

# Semi-annual Financial Report 2010

Meine Bank heißt Haspa.

**Haspa**<sup>®</sup>  
Hamburger Sparkasse

# *A snapshot*

**Hamburger Sparkasse AG**, known as Haspa for short, is the leading retail bank for private, individual and corporate midsize customers in the Hamburg metropolitan region. With a balance sheet total of over €38 billion and around 5,550 employees make Haspa the largest German Sparkasse (savings bank). Haspa offers a wide range of financial services for private and commercial customers to more than three million inhabitants of the Hamburg economic area. Every second citizen of Hamburg relies on the Haspa's expertise. Haspa is a public-sector savings bank dedicated to serving the public interest.

**HASPA Finanzholding**, a legal entity under old Hamburg law, holds 100 per cent of the shares in Hamburger Sparkasse AG. HASPA Finanzholding has no owners and is bound by its articles of association to carry out the duties of a savings bank.

Haspa is one of the few independent savings banks in Germany. It is a member of the Hanseatischer Sparkassen- und Giroverband (HSGV) (Hanseatic Savings Banks and Giro Association) in Hamburg and the Verband der Deutschen Freien Öffentlichen Sparkassen e.V. (Registered Association of Independent German Public Savings Banks) in Bremen. Via the HSGV it is affiliated with the Deutscher Sparkassen- und Giroverband e.V. (German Savings Banks and Giro Association) in Berlin and Bonn, which means it is fully covered by the comprehensive system of guarantees for all German savings banks. This institutional insurance scheme safeguards customer deposits at all German savings banks for an unlimited amount. The scheme applies equally to deposits from private, commercial and institutional customers.

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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 joined the Board of Management in 2000. As spokesman for the Board he is responsible for Human Resources, Internal Audit, Strategic Asset Allocation, Communications and Board Staff, as well as for the Partner Savings Banks Performance Management department.



**Reinhard Klein**, born in 1960, holds a banking diploma and a degree in business studies. He has been a member of the Board of Management of Hamburger Sparkasse AG since October 2006 and deputy spokesman since January 2009. He is responsible for the Private Customers reporting area, which includes Investment and Insurance Management, Individual Customers, Mobile Sales, Private Banking, Private Customers I and II, Quality Management, Central Management Private Customers and the Private Customers management department.

### *Ladies and Gentlemen,*

Haspa is on a growth track and is expanding its position as the leading retail bank in the Hamburg metropolitan region. In the first half of 2010 both deposits and lending grew strongly. We acquired new customers in both private banking and the corporate customer business and heightened our customer service levels. We recruited staff to support our growth path, who are primarily active in customer services.

With more than 250 branches and customer centres in and around Hamburg, Haspa is close to its customers and can always be reached easily. Our strengths are the personal contact in banking and advisory services and the strong partnership we offer. Competence and proximity to the customer, strong regional roots and precise market knowledge are competitive advantages.

For us, the lifelong personal relationship to our customers is paramount. We focus on individual needs in every phase of this lifelong relationship. This builds trust. With us as partners, our customers can attain their goals.

Collecting deposits in the region and making them available as loans for the region enables investment and creates and preserves local jobs. This business model has proven itself over many generations and even in challenging times it works well, keeping money circulating and maintaining stability.



**Dr Wolfgang Botschatzke**, born in 1959, holds a degree in business studies and has been with Haspa since 2003. He has been a member of the Board of Management of Hamburger Sparkasse AG since 2004 and holds responsibility for Information Technology, Productivity and Processes and Securities and Trading Services.



**Frank Brockmann**, born in 1963, holds basic and advanced diplomas in banking and has been a member of the Board of Management of Hamburger Sparkasse AG since 1 October 2008. His responsibilities include 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 and began at Haspa as a trainee in 1979. He has been a member of the Board of Management of Hamburger Sparkasse AG since 2005. He is responsible for Finance and Controlling, Real Estate and Logistics, Credit and Legal and Central Purchasing and Procurement as well as the Compliance and Money Laundering department.

This solid grounding means that we can continue to sponsor educational and social projects, art, music and sport and thereby assume our responsibility for local welfare. We intend to pursue our activities for the social welfare of the Hamburg metropolitan region in future too, by offering banking services for all groups of customers and upholding our diverse range of social commitments.

The state of the German economy improved considerably in the first half of 2010. The economy in Hamburg is export-oriented and so benefited more than most from the revival in global trade. Investor confidence has risen in recent months, despite the European monetary crisis sparked by doubts about the solvency of the Greek government. We can see this very clearly in the resurgence of our securities business. This gratifying trend was one reason why Haspa was able to report a satisfactory result overall for the first half of 2010.

We thank our customers and business partners for their trust. Special thanks go to all the staff at Haspa. In a challenging environment they have shown exceptional commitment, competence and far-sightedness.

Hamburg, 24 August 2010

The Board of Management

# Interim management report

as of 30 June 2010

## Economic environment

### Gratifying economic recovery

The state of the German economy improved considerably in the first half of 2010. The main driver behind the recovery was strong growth in external trade. Real gross domestic product growth in the first quarter came to 0.5 per cent. In the second quarter of 2010 real gross domestic product recorded an unusually strong rise of 2.2 per cent on the previous quarter.

The labour market proved to be surprisingly robust during the recession and recovered steadily over the first half of 2010. The number of people in work increased and unemployment fell. In June 2010 nearly 3.2 million people were registered as unemployed – quarter of a million fewer than in the same month a year ago.

Over the first six months of 2010 consumer prices in Germany rose year on year at rates of between 0.6 and 1.2 per cent and were therefore well below the target rate set by the European Central Bank of “near but below 2 per cent”. In few of the low risk of inflation in the euro area the European Central Bank kept its main refinancing rate at 1.0 per cent.

As an international traffic hub Hamburg benefits disproportionately from the revival in global trade. The Hamburg economy picked up speed accordingly. The business confidence survey carried out by the Hamburg Chamber of Trade for the second quarter of 2010 revealed that a net majority of the Hamburg companies polled had positive expectations for their business, investment and recruitment. The state of the labour market provided further evidence that Hamburg’s economy is picking up speed. In June 2010 a total of 73,607 Hamburg residents were registered as unemployed – almost 6 per cent fewer than in the same month last year.

## Course of business

### 40,000 new customers acquired in the first half-year – a further boost to our position in retail banking

Providing competent all-round advice to private, individual and midsize corporate customers in the Hamburg area remained the focus of entrepreneurial activity for Hamburger Sparkasse AG, also known as Haspa, in the first half of 2010.

Haspa has a total of 180 branches, 47 individual customer centres, 16 individual customer service offices, 7 corporate customer centres and 24 self-service outlets at some 250 sites in and around Hamburg. They are supported from head office by highly qualified specialist teams for start-ups, larger corporate customers, the real estate sector and private banking. Our customers consider this dense network of branches and customer centres to be an important hallmark of quality and value it accordingly.

New customer wins have also progressed very well thanks to this proximity to our clients. In the first six months of 2010 Haspa was able to acquire around forty thousand new customers, further cementing its position in the retail sector of the Hamburg banking market. The number of current accounts also continued to grow and now totals nearly 1.3 million. At the same time the proportion of current account holders who have chosen the “HaspaJoker – Hamburgs’ Advantage Account” premium account has also continued to rise. We registered another gratifying increase of more than 12,000 HaspaJoker packages compared with year-end 2009, to now almost 541,000.

### Customers trust Haspa – more customer deposits give further boost to balance sheet total

The gratifying performance of the customer business is a particularly good sign of the trust that customers place in Haspa. On balance, total assets went up to around €38.3 billion in the first half of 2010. This represents an increase of nearly €0.8 billion or around 2 per cent. This enabled Haspa to consolidate its position as Germany’s largest Sparkasse. This increase was funded in particular by a rise of €0.5 billion in liabilities to customers, or nearly 2 per cent. They therefore form a solid foundation for the still rapid pace of lending to our customers. This can be seen in our assets, which show a sharp increase of over €0.8 billion or 3 per cent in receivables from customers.. A decline of nearly 0.3 billion in debentures and other fixed-interest securities was offset by a rise of around €0.7 billion in shares and other non-fixed-income securities.

### **Further rise in the high level of deposits on Haspa-DIREKT cash accounts**

Overall, liabilities to customers went up to €27.4 billion. The decline in savings deposits was more than offset by significant growth in other liabilities. The main driver for this gratifying performance were on-demand liabilities, which have risen by €0.7 billion since year-end 2009. Of these, company current accounts registered the strongest increase, adding €0.5 billion. Haspa offers its customers the services of a direct bank via Haspa-DIREKT Servicegesellschaft für Direktvertrieb mbH. The leading product here by a long way remains the CashKonto. In recent years it experienced a real boom, bringing in deposits of nearly €5.9 billion by the end of 2009. This considerable volume even went up again by almost €80 million in the first half-year. What is more, the number of accounts also increased again by more than 10,000 compared with year-end 2009.

### **New commitments remain high**

The turbulence on financial markets has caused many banks to restrain their lending in recent years. Thanks to its comfortable supply of liquidity, Haspa proved itself to be a pillar of strength in these difficult times, providing billions of additional loans. Continuing last year's trend, more than €3 billion in new loan commitments have already been made in the first half of this year – of which more than half are to finance private house building. The gratifying performance is also visible in Haspa's loan book, which swelled by some €800 million to now more than €25 billion.

## **Earnings position**

### **Net interest income up again**

Accounting for €440 million or 79 per cent, net interest income delivers by far the largest contribution to gross earnings, which are made up of net interest income and net commission income. Compared with the same period last year, the figure went up again by €53 million, thanks partly to the gratifying performance in customer business, but above all to interest rates on money markets and capital markets, which remain low. While our new borrowing generally has only a short period of fixed interest, enabling us to pay lower interest rates at present, our lending benefits from the longer periods of fixed interest on loans made in the past.

### **Net commission income picks up again**

In the first half of 2010 net commission income came to a total of around €119 million. This represents an increase of just under €10 million compared with last year thanks to a slightly more amenable climate for the securities business. Arrangement fees for lending also developed well in line with the high volume of new loan commitments.

### **Decline in net profit from financial transactions recognised in commercial-law accounts**

Net profit from financial transactions was down by €13 million on the same period last year at €-4.9 million. This deficit results from the imparity in measuring foreign exchange trading, as unrealised losses on currency futures are recognised in full, while unrealised gains are only recognised for hedges with special coverage. As the trading activities are basically carried out to support the retail business, we only ever hold closed foreign exchange positions and so from an economic perspective the result is even. This means that the profit recognised in the future year will benefit accordingly.

### **Administrative expenses up on last year as expected**

General administrative expenses for the first six months came to €334 million, an increase of nearly €17 million compared with the same period a year ago. Specifically, personnel expenses rose slightly by some €4 million, largely due to the recruitment of new customer service staff. This took the headcount up by more 80 compared with the first half of last year. In addition, other administrative expenses were nearly €13 million higher than last year, due particularly to the IT migration planned for 2011. In subsequent years this migration will then have a positive impact on expenses.

### **Portfolio valuation an improvement on the same time last year**

Overall, the result of the portfolio valuation for the first half-year was almost €12 better than in the same period last year at just under €–125 million. The valuation of securities resulted in a small net write-down, but compared with last year the improvement is considerable. Haspa continues to hold its securities at the lower of cost and fair value, reversing write-downs as appropriate and therefore has potential for writing back carrying amounts in future. Altogether the valuation result also includes a substantial provision for potential future risks in the second half of the year or in subsequent years.

### **Earnings on track**

Earnings for the first half-year came to €40 million, but this also includes considerable provisions against future risks. This means the figure is €20 million up on the same period last year. Under the terms of the control and profit-and-loss transfer agreement signed last year, the profit/loss for the year is to be transferred in full to HASPA Finanzholding when the annual accounts are prepared.

## **Risk report**

### **Internal control and risk-management system is a key component of the organisation of the business**

In accordance with Section 25a paragraph 1 German Banking Act (KWG), the Haspa Board of Management bears overall responsibility for the proper organisation of the business, which includes risk management. Risk management in turn includes setting up internal control procedures with an internal system of control and an internal audit. The internal audit department is an integral part of risk management and of the Haspa's internal control procedures. It carries out its duties autonomously and independently on behalf of the Board of Management.

Risk management and the internal control procedures also cover accounting processes. The internal audit department examines the internal control and risk-management system as it relates to accounting processes both directly and indirectly on the basis of a risk-oriented audit plan.

### **Risk exposure remains low**

The focus of global bank risk management remains on the three customer-facing business areas; personal customers, individual customers and midsize corporate customers, in line with the Haspa's retail strategy. Risks and rewards from trading, investment, maturity transformation and the operational division complete the picture. From a net present value perspective risk levels were virtually unchanged and therefore still low. There were nevertheless shifts between different categories of risk. Default risk in the customer business increased moderately compared with the end of last year. This deliberate extension of risk is largely due to additional customer lending. On balance, market risks are at the same level as at year-end 2009. While the maturity transformation risk is virtually unchanged, a higher portfolio risk for securities was offset by a lower spread risk. The higher portfolio risk results in particular from higher portfolio volumes. The decline in ratings-related spread risks also stems from the continued stabilisation of capital markets. Overall, and on a long-term scale, the net present value risk remains relatively low.

### **Solid economic and regulatory risk-bearing capacity covers risk exposure**

The risk-bearing capacity in terms of net present value is tracked against the available collateral pool. Compared with last year the risk-bearing capacity has again increased slightly and is still amply sufficient. From a net present value perspective the collateral pool continues to exceed risk exposure by a considerable multiple.

Regulatory capital-adequacy requirements for banks always insist on a sufficient equity base. As of 30 June 2010 the total capital ratio for the HASPA Group was 12.4 per cent and the core capital ratio was 10.8 per cent.

### **Funding strategy and comfortable cash position limit liquidity risks**

Liquidity risks arise when payment obligations cannot be met in time or for the necessary amount or when liquidity can only be obtained at higher market prices.

In addition to its short-term liquidity forecast Haspa also prepares a strategic liquidity forecast that highlights any liquidity needs in good time. This enables us to assess the amount of liquidity required at future dates and to make arrangements accordingly.

Based on the funding strategy we define risk tolerance by means of different alert levels and taking funding potential into account. These are then monitored regularly so that action can be taken in good time as needed. Supplementary risk scenarios are also drawn up and analysed on the same basis. The liquidity situation is comfortable and Haspa continues to act as a lender on the interbank market.

As of 30 June 2010 liquidity as defined in the applicable regulation was 2.4 times the required minimum level.

#### **Risk assessment**

For the current year there are no identifiable risks to the bank's continued existence or risks that could have a significant impact on its net assets, financial position and earnings, even accounting for the considerable uncertainty about future macro-economic developments.

### **Forecast**

#### **Sustained economic upturn**

The economic upturn should continue in the second half of the year at a slower rate. German exports will again make an important contribution to growth, thanks to the strong revival in global trade. The effect of government stimulus programmes on growth will decrease steadily over the remainder of the year, so that the pace of the economic recovery is likely to slow. Economic output over the whole of 2010 is forecast to increase by more than 3 per cent. In 2011 the expansion of the real gross domestic product is predicted to be less strong on last year, due to diminishing returns from fiscal measures and more subdued global trade.

Inflation in Germany and the euro area will not accelerate appreciably over the remainder of the year. Inflationary risks remain limited, so the European Central Bank is not expected to probably raise its main refinancing rate before 2011.

Hamburg's economy is heavily dependent on the state of the economy worldwide and on global trade. Growth in real gross domestic product for Hamburg could therefore outpace the national average. For 2010 we are expecting Hamburg's economic output to expand by 3,5 per cent. This upswing will also have a positive effect on the city's labour market.

#### **Customer business remains on growth track**

Haspa intends to keep refining its previous strategy for the Hamburg metropolitan region in future. All our activities will remain focused on private, individual and midsize corporate customers as well as on our award-winning private banking.

Private customers are and will always be the basis of our business. By offering comprehensive advice for this customer segment we will continue to grow within our region. In addition we see considerable growth potential in individual and corporate business as well as in private banking.

While other banks had to restrict their lending as a result of the turmoil on financial markets, Haspa will again provide an additional billion in new lending this year. Over the remainder of the year Haspa's lending volume is therefore expected to keep growing steadily.

On the other side of the balance sheet, customer deposits are forecast to stay at their present gratifying levels over the second half of the year.

#### **Earnings for the year on par with expectations**

Overall both net income and operating earnings before portfolio valuations are expected to be higher than last year's. Higher administrative expenses ahead of the operating result can be more than offset by improved yields. For one thing net interest income will be significantly higher thanks to the positive performance in customer business and low interest rates. On the other, net commission income offers the potential for the securities business to recover again and exceed last year's. By contrast, both personnel expenses and other administrative expenses will be slightly higher. While the increase in personnel expenses is largely due to the recruitment of new customer service staff, the rise in other administrative costs stems above all from the IT migration planned for 2011. Risk provisioning for lending and securities trading is forecast to be roughly the same as last year.

The strategic liquidity forecast suggests that in terms of liquidity the future will be equally relaxed. Mid-term planning also indicates that the capital base will remain comfortable.

# Semi-annual Balance Sheet

of Hamburger Sparkasse AG at June 30, 2010

Assets in € '000	30.6.2010	31.12.2009
<b>1</b> Cash reserve		
a) Cash in hand	176,120	257,763
b) Balance with Deutsche Bundesbank	461,013	498,006
	<b>637,133</b>	<b>755,769</b>
<b>2</b> 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	–	–
	–	–
<b>3</b> Receivables due from banks		
a) Payable on demand	724,570	520,125
b) Other amounts due	2,792,934	3,367,273
	<b>3,517,504</b>	<b>3,887,398</b>
<b>4</b> Due from customers	<b>25,050,251</b>	<b>24,213,397</b>
<b>5</b> Debentures and other fixed-interest securities		
a) Money market paper		
aa) of public issuers	–	–
ab) of other issuers	–	–
	–	–
b) Bonds and debentures		
ba) of public issuers	1,805,102	1,668,459
bb) of other issuers	2,011,086	2,442,075
	3,816,188	4,110,534
c) Own debentures	128,688	111,061
	<b>3,944,876</b>	<b>4,221,595</b>
<b>6</b> Shares and other non-fixed interest securities	<b>4,985,957</b>	<b>4,301,416</b>
<b>7</b> Investments	<b>38,959</b>	<b>37,737</b>
<b>8</b> Shares in associated companies	<b>11,808</b>	<b>11,545</b>
<b>9</b> Trust assets	<b>564</b>	<b>636</b>
<b>10</b> Equalization amounts from public authorities including debentures from exchanges thereof	–	–
<b>11</b> Intangible assets	<b>19,371</b>	<b>18,151</b>
<b>12</b> Fixed assets	<b>41,539</b>	<b>44,703</b>
<b>13</b> Other assets	<b>10,765</b>	<b>14,570</b>
<b>14</b> Accruals and deferrals	<b>11,467</b>	<b>7,274</b>
<b>Total assets</b>	<b>38,270,194</b>	<b>37,514,191</b>

<i>Liabilities in € '000</i>		<i>30.6.2010</i>	<i>31.12.2009</i>
<b>1</b>	Liabilities to banks/credit institutions		
a)	Payable on demand	302,143	224,441
b)	With agreed term or period of notice	4,205,076	4,040,921
		<b>4,507,219</b>	<b>4,265,362</b>
<b>2</b>	Liabilities to customers		
a)	Savings deposits		
aa)	with agreed period of notice of three months	5,887,432	6,056,462
ab)	with agreed period of notice of more than three months	13,716	15,663
		5,901,148	6,072,125
b)	Other liabilities		
ba)	Payable on demand	12,478,442	11,781,636
bb)	With agreed term or period of notice	9,013,234	9,030,553
		21,491,676	20,812,189
		<b>27,392,824</b>	<b>26,884,314</b>
<b>3</b>	Certificated liabilities		
a)	Debentures issued	3,604,005	3,604,755
b)	Other certificated liabilities	–	–
		<b>3,604,005</b>	<b>3,604,755</b>
<b>4</b>	Trust liabilities	<b>564</b>	<b>636</b>
<b>5</b>	Other liabilities	<b>63,945</b>	<b>125,623</b>
<b>6</b>	Accruals and deferrals	<b>43,472</b>	<b>43,050</b>
<b>7</b>	Provisions		
a)	Provisions for pensions and other commitments	452,426	443,096
b)	Tax provisions	91,341	49,416
c)	Other provisions	147,398	130,939
		<b>691,165</b>	<b>623,451</b>
<b>8</b>	Special reserve item	–	–
<b>9</b>	Subordinate liabilities	<b>370,000</b>	<b>370,000</b>
<b>10</b>	Profit-sharing rights outstanding	–	–
<b>11</b>	Equity		
a)	Subscribed capital	1,000,000	1,000,000
b)	Capital reserve	380,000	380,000
c)	Retained income		
ca)	Legal reserve	–	–
cb)	Reserve for own shares	–	–
cc)	Statutory reserves	–	–
cd)	Other reserves	217,000	217,000
		217,000	217,000
d)	Group profit	–	–
		<b>1,597,000</b>	<b>1,597,000</b>
<b>Total liabilities</b>		<b>38,270,194</b>	<b>37,514,191</b>
<b>1</b>	Contingent liabilities		
a)	Contingent liabilities on bills rediscounted and settled	–	–
b)	Liabilities from guarantees and warranty agreements	478,959	999,989
c)	Commitments based on providing collateral for third party liabilities	–	–
		<b>478,959</b>	<b>999,989</b>
<b>2</b>	Other commitments		
a)	Repurchase commitments from non-genuine repo transactions	–	–
b)	Placement and underwriting commitments	10,000	–
c)	Irrevocable loan commitments	2,133,145	1,664,646
		<b>2,143,145</b>	<b>1,664,646</b>

# Income Statement

of Hamburger Sparkasse AG for the period from 1 January to 30 June 2010

All figures in € '000	1.1. to 30.6.2010	1.1. to 30.6.2009
<b>1</b> Interest income from		
a) Lending and money market transactions	613,148	659,096
b) Fixed-interest securities and debt register claims	40,071	72,236
	653,219	731,332
<b>2</b> Interest expenditure	-283,762	-430,580
	<b>369,457</b>	<b>300,752</b>
<b>3</b> Current income from		
a) Shares and other non-fixed interest securities	70,150	86,056
b) Investments	414	391
c) Shares in associated companies	434	404
	<b>70,998</b>	<b>86,851</b>
<b>4</b> Income from profit pools, profit transfer agreements or other partial profit transfer agreements	-	-
<b>5</b> Commission income	131,499	118,979
<b>6</b> Commission expenditures	-12,374	-9,421
	<b>119,125</b>	<b>109,558</b>
<b>7</b> Net income or net expenditure from financial transactions	<b>-4,900</b>	<b>8,167</b>
<b>8</b> Other operating income	<b>11,362</b>	<b>18,427</b>
<b>9</b> Income from the release of special reserve items	-	-
	<b>566,042</b>	<b>523,755</b>
<b>10</b> General administrative expenditure		
a) Human resources costs		
aa) Salaries and wages	-132,441	-129,166
ab) Social security contributions and expenses for pensions and other employee benefits	-49,146	-48,151
	-181,587	-177,317
b) Other administrative expenses	-152,343	-139,681
	<b>-333,930</b>	<b>-316,998</b>
<b>11</b> Depreciation and value adjustments on intangible and tangible assets	<b>-5,716</b>	<b>-6,564</b>
<b>12</b> Other operating expenses	<b>-5,745</b>	<b>-6,547</b>
<b>13</b> Depreciation and value adjustments on amounts due and certain securities and allocations to provisions for loan business	-124,508	-136,234
<b>14</b> Income from additions to amounts due and certain securities and the release of provisions for possible loan losses	-	-
	<b>-124,508</b>	<b>-136,234</b>

All figures in € '000	1.1. to 30.6.2010	1.1. to 30.6.2009
<b>15</b> Depreciation and value adjustments on investments, shares in affiliated companies and securities treated as fixed assets	–	–
<b>16</b> Income from additions to investments, shares in affiliated companies and securities treated as fixed assets	–	–
<b>17</b> Expenditure resulting from the acceptance of losses	–	–
<b>18</b> Allocations to special reserve items	–	–
<b>19</b> Profit (loss) on ordinary activities	<b>96,143</b>	<b>57,412</b>
<b>20</b> Extraordinary income	–	–
<b>21</b> Extraordinary expenditures	–	–
<b>22</b> Extraordinary profit (loss)	–	–
<b>23</b> Taxes on income and earnings	–56,143	–37,412
<b>24</b> Other taxes not reported under item 12	–	–
	<b>–56,143</b>	<b>–37,412</b>
<b>25</b> Expenditure resulting from the accepting of losses	–	–
<b>26</b> As a result of a profit sharing pool, profit transfer or partial profit transfer agreement	<b>–40,000</b>	–
<b>27</b> Net income for the year	–	<b>20,000</b>
<b>28</b> Prior period non-appropriated profit/loss	–	<b>20,000</b>
<b>29</b> Transfer from profit reserves		
a) from the legal reserve	–	–
b) from the reserve for own shares	–	–
c) from statutory reserves	–	–
d) from other profit reserves	–	–
	–	–
	–	<b>20,000</b>
<b>30</b> 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	–	–
	–	–
<b>31 Net income for the year</b>	<b>–</b>	<b>20,000</b>

# Notes to the financial statements

## Method of preparation and other disclosures

The interim financial statements of Hamburger Sparkasse AG for the half-year ending 30 June 2010 have been prepared in accordance with the regulations of the German Commercial Code (HGB) and the provisions of the Bank Accounting By-law (RechKredV) under consideration of stock corporation law.

The accounting and measurement methods used are the same as for the financial statements of Hamburger Sparkasse AG for the year ended 31 December 2009.

The interim financial statements as of 30 June 2010 and the interim management report as of 30 June 2010 have not been subjected to an auditors' review nor audited in line with Section 317 HGB.

Income taxes have been calculated on the basis of taxable income as of 30 June 2010.

Hamburg, 24 August 2010

The Board of Management



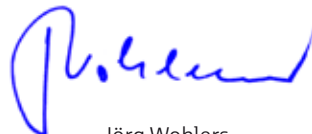
Dr. Harald Vogelsang



Reinhard Klein



Dr. Wolfgang Botschatzke



Jörg Wohlers



Frank Brockmann

# Legal representatives' statement

We hereby certify that to the best of our knowledge the interim financial statements of Hamburg Sparkasse AG for the half-year ending 30 June 2010 as prepared in accordance with applicable accounting principles for interim financial reporting give a true and fair view of the net assets, financial position and earnings of Hamburger Sparkasse AG and that the interim management report presents a true and fair view of the course of business including the financial results and state of Hamburger Sparkasse AG and describes the main risks and potential rewards of the forecast development of Hamburger Sparkasse AG in the remainder of the financial year.

Hamburg, 24 August 2010

The Board of Management



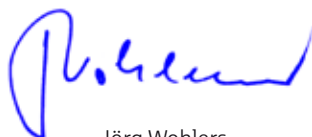
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**Design & Layout**

HGB Hamburger Geschäftsberichte GmbH & Co. KG