburg AG, Kiel/Hamburg	First Deputy Chairman
Sparkasse zu Lübeck AG, Lübeck	Member

Reinhard Klein

Supervisory Board

LBS Bausparkasse Schleswig-Holstein-Hamburg AG, Kiel/Hamburg	Member
V-Bank AG, München	Member

Jörg Wohlers

Supervisory Board

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

Directors

Michael Günther

Supervisory Board

Sparkasse Mittelholstein AG, Rendsburg

Member

Thorsten Giele

Supervisory Board

LBS Bausparkasse Schleswig-Holstein-Hamburg AG, Kiel/Hamburg

Member

Hamburger Sparkasse AG's holdings in large corporations that exceed 5 percent of voting rights:

- Bürgschaftsbank Schleswig-Holstein GmbH, Kiel
- Bürgschaftsgemeinschaft Hamburg GmbH, Hamburg
- Wincor Nixdorf Portavis GmbH, Hamburg

Supervisory Board

Chairman

Dr. Karl-Joachim Dreyer

Chairman of the Management Board
of Haspa-DIREKT Servicegesellschaft für
Direktvertrieb mbH
für Direktvertrieb mbH
President of the Hamburg Chamber of
Commerce
(until 08 May 2008)

Deputy Chairman

Ulrich Hülgenhof

Chairman of the Works Council
Hamburger Sparkasse AG

2. Deputy Chairman

Peter Becker

Master Baker
Chairman
Hamburg Chamber of Skilled Trades

Günter Elste, MBA

Executive Chairman
Hamburger Hochbahn AG

Nicola Fallak

Secretary
of the ver.di Trade Union
(until 14 April 2008)

Karin Gronau

Branch Manager
Hamburger Sparkasse AG

Uwe Grund

Secretary
of the ver.di Trade Union

Claus Krohn

Deputy Chairman of the Works Council
Hamburger Sparkasse AG
(from 14 April 2008)

Dirk Lender

Paralegal
Hamburger Sparkasse AG

Professor Dr. Gerhard Mehrtens

Chairman of the Management Board
Berufsgenossenschaft für
Gesundheitsdienst und Wohlfahrtspflege

Olav Melbye

Director
Hamburger Sparkasse AG

Uwe Mellewigt

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
Hamburger Sparkasse AG
(until 14 April 2008)

Christiane Stascheit

Secretary
of the ver.di Trade Union
(from 14 April 2008)

Peter Widmayer

Managing Partner
THOR Wohnungsbau Corporate Group

Dr Martin Willich

Chairman of the Management Board
Studio Hamburg GmbH

Cord Wöhlke

Managing Director
Iwan Budnikowsky GmbH & Co KG

Hamburger Sparkasse AG is a wholly owned 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. Harald Vogelsang

Spokesman

Dr. Friedhelm Steinberg

Deputy Spokesman
(until 31 December 2008)

Reinhard Klein

Deputy Spokesman
(from 01 January 2009)

Dr. Wolfgang Botschatzke

Jörg Wohlers

Frank Brockmann

Deputy Member
(from 01 October 2008)

Hamburg, 17 February 2009

The Board of Management

Dr. Vogelsang

Klein

Dr. Botschatzke

Wohlers

Brockmann

Legal representatives' statement

We hereby certify, to the best of our knowledge, that in accordance with the applicable accounting principles and under consideration of the principles of standard accounting practices the Annual Financial Statements convey an accurate image commensurate with the actual condition of the assets, financial position and earnings of Hamburger Sparkasse AG, and that the Management Report represents the Company's business trends including the financial results and position of Hamburger Sparkasse AG in a manner such that the actual conditions and the main opportunities and risks pertaining to the foreseeable evolution of Hamburger Sparkasse AG are accurately described and represented.

Hamburg, 17 February 2009

The Board of Management

Dr. Vogelsang

Klein

Dr. Botschatzke

Wohlers

Brockmann

Auditors' 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, 2008. 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 the professional standards for due and proper audits of annual financial statements 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 Sparkasse's business activities, its commercial and legal environment and expectations about possible errors are taken into consideration when defining audit procedures.

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 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 congruent with the Annual Financial Statements, and it generally presents an accurate image of the Savings Bank's situation and of the main opportunities and risks pertaining to its future evolution.

Hamburg, 26 March 2009

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

Mrs. Jacobs
Certified Public Accountant

Report of the Supervisory Board

In the year under review, the Supervisory Board received regular, timely and comprehensive reports from the Board of Management concerning all basic issues of strategy, corporate policy, the development of ongoing business and the financial condition and risk situation of Hamburger Sparkasse AG. All key issues were discussed in depth with the Board of Management in four rotating plenary Board meetings. Matters of major importance were additionally considered and examined in advance at meetings of the appropriate committees. Emphasis was placed on the effects of the financial markets crisis on Hamburger Sparkasse AG, whose scope became increasingly clear over the course of 2008, as well as on the measures taken to hedge for risks resulting from market turmoil, but also to take advantage of any special business opportunities resulting therefrom. The Supervisory Board continued to work on the strategy process initiated in 2007 and aimed at the development of a long-term vision for Hamburger Sparkasse AG; this process also included an adjustment of the Bank's management structures. The Supervisory Board also obtained reports on the IT systems migration required as a result of the merger of our former IT service provider FinanzIT into the merged service provider of the Sparkassen organisation, Finanz Informatik. The Supervisory Board was involved in all major decisions of Hamburger Sparkasse AG legally requiring its consent. 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. After many years of close collaboration characterized by a high degree of trust, the Chairman of the Supervisory Board, Dr. Klaus Asche, and Mr. Jürgen Ullrich ended their Supervisory Board mandates on 11 April 2007 in compliance with the age limitations set in the Company's by-laws.

Mr. Claus Krohn and Ms. Christiane Stascheit were re-elected effective 14 April 2008 in the election of Employee Representatives to the Supervisory Board held on 6 March 2008. Ms. Nicola Fallak and Mr. Manfred Schröder retired at the same time. The Supervisory Board sincerely thanks Ms. Fallak and Mr. Schröder for their constant and ongoing, faithful and constructive collaboration.

In its meetings of 12 June 2008 and 17 September 2008 the Supervisory Board deliberated on the appointment of a new Board Member, and subsequently appointed Mr. Frank Brockmann as a Deputy Board Member effective 1 October 2008. On 31 December 2008 the Deputy Board Spokesman, Dr. Friedhelm Steinberg, ended his 14 years of service on the Board of Hamburger Sparkasse AG and took his well-earned retirement. The Supervisory Board thanks Dr. Steinberg for his longstanding and successful contribution for the benefit of Hamburger Sparkasse. His successor as Deputy Spokesman, with effect from 1 January 2009 onwards, is Mr. Reinhard Klein.

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 as of 31 December 2008 – 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 in their regard.

The auditors' report was submitted to the members of the Pre-audit Steering Committee. The auditors attended the balance sheet meetings of the Steering Committee and the Supervisory Board and reported on the principal results of their audit. The Supervisory Board discussed the auditors' report in depth and acknowledged and approved it. The final result of the Supervisory Board's own 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 Financial Year 2008 in accordance with § 312 AktG, prepared by the Board of Management and the accompanying audit report prepared by the auditors.

This audit report reads as follows:

“Following our statutory audit and evaluation, we hereby confirm that

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

The reviews conducted by the Supervisory Board did not raise any 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 the Financial Year 2008.

The Supervisory Board expresses its gratitude and appreciation to the Board of Management and to all employees of Hamburger Sparkasse AG for their significant commitment and successful work in the Financial Year just ended.

Hamburg, 16 April 2009

The Supervisory Board

Dr. Karl-Joachim Dreyer
Chairman of the Supervisory Board

Alster-West Region

Manager of the Alster-West Region
Holger Eschholz

Advisory Board of the Alster-West Region

Prof. Norbert Aust

Managing Director
"Schmidt's Tivoli" GmbH
Cultural Centers and Restaurants

Dr. Manuel Cadmus

Lawyer, Tax Consultant

Andreas Fischer-Appelt

Managing Director
FischerAppelt Kommunikation GmbH

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

Jörn Rempel

Managing Partner
Gebrüder Klingenberg & Rempel
in Hamburg GmbH

Heino W. Saier

CEO
Trade Association for
Transportation Companies

Sonja Saltuari

Managing Director
Solutions! Styling Promotion
Merchandising GmbH & Co. KG

Dr. Detlef Thomsen

Notary Public

Dipl.-Ing. Klaus-Hinrich Vater

Managing Partner
Vater Holding GmbH

Jürgen Warmke-Rose

Altona Municipal City District Manager

Klaus Weise

Member of the Board of Management
Wohnungsgenossenschaft von 1904
[Housing Association Non-Profit] e.G.

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United Mexican States

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Hamburg Chamber of Commerce

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Working Committee Education &
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Manager of the North-East Region

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Helge Steinmetz

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Andreas Bielert

Private Customers Management

Olaf Buchwald

Works Council

Chairman of the Works Council

Ulrich Hülgenhof

HASPA Business Trends 2004 to 2008

Balance Sheet figures

Assets in € million	2004	2005	2006	2007	2008
1 Cash reserve	249	406	233	519	627
2 Due from banks	4,291	4,166	6,637	7,020	5,157
3 Due from customers	22,386	22,263	21,939	21,356	22,668
3.1 Business loans	5,660	5,313	4,821	4,311	4,991
3.2 Personal loans	1,989	1,990	2,025	2,017	2,033
3.3 Commercial construction financing	7,092	7,208	7,389	7,463	7,967
3.4 Private construction financing	7,501	7,670	7,657	7,454	7,496
3.5 Municipal loans	144	82	47	111	181
4 Securities	4,175	4,793	4,999	5,545	7,500
5 Investments and shares in associated companies	43	43	41	49	51
6 Fixed assets and intangible assets	73	70	67	60	58
7 Other assets	53	44	45	33	40
Liabilities in € million					
1 Liabilities to banks	4,239	4,843	4,900	5,573	4,619
2 Liabilities to customers	20,947	21,039	22,534	22,805	25,543
2.1 Savings deposits	7,061	6,966	6,849	6,652	7,067
2.2 RentaPlan	178	90	41	17	12
2.3 Savings certificates	1,055	1,273	1,267	1,093	1,094
2.4 Time deposits	4,088	2,619	3,678	3,000	4,730
2.5 Promissory note bonds	3,224	4,280	4,303	4,055	4,035
2.6 Registered Pfandbrief securities	–	–	198	478	655
2.7 Deposits payable on demand	5,341	5,811	6,198	7,510	7,950
3 Certificated liabilities	3,488	3,290	3,383	2,980	2,695
4 Pfandbrief securities	–	–	513	513	513
5 Provisions	576	590	581	600	604
6 Subordinate liabilities	370	370	370	370	370
7 Equity	1,506	1,546	1,580	1,627	1,622
8 Other liabilities	144	107	100	114	134
Balance sheet total	31,270	31,785	33,961	34,581	36,100

Figures from the income statement

All figures stated in € million	2004	2005	2006	2007	2008
1 Net interest income	737	772	733	560	591
1.1 Interest income	1,586	1,558	1,642	1,698	1,803
1.2 Interest expenditure	849	787	909	1,138	1,212
2 Net commission income	248	241	275	294	260
3 Administrative expenditure	607	621	634	632	626
4 Net result from financial transactions	6	11	1	3	1
5 Balance of other operating income and expenditure	–17	27	11	1	19
6 Operating result before valuation	368	430	386	225	247
7 Taxes on income and earnings	80	127	108	48	33
8 Net annual profit/surplus	126	140	145	102	60
CIR (according to DSGV) ¹	57.5 %	58.5 %	59.8 %	72.5 %	73.6 %
Equity ratio before tax	14.9 %	19.0 %	17.6 %	9.8 %	5.9 %

¹ According to the definition by the DSGV/German Savings Banks and Giro Association

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