Annual Report 2022

Haspa
Hamburger Sparkasse

Short profile

Hamburger Sparkasse AG – Haspa for short – offers a wide range of financial services for private individuals and businesses, serving the more than three million people living in the Hamburg Metropolitan Region.

Haspa is a savings bank committed to serving the public interest. HASPA Finanzholding, a legal entity formed under old Hamburg law, holds 100 percent of the shares in Hamburger Sparkasse AG. HASPA Finanzholding is obligated by its articles of association and bylaws to fulfil the mission entrusted to the savings bank.

Haspa is one of the few independent savings banks in Germany. It is also a member of the Hanseatischer Sparkassen- und Giroverband (Hanseatic Savings Banks Association - HSGV), Hamburg, and the Verband der freien Sparkassen (Association of Independent Savings Banks), Frankfurt am Main. Through HSGV, Haspa is affiliated with the Deutscher Sparkassen- und Giroverband e. V. (German Savings Banks Association) in Berlin and Bonn, and therefore fully included in the comprehensive guarantee system of all German savings banks. The German Savings Banks Finance Group has an institutional guarantee scheme that has been recognised as a deposit guarantee scheme under the German Deposit Guarantee Act (Einlagensicherungsgesetz).

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Foreword of the Board of Management

Ladies and Gentlemen,
Russia's dreadful attack on Ukraine radically changed the operating environment for us all. Not only is this war in Europe a humanitarian and geopolitical disaster, but it has also put a significant damper on economic growth. The supply chain disruption triggered by the coronavirus pandemic continues to intensify, with energy shortages and the sharp rise in prices – particularly for energy products and food – causing inflation to soar.

Given these extremely challenging conditions, we were an important advisor to people and business in the Hamburg Metropolitan Region. In conjunction with our private and corporate customers, we developed solutions for their financial planning and for safeguarding the future, drawing on our comprehensive knowledge of the market and our broad industry expertise. Furthermore, our branches are closely intertwined with their neighbourhoods. This helps us to develop our local business and facilitates our multifaceted corporate social responsibility activities, which we expanded with several fundraising campaigns to help people from Ukraine in 2022. By opening some 15,000 giro accounts for refugees from Ukraine to date, we have improved their situation in no small measure.

One positive development we observed in 2022 was the decision by central banks to begin raising interest rates to tackle surging inflation rates, as this enabled us to pay interest on our customers' deposits and investments once again.

The end of an era of extremely expansive monetary policy with zero and negative interest rates will help us to improve our earnings situation. This is very important for both us and the Hamburg Metropolitan Region because in building up additional equity we intend to continue to expand our lending business and support the region's growth going forward.

We financed the investments of our customers from the Hamburg Metropolitan Region in 2022 with around € 6.5 billion – something that is more important than ever as crises speed up structural change. Germany is looking to accelerate the expansion of renewable energy sources and invest even more in resource and energy efficiency to ensure that it can rid itself of its dependence on Russian gas deliveries as quickly as possible while at the same time protecting the environment. We want to provide our customers with strong support as they navigate their journey of transformation towards more climate-friendly businesses and lifestyles that also integrate the social and economic aspects of sustainability.

The improvement in our earnings situation – also as a consequence of the change in interest rate policy – will provide fresh momentum for our future investments, which in turn will allow us to further refine our customer focus and advance our digitalisation efforts.

We took a significant step forward with our decision to move to the new Deutschlandhaus building on Gänsemarkt at the start of the year. By renting almost all of the building's commercial space, we can bring together our core departments, which are currently spread across three office locations.

Our move to Deutschlandhaus means we will remain firmly embedded in the heart of the city and enables us to work together in a more modern and interconnected way. We will design the building to ensure that our employees can communicate even more effectively, work together creatively and foster relationships there. This continues the idea of personal proximity that we already put into practice in our neighbourhood branches.

We thank our customers and business partners for the trust they have placed in us in these extraordinarily challenging times. We would also like to express our sincere thanks to our employees for their exceptional commitment in what has been a highly challenging environment. We would also like to thank the Supervisory Board and the Works Council for their constructive cooperation.

Hamburg, 21 February 2023

The Board of Management

Jürgen Marquardt,

born in 1963, holds a banking diploma and a degree in savings bank administration. He has been a member of the Board of Management of Hamburger Sparkasse AG since 2014.

Reporting areas:
Finance and Risk

Frank Brockmann,

born in 1963, holds a banking diploma and is a qualified banking services and operations specialist (Bankfachwirt). He has been a member of the Board of Management of Hamburger Sparkasse AG since 2008 and has been Deputy Spokesman of the Board of Management since 2014.

Reporting area:
Customer Business

Dr. Harald Vogelsang,

born in 1959, holds a banking diploma and a law degree, and was appointed to the Board of Management in 2000. He has been Spokesman of the Board of Management of Hamburger Sparkasse AG since 2007.

Reporting areas:
Central Staffs Functions and Central Real Estate Business

Axel Kodlin,

born in 1962, holds a banking diploma and a degree in business administration (Diplom-Kaufmann). He was appointed to the Board of Management of Hamburger Sparkasse AG in 2013.

Reporting areas:
Processes, IT and Market Support

Dr. Olaf Oesterhelweg,

born in 1968, holds a degree in business administration (Diplom-Kaufmann). He has been a member of the Board of Management of Hamburger Sparkasse AG since 2020.

Reporting areas:
Customer Business, Human Resources and Treasury

Management report

of Hamburger Sparkasse AG for the year ended 31 December 2022

The effects of Russia's war of aggression on Ukraine, such as energy shortages, disrupted supply chains and very high inflation rates, plus the considerable uncertainty about further development posed significant challenges for Hamburger Sparkasse AG (Haspa) during the 2022 financial year.

Given this challenging environment, we are satisfied with the result for the year.

Thanks to our sustainable business model focused on the needs of private and commercial customers, we were able to achieve success in our business with customers and contribute to the development of the Hamburg Metropolitan Region.

The tables presented in the management report may contain rounding differences.

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1. Fundamental information about the company

Strategic focus

Ever since our foundation in 1827, we have been a reliable partner and promoter of the Hamburg Metropolitan Region, providing comprehensive support for both private and corporate customers. In particular, we provide opportunities for safe and interest-bearing investments of savings and other funds, promote the ability to save money and accumulate assets among broad sectors of Hamburg's population and serve to fulfil the credit needs of the local economy, especially taking SMEs into account.

We assist people and companies in their financial planning and in safeguarding the future. Our wide range of services and personalised advice can be accessed quickly at all times from around 100 branches, our direct advisory service via telephone, mail and video chat, and our online services.

We are rounding off our range of services with specialist expertise. For high net worth customers we offer Haspa Private Banking. Our Haspa StartUp Center is the first port of call for start-up entrepreneurs. And for large real estate or enterprise customers we have our special industry expertise. With in-house expert knowledge and our alliance partners, we support our customers in their transactions both in and outside Germany.

Focus on the future

By continuing the implementation of our forward-looking “Haspa Spring – Sparkasse richtig neu gedacht“ project, which is in an advanced stage, we are preparing for the future and aim to generate higher revenues and cost savings.

We are also expanding our range of digital services and making increased use of the German Savings Banks Finance Group's solutions and standards. We have continued to reduce our workforce in order to be even leaner and more efficient going forward.

In order for this reduction to be implemented in as socially responsible a manner as possible, a reconciliation of interests was agreed with the Works Council in February 2020.

Our private customer and corporate customer business is centralised in seven regions, with a combined management team in each of these regions. The branches in the regions have extensive local decision-making authority. We also want to strengthen our innovative capabilities to step up the development of products and services that meet our customers' needs and to open up new areas of business. We will provide our customers with strong support as they navigate the economic and social shift towards greater sustainability and climate protection.

In keeping with our vision for the future, we position ourselves as the digital bank with the best branches in our competitive environment. We are continuing to enhance our customer focus, expand our range of mobile and online services, and want to help shape the sustainable development of our city as a committed neighbour.

As motivated employees are a key factor for future success, we rely on flat hierarchies and teams and develop innovative, customer-focused solutions with strong teamwork. The decision taken in May 2022 to move to the new Deutschlandhaus building on Gänsemarkt at end of 2023 or at the beginning of 2024 with our core departments, which are currently spread across three office locations, will also enable us to work together in a more modern and interconnected way. The design of the rooms and workstations will help our employees to communicate even more effectively, work together creatively and foster relationships. This means that the strategic guiding principle of personal proximity that we are already putting into practice at our neighbourhood branches will be continued at the new central location.

2. Report on economic position

2.1. Macroeconomic and sector-specific environment

Economic growth despite challenging conditions

Germany's economic performance in 2022 was dominated by Russia's war of aggression against Ukraine and the difficult global economic environment. Energy shortages, disrupted supply chains and material shortages, very high inflation rates, the coronavirus pandemic, which has receded but still not yet ended, and the war in Europe, to which there is no end in sight, acted as a drag on the economy and generated considerable uncertainty. In spite of these challenging conditions, the German economy grew: According to initial calculations of the Federal Statistical Office, Germany's real gross domestic product rose by 1.8 percent in 2022.

In the first six months of 2022, Hamburg's real gross domestic product increased by 3.5 percent year-on-year according to Northern Statistical Office calculations. Based on these calculations, Hamburg's economic output was well above the average for all of Germany's federal states, which recorded real economic growth of 2.8 percent during this period. For full-year 2022, we project that Hamburg's real gross domestic product grew at a higher rate than in Germany as a whole, because in our estimation Hamburg as a city of service providers has benefited more than other cities from the lifting of nearly all Covid-19 measures. What is more, the Hamburg Chamber of Commerce's business barometer in the second half of 2022 shows that on balance the assessments by the companies surveyed of their current business situation were positive.

High inflation and shift in interest rate policy

According to calculations by the Federal Statistical Office, using 2015 as the baseline, consumer prices rose at a faster rate during 2022 than at any other time since German reunification. Monthly inflation rates – measured as a change in the consumer price index compared with the preceding month – reached the 10 percent mark in September. The highest price increase was in October, when prices were up 10.4 percent. In December, the inflation rate weakened to 8.6 percent, partly due to the federal government taking over the monthly payments on account on gas and heat, but remained at a very high level all the same.

Looking at 2022 as a whole, the Federal Statistical Office calculates that consumer prices in Germany rose by 7.9 percent compared with the 2015 baseline. This means that the annual inflation rate was far higher than in the preceding years. In 2021 it had been just 3.1 percent. The very high inflation was mainly caused by soaring energy and food prices since the onset of the war in Ukraine. Energy in 2022 cost 34.7 percent more than in the year before, while food prices were up 13.4 percent.

Based on the Harmonised Index of Consumer Prices considered by the European Central Bank (ECB), which differs in its calculation from the consumer price index of the Federal Statistical Office, due among other things to the weighting of the groups of goods, Germany's annual average inflation rate was 8.7 percent, while euro area inflation stood at 8.4 percent.

In our opinion, the ECB long viewed the high inflation rates as a temporary phenomenon and was slow to react to the high rates of price increases, which meant its inflation target of 2 percent was missed by a large margin. In July 2022, the ECB then ended its ten-year run of zero and negative interest rates, implementing a total of five rate increases. The most recent key rate hike in February 2023 increased the rate for main refinancing operations to 3.0 percent and raised the interest rates on deposits by banks imposed by the ECB to 2.5 percent. The Governing Council has also announced further interest rate hikes to ensure that inflation reverts to the 2 percent target in the medium term.

The trend in the lending industry is marked by the shift in interest rates, regulation and digitalisation efforts.

Due to the sharp rise in inflation rates, the real yield is clearly negative, which in our opinion underscores the immense importance of advising customers on investment and pension topics. We estimate that the turnaround in monetary policy probably helped improve the financial situation in the lending business during the year after this was hit hard by the extremely low interest rate levels of preceding years.

Tightened capital adequacy regulations and stricter liquidity requirements as a result of intensified regulation will continue to present challenges for the lending industry.

Progressing digitalisation is triggering accelerated structural change in the financial services industry, as the entry of young, technology-focused companies and financial services offered by large technology corporations increase the competitive intensity within the financial services market. In light of the rapid pace of digital transformation, the financial services sector is making investments in its future by expanding online services and adding further digital offerings.

2.2. Course of business

War in Ukraine, inflation, shift in interest rate policy and weakening of the coronavirus pandemic

In the challenging environment shaped by the impact of Russia’s war of aggression against Ukraine, the weakening of the coronavirus pandemic led to the restrictions increasingly being lifted. This had a positive effect on our business activities as well as those of our customers. The shift in interest rate policy announced by the ECB mid-year enabled us to pay interest on our customers’ deposits and investments again. With regard to our customers’ investments, the interest rate hikes increased financing costs, as a result of which receivables from customers fell slightly at year-end after having grown in the first three quarters.

In what remained a highly challenging environment, we as a retail bank were able to make a continued contribution to the Hamburg Metropolitan Region’s development, achieve success in our business with customers and invest in our future thanks to our sustainable business model focused on the needs of private and commercial customers in the region. We are pleased that our receivables from customers and our customers’ deposits once again increased in overall terms in 2022. While the growth in receivables from customers was lower in the second half of the year than in the first six months, we saw customer deposits rise almost continuously. In addition, following the adjustment of conditions by the European Central Bank, we repaid around two-thirds of the open market transactions taken out with the ECB ahead of schedule.

Number of giro accounts at prior-year level

Haspa manages almost 1.4 million giro accounts, of which around 709,000 giro account holders – representing almost 75 percent of the close to 990,000 private giro account holders – went with the “Haspa-Joker” account, Hamburg’s advantage account. Besides extensive banking services, these customers also benefit from a multitude of value-added services. At 141,000, the number of customers who have opted for our MäuseKonto account for children and the benefits associated with it is slightly below the level of the end of the previous year.

Satisfactory business development

In light of the challenging environment described earlier, we are satisfied with our business performance in the reporting period. Following the record figure achieved in the previous year, demand for credit fell overall as a result of the changed conditions. However, despite smaller volumes from the middle of the year onwards, receivables from customers, which continue to be dominated by housing construction and business loans, were again higher than the figure as at 31 December 2021 on the strength of 2 percent growth in the opening months of the year. There was significant growth in liabilities to customers. Overall, our balance sheet structure continued to be dominated clearly by the customer business amid a challenging competitive and market environment.

After the first half of the year remained considerably strained by the low interest rate level, the pressure on our deposit margins over the last few years eased somewhat in recent months, having a positive effect on net interest income. What is more, the rise in interest rates also had a positive effect on the revaluation of our pension provisions. The interest rate hikes had a counteracting effect on our proprietary securities investments, though this was largely offset by hedging transactions. The positive effects from the ECB's open market operations, which were significantly reduced in December, were down on the prior-year level. Inflationary trends, the adjustment of long-term trend assumptions for provisions for pensions and also the persistently stringent regulatory requirements and charges led to a marked increase in expenses. Our result also includes high expenses associated with investments in our forward-looking projects – in particular, in broadening our collaboration with the German Savings Banks Finance Group and expanding our digital offering. Overall, we are satisfied with our result for the year of € 45 million.

Other developments in the past financial year are described below in the section on net assets, financial position and results of operations.

2.3. Net assets, financial position and results of operations

2.3.1. Net assets and financial position

Assets	2022 € million	2021 € million	abs.	rel.
Cash reserve	502	9,839	–9,337	–95%
Receivables from banks	7,338	3,495	+3,843	+110%
Receivables from customers	38,066	37,231	+836	+2%
Securities	10,406	8,668	+1,738	+20%
Trading portfolio	90	95	–5	–5%
Other assets	603	603	+1	+0%
Total assets	57,006	59,931	–2,925	–5%

Equity and liabilities	2022 € million	2021 € million	abs.	rel.
Liabilities to banks	7,275	13,281	–6,006	–45%
Liabilities to customers	39,132	37,279	+1,853	+5%
Securitised liabilities	4,519	4,000	+520	+13%
Trading portfolio	4	16	–12	–73%
Provisions	1,573	1,482	+91	+6%
Equity and fund for general banking risks	3,574	3,554	+20	+1%
Other equity and liabilities	929	320	+609	+190%
Total equity and liabilities	57,006	59,931	–2,925	–5%

Total assets reduced

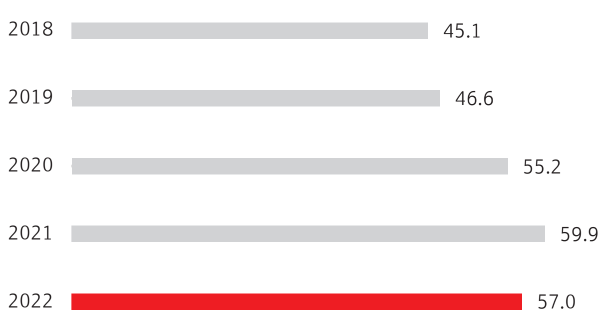
At € 57.0 billion, total assets were down € 2.9 billion on the previous year. This decrease is mainly the result of the partial repayment of the ECB's aforementioned open market operations in December 2022. Here, we reduced the total amount of these transactions from over € 9 billion at the end of 2021 to a good € 3 billion. On the liabilities side, this is reflected in lower liabilities to banks, whereas on the assets side the sum of the cash reserve (mainly amounts deposited with Deutsche Bundesbank) and receivables from banks (mainly investment in the deposit facility) fell.

In contrast, we are pleased to report that business with our customers continued to expand on both the assets and liabilities sides of the balance sheet. The increase in other equity and liabilities is due to the latest interest rate hike, as our business partners increased the security payments deposited with us for the hedging derivatives we concluded with them. In addition, we also expanded our proprietary securities investments – which were still dominated by providing collateral required in connection with our participation in ECB open market operations – amid higher interest rates overall.

Liabilities to banks include pass-through loans – especially of Kreditanstalt für Wiederaufbau. These are reported as a component of the lending business on the assets side of the balance sheet and at just under € 2.9 billion were marginally higher than the figure recorded at the end of the previous year.

In the context of the funding and investment structure, we consider Haspa's liquidity situation comfortable on account of the large portfolio of liabilities from the customer business. Here, receivables from customers are mainly offset by deposits by private and business customers as well as own issues, and the market for Pfandbrief securities offers considerable potential as a sustained source of liquidity for longer-term funding requirements. For more information about compliance with regulatory ratios and the management of the liquidity situation, please refer to the risk report.

Total assets (in € billion)



Increased liabilities to customers

Liabilities to customers rose by € 1.9 billion to € 39.1 billion. Driving this increase are the deposits payable on demand, but we also recorded a gratifying increase in savings deposits.

Higher customer receivables

Receivables from customers rose by € 0.8 billion to € 38.1 billion. Customer loans continue to be made up mainly of residential construction loans and business loans. Totalling € 6.5 billion, new loan approvals in the financial year ended were below the all-time high of € 8.7 billion due to a decline in demand for credit in the second half of the year as a result of the economic slowdown towards year-end and rising financing costs.

Increase in equity

Also in view of the European-influenced regulations on regulatory ratios that arose from the international Basel III framework, Haspa's equity increased further in the financial year, continuing the trend of the previous years. At the end of 2022, this amounted to just under € 2.9 billion, while the fund for general banking risks, which from a regulatory perspective is assigned to Common Equity Tier 1 capital, held steady at € 0.7 billion. The regulatory ratios relating to own funds are presented in the risk report section.

2.3.2. Results of operations

Income statement	2022 € million	2021 € million	abs.	rel.
Net interest income	673	679	–6	–1%
of which income statement items 1 and 2.	661	646	+15	+2%
of which income statement items 3 and 4.	12	33	–21	–63%
Net commission income	359	347	+12	+3%
Net trading income	–1	3	–4	n/a
Administrative expenses	785	728	+57	+8%
Other operating result	–5	–125	+120	–96%
Net revaluation gain/loss	–96	–60	–36	+59%
Result from ordinary activities	145	116	+29	+25%
Tax expense	100	96	+4	+4%
Net income/loss for the period before profit transfer	**45**	**20**	**+25**	**+125%**

Result for the year up on the prior-year figure

Despite what continued to be a challenging environment described, the result for the year was up sharply year-on-year. Here, the shift in interest rate policy in the second half of the year had a positive effect overall on the income statement after the low and negative interest rate environment had had a significant negative impact on the income statement for many years before that. This boosted net interest income and the revaluation of our pension provisions in particular. By contrast, we recorded a net revaluation loss on our proprietary securities investments originating from the interest rate hikes, though this effect was largely offset by hedging transactions. Furthermore, our participation in the ECB's aforementioned open market operations in the past financial year had a positive impact, albeit not as pronounced as in the previous year.

In addition, net commission income was also lifted slightly year-on-year, but fell short of our expectations. As in previous years, the changes on the expenses side were driven by the revaluation of our pension provisions. The net revaluation loss had a more adverse effect on the income statement than in the previous year and was higher than forecast, though this item does include higher provisions to cover as-yet unidentifiable risks in the lending business. The result for the year was up by € 25 million on the prior-year figure to € 45 million. The return on assets required to be disclosed in accordance with section 26a (1) sentence 4 German Banking Act – calculated as net profit over total assets – was 0.1 percent for Haspa at the end of the year.

Net interest income down year-on-year

Net interest income at € 673 million was down € 6 million on the prior-year level, but significantly exceeded our original expectations. While the customer lending business continued to account for the lion's share of net interest income, slightly higher contributions were unexpectedly recorded once again in the second half of the year in the margins in the deposit business, which had been under severe pressure for years. This was due to the rise in interest rates. In addition, our participation in the ECB's aforementioned open market operations had a positive effect, if not as pronounced as in the previous year. Contributions from maturity transformation and capital investment were slightly below the prior-year figure and lower than anticipated. The limit for the present value interest rate risk from maturity transformation was met at all times amid fluctuations during the year. In addition, investment income was slightly higher than forecast.

Net commission income up year-on-year

Net commission income rose by € 12 million year-on-year to € 359 million, but in a persistently challenging environment fell short of our expectations. The prior-year figure was exceeded due mainly to higher income from clearing transactions, although contributions from insurance and lending business also increased.

Net trading income negative

Trading activities serve to support our retail banking business; in particular they comprise gains and losses from securities trading. The net income for the financial year ended was slightly negative.

Administrative expenses above prior-year level

Personnel expenses were up considerably by € 51 million on the prior-year figure to € 410 million and above our expectations. The increase of this magnitude is attributable to actuarial effects arising from the revaluation of our pension provisions. In addition to normal deviations from trends, this especially reflects the adjustment of assumptions about long-term salary and pension trends made against the backdrop of the current inflationary environment. Other administrative expenses, amortisation and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets were up only slightly by € 6 million on the prior-year figure at € 376 million in total.

Other operating result more favourable than in the previous year

At € 5 million, the charge resulting from the other operating result was € 120 million considerably down year-on-year and lower than forecast. Here, particularly the negative impact from the revaluation of pension provisions originating from the sharp rise in interest rates in 2022 was not as severe.

Net revaluation loss up year-on-year

Provisions in the lending business, which in spite of the challenging environment remained at a moderate level and were lower than projected, were higher than in the previous year. The figure for the reporting period includes higher provisions to cover as-yet unidentifiable risks in the lending business associated with the currently challenging environment. As in the previous year, we recorded a net revaluation loss on our proprietary securities investments attributable to interest rate-related revaluation effects arising on interest-bearing securities. In providing collateral required in connection with our participation in ECB open market operations, we had increased our holdings of fixed-income securities from public-sector issuers in particular. Overall, the net revaluation loss is slightly higher than in the previous year and higher than forecast.

Result from ordinary activities up year-on-year

In a challenging environment, the result from ordinary activities at € 145 million was € 29 million higher than in the previous year and higher than projected.

Tax expense up year-on-year

At € 100 million, the tax expense to be borne is slightly higher than in the previous year. It was impacted by a higher result before tax and the slightly less adverse effect of differences between measurement requirements under commercial and tax law, in particular from pension provisions.

Development of the most important key performance indicators

In 2022, we introduced innovation as the new most important non-financial key performance indicator. To measure innovation we especially use the “Digital Minimum standards” of the German Savings Banks Finance Group in which a metrics-based benchmarking report for the level of digitalisation is created. Corporate governance was measured by calculating a “corporate energy” index from employee surveys. This increased as the year went on, but fell slightly short of the prior-year figure overall. We measure customer focus using the Net Promoter Score (NPS). It is determined through regular customer surveys and calculated as the difference between the percentage of satisfied customers who would recommend Haspa and the percentage of customers who are critical of Haspa. In 2022 we were slightly higher than the prior-year level but failed to reach our target.

The bank’s most important financial key performance indicator is the operating result before loan loss provisions, as defined by the German Savings Banks Association (DSGV). This business-orientated approach does not include, in particular, any prior-period, external or extraordinary effects; these are instead presented in the non-operating result. Based on the operating result before loan loss provisions of € 342 million in accordance with the definition by the DSGV, the result from ordinary activities came to € 145 million after deduction of € 197 million in total. This deduction is composed of the net revaluation loss of € 96 million and the non-operating result of € 102 million, which as in previous years was mainly impacted by the measurement of the pension obligations for our employees. The operating result before loan loss provisions was considerably higher than the prior-year level and also surpassed our projections.

3. Risk management and control system relevant to the financial reporting process

Effective internal control and risk management system safeguards the accounting process

Pursuant to section 25a (1) German Banking Act, overall responsibility for proper business organisation and the risk management integral to it rests with Haspa's Board of Management. As required by MaRisk, the Board of Management is supported by Compliance and Risk Management in this context. Among other things risk management comprises the implementation of internal control procedures consisting of an internal control system and an internal auditing system. Internal Audit is an integral part of Haspa's risk management and internal control procedures. It carries out its responsibilities autonomously and independently on behalf of the full Board of Management.

Risk management and the internal control processes also cover the accounting process. Accounting in turn comprises bookkeeping as well as preparation of both the annual financial statements and the management report. Each Haspa division is responsible for bookkeeping based on prescribed rules for account assignment. In 2022, parts of the accounting systems in use were replaced by applications developed by Finanz Informatik GmbH & Co. KG. These were incorporated into the risk management system and the control processes.

The subcontracting process is controlled and monitored by the competent Comprehensive Bank Controlling division of Haspa. This ensures that the Organisation and Process Management division as a service-controlling unit is involved in the decision-making, management and monitoring processes, taking into account the legal foundations and optimum contract terms and contract contents for Haspa. Organisationally all divisions tasked with accounting are separate from divisions responsible for marketing activities.

The rules for account assignment and the control processes pertaining to the bookkeeping as well as the preparation of the annual financial statements and the management report are specified in various process instructions. In particular these work instructions address the controls to be carried out in terms of reconciliations and the requisite documentation. All data related to the financial reporting process of Haspa is processed using IT systems which at all times are subject to access limitation, system activity logs, access controls, data backups and data protection.

Internal Audit directly or indirectly reviews the accounting related internal control and risk management systems based on a risk oriented audit plan. This also includes functional separation, data processing security, documentation of control actions and compliance with process instructions. The accuracy of our data processing programmes is ensured by means of strict separation of the development, testing and production systems and through a defined development process for software packages with the pertinent testing and release procedures. Introduction of new or amended parameters can only be placed in production within the scope of defined change management. In its reviews, Internal Audit verifies that these procedures are followed properly.

If the financial reporting process is carried out using centralised third-party data processing equipment, the pertinent providers are obligated under the general agreements closed with them to comply with all statutory and regulatory requirements relevant to the outsourced activities. Compliance with these statutory and regulatory requirements is monitored by the internal auditing departments of the given third-party providers as well as by Haspa's Internal Audit.

4. Risk report

Identification and assessment of material risks

In the regular risk inventory, the risks to which Haspa is exposed are identified and their materiality is assessed.Most of the material risks are assessed using appropriate quantitative measurement methods and managed as a whole in the analysis of the risk-bearing capacity. Any further risks that are not included in the analysis of the risk-bearing capacity are taken into based on additional key figures and control processes and are consequently also considered in key decisions.

Risk management focusing on risk-bearing capacity

Incurring risk associated with our business operations in a responsible manner is at the heart of all banking activity. The objective of risk management is to identify at an early stage and comprehensively measure, monitor and control risks that could jeopardise Haspa's success or even the continuation of the institution as a going concern. Ensuring an institution's risk-bearing capacity on an ongoing basis, under both the economic and the normative perspective, is an integral part of effective risk management.

The central element of the economic perspective is the present value risk-bearing capacity calculation with the aim of ensuring the continuity of operations over the long term. The present value risk-bearing capacity calculation compares against Haspa's economic capital (risk coverage potential) all risks that are identified in the risk inventory and could have a material impact on Haspa's capital position under the economic perspective. Risk is measured using suitable VaR models, with the measurement based on a standard confidence level of 99.9 percent and a holding period of one year.

Under the economic perspective, risk-bearing capacity is assured if all material risks are covered by the risk coverage potential on an ongoing basis.

For the economic perspective, the risks entered into are limited by defining risk limits for the individual types of risk, taking into account the risk coverage potential available. Haspa's risk coverage potential consists largely of capital components eligible for regulatory capital and, under the economic perspective, is supplemented with hidden losses and reserves. The risk coverage potential was between just under € 3.9 and € 4.2 billion during the reporting period; even amid volatile market conditions, it is at a comfortable level. The sum total of the risks entered into ranged between € 1.6 and € 2.0 billion during the year. Accordingly, to continuously ensure its risk-bearing capacity, Haspa not only complies with the risk limits but also maintains an appropriate level of free risk coverage potential, specifically € 2.0 to € 2.5 billion. During the year, Haspa comfortably kept within the management buffers defined for this purpose.

Under the normative perspective of the risk-bearing capacity concept, the focus is on complying with the relevant regulatory and supervisory requirements on an ongoing basis. The central element of the normative perspective is the capital planning process, which is carried out on an annual basis and covers a multi-year planning horizon. Capital planning comprises an anticipated baseline scenario as well as complementary specific adverse scenarios and a interest rate sensitivity analysis. The most recent capital planning also included an analysis – as an adverse scenario – in particular of the effects of a further escalation of the war in Ukraine, leading to a severe crisis with an economic crash as well as higher inflation rates and stagflation in the medium term. In addition, based on the normative perspective continual monitoring of regulatory capital requirements using internal thresholds, the intrayear forecasting process for the capital ratios and the regular performance forecast ensure the validity of the capital planning and compliance with supervisory requirements.

Haspa is subject to regulatory capital requirements primarily under the Capital Requirements Regulation (CRR). As at 31 December 2022, Haspa's total capital ratio applying the standard approaches was 13.9 percent and its Common Equity Tier 1 capital ratio was 12.9 percent. At around 16.2 percent and 15.3 percent, respectively, the total capital ratio and the Common Equity Tier 1 capital ratio of the HASPA Group remained at a comfortable level. The capital ratios are also sufficient with regard to the macro-prudential measures adopted by BaFin with regard to the determination of the domestic countercyclical capital buffer at 0.75 percent and the capital buffer for systemic risks of 2.0 percent for residential property financing – to be fully met from 1 February 2023. The leverage ratio, which indicates an institution's exposures in relation to its own funds and is therefore based more on balance sheet figures, is around 6.2 percent at Haspa level and 7.7 percent at HASPA Group level and thus remains substantially higher than the minimum requirement to be met. This ratio in particular reflects the high level of nominal capital of Haspa and the HASPA Group.

To ensure capital adequacy, stress tests are also performed on a regular basis. Stress testing enables Haspa to assess the impact of certain, internally defined scenarios on capital resources and liquidity. In the risk-bearing capacity calculation under the economic perspective, the scenario of a severe economic downturn and a price slump on Hamburg's real estate market are analysed in the course of risk type-overarching stress tests. Risk type-specific stress tests are also in place. In addition, the effects of different adverse developments are regularly examined in the course of capital planning – including a liquidity outlook – and in the HASPA Group's recovery plan. In 2022, the HASPA Group also participated in the European Central Bank's climate risk stress test. It achieved good results that were generally above average for the participating banks. It is worth mentioning that the HASPA Group generates relatively little income from sectors with particularly high carbon emissions and is hardly affected by the physical risks simulated by the supervisory authority (drought and heat as well as flood risk). Overall, therefore, it has in place a comprehensive stress test programme covering various perspectives. The results of the stress tests performed do not indicate any threat to Haspa under the assumed conditions.

Material risks are subject to continuous monitoring by means of suitable early warning systems that identify significant developments as quickly as possible, thus enabling timely countermeasures based on thresholds.

Ongoing endeavours to integrate climate-related and environmental risks into risk management

In the course of its business activities, Haspa is exposed to climate-related and environmental risks and, in accordance with the ECB guide on climate-related and environment risks, has identified physical risk (extreme weather events, gradual changes in climate, environmental degradation) and transition risk (process of adjustment towards a lower-carbon and more sustainable economy) as risk drivers. In Haspa's view, these risk drivers primarily affect the existing material risk types. As the planning horizon and the average loan tenor are typically shorter than the time horizon in which the effects of climate-related change would primarily arise, however, Haspa considers a longer-than-usual time horizon. Other sustainability risks (social and governance risks) are also considered at selected points.

Requirements have been specified for managing sustainability risks in lending business, proprietary investments and investment advisory services. With regard to lending business, there are sector-specific exclusions in place for new transactions in connection with commercial credit applications. In addition, borrowers with directly or indirectly increased risks in connection with ESG factors are identified by calculating a customer-specific ESG score or E score, and assessing the sector to which they belong. For sectors whose ESG score indicates an elevated risk exposure in this regard, additional analyses are performed at the level of individual borrowers. Further risk analyses are also carried out for the portfolio of real estate collateral. For proprietary investments, there are likewise sector-specific exclusions in place and an external minimum ESG rating has been specified. In investment advisory services, sustainability risks are taken into account primarily through the choice of financial instruments recommended to customers. In addition, in relation to the bank's own business activities measures to improve its environmental impact are being intensified continually. To date, analyses of Haspa's climate-related and environmental risks have not identified any positions which will result in a significant deterioration in Haspa's risk exposure. At year-end 2022, environment-related core risk indicators were incorporated into the regular risk reporting so as to be able to continuously monitor and assess the development and importance of climate and environmental risks for Haspa.

Knowledge of the regional market and portfolio risk management limit credit risks

Haspa's credit risk stems from the lending business associated with private, corporate, enterprise and real estate customers. Our customer loan portfolio is broadly diversified and largely secured by mortgages. Risks in the customer business are taken within Haspa's area of operations, which is focused on the Hamburg Metropolitan Region. Haspa deliberately accepts the resulting regional concentration of risk, which is in conformity with Haspa's business and risk strategy. Due not least to the large portfolio of loans secured by mortgages, there is also a concentration of risk in real estate transactions. Here, too, Haspa benefits from information advantages resulting from its knowledge of the local market and deliberately enters into the concentration of risk. The clear focus of the credit portfolio continues to be on highly rated commitments.

The potential loss arising from credit risk comprises two components: the expected loss and the unexpected loss. The expected counterparty credit risk arises from the credit structure of the high-risk portfolio and is determined on the basis of ratings and probabilities of default. It reflects the annual amortisation and write-downs anticipated in the long-term capital. This expected loss is taken into account when conditions in the lending business are being set and is also factored into the risk provisions. We use the Credit Portfolio View developed by Sparkassen Rating und Risikosysteme GmbH to simulate the risk of unexpected counterparty defaults. The utilisation of the credit risk limit at the end of the year was € 471 million.

The internal rating procedures developed jointly with the German Savings Banks Finance Group offer tools that are tailored to our customer groups and continuously refined. The current scoring systems of the German Savings Banks Finance Group are used to assess creditworthiness and determine pricing in the private customer business. Rating procedures designed to assess credit ratings and determine risk-based pricing are used in our standard corporate customer business. Different procedures apply for small, mid-size and large corporate customers, professionals/freelancers as well as start-up entrepreneurs depending on the given company. A property transaction rating tool tailored to commercial property financing is used for commercial real estate commitments. Automated compact customer rating is additionally applied to enable targeted credit scoring of small corporate customers. The corresponding model of the Landesbank rating is used for project financing in the field of renewable energies. Risk provisions are recognised using criteria defined on a case-by-case basis. On the whole credit risk is generally covered through appropriate risk provisions.

We handle issuer risk and counterparty credit risk in both our securities investment and interbank business by limiting ourselves to trading partners with first-rate credit ratings as well as a widely diversified portfolio and a strict limit system. In the interbank money market business, we include a range of trading partners and thus avoid becoming dependent on individual market players. The counterparty credit risk is also limited through the high level of collateralisation in the derivatives business.

Managing interest rate risks amid rapidly rising interest rate hikes

Interest rate risk arises from potential changes in market interest rates relative to the structure of the bank's on and off-balance sheet transactions. Interest rate risk essentially results from the given loan commitment which tends to be of a longer term nature on the asset side, compared to borrowings which tend to run over a shorter term on the liabilities side. Money and capital market interest rates have an immediate effect on Haspa's bottom line. We measure and control interest rate risk in a comprehensive manner using both periodic and net present value methods.

The value at risk (VaR) method is used to determine the present value interest rate risk in the form of a historic simulation. For the purpose of quantifying risk, all interest-bearing asset and liability transactions or balance sheet items are divided into cash flows (repayment and interest cash flows including margins) based on their actual fixed interest periods. In the case of variable items with an indefinite fixed interest rate period or capital commitment, the cash flows are determined using theoretical scenarios. Loans with call options are included in the cash flow for the purposes of determining the VaR with the agreed fixed interest periods. Taking into account the callable loan volume and the estimated exercise of termination rights, a cash flow is also determined that reflects the expected elimination of asset items through unscheduled repayments. The cash flow thus determined provides the basis for the calculated value at risk.

Interest rates rose significantly in the 2022 financial year. The scale of the interest rate risk continued to be controlled at a relatively moderate level overall. The present value interest rate risk amounted to € 617 million as at the balance sheet date. Haspa employs derivative financial instruments, especially standard interest rate swaps, to manage its interest rate risk.

The possible impact of any change in market interest rates on our present value interest rate risk and periodic net interest income is also monitored regularly. Simulation of various interest rate scenarios shows the sensitivity to changes in market interest rates and also covers the simulation of ad hoc interest rate shocks.

Haspa's interest rate risk position is monitored on an ongoing basis and reviewed regularly in greater depth and controlled with respect to money and capital market trends during Board of Management meetings. In addition, ad hoc meetings can be held as necessary to ensure appropriate action in case of rapid changes.

Capital market risks shaped by geopolitical crises and a new era in monetary policy.

2022 proved to be a turbulent year on the capital markets. Russia's attack on Ukraine led to price increases and shortages, especially of energy sources. Rising inflation rates prompted the central banks to intervene, bringing the ultra-loose monetary policy to an end. As a result, interest rates climbed sharply in all maturities and for all relevant currencies. Interest rates, which were still negative in the past year, moved back into clearly positive territory, particularly in the euro area. The US dollar continued to appreciate against the euro, and at times during the second half of the year the euro was trading below parity with the dollar.

Having posted a gain of 15.8 percent in the previous year, the German share index started 2022 at a new all-time high. The index subsequently fell to below 12,000 points with considerable fluctuation in the first three quarters. A recovery set in during the last quarter that took the DAX back up to 13,924 points, representing a annual loss of as much as 12.3 percent.

Capital market rates shot up during the year amid considerably volatility. After several years, they are now well in positive territory once more.

Refocused capital investment further expanded

The bank's special fund, which was launched in 2019 in order to pool strategic capital investments, was gradually expanded by continuing to make investments primarily in European equities.

To ensure liquidity at all times, securities with the best credit ratings are still held as direct investments, which were likewise further expanded in the past year. A special fund focusing on European corporate bonds is also included in fixed assets. This was partially restructured into high-quality liquid assets (HQLA).

The present value market price risk for the investments is quantified by performing a historic simulation with a valuation generally at the level of individual securities. Historical correlations between the exposures are also factored into the risk measurement. In addition, to map infrequent forms of risk more expediently in the empirical loss distributions, the historical simulation is replaced by a generalised Pareto distribution upwards of a confidence level of 95 percent. The quantification of risk takes account of all relevant forms of market price risk.

Depending on the specific investment allocation, the quantified market price risk mainly includes spread risks from bonds, equity risks, real estate risks and, where applicable, currency risks. However, currency risks in particular are entered into only to a limited extent. Real estate risks arise in connection with special real estate funds held.

The risk exposure of the total portfolio of proprietary securities investments was € 632 million at the end of the year, compared with € 467 million in the previous year. This increase is attributable to the expansion of capital investment, especially the volume of equities, and to a lesser extent also to stricter risk parameters.

Country risks

Haspa's exposure to country risks generally originates in Germany due to its regional alignment as a retail bank. There is also a manageable level of investments outside Germany, primarily in European securities.

Low trading risks, as before

Haspa's considerable restraint in taking on equity and foreign exchange trading risk also reflects its alignment as a retail bank in the Hamburg Metropolitan Region. Most of our trading activities are customer initiated, and we only hold closed currency and option positions.

Operational risks integrated in risk management

Operational risks describe the risk of losses occurring as a consequence of the inappropriateness or the failure of internal processes, employees, the internal infrastructure or external factors. Operational risks are quantified in the risk-bearing capacity calculation using the regulatory basic indicator approach. The risks determined amount to € 146 million at year-end.

As part of its internal control system, Haspa has taken many steps to ensure flawless and smooth business procedures. Intragroup procedures and the functionality of technical systems are continuously adapted to both internal and external requirements. Operating processes are subject to a general instruction and process descriptions, and are monitored by Internal Audit.

Haspa has outsourced portions of its market support processes associated with its lending, deposit and services business, as well as selected finance and risk management activities to S-Servicepartner Norddeutschland GmbH. Some of the payment processes are outsourced to Deutsche Servicegesellschaft für Finanzdienstleister mbH (DSGF) and securities processing is outsourced to Deutsche WertpapierService Bank AG (dwpbank). Additionally, large parts of IT functions have been transferred to, among others, Finanz Informatik GmbH & Co. KG, Kyndryl Deutschland GmbH and DATAGROUP BIT Hamburg GmbH.

The interaction between outsourcing centres and Haspa with respect to the outsourced functions is subject to and governed by statutory and regulatory requirements using individual and interface-specific agreements. These arrangements have been tried and tested in the interaction between the different entities and are further expanded and refined on an ongoing basis.

Information technology security is one of the focal points in controlling operational risks. Detailed contingency plans are available for all IT functions. These contingency plans also include crisis management protocols as well as procedures designed to ensure uninterrupted business operations for all divisions. Authorised access systems and control and monitoring processes guarantee the protection of confidential information against unauthorised read and write access. Extensive security systems such as firewalls, virus scanners and monitoring systems provide protection against external attacks.

Operational risks are also measured and managed by way of examining material scenarios and by analysing significant loss events.

Liquidity risks limited through funding strategy and solid liquidity limit

Liquidity risks may arise in the form of insolvency risk and funding risk.

Insolvency risks arise when payment obligations cannot be fulfilled in time or to a sufficient degree. Funding risks arise if liquidity can only be obtained at higher spreads.

By considering a daily liquidity report which also covers Haspa's funding mix, short-term changes in customer behaviour and possible concentration risks can be identified at an early stage.

Beyond its daily liquidity report, Haspa also uses its divisional planning to develop a strategic liquidity outlook that identifies liquidity needs early on in an expected and in an adverse scenario. This enables us to assess our liquidity needs for future maturities and manage cash flows accordingly. In addition, risk scenarios for the short and long term are considered and analysed, taking into account the funding potential. Based on these considerations, the risk tolerance is defined using thresholds. Compliance with the thresholds is monitored regularly such that timely control measures can be adopted as necessary.

With successful Pfandbrief issues in recent years, Haspa has tapped into the vast liquidity potential of the Pfandbrief market.

For years Haspa has also served as a lender in the interbank lending market. It met the requirements for minimum reserve deposits at any time during the past year.

The current and prospective requirements for the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) are clearly being met. Both ratios are an indication that Haspa has comfortable liquidity. At year-end, the LCR is 196 percent and the NSFR is 129 percent.

Risk assessment

No going-concern risks or risks with a material effect on Haspa’s net assets, results of operations and liquidity were identified for the current year.

5. Report on expected developments – opportunities and risks

Economic slowdown in both Germany and Hamburg

According to our estimates, the German economy will grow at a slower pace in 2023 than in the previous year. Skyrocketing costs for energy and high inflation on the whole will put a significant damper on consumer spending. This decline in aggregate demand is unlikely to be offset by public consumption or capital expenditure, nor by foreign trade. After bottoming out at the beginning of the year, the economy is set to pick up from spring onwards. However, we expect real gross domestic product in Germany to fall by 0.5 percent for full-year 2023. A possible intensification of the conflict in Ukraine, energy shortages and the emergence of new variants of the coronavirus continue to pose risks to economic development.

We also expect Hamburg's economy to weaken in 2023. The Hamburg Chamber of Commerce's business barometer showed at the end of the fourth quarter of 2022 that the companies surveyed were mostly pessimistic about business prospects. Around 37 percent of respondents foresee a less favourable business situation in 2023. Only 11 percent of companies share a more optimistic outlook.

Inflation is set to remain high in 2023 because faced with higher costs for materials, personnel, energy and logistics, companies will continue to raise their selling prices in an attempt to pass on their increased expenses to the market. We expect Germany's annual average inflation rate to be below approximately 6 percent for 2023 as a whole. Inflation is not expected to revert back to below 2 percent until 2024.

We project that the European Central Bank will continue to raise key interest rates in 2023 in order to break the inflation trend and bring inflation back to the 2 percent target in the medium term. We expect key rates in the euro area to peak in spring 2023 with a main refinancing rate of 3.50 to 3.75 percent and a deposit rate of 3.00 to 3.25 percent.

On account of the very uncertain environment, high volatility is expected on the capital markets. In view of the anticipated monetary policy decisions, we also expect the yield on 10-year Bunds to be in the range of 2.50 to 2.75 percent at year-end 2023. The DAX will probably move in the range of 13,000 to 16,300 points.

Haspa's planning

Based on these assumptions, the following report focuses on Haspa's likely performance including material opportunities and risks. The forecasting horizon covers the 2023 financial year. The forward-looking statements contained in this report are based for one on generally expected macroeconomic developments with a particular focus on the Hamburg Metropolitan Region, for another these statements are based on Haspa's planning for 2023, which results in specific budgets.

As a result of the expected normalisation of interest rate levels, net interest income in the 2023 financial year is likely to be considerably higher than the figure for the financial year ended. Net commission income is expected to show a sharp year-on-year rise in the current year due in particular to an increase in the securities business. Depending on how the money and capital markets develop, higher – though also lower – contributions may be made in this area.

Administrative expenses are likely to exceed the 2022 figure considerably in the current year, a trend that is partly due to expected cost increases, expenses incurred in connection with increased collaboration with the German Savings Banks Finance Group and the expansion of digital services, and our move into the Deutschlandhaus. Furthermore, administrative expenses will continue to be adversely impacted by high regulatory requirements. We expect other operating income to be slightly down on the financial year ended.

Given the different crisis situations and their impacts, a significantly higher level of risk provisions in the lending business is anticipated for the current year. If this year is similarly successful as the previous year, lower effects than projected may nevertheless arise here. We expect the measurement of our own investment portfolio of securities to have a negative impact due to interest-related effects. Overall, therefore, we anticipate a considerably higher charge from the net revaluation loss than in the previous year.

On the basis of the planning outlined, we expect the operating result before loan loss provisions, according to the definition by the German Savings Banks Association (DSGV), to be considerably higher than the previous year. We expect to see slight increases in the NPS and the innovation index. For the "corporate energy" index, we have deliberately refrained from making a projection for 2023, but are monitoring performance on the basis of comparisons with benchmark values.

Due not least to our broadly diversified customer business and on the basis of our tried-and-tested funding strategies and potential, we expect our liquidity situation to remain comfortable.

6. Note on the non-financial declaration in accordance with section 289b HGB

Haspa is obliged to publish a non-financial declaration in accordance with section 289b HGB.

Our 2022 Sustainability Report includes the statements required for a non-financial declaration concerning our business model, environmental, employee and social issues, respect for human rights and combating corruption and bribery. We are publishing the 2022 Sustainability Report together with the 2022 Annual Report in the Company Register.

Hamburger Sparkasse AG achieved prime status for the first time in the reporting period with a sustainability rating of C from ISS ESG.

7. Declaration in accordance with section 289f HGB

As an unlisted company subject to co-determination, Haspa is providing a declaration comprising the following statements in accordance with section 289f HGB.

In 2017, the Supervisory Board had set a target for the share of women in the Supervisory Board of 18.75 percent, equivalent to three of the 16 posts, to be achieved by 30 June 2022. Given that the Supervisory Board has five women and eleven men, this target was exceeded. The Supervisory Board raised the target for the share of women in the Supervisory Board to 25 percent from 1 July 2022, which is to be achieved by 30 June 2027.

In 2017, the Supervisory Board had set a target for the share of women in the Board of Management of 20 percent, which was to be achieved by 30 June 2022. After Bettina Poullain's departure, there has not been a single woman on the Board of Management since 1 April 2020, so the target was not reached by the reporting date. When filling this post, the Supervisory Board drew up a profile of requirements for the new Board of Management member in keeping with the requirements of regulatory and corporate law, which in addition to the goal of maintaining the share of women in the Board of Management included in particular the expertise and experience needed to complement the existing skills in the Board of Management. Potential candidates were selected and their suitability for a post on the Board of Management assessed based on this profile of requirements. A male candidate, Dr. Olaf Oesterhelweg, was found to be the best match for the defined suitability criteria in every respect. The Supervisory Board therefore decided to postpone achievement of the target for the share of women on the Board of Management. Even if the terms of office of Board of Management members are extended, in view of the individual suitability and performance of the members of the Board of Management concerned it was not in Haspa's interest to forego a reappointment in order to make it possible to appoint a woman. For the period starting on 1 July 2022, the Supervisory Board has set a target for the share of women on the Board of Management of 40 percent. The deadline set for achievement of this target is 30 June 2027. As part of a concept for succession planning on the Board of Management, the foundations are currently being laid for the appointment of women to the Board of Management.

A target of 15 percent with a deadline of 30 June 2022 was set by the Board of Management for the two management levels below the Board of Management in 2017. This target was exceeded: At the end of the first half of 2022, the share of women at management level 1 (divisional managers) was 19 percent and 26 percent at management level 2 (unit and branch managers including deputy managers). In June 2022, the Board of Management set the targets at 30 percent for both management levels, to be achieved by 30 June 2027.

Appendix to the management report

Report on equality and equal pay in accordance with section 21 German Transparency of Pay Act

Not reviewed by the auditor in accordance with German legal requirements.

Measures taken by Hamburger Sparkasse (Haspa) to promote gender equality and its impact during the reporting period

1. Internal framework and its impact

a. Equal treatment and equal opportunities

The equal treatment of all employees, irrespective of factors such as their gender, is a matter of course at Haspa. Employees are committed to general equal treatment and mutual respect when working together. These expectations are enshrined in Haspa's Code of Ethics, which is part of the general instruction of the Board of Management, as well as in the Diversity Policy published in 2022. The Code of Ethics and the Diversity Policy are part of Haspa's written regulations and are therefore binding for all employees.

By adhering to this framework, the company already comprehensively meets the requirements of the General Equal Treatment Act.

Similarly, the applicable collectively bargained and internal labour provisions have ensured that men and women employed at Haspa receive the same remuneration for the same work.

b. Promoting work-life balance

Haspa is committed to achieving a good work-life balance for its employees and offers a wide range of instruments for this purpose such as part-time work and job sharing for employees and managers, flexible child-rearing times, child care during school holidays and mobile work options, as well as its own health management system. All measures are well used within the company.

2. Further measures to promote equal opportunities for men and women and their impact

Haspa views particularly women who are willing and able to deliver a strong performance as a key success factor for the future. We are working to increase the share of women in management positions up to divisional manager level ("L1 level") through appropriate recruitment, training and development, and by identifying and developing their potential. In this way, we aim to increase women's representation in senior management, because this is one of the prerequisites for achieving the targeted increase in the share of women at Board of Management level. As a company subject to co-determination, Haspa complies with the regulatory obligation to set targets for the share of women at the two levels below the Board of Management (hereinafter referred to as "L1 level" and "L2/Deputy L2 level") in accordance with section 76 (4) German Stock Corporation Act. The Board of Management then sets targets for the share of women at the two levels below the Board of Management, with the deadlines to be met. The Board of Management set the targets for both L1 level and for L2/Deputy L2 level at 30 percent, to be achieved by 30 June 2027.

At its annual strategy meeting, the Board of Management discusses attainment of the defined targets for the share of women at the two levels below the Board of Management.

Measures implemented by Haspa to ensure equal pay for men and women during the reporting period

a. Remuneration system of Hamburger Sparkasse AG

Collective wage agreements are used for public banks at Hamburger Sparkasse. The majority of employees at Haspa are in positions with collectively agreed remuneration. Non-pay scale employees receive a higher level of remuneration than employees covered by a collective agreement. Back in 1999, Hamburger Sparkasse agreed a remuneration system with the Works Council in the form of a works agreement that, among other things, ensured equal pay for men and women. This system determines the remuneration for an employee's role according to a job rating system, making it irrelevant whether the post is held by a man or woman.

Haspa’s remuneration system applies to all employees working under or outside collective bargaining agreements and is governed by works agreements and individual employment agreements. Total remuneration consists of fixed basic remuneration and variable remuneration.

b. Basic remuneration

Overall remuneration primarily consists of fixed basic remuneration, the amount of which is determined by evaluating the relevant position irrespective of gender, age and weekly working hours. Positions are allocated to remuneration groups with appropriate basic salary bands based on job descriptions. Generally, the more demanding the requirements for the respective function, the higher the remuneration group.

Basic remuneration for employment covered by collective agreements is based on the collective agreements for public banks.

While basic remuneration for employment covered by collective agreements is increased in accordance with the outcome of collective salary negotiations, the basic salary bands for employment not covered by collective agreements are adjusted by means of a decision by the Board of Management, irrespective of gender, age and weekly working hours. The criteria for an individual basic salary increase in a role not covered by collective agreements are the value added by the individual in performing their role, sustained performance improvements and the manner in which the individual performs their role.

c. Variable remuneration

In addition to basic remuneration, employees have the opportunity to receive variable remuneration. The individual payment amount depends on individual performance irrespective of gender, age and weekly working hours, as well as Haspa’s success factor.

Headcount figures for the last calendar year of the reporting period (in parenthesis, the change from the previous year)

	Women	Men
Average number of employees, 2021	2,546.2	1,964.2
Average number of part-time employees, 2021	1,413.8	161.3
Average number of employees, 2022	2,482.3 (–2.51%)	1,957.6 (–0.34 %)
Average number of part-time employees, 2022	1,389.4 (–1.73%)	155.5 (–3.60%)

Balance sheet

of Hamburger Sparkasse AG for the year ended 31 December 2022

Assets in € '000		31.12.2022	31.12.2021
1. Cash reserve			
a) Cash on hand		353,431	613,383
b) Balance with Deutsche Bundesbank		148,600	9,226,057
		502,030	**9,839,440**
2. Public-sector debt instruments and bills of exchange eligible for refinancing with Deutsche Bundesbank			
a) Treasury bills and non-interest bearing treasury notes and similar debt instruments issued by public-sector entities		—	—
b) Bills of exchange		—	—
		—	—
3. Receivables from banks			
a) Mortgage loans		—	—
b) Public-sector loans		—	—
c) Other receivables		7,338,362	3,495,348
of which:			
Payable on demand	5,533,202		(1,455,284)
loans on securities	—		(—)
		7,338,362	**3,495,348**
4. Receivables from customers			
a) Mortgage loans		17,723,897	17,727,872
b) Public-sector loans		1,471,570	1,468,996
c) Other receivables		18,870,850	18,033,716
of which:			
loans on securities	190,773		(210,105)
		38,066,318	**37,230,583**
5. Debentures and other fixed interest securities			
a) Money market instruments			
aa) by public-sector issuers		—	426,004
of which: eligible as collateral for Deutsche Bundesbank advances	—		(426,004)
ab) by other issuers		14,986	—
of which: eligible as collateral for Deutsche Bundesbank advances	14,986		(—)
		14,986	426,004
b) Bonds and debentures:			
ba) by public-sector issuers		5,340,199	4,695,018
of which: eligible as collateral for Deutsche Bundesbank advances	5,214,962		(4,695,018)
bb) by other issuers		2,921,893	1,493,587
of which: eligible as collateral for Deutsche Bundesbank advances	2,905,698		(1,493,587)
		8,262,091	6,188,605
c) Own debentures		1,100,094	1,100,094
Principal amount	1,100,000		(1,100,000)
		9,377,171	**7,714,703**
6. Equities and other non-fixed interest securities		**1,029,143**	**953,681**
6a. Trading portfolio		**89,631**	**94,609**
7. Long-term equity investments		**105,134**	**105,584**
of which:			
in banks	2,504		(2,504)
in financial services institutions	—		(—)
in investment firms	—		(—)
8. Shares in affiliated companies		**7,487**	**12,487**
of which:			
in banks	—		(—)
in financial services institutions	—		(—)
in investment firms	—		(—)

Assets in € '000		31.12.2022	31.12.2021
9. Fiduciary assets		198,383	192,359
of which:			
Fiduciary loans	198,383		(192,359)
10. Intangible fixed assets			
a) Internally generated industrial rights and similar rights and assets		—	—
b) Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets		575	831
c) Goodwill		—	—
d) Prepayments		—	4
		575	835
11. Tangible fixed assets		47,675	46,144
12. Other assets		231,507	239,681
13. Prepaid expenses			
a) From the issue and lending business		10,844	2,233
b) Other		1,711	3,340
		12,555	5,573
Total assets		57,005,973	59,931,027

Equity and liabilities in € '000		31.12.2022	31.12.2021
1. Liabilities to banks			
a) Registered mortgage Pfandbrief securities issued		292,338	242,451
b) Registered public sector Pfandbrief securities		—	—
c) Other liabilities		6,982,362	13,038,497
of which:			
Payable on demand	210,048		(358,532)
Registered mortgage Pfandbrief securities furnished to lenders for securing loans	—		(—)
Registered public-sector Pfandbrief securities furnished to lenders for securing loans	—		(—)
		7,274,700	**13,280,948**
2. Liabilities to customers			
a) Registered mortgage Pfandbrief securities issued		2,879,130	2,997,427
b) Registered public sector Pfandbrief securities		—	—
c) Savings deposits			
ca) With agreed notice period of three months		10,177,226	9,955,177
cb) With agreed notice period of more than three months		—	—
		10,177,226	9,955,177
d) Other liabilities		26,075,985	24,325,924
of which:			
Payable on demand	24,000,224		(23,017,300)
Registered mortgage Pfandbrief securities furnished to lenders for securing loans	—		(—)
Registered public-sector Pfandbrief securities furnished to lenders for securing loans	—		(—)
		39,132,341	**37,278,527**
3. Securitised liabilities			
a) Debentures issued			
aa) Mortgage Pfandbrief securities		3,281,587	3,274,371
ab) Public sector Pfandbrief securities		—	—
ac) Other debentures		1,237,541	725,137
		4,519,128	3,999,508
b) Other securitised liabilities		—	—
of which:			
Money market instruments	—		(—)
		4,519,128	**3,999,508**
3a. Trading portfolio		**4,293**	**16,011**
4. Fiduciary liabilities		**198,383**	**192,359**
of which: Fiduciary loans	198,383		(192,359)
5. Other liabilities		**711,601**	**105,126**
6. Deferred income			
a) From the issue and lending business		13,433	14,834
b) Other		5,555	7,812
		18,987	**22,645**
7. Provisions			
a) Provisions for pensions and similar obligations		1,337,645	1,249,340
b) Provision for taxes		80,211	65,479
c) Other provisions		154,683	167,084
		1,572,539	**1,481,903**

Equity and liabilities in € '000		31.12.2022	31.12.2021
8. Subordinated liabilities		—	—
9. Fund for general banking risks		702,000	702,000
of which: Extraordinary item in accordance with section 340e (4) HGB	2,000		(2,000)
10. Equity			
a) Subscribed capital		1,000,000	1,000,000
b) Capital reserves		1,655,000	1,635,000
c) Revenue reserves			
ca) Legal reserve		0	0
cb) Reserves provided for by the articles of association		—	—
cc) Other revenue reserves		217,000	217,000
		217,000	217,000
d) Net retained profits		—	—
		2,872,000	2,852,000
Total equity and liabilities		57,005,973	59,931,027
1. Contingent liabilities			
a) Contingent liabilities from endorsement of discounted bills of exchange		—	—
b) Contingent liabilities from guarantees and warranties		569,650	603,853
c) Contingent liabilities from the granting of security for third-party liabilities		—	—
		569,650	603,853
2. Other obligations			
a) Repurchase obligations under sales with an option to repurchase		—	—
b) Placement and underwriting obligations		—	—
c) Irrevocable credit commitments		3,221,421	3,672,795
		3,221,421	3,672,795

Income statement

of Hamburger Sparkasse AG for the period from 1 January to 31 December 2022

All figures stated in € '000		2022	2021
1. Interest income from			
a) Lending and money market transactions		727,929	664,325
b) Fixed interest securities and registered government debt		31,880	10,084
		759,809	674,409
2. Interest expense		–98,857	–28,174
		660,952	**646,235**
3. Current income from			
a) Equities and other non-fixed interest securities		2,289	15,002
b) Long-term equity investments		7,461	5,009
c) Shares in affiliated companies		1,968	—
		11,718	**20,011**
4. Income from profit pooling, profit transfer, or partial profit transfer agreements		**273**	**12,572**
5. Commission income		**391,885**	**372,244**
6. Commission expenses		–32,942	–24,904
		358,943	347,341
7. Net trading income or expense		**–991**	**2,937**
8. Other operating income		54,756	25,890
		1,085,650	**1,054,985**
9. General and administrative expenses			
a) Personnel expenses			
aa) Wages and salaries		–284,798	–275,347
ab) Social security, post-employment and other employee benefit costs		–125,180	–83,228
		–409,978	–358,575
of which: in respect of post-employment benefits	–76,773		(–34,198)
b) Other administrative expenses		–368,441	–361,117
		–778,419	**–719,692**
10. Depreciation, amortisation and write-downs of tangible and intangible fixed assets		**–7,071**	**–8,455**
11. Other operating expenses		**–59,734**	**–150,928**
12. Write-downs of and valuation allowances on receivables and certain securities, and additions to loan loss provisions		**–77,981**	**–39,752**
13. Income from reversals of write-downs of receivables and certain securities and from the reversal of loan loss provisions		—	—
		–77,981	**–39,752**
14. Write-downs of and valuation allowances on other equity investments, shares in affiliated companies and securities classified as fixed assets		–17,274	–19,814
15. Income from reversals of write-downs of other equity investments, shares in affiliated companies and securities classified as fixed assets		—	—
		–17,274	**–19,814**
16. Cost of loss absorption		**–483**	**–577**
17. Additions to/withdrawals from the fund for general banking risks		—	—
18. Result from ordinary activities		**144,689**	**115,766**
19. Extraordinary income		—	—
20. Extraordinary expenses		—	—
21. Extraordinary result		—	—
22. Taxes on income		**–99,689**	**–95,766**

All figures stated in € '000	2022	2021
23. Other taxes not included in item 11	—	—
	–99,689	–95,766
24. Profit transferred on the basis of profit pooling, profit transfer, or partial profit transfer agreements	–45,000	–20,000
25. Net income for the financial year	—	—
26. Retained profits/losses brought forward	—	—
	—	—
27. Withdrawals from revenue reserves		
a) from the legal reserve	—	—
b) from the reserve for shares in a parent or majority investor	—	—
c) from the reserves provided for by the articles of association	—	—
d) from other revenue reserves	—	—
	—	—
28. Appropriation to revenue reserves		
a) to the legal reserve	—	—
b) from the reserve for shares in a parent or majority investor	—	—
c) to the reserves provided for by the articles of association	—	—
d) to other revenue reserves	—	—
	—	—
29. Net retained profits	—	—

Notes

The tables presented in the annual financial statements may contain rounding differences.

Contents

General disclosures

Hamburger Sparkasse AG (Haspa) prepared its annual financial statements as at 31 December 2022 in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – HGB) and the requirements of the German Ordinance on Accounting for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV), taking into account the requirements of the German Stock Corporation Act (Aktiengesetz – AktG).

The option not to break down prorated interest by residual maturity (section 11 sentence 3 RechKredV) was also applied.

Haspa's registered office is in Hamburg. The Bank has been entered in the commercial register of the Hamburg Local Court under the number HRB 80691.

Renewal of IT applications in accounting

During the financial year, parts of the accounting systems in use were replaced by applications developed by Finanz Informatik GmbH & Co. KG. To enhance the clarity of the financial statements, adjustments have been made to the presentation of the balance sheet and income statement in this context, particularly in the special items for Pfandbrief banks.

Accounting policies

Lending business

Receivables from customers and banks were recognised at their nominal value or cost. Any discounts retained in connection with the disbursement of loans with a fixed borrowing rate are allocated over the fixed interest period. For loans with a variable borrowing rate, discounts are generally allocated over the entire term. For loans without an agreed interest calculation, discounts are allocated over five years.

Irrevocable debts where no payment is expected to be forthcoming from the debtor were written off.

Individual write-downs or provisions take adequate account of recognisable risks in lending. Global valuation allowances were recognised for potential risks from receivables. The requirement to reverse write-downs was observed when measuring loans.

The method used for measuring global valuation allowances has been changed. This was previously based on average credit losses over the last ten years. As of financial year 2022, the accounting standard IDW RS BFA 7 must be applied, which provides a more meaningful picture of the net assets, financial position and results of operations in accordance with the principles of proper accounting.Haspa applies the practical expedients of IDW RS BFA 7 item 23 et seq. to determine the global valuation allowances based on a 12-month expected loss. The measurement technique used is based on the methods and systems of internal risk management and takes into account the adjustments recommended by the German Savings Banks Association to determine the reporting date-related global valuation allowances. This measurement technique increases global valuation allowances by € 21.0 million compared to the previous measurement technique, whereas the previous measurement method would have resulted in a reversal of € 1.5 million. An analysis by Haspa showed that the reasons for the specific adjustment amounts made in previous years also ceased to apply this year due to the transition to IDW RS BFA 7. In order to give due consideration to the impact of Russia's war of aggression on Ukraine, such as energy shortages, disrupted supply chains and very high inflation rates, as well as the considerable uncertainty about future development, when determining global valuation allowances, a specific adjustment amount was also factored in on the basis of statistical-mathematical techniques and in line with commercial prudence. This specific adjustment amount was € 14.5 million. Against this backdrop, the total amount of global valuation allowances is € 9.4 million higher than at 31 December 2021.

Securities

Securities in the bank's own portfolio are largely held for investment and trading, and as a liquidity reserve.

While securities allocated to the liquidity reserve are measured by applying the strict lower-of-cost-or-market principle, long-term securities are carried at cost or their net carrying amount. Investment securities are only written down if the impairment is permanent. In particular, impairment is regarded as permanent in the event of a significant deterioration in the issuer's credit standing. The requirement to reverse write-downs is taken into account in the case of both securities allocated to the liquidity reserve and investment securities.

The appropriate market value of assets that are held in special funds and for which there is no marketable price is determined by the respective fund based on due assessments using suitable measurement models and taking prevailing market conditions into account.

Trading portfolio

Financial assets acquired for trading are recognised in the trading portfolio at fair value less value at risk (VaR). Pursuant to IDW RS BFA 2, the value at risk is accounted for in the larger of the respective balance sheet items (assets or liabilities). Foreign currency financial assets and liabilities in the trading portfolio are translated at average rates.

The corresponding value at risk (VaR) is determined to satisfy regulatory requirements in respect of managing the trading book's market price risks. This VaR is used to calculate the risk discount. It is determined based on a holding period of one month, a data history of 1,250 days and a confidence level of 99.9 percent.

Applying the risk discount accounts for the probability of a loss of realisable profits from the measurement at market rates. Changes in the risk discounts are recognised in net trading income or expense. Gains and losses on the prices and the measurement of financial instruments are also recognised in net trading income or expense. This item also includes net revaluation gains/losses from the early repayment of repurchased own issues. Interest income and expense from trading are recognised in net interest income.

Shares in affiliated companies and equity investments

Shares in affiliated companies and equity investments are recognised at cost. The requirement to reverse write-downs was observed for the purpose of remeasurement. Lower values are recognised if special circumstances apply.

Liabilities

Liabilities are measured at the settlement amount. Discounts taken are reported in assets under prepaid expenses whilst premium income is reported in deferred income. In deviation from the above, zero-coupon bonds are accounted for at their present value.

Provisions

The provisions shown adequately account for all recognisable risks as well as all uncertain obligations. Provisions are recognised at their settlement amount dictated by prudent business judgement. Provisions with a remaining term of more than one year are discounted at the average market interest rate published by the Deutsche Bundesbank corresponding to their remaining maturity, which in the case of provisions for pensions is for the past ten years but in the case of provisions for similar long-term obligations as well as other provisions is for the past seven years. Provisions for pensions and similar obligations are recognised based on actuarial principles using the projected unit credit method and the Heubeck 2018 G mortality tables. The simplification rule in section 253 (2) sentence 2 HGB was applied to the provisions for pensions and similar long-term obligations as well as to other provisions calculated using actuarial opinions and a remaining maturity of 15 years was used for discounting in the aggregate.

As a result of one measurement date being brought forward, a projection of the interest rates at the reporting date was performed for the interest rates used to measure provisions for pensions and similar obligations. The resulting interest rates are 1.78 percent (average market interest rate for the past ten years) and 1.44 percent (average market interest rate for the past seven years). Wage and salary increases (including career trends) of 2.35 percent and pension increases of 2.00 percent were used in the determination of the provisions for pension liabilities. These two parameters are determined on the basis of generally accessible sources and institution-specific assumptions. The age-dependent employee turnover rate as determined by using institution-specific parameters was between 0.00 percent and 6.00 percent. These parameters are reviewed annually.

The income and expenses arising from the discounting of provisions are presented separately to achieve transparency and clarity in the notes. Expenses for the accumulation of provisions relating to banking transactions are presented under interest expense, while interest expense for provisions not relating to banking transactions is presented under other operating expenses.

Loss-free valuation of interest rate-related transactions of the banking book (interest rate portfolio)

In compliance with IDW RS BFA 3 new version, to determine any excess of liabilities over assets resulting from business in interest-bearing financial instruments of the banking book, all administrative expenses and the cost of risk expected up until the completion of the business were deducted from the totality of interest-bearing assets and liabilities of the banking book (excluding the trading portfolio) including derivatives. Allowance was made for individual refinancing options in a present value analysis. As there is no excess of liabilities over assets, it is not necessary to recognise a provision.

Currency translation

Foreign currency amounts are translated in accordance with section 340h German Commercial Code in conjunction with section 256a German Commercial Code and in compliance with IDW RS BFA 4. Assets denominated in foreign currency that are treated as fixed assets are translated into euros at the acquisition-date foreign exchange rate. Foreign currency securities reported under current assets are measured at the spot exchange rate. Solely the expense from currency translation of securities in foreign currency with a residual maturity of more than one year is recognised.

Pursuant to section 340h German Commercial Code, other foreign currency items, as well as spot and forward transactions not yet settled that are neither held for trading nor form part of a hedge as defined in section 254 German Commercial Code, are treated as transactions that qualify for hedge accounting. The transactions are hedged based on matching amounts but not matching maturities. Hedged transactions are measured at the cash settlement or forward price.

Both the cash settlement and the forward prices are based on the reference rate of the European Central Bank.

The exchange gains and losses calculated from the translation of the transactions covered in particular are presented separately in the notes under other operating income and other operating expenses, respectively.

Hedges

Haspa applies hedge accounting as defined in section 254 German Commercial Code. Hedge accounting is applied to liabilities and executory contracts considered the underlying transaction; they are hedged using non-derivative and derivative financial instruments.

The interest and other price risks from structured bonds or registered instruments (underlying transactions) are hedged using structured interest rate swaps (hedges). The underlying transactions concern structured bearer debentures shown under “Securitised liabilities” as well as structured registered bonds, promissory note loans and savings certificates recognised in “Liabilities to customers” or “Liabilities to banks”. The respective hedges are structured such that the parameters of the underlying transaction relevant to the hedged risk fully offset each other, both at the inception of the transaction and during the maturity of the underlying transaction (critical terms match).

The currency and interest rate risks of cross currency interest rate swaps with customers are hedged using exactly matched hedging transactions with banks that have good credit ratings. Both the derivative customer business and the back-to-back hedging business are subject to hedge accounting. We also enter into contracts designed to limit interest rates such as caps, floors and collars in connection with the customer lending business. These interest rate options granted to customers are hedged on the basis of the individual contract by means of matching transactions with banks that have good credit ratings.

Own debentures held in the liquidity reserve in the form of own Pfandbriefe are combined in a hedge together with the associated securitised liabilities from the issue.

The effectiveness of the given hedge is reviewed by a department separate from trading upon designation of the hedges as well as at the reporting date. In each case the underlying transactions are hedged effectively against the existing risks.

The accounting treatment of the hedges follows the net hedge presentation method pursuant to IDW RS HFA 35. Haspa ensures based on the methods used (critical terms match) that every hedge is effective with respect to the existing fair value and cash flow risks of the respective hedged risk. Changes in the fair value or cash flows of both the underlying transactions and the hedges relative to the hedged risks are likely to balance out in full over the entire hedging period.

Derivatives

Interest rate swaps are used primarily to manage interest rate risks and are included in the loss-free valuation of interest rate-related transactions of the banking book (interest rate portfolio). Haspa also possesses derivative financial instruments to which hedge accounting is applied. Some derivative financial instruments are held for trading.

In the case of options, Haspa’s option writer positions are usually hedged by means of matched transactions. Option premiums received or paid on options not yet settled, as well as margin obligations from forward transactions, are recognised under financial assets and liabilities in the trading portfolio. For the rest, they are accounted for as “Other assets” or “Other liabilities”.

Cash flow statement

The cash flow statement was prepared in compliance with German Accounting Standard No. 21.

Cash flow statement	2022 € million	2021 € million
Net income/loss for the period before profit transfer	**45.0**	**20.0**
Depreciation, amortisation and write-downs and valuation allowances on receivables and items of fixed assets/reversals of such write-downs and valuation allowances	89.1	64.3
Increase/decrease in provisions (excluding provisions for income taxes)	153.5	215.0
Other non-cash expenses/income	18.7	10.3
Gain/loss on disposal of fixed assets	1.2	0.5
Other adjustments (net)	0.0	0.0
Increase/decrease in receivables from banks	–3,833.0	–849.2
Increase/decrease in receivables from customers	–892.0	–1,474.7
Increase/decrease in securities (unless classified as long-term financial assets)	55.8	–1,485.7
Increase/decrease in other assets relating to operating activities	–4.8	–266.1
Increase/decrease in liabilities to banks	–6,081.7	3,150.5
Increase/decrease in liabilities to customers	1,838.3	551.5
Increase/decrease in securitised liabilities	514.8	959.9
Increase/decrease in other liabilities relating to operating activities	491.4	–17.6
Interest expense/interest income	–661.0	–646.2
Current income from equities, non-fixed interest securities, equity investments and shares in affiliated companies	–11.7	–20.0
Expenses for/income from extraordinary items	0.0	0.0
Income tax expense/income	99.7	95.8
Interest payments received	728.5	681.9
Payments received from current income from equities, non-fixed interest securities, equity investments and shares in affiliated companies	11.7	20.0
Interest paid	–3.5	–156.7
Extraordinary receipts	0.0	0.0
Extraordinary payments	0.0	0.0
Income tax payments	–56.3	–61.1
Cash flows from operating activities	**–7,496.6**	**792.4**
Proceeds from disposal of long-term financial assets	73.5	39.1
Payments to acquire long-term financial assets	–1,880.4	–417.6
Proceeds from disposal of tangible fixed assets	0.0	0.0
Payments to acquire tangible fixed assets	–8.6	–5.9
Proceeds from disposal of intangible fixed assets	0.0	0.0
Payments to acquire intangible fixed assets	–0.4	–0.3
Change in cash from other investing activities (net)	0.0	0.0
Cash receipts from extraordinary items	0.0	0.0
Cash payments for extraordinary items	0.0	0.0
Cash flows from investing activities	**–1,815.8**	**–384.7**
Cash receipts from capital contributions of HASPA Finanzholding	20.0	9.0
Cash payments to HASPA Finanzholding from the redemption of shares	0.0	0.0
Cash receipts from extraordinary items	0.0	0.0
Cash payments for extraordinary items	0.0	0.0
Profit transfer to HASPA Finanzholding	–45.0	–20.0
Change in cash from other capital sources (net)	0.0	0.0
Cash flows from financing activities	**–25.0**	**–11.0**
Net change in cash funds	–9,337.2	396.8
Effect of exchange rate movements on cash funds	0.0	0.0
Cash funds at beginning of period	9,839.4	9,442.6
Cash funds at end of period	**502.0**	**9,839.4**

Supplementary information on the cash flow statement

The cash flow statement shows the changes in cash funds. Cash funds are composed of cash-in-hand and balances with Deutsche Bundesbank (cash).

The cash flow statement is prepared for Haspa's single-entity financial statements, which is why cash funds do not include any components attributable to proportionately consolidated entities.

There were no material non-cash investing and financing measures and transactions in the financial year.

Notes to the balance sheet (assets)

Receivables from banks	**2022 € million**	**2021 € million**
This item includes:		
Receivables from affiliated companies	0.0	20.0
Receivables from other long-term investees and investors	0.0	0.0
Subordinated receivables	21.8	11.8
of which:		
from affiliated companies	0.0	0.0
from other long-term investees and investors	0.0	0.0
Breakdown by maturity:		
up to 3 months	902.2	1,105.3
more than 3 months up to 1 year	299.0	386.8
more than 1 year up to 5 years	507.1	492.7
more than 5 years	32.7	0.5

Receivables from customers	**2022 € million**	**2021 € million**
This item includes:		
Receivables from affiliated companies	336.8	358.2
Receivables from other long-term investees and investors	0.5	0.8
Subordinated receivables	0.1	0.0
of which:		
from affiliated companies	0.0	0.0
from other long-term investees and investors	0.0	0.0
Breakdown by maturity:		
up to 3 months	1,309.9	1,724.6
more than 3 months up to 1 year	3,143.9	2,732.8
more than 1 year up to 5 years	10,145.7	9,605.1
more than 5 years	22,479.4	22,859.9
with indefinite maturity	969.5	293.1

Debentures and other fixed interest securities	**2022 € million**	**2021 € million**
Of the marketable securities included in this balance sheet item the following are:		
listed	7,520.0	7,174.5
not listed	1,857.2	540.2
due in the following year	1,036.9	816.9
The carrying amount of the debentures and other fixed interest securities treated as fixed assets is	5,099.0	3,301.6
Securities not measured at the lower of cost or market	5,099.0	498.5
Fair value of these securities	4,690.1	486.3

Held-to-maturity bonds with a fair value below the expected repayment amount were not measured at the lower of cost or fair value. There are no indications that they will not be repaid at par.

The carrying amount of the bonds and other fixed-income securities classified as fixed assets rose by € 1,797.4 million in the financial year and amounts to € 5,099.0 million. These securities had to be written down by € 22.5 million.

Equities and other non-fixed interest securities	**2022 € million**	**2021 € million**
Of the marketable securities included in this balance sheet item the following are:		
listed	0.0	0.0
not listed	0.0	0.0
The carrying amount of the equities and other non-fixed interest securities treated as fixed assets is	494.8	494.8
Securities not measured at the lower of cost or market	494.8	0.0
Fair value of these securities	474.2	0.0

The carrying amount of the equities and other non-fixed interest securities treated as fixed assets remains unchanged at € 494.8 million. It was unnecessary to write down these securities as there was no permanent impairment.

This balance sheet item contains shares in special funds with a carrying amount of € 1,029.1 million. The fungibility of these shares is limited. Gains on shares in special funds resulting from rate gains as well as interest and dividend income were partly reinvested; distributions were made via a special property fund.

Investment funds with a share in excess of 10 percent in € million broken down by investment objective.

NAME	ISIN	Carrying amount at 31.12.2022	Market value at 31.12.2022	Difference	Distribu-tion2022	Returnable daily	Write-downs omitted
Wikinger-Fonds 1	DE000DK0NLE4	532.1	627.4	95.3	0.0	Yes	No
Equity and property investment fund: Equity and property investment fund shares							
Wikinger-Fonds 2	DE000DK0LNF1	494.8	474.2	–20.6	0.0	Yes	Yes
Bond fund: Investment grade euro corporate bonds and government bonds, bonds issued by regional gov-ernments and Pfandbriefe							

Shares in investment funds allocated to fixed assets were not measured at the lower of cost or fair value where the amount by which the cumulative fair value of the investment funds’ bond holdings deviates from the expected repayment amount plus the expected performance of the cash assets exceeds the impairment loss incurred. There are no indications that these bonds will not be repaid at par.

Trading portfolio	2022 € million	2021 € million
The trading portfolio comprises:		
Derivative financial instruments	6.8	16.3
Receivables	7.9	4.9
Debentures and other fixed interest securities	76.2	75.2
Equities and other non-fixed interest securities	0.0	0.0
Other assets	0.0	0.0
Subtotal	90.9	96.4
Risk discount	–1.3	–1.8
	89.6	**94.6**

The nominal volume of the derivative financial instruments is € 75.2 million for interest rate swaps and € 9.4 million for currency options.

Long-term equity investments of Hamburger Sparkasse in large corporations that exceed five percent of voting rights (section 340a (4) sentence 2 HGB):

Bürgschaftsbank Schleswig-Holstein GmbH, Kiel
Bürgschaftsbank Hamburg GmbH, Hamburg

Equity investments of Hamburger Sparkasse as at 31.12.2022[1]

Name and registered office of the entity	Equity interest in percent	Equity of the entity € '000 [2]	Result for the year of the entity € '000 [2]
Direct equity investments			
Bürgschaftsbank Hamburg GmbH, Hamburg	21.35 %	27,317.6	379.0
Bürgschaftsbank Schleswig-Holstein GmbH, Kiel	7.18 %	42,089.3	180.5
Cenito Service GmbH, Hamburg	100.00 %	800.0	0.0[3]
CFC Corporate Finance Contor GmbH, Hamburg	49.00 %	2,175.1	1,675.1
Deka Erwerbsgesellschaft mbH & Co. KG - Unterbeteiligung -, Neuhardenberg	2.96 %	1,785,143.0[4]	108,437.0
Hanseatischer Sparkassen- und Giroverband, Hamburg	74.87 %	63,938.0	2.0
HASPA Projektentwicklungs- und Beteiligungsgesellschaft mbH, Hamburg	30.00 %	23,447.0	4,910.9
Haspa Direkt Servicegesellschaft für Direktvertrieb mbH, Hamburg	100.00 %	687.1	0.0[3]
Next Commerce Accelerator GmbH, Hamburg	16.66 %	146.4	16.1
SCHUFA Holding AG, Wiesbaden	2.22 %	146,880.4	48,426.9

1 *Equity investments unless insignificant*
2 *Based on the most recent annual financial statements available for 2021 if no other information is given*
3 *Profit and loss transfer agreement*
4 *Not including reserves, as these are earmarked for repayment of the DSGV öK loan*

Carrying amount of the investment portfolio and shares in affiliated companies	2022 € million	2021 € million
This item includes:	112.6	118.1
Long-term equity investments	105.1	105.6
Of the marketable securities included in this balance sheet item the following are:		
listed	0.0	0.0
not listed	0.0	0.0
Shares in affiliated companies	7.5	12.5
Of the marketable securities included in this balance sheet item the following are:		
listed	0.0	0.0
not listed	0.0	0.0

The investment in Haspa Beteiligungsgesellschaft für den Mittelstand mbH of € 5.0 million was disposed of in the reporting period.

Fiduciary assets

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

Intangible and tangible fixed assets

Intangible and tangible fixed assets are recognised at cost less amortisation and depreciation. Depreciation allowed under German tax rules is taken on tangible fixed assets that were acquired by 2009.

Tangible fixed assets contain only operating and office equipment. Low-value assets costing up to € 250 excluding input tax are recognised immediately as non-staff operating expenses. Assets costing more than € 250 and up to € 1,000 excluding input tax are recognised in a pooled item, which is written down on a straight-line basis, in each case at a rate of one fifth a year.

Haspa did not use the option of capitalising internally generated software.

Changes in intangible and tangible fixed assets:

	Intangible fixed assets € million	Tangible fixed assets € million
Cost		
Cost on 01.01.2022	156.1	144.9
Additions	0.4	8.6
Disposals	0.0	9.4
Reclassifications	0.0	0.0
Cost on 31.12.2022	156.4	144.0
Depreciation, amortisation and write-downs		
Accumulated depreciation, amortisation and write-downs as at 01.01.2022	155.2	98.7
Depreciation, amortisation and write-downs	0.6	6.4
Reversal of write-downs	0.0	0.0
Disposals	0.0	8.8
Reclassifications	0.0	0.0
Accumulated depreciation, amortisation and write-downs as at 31.12.2022	155.9	96.4
Carrying amount as at 31.12.2022	**0.6**	**47.7**
Carrying amount previous year	**0.8**	**46.1**

Other assets	**2022 € million**	**2021 € million**
Other assets are comprised as follows:		
Capitalised inventories and other assets	1.3	1.4
Adjustment item from foreign currency translation	3.3	1.5
Other receivables from affiliated companies	13.8	21.1
Other receivables from cash collateral	18.7	14.8
Receivables from collateral under central clearing	183.3	193.8
Trade receivables from third parties	8.7	5.4
Other receivables	2.4	1.7
	231.5	239.7

Prepaid expenses	**2022 € million**	**2021 € million**
Prepaid expenses include:		
The difference between the lower of the settlement amount and the issue price of liabilities or debentures	10.4	2.2
The difference between the higher of the nominal amount and the settlement amount of receivables	0.4	0.5
Other prepaid expenses	1.7	2.9
	12.5	5.6

Notes to the balance sheet (equity and liabilities)

Liabilities to banks		2022 € million	2021 € million
This item includes:			
Liabilities to affiliated companies		0.3	0.3
Liabilities to other long-term investees and investors		2.4	2.0
Total amount of assets transferred as collateral for the liabilities included in this item		12,510.8	11,643.4
Breakdown by maturity:			
up to	3 months	312.9	288.8
more than	3 months up to 1 year	396.1	372.8
more than	1 year up to 5 years	4,428.2	10,442.6
more than	5 years	1,904.2	1,870.3

At the reporting date, securities with a carrying amount of € 8,336.2 million had been deposited with Deutsche Bundesbank for TLTRO III operations with a volume of € 3,150.0 million.

A further € 1,014.9 million was deposited with Deutsche Bundesbank in accordance with the MACCs (Mobilisation and Administration of Credit Claims) procedure.

A total of € 4.3 million were utilised in connection with transactions in futures exchanges and at clearing houses, for which securities with a carrying amount of € 107.1 million were deposited.

Liabilities to customers		2022 € million	2021 € million
This item includes:			
Liabilities to affiliated companies		109.2	69.1
Liabilities to other long-term investees and investors		33.8	30.9
Breakdown by maturity (without savings deposits):			
up to	3 months	739.0	137.1
more than	3 months up to 1 year	252.4	175.1
more than	1 year up to 5 years	767.2	682.8
more than	5 years	3,094.3	3,221.8

Securitised liabilities	2022 € million	2021 € million
This item includes:		
Liabilities to affiliated companies	5.0	20.0
Liabilities to other long-term investees and investors	0.0	0.0
Debentures issued that are due in the following year	725.9	850.2

Trading portfolio	2022 € million	2021 € million
The trading portfolio is comprised as follows:		
Derivative financial instruments	–4.3	16.0
Liabilities	0.0	0.0
Subtotal	–4.3	16.0
Risk premium	—	—
	–4.3	**16.0**

The nominal volume of the derivative financial instruments is € 79.4 million for interest rate swaps and € 9.4 million for currency options.

Fiduciary liabilities

The fiduciary liabilities reported exclusively concern liabilities to banks.

Other liabilities	2022 € million	2021 € million
The other liabilities comprise:		
Tax liabilities	17.1	7.8
Liabilities to companies of Haspa Finanzgruppe		
under profit transfer agreements	45.4	20.6
other liabilities	6.8	13.4
Liabilities to employees		
from vacation savings deposits and grants	6.7	6.6
other liabilities	16.4	20.7
Liabilities from collateral under central clearing	586.4	16.4
Adjustment item from foreign currency translation	26.6	10.3
Trade payables to third parties	0.9	3.3
other liabilities	5.3	6.0
	711.6	105.1

Deferred income	2022 € million	2021 € million
Deferred income includes:		
The difference between the lower of the nominal amount and the settlement amount of loan receivables	6.7	8.5
The difference between the higher of the settlement amount and the issue price of liabilities or debentures	5.3	5.2
Other deferred income	7.0	8.9
	19.0	22.6

Provisions

The difference between the carrying amount of the pension provisions using the average market interest rate for the past ten years and the carrying amount using the average market interest rate for the past seven years calculated in accordance with section 253 (6) sentence 1 HGB was € 91.7 million as at 31 December 2022 (previous year: € 136.7 million).

Fund for general banking risks

This position includes an extraordinary item of € 700 million in accordance with section 340g (1) HGB. Furthermore, an extraordinary item of € 2 million in accordance with section 340e (4) HGB is shown.

Equity

The equity is € 1 billion and is divided into 1,000,000 no par shares. HASPA Finanzholding holds all of these shares.

Statement of changes in equity

The statement of changes in equity shows the development of equity:

in € million	Subscribed capital	Capital reserves	Revenue reserves	Net retained profits	Reported equity
Balance on 01.01.2022	1,000.0	1,635.0	217.0	0.0	2,852.0
Allocation		20.0			
Net income for the financial year				45.0	
Profit to be transferred				–45.0	
Balance on 31.12.2022	1,000.0	1,655.0	217.0	0.0	2,872.0

Contingent liabilities and other obligations

Contingent liabilities

Guarantees, warranties and indemnity agreements assumed for borrowers are recorded in this item. On the basis of the regular assessments of customers' credit quality as part of our credit risk management processes, we assume that the amounts disclosed here will not result in an economic burden.

Irrevocable credit commitments

The irrevocable credit commitments largely comprise loans that have been not yet been fully disbursed. They are subject to the regular credit monitoring processes that apply to all credit commitments. There has been no increase in related counterparty credit risks.

Notes to the income statement

Interest income
In the financial year, negative interest of € 24.7 million is shown for lending products.

Interest expense
Interest expense includes negative interest for deposit products of € 80.1 million which is mainly attributable to our participation in the European Central Bank's open market operations. This item also includes a total of € 93 thousand (previous year: € 20 thousand) due to the unwinding of discounts on provisions related to the banking business.

Income from profit pooling, profit transfer, or partial profit transfer agreements
This item totalling € 0.3 million includes € 0.1 million in current tax allocations.

Current income
There was no distribution from Haspa's special funds in the reporting period. The distributions presented under current income from shares in affiliated companies were disclosed in the previous year under current income from long-term equity investments.

Commission income
A portion of 32.2 percent of total commission income is attributable to brokerage and management services for third parties.

Other operating income
This item contains € 16.0 million (previous year: € 5.9 million) in income from currency translation and € 3.7 million in income from staff leasing.

It also includes € 23.2 million in income from the reversal of provisions.

Other operating expenses
Other operating expenses include a total of € 48.6 million (previous year: € 124.9 million) due to the unwinding of discounts on long-term provisions.

Write-downs of and valuation allowances on other equity investments, shares in affiliated companies and securities classified as fixed assets
This item includes income from the disposal of the investment in Haspa Beteiligungsgesellschaft für den Mittelstand mbH of € 5.0 million.

Taxes on income
This item totalling € 99.7 million includes € 98.5 million in current tax allocations. The tax allocations are comprised of expenses from current tax allocations of € 107.4 million and prior-period reimbursements of tax allocations of € 8.9 million.

Other disclosures

Disclosures in accordance with section 160 (1) no. 8 German Stock Corporation Act
The following announcement was published by Haspa in the Electronic Federal Gazette on 17 July 2003:

"HASPA Finanzholding, Hamburg, has advised us that they hold a controlling interest (section 20 (4) German Stock Corporation Act in conjunction with section 16 (1) German Stock Corporation Act) in our company."

Disclosures in accordance with section 285 No. 21 German Commercial Code
No transactions were carried out at off-market terms.

Board of Management and Supervisory Board
In the 2022 financial year, the members of the Board of Management received total benefits of € 3.0 million. Loans and guarantees granted to members of the Board of Management amounted to € 4.2 million. The total benefits of former members of the Board of Management amounted to € 0.2 million.

A total of € 3.6 million was set aside for pension commitments to former members of the Board of Management and their surviving dependants.

The total benefits of the members of the Supervisory Board in financial year 2022 amounted to € 0.7 million. Loans and guarantees granted to members of the Supervisory Board amounted to € 1.8 million.

Expenses for the auditor
The total fee for the auditor for the 2022 financial year amounted to € 1.4 million, of which € 1.4 million concerned the audit of the annual financial statements and € 14 thousand other assurance services. Other operating income includes € 49 thousand from the reversal of the provision for audit services from the previous year.

The audit services provided mainly relate to statutory audit services, which include the audit of the annual financial statements, the audit of the investment services and custodian business, and the audit of arrangements to prevent money laundering and the financing of terrorism and other criminal acts.

Amounts not available for distribution in accordance with section 268 (8) German Commercial Code
There were no amounts not available for distribution in accordance with section 268 (8) German Commercial Code in the 2022 financial year.

Other financial obligations
There are obligations arising from letting, rental and lease agreements in effect for the next financial years.

Financial year	€ million	of which affiliated and associated companies € million
2023	58.6	10.0
2024	65.6	6.2
2025	61.6	5.9
	185.8	22.1

There were no deposit obligations or obligations to make additional contributions in the financial year.

In the financial year, Haspa made use of the option to contribute a portion of the annual contributions to the restructuring fund ("European bank levy") and the guarantee system for financial institutions of the German Savings Banks Finance Group in the form of fully hedged payment entitlements. The security provided for this purpose amounted to € 31.2 million.

There were no off-balance sheet transactions pursuant to section 285 no. 3 German Commercial Code at the reporting date.

Report on post-balance sheet date events

No events of special significance took place after the reporting date.

Foreign currency

Total assets and liabilities denominated in foreign currency were translated into € 608.9 million and € 1,314.4 million respectively.

Forward transactions / Derivative financial transactions

The following tables show the volume of transactions in effect at the end of 2022.

Derivatives are always measured by reference to their current market price. The prices on the last trading day in 2022 were used for derivatives traded on a stock exchange. If no current market price is immediately available, the measurement is based on standard financial valuation methods. In the case of interest swaps for instance, the present value is determined based on the current yield curve. In currency futures, the forward rate is used. The fair values of currency options are determined based on the current spot exchange rate, yield curves as well as implied volatilities (binomial model). The fair values of interest rate options are determined using yield curves and implicit levels of volatility (shifted Black model or Bachelier model).

Haspa issues structured securities that are matched by swaps combined into micro hedges such that the included interest rate risks and other price risks are hedged in full.

The majority of Haspa's interest-related transactions mentioned below were carried out to limit interest rate risks; they were included in the loss-free valuation of interest rate-related transactions of the banking book (interest rate portfolio). Haspa’s maturities transformation is managed as part of its asset and liabilities management by means of the interest rate swaps. Interest rate derivatives admitted to a stock exchange for trading concern trades for customers.

A large portion of the currency-related transactions concerns transactions with customers that are always hedged through foreign exchange contracts and, to a lesser extent, own portfolio trading and own securities hedging. The currency-related derivative transactions constitute an almost closed position in conjunction with Haspa’s foreign currency holdings.

Transactions involving other price risks solely comprise trades for customers and structured swaps.

The amount, timing and probability of occurrence of future cash flows from the derivative financial instruments held for trading are mainly influenced by the interest rate environment and developments in credit spreads.

Summary of derivative financial instruments not recognised at fair value (Part I)

as at 31.12.2022	Nominal values				Market values (incl. accrued interest)	
	Maturity					
in € million	up to 1 year	more than 1 year up to 5 years	more than 5 years	Total	Positive	Negative
Interest rate related transactions						
OTC products						
Caps	3.5	23.3	0.0	26.8	0.6	0.6
Floors	0.0	0.0	0.8	0.8	0.0	0.0
Structured swaps	80.0	288.2	4,767.8	5,136.0	15.1	639.0
Forward transactions in securities	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	463.3	4,277.7	6,736.2	11,477.2	968.9	291.4
Stock market instruments						
Interest rate futures	142.4	0.0	0.0	142.4	3.4	0.0
Total	**689.2**	**4,589.2**	**11,504.8**	**16,783.2**	**988.0**	**931.0**
Currency-related transactions						
OTC products						
Forward currency transactions	3,146.0	129.5	0.0	3,275.5	34.6	57.4
Currency swaps	0.0	0.0	128.1	128.1	6.0	4.2
Stock market instruments						
Interest rate futures	0.6	0.0	0.0	0.6	0.0	0.0
Total	**3,146.6**	**129.5**	**128.1**	**3,404.2**	**40.6**	**61.6**
Transactions involving other price risks						
OTC products						
Structured swaps	0.0	3.4	0.0	3.4	0.2	0.0
Stock market instruments						
Index futures	39.8	0.0	0.0	39.8	1.0	0.2
Index options	3.5	0.0	0.0	3.5	0.0	0.0
Total	**43.3**	**3.4**	**0.0**	**46.7**	**1.2**	**0.2**

Summary of derivative financial instruments not recognised at fair value (Part II)

as at 31.12.2022	Carrying amounts		Balance sheet item	Provisions
	Option premiums, upfronts, variation margins			Balance sheet item P7
in € million	assets	liabilities		
Interest rate related transactions				
OTC products				
Caps	0.2	0.2	A3/A13/P2/P6	—
Floors	—	—	—	—
Structured swaps	0.3	4.2	A3/P1	—
Forward transactions in securities	—	—	—	—
Interest rate swaps	3.8	591.5	A3/P2/P5	—
Stock market instruments				
Interest rate futures	—	—	—	—
Total	**4.3**	**595.9**		**—**
Currency-related transactions				
OTC products				
Forward currency transactions	—	—	—	0.5
Currency swaps	—	—	—	—
Stock market instruments				
Interest rate futures	—	—	—	—
Total	**—**	**—**		**0.5**
Transactions involving other price risks				
OTC products				
Structured swaps	—	—	—	—
Stock market instruments				
Index futures	—	—	—	—
Index options	—	—	—	—
Total	**—**	**—**		**—**

Summary of derivative financial instruments recognised at fair value

as at 31.12.2022	Nominal values				Market values (incl. accrued interest)	
	Maturity					
in € million	up to 1 year	more than 1 year up to 5 years	more than 5 years	Total	Positive	Negative
Interest rate related transactions						
OTC products						
Interest rate swaps	11.6	25.6	117.3	154.5	6.3	3.8
Total	**11.6**	**25.6**	**117.3**	**154.5**	**6.3**	**3.8**
Currency-related transactions						
OTC products						
Currency options	4.4	14.4	0.0	18.8	0.6	0.6
Total	**4.4**	**14.4**	**0.0**	**18.8**	**0.6**	**0.6**

Hedges

Both liabilities with a carrying amount of € 2,963.2 million and executory contracts with a nominal value of € 21.0 million were classified as underlying transactions and subject to hedge accounting pursuant to section 254 sentence 1 German Commercial Code. These are so-called micro hedges. All underlying transactions are hedged against interest, currency and other price risks using derivative financial instruments.

At 31 December, transactions with a negative fair value of € 623.3 million were in place to hedge interest rate risks; transactions with a negative fair value of € 1.3 million to hedge currency risks; as well as transactions with a positive fair value of € 0.2 million to hedge other price risks.

In addition, the own debentures held in the liquidity reserve in the form of own Pfandbriefe with a market value of € 1,003.9 million are included in a hedge with an issue volume of € 1,100.0 million.

Statement of cover assets pursuant to section 35 (1) no. 7 RechKredV

Cover for debentures issued

Cover for debentures issued	2022 € million	2021 € million
Receivables from banks	0.0	550.0
Receivables from customers	7,410.9	7,339.8
Debentures and other fixed interest securities	550.0	0.0

Pfandbrief securities

Haspa has been issuing Pfandbrief securities since the 2006 financial year.

The standard transparency requirements of section 28 German Pfandbrief Act (PfandBG) are fulfilled by disclosure on our website (www.haspa.de).

I) Information regarding total amount and maturity structure	2022 € million	2021 € million
Section 28 (1) no. 1, 3 and 7 PfandBG		
Mortgage Pfandbrief circulation		
of which derivative transactions	0.0	0.0
Nominal value	6,411.9	6,474.4
Present value	6,068.3	6,922.8
Risk net present value[1]	5,654.3	6,650.9
Cover assets		
of which derivative transactions	0.0	0.0
Nominal value	7,960.9	7,889.8
Present value	7,477.8	8,514.9
Risk net present value[1]	6,905.0	8,127.4
Excess cover		
Nominal value	1,549.0	1,415.4
Present value	1,409.5	1,592.1
Risk net present value[1]	1,250.7	1,476.5
Excess cover in % of Pfandbrief circulation		
Nominal value	24.2	21.9
Present value	23.2	23.0
Risk net present value[1]	22.1	22.2
Statutory excess cover[2]		
Nominal value	248.6	—[5]
Present value	121.4	—[5]
Contractually agreed excess cover[3]		
Nominal value	0.0	—[5]
Present value	0.0	—[5]
Voluntary excess cover[4]		
Nominal value	1,300.5	—[5]
Present value	1,288.1	—[5]
Section 28 (1) no. 6 PfandBG		
Absolute amount of the largest non-zero negative total in the next 180 days as defined by section 4 (1a) sentence 3 PfandBG for the Pfandbrief securities (liquidity requirement)	511.6	—[5]
Day on which the largest negative sum results	176.0	—[5]
Total amount of cover assets that meet the requirements of section 4 (1a) sentence 3 PfandBG (liquidity coverage)	551.8	—[5]
Surplus liquidity	40.2	—[5]

	in percent	in percent
Section 28 (1) no. 9 PfandBG		
Share of fixed-interest cover assets in total cover assets	84.7	83.4
Share of fixed-interest Pfandbrief securities in the liabilities to be covered	99.4	99.7

[1] *The dynamic approach according to section 5 (1) no. 2 German Pfandbrief Net Present Value Directive was used for the calculation of the risk net present value.*
[2] *Nominal value: Sum of the nominal value of the excess cover pursuant to section 4 (2) PfandBG and the nominal value of the excess cover pursuant to section 4 (1) PfandBG ("barwertige sichernde Überdeckung") Present value: present value of the statutory excess cover in accordance with section 4 (1) PfandBG ("barwertige sichernde Überdeckung")*
[3] *Contractually agreed excess cover*
[4] *Residual, depending on the statutory and the contractually agreed excess cover; the present value includes the net present value of the excess cover pursuant to section 4 (2) PfandBG*
[5] *In accordance with section 55 PfandBG, the previous year's data are published from Q3 2023.*

I) Information regarding total amount and maturity structure		2022 € million	2021 € million
Section 28 (1) no. 4 and 5 PfandBG			
Maturity structure of the mortgage Pfandbrief circulation			
up to	0.5 years	611.0	610.0
more than	0.5 years up to 1 year	112.1	262.1
more than	1 year up to 1.5 years	596.5	611.0
more than	1.5 years up to 2 years	320.0	112.1
more than	2 years up to 3 years	952.0	926.5
more than	3 years up to 4 years	1,005.0	962.0
more than	4 years up to 5 years	920.4	1,000.0
more than	5 years up to 10 years	1,624.0	1,845.8
more than	10 years	271.0	145.0
Fixed-interest periods of the cover assets			
up to	0.5 years	423.3	602.6
more than	0.5 years up to 1 year	428.6	373.6
more than	1 year up to 1.5 years	524.3	288.6
more than	1.5 years up to 2 years	504.4	397.3
more than	2 years up to 3 years	859.4	708.8
more than	3 years up to 4 years	734.0	760.0
more than	4 years up to 5 years	886.3	1,180.8
more than	5 years up to 10 years	2,790.9	2,940.5
more than	10 years	809.7	637.6
Effects of an extension of maturity on the maturity structure of mortgage Pfandbrief securities/ extension scenario: 12 months			
up to	0.5 years	0.0	— [1]
more than	0.5 years up to 1 year	0.0	— [1]
more than	1 year up to 1.5 years	611.0	— [1]
more than	1.5 years up to 2 years	112.1	— [1]
more than	2 years up to 3 years	916.5	— [1]
more than	3 years up to 4 years	952.0	— [1]
more than	4 years up to 5 years	1,005.0	— [1]
more than	5 years up to 10 years	2,499.4	— [1]
more than	10 years	316.0	— [1]

	2022
Prerequisites for the extension of maturity of the Pfandbriefe in accordance with section 30 (2a) PfandBG	
The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity, the Pfandbrief bank with limited business activity is not overindebted and there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension. See also, in addition, section 30 (2b) PfandBG.	

	2021
	— [1]

	2022
Powers of the cover pool administrator in the event of the extension of maturity of the Pfandbriefe in accordance with section 30 (2a) PfandBG	
The cover pool administrator may extend the maturity dates of the principal payments if the relevant requirements pursuant to section 30 (2b) PfandBG are met. The administrator shall determine the period of the extension of the maturity, which may not exceed a period of 12 months, in accordance with necessity. The cover pool administrator may extend the maturity dates of the principal and interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides in favour of such an extension of the maturity, the existence of the prerequisites pursuant to section 30 (2b) PfandBG shall be irrefutably presumed. Such an extension shall be taken into account within the maximum extension period of 12 months. The cover pool administrator may only exercise his authority uniformly for all Pfandbriefe of an issue. In this connection, the maturities may be extended in full or on a pro rata basis. The cover pool administrator must extend the maturity for a Pfandbrief issue in such a way that the original order of servicing of the Pfandbriefe which could be overtaken by the postponement is not changed (prohibition of overtaking). This may result in the maturities of later maturing issues also having to be extended in order to comply with the prohibition on overtaking. See also, in addition, section 30 (2a) and (2b) PfandBG.	

	2021
	— [1]

[1] *In accordance with section 55 PfandBG, the previous year's data are published from Q3 2023.*

II) Composition of ordinary cover assets	2022 € million	2021 € million
Section 28 (2) no. 1 PfandBG		
a) Total amount of nominal value cover assets used, by size class		
Credit coverage		
up to € 300 thousand	2,265.6	2,370.1
more than € 300 thousand up to € 1 million	1,663.6	1,556.1
more than € 1 million up to € 10 million	2,381.4	2,437.4
more than € 10 million	1,100.3	976.3

b) and c) Total amount of receivables used for cover, by type of use and by state[1]

	Land used for residential purposes		Land used for commercial purposes	
	2022 € million	2021 € million	2022 € million	2021 € million
Commonhold properties	781.5	719.8	0.0	0.0
Single- and two-family homes	1,868.3	1,831.9	0.0	0.0
Multi-family homes	2,536.7	2,556.6	0.0	0.0
Office buildings	0.0	0.0	986.0	992.8
Commercial buildings	0.0	0.0	214.7	239.7
Industrial buildings	0.0	0.0	195.2	178.0
Other commercially used buildings	0.0	0.0	828.6	821.0
Unfinished building and new buildings not yet earning income	0.0	0.0	0.0	0.0
Building plots	0.0	0.0	0.0	0.0

	2022 in years	2021 in years
Section 28 (2) no. 3 and 4 PfandBG		
Volume-weighted average age of receivables	7.5	7.4

	2022 in percent	2021 in percent
Section 28 (2) no. 3 and 4 PfandBG		
Average weighted loan-to-value ratio	52.0	51.7

	2022 € million	2021 € million
Section 28 (1) no. 11 PfandBG		
Total amount of receivables pursuant to section 12 (1) PfandBG exceeding the limits pursuant to section 13 (1) second half of sentence 2 PfandBG	0.0	0.0
Total amount of receivables pursuant to section 19 (1) PfandBG exceeding the limits pursuant to section 19 (1) sentence 7 PfandBG	0.0	0.0

[1] *No liens on property outside Germany*

III) Composition of additional cover assets	2022 € million	2021 € million
Section 28 (1) no. 8, 9 and 10 PfandBG		
Receivables as defined in section 19 (1) sentence 1 no. 2 a) and b) PfandBG	0.0	—[1]
Receivables as defined in section 19 (1) sentence 1 no. 3 a) to c) PfandBG	0.0	—[1]
Receivables as defined in section 19 (1) no. 4 PfandBG	550.0	—[1]
Section 28 (1) no. 12 PfandBG		
Total amount of receivables exceeding the limits of section 19 (1) no. 2 PfandBG	0.0	—[1]
Total amount of receivables exceeding the limits of section 19 (1) no. 3 PfandBG	0.0	—[1]
Total amount of receivables exceeding the limits of section 19 (1) no. 4 PfandBG	0.0	—[1]

IV) Overview of past due payments	2022 € million	2021 € million
Section 28 (1) no. 15 PfandBG		
Share of cover assets in arrears pursuant to Art. 178 (1) of Regulation (EU) No. 575/2013	0.0	0.0
Section 28 (2) no. 2 PfandBG		
Total amount of payments past due at least 90 days	0.0	0.0
Total amount of these receivables if payment of at least 5% of the receivable is past due	0.0	0.0

V) ISIN list of bearer securities	2022		2021
Section 28 (1) no. 2 PfandBG	DE000A12UET0 DE000A1R07B5 DE000A1YC1T0 DE000A2DAFL4 DE000A2LQQ01 DE000A2YNQ25 DE000A3H2051 DE000A3MQYT3	DE000A13SPX0 DE000A1TM3V7 DE000A254YU1 DE000A2E4NP1 DE000A2TSB73 DE000A3H2044 DE000A3H20F6 DE000A3OV4M5	—[1]

VI) Further information on the annual financial statements

Section 28 (2) no. 5 PfandBG

	Land used for residential purposes		Land used for commercial purposes	
	2022 Number	2021 Number	2022 Number	2021 Number
Number of foreclosures and receiverships pending at the closing date	0	0	0	0
Number of foreclosures executed during the financial year	0	0	0	0
Number of plots taken over during the financial year to prevent losses	0	0	0	0

	Land used for residential purposes		Land used for commercial purposes	
	2022 € million	2021 € million	2022 € million	2021 € million
Total interest in arrears	0.0	0.0	0.0	0.0

[1] *In accordance with section 55 PfandBG, the previous year's data are published from Q3 2023.*

Employees

	Annual average		
	Male	Female	Total
Full-time employees	1,685	870	2,554
Part-time employees	109	869	978
	1,793	1,739	3,532
Trainees	66	83	149
	1,860	1,821	3,681

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

An annual average of 1,462 part-time staff were employed in 2022.

Disclosures in accordance with section 340a (4) German Commercial Code

Members of the Board of Management and employees who hold positions on statutory monitoring bodies of large corporations (section 267 (3) German Commercial Code):

Members of the Board of Management

Dr. Harald Vogelsang (Spokesman of the Board of Management)

Supervisory Board	
Landesbank Berlin AG, Berlin	Member
Landesbank Berlin Holding AG, Berlin	Member

Frank Brockmann (Deputy Spokesman of the Board of Management)

Supervisory Board	
Sparkasse zu Lübeck AG, Lübeck	Deputy Chairman

Axel Kodlin (member of the Board of Management)

Supervisory Board	
Sparkasse Mittelholstein AG, Rendsburg	Chairman

Jürgen Marquardt (member of the Board of Management)

Supervisory Board	
LBS Bausparkasse Schleswig-Holstein-Hamburg AG, Hamburg	Deputy Chairman
neue leben Lebensversicherung AG, Hamburg	Deputy Chairman
neue leben Pensionskasse AG, Hamburg	Chairman
neue leben Unfallversicherung AG, Hamburg	Deputy Chairman

Dr. Olaf Oesterhelweg (member of the Board of Management)

Supervisory Board	
Bordesholmer Sparkasse AG, Bordesholm	MemberLBS
Bausparkasse Schleswig-Holstein-Hamburg AG, Hamburg	Member

Directors

Olav Melbye (General Legal Representative)

Supervisory Board

Sparkasse Mittelholstein AG, Rendsburg	Member
Sparkasse zu Lübeck AG, Lübeck	Member

Wilfried Jastrembski (Director)

Board of Directors

Hamburgische Investitions- und Förderbank, Hamburg	Member

Supervisory Board

Prof. Dr. Burkhard Schwenker **Chairman**	Chairman of the Supervisory Board HASPA Finanzholding Senior Fellow Roland Berger GmbH
Stefan Forgé **Deputy Chairman**	Second Deputy Chairman of the Works Council Hamburger Sparkasse AG
Ulrich Wachholtz **Additional Deputy Chairman** **(until 13 April 2022)**	Managing Partner Karl Wachholtz Verlag GmbH & Co. KG
Josef Katzer **Additional Deputy Chairman** **(until 17 February 2023)**	Managing Partner Katzer GmbH
Michaela Dabelstein **(since 1 August 2022)**	Employee Devision Credit and Legal Hamburger Sparkasse AG
Sandra Goldschmidt	Head ver.di Hamburg District
Cord Hamester	Works council member Hamburger Sparkasse AG
Katja Karger	Chairwoman German Trade Unions Association Berlin-Brandenburg district
Dr. Thomas Ledermann	Member of the Board of Management BÖAG Börsen Aktiengesellschaft

Dirk Lender	Head Unit Legal Advice Hamburger Sparkasse AG
Dipl.-Kff. Nathalie Leroy	Managing Director Flughafen München GmbH
Dipl.-Kff. Astrid Lurati	Member of the Board of Directors Charité – Universitätsmedizin Berlin
Dr.-Ing. Georg Mecke	Prokurist Airbus Operations GmbH
Olav Melbye	Head Devision Credit and Legal Hamburger Sparkasse AG
Thomas Sahling (until 31 July 2022)	Works Council member Hamburger Sparkasse AG
Dipl.-Volkswirt Hjalmar Stemmann (since 13 April 2022)	Managing Partner Stemmann & Leisner Mund-, Kiefer- und Gesichtstechnik GmbH
Claudia Stübe	Works council member Hamburger Sparkasse AG
Dr. Jost Wiechmann	Lawyer, Tax Consultant, German Public Auditor Wiechmann - Rechtsanwälte

Haspa is included in the consolidated financial statements of HASPA Finanzholding, Hamburg, Germany, as the latter's wholly-owned subsidiary. The consolidated financial statements of HASPA Finanzholding are published in the Company Register. Haspa has entered into a control and profit transfer agreement with HASPA Finanzholding pursuant to section 291 (1) German Stock Corporation Act. Whilst Haspa in turn has equity interests in subsidiaries as well, pursuant to section 296 German Commercial Code it may dispense with preparation of (partial) consolidated financial statements.

Haspa's subsidiaries are individually and jointly subject to section 296 (2) German Commercial Code. Relative to Haspa's separate financial statements, these subsidiaries, individually and jointly, due to their single-digit ratios would have an insignificant effect on Haspa's net assets, financial position and results of operations shown in consolidated financial statements of Haspa if Haspa prepared (sub)group accounts.

Board of Management

Dr. Harald Vogelsang
Spokesman

Frank Brockmann
Deputy Spokesman

Axel Kodlin

Jürgen Marquardt

Dr. Olaf Oesterhelweg

Hamburg, 21 February 2023

The Board of Management

Dr. Harald Vogelsang

Frank Brockmann

Axel Kodlin

Jürgen Marquardt

Dr. Olaf Oesterhelweg

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Hamburger Sparkasse, and the management report includes a fair review of the development and performance of the business and the position of the Hamburger Sparkasse AG, together with a description of the material opportunities and risks associated with the expected development of Hamburger Sparkasse.

Hamburg, 21 February 2023

The Board of Management

Dr. Harald Vogelsang | Frank Brockmann

Axel Kodlin | Jürgen Marquardt | Dr. Olaf Oesterhelweg

Independent auditor's report

To Hamburger Sparkasse AG, Hamburg

Report on the audit of the annual financial statements and of the management report

Audit opinions

We audited the annual financial statements of Hamburger Sparkasse AG, comprising the balance sheet as at 31 December 2022, the income statement, the cash flow statement and the statement of changes in equity for the financial year from 1 January to 31 December 2022 as well as the notes including the presentation of accounting policies. We also audited the management report of Hamburger Sparkasse AG for the financial year from 1 January to 31 December 2022. In accordance with German legal requirements, we did not audit the content of those parts of the management report specified in the section entitled "Other information".

In our opinion, on the basis of the knowledge obtained in the audit
– the accompanying annual financial statements comply, in all material respects, with the provisions of German commercial law as applicable to credit institutions and in compliance with the German proper accounting principles give a true and fair view of the assets, liabilities and financial position of the Sparkasse as at 31 December 2022, and of its results of operations for the financial year from 1 January to 31 December 2022, and

– the accompanying management report as a whole provides a suitable view of the Sparkasse's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of those parts of the management report specified in the section entitled "Other information".

Pursuant to section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Sparkasse in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation in conjunction with section 340k (3) sentence 2 HGB, we declare that all persons employed by us who can influence the result of the audit have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

Hereinafter we present the key audit matters from our perspective:

Our presentation of these key audit matters has been structured as follows:
a) Matter and issue
b) Audit approach and findings
c) Reference to further information

1. Measurement of receivables from customers, particularly in the context of the first-time application of IDW BFA 7

   a) Loan assets in the amount of € 38,066.3 million have been reported in the Sparkasse's annual financial statements as of 31 December 2022 under the balance-sheet item "Receivables from customers". For this loan portfolio, risk provisions have been recognised in the balance sheet as of 31 December 2022 which consist of specific and global valuation allowances. The expenses for risk provisions in the lending business recognised in the income statement for financial year 2022 have increased considerably year-on-year.

      The measurement of risk provisions for customer lending business is determined, in particular, by the Board of Management's assessment regarding future credit losses, the structure and quality of the loan portfolio as well as overall economic factors. The value of specific valuation allowances on customer receivables corresponds to the difference between the loan amount outstanding and the lower fair value as of the reporting date. Collateral is taken into consideration. Starting in the 2022 financial year, IDW RS BFA 7 was applied to foreseeable counterparty risks in the lending business of credit institutions that have not yet been specified for individual borrowers. Here, the global valuation allowances were recognised on the basis of the expected loss over a period of 12 months based on the figure calculated and also used for internal risk management purposes. Moreover, in order to give due consideration to the effects of currently exceptional events when measuring global valuation allowances, a specific adjustment amount was recognised on the basis of statistical and mathematical methods. Overall, the total amount of global valuation allowances is € 9.4 million higher than at 31 December 2021.

      Valuation allowances on customer lending business have a highly significant impact on the Sparkasse's net assets, financial position and results of operations, while the Sparkasse's Board of Management has significant discretion over these valuation allowances. In addition, the measurement parameters applied which are subject to a high level of uncertainty play a considerable role in determining whether it is necessary to establish valuation allowances and, if so, their amount. In this context, this matter was particularly significant in the context of our audit.

b) Within the framework of our audit, we initially assessed the appropriateness of the controls implemented within the Sparkasse's relevant internal control system and tested the functionality of these controls on a spot check basis. In doing so, we took into consideration the bank's business organisation, its IT systems and relevant measurement models. We also assessed the measurement of customer receivables, including the appropriateness of estimated values, on the basis of spot checks of credit commitments. We therefore evaluated the Sparkasse's documentation concerning its financial condition as well as the recoverability of collateral. In addition, we have evaluated the calculation methods applied by the Sparkasse as well as the underlying assumptions and parameters by way of assessment of the specific and global valuation allowances recognised. We have assessed the appropriateness of the inclusion of further specific risk factors in relation to the current economic uncertainty. On the basis of our audit activities, we were able to confirm the appropriateness of the assumptions made by the Sparkasse's Board of Management in its review of the asset quality of its loan portfolio as well as the appropriateness and effectiveness of the processes implemented by the Sparkasse.

c) Further information is included in the notes to the annual financial statements of the Sparkasse in the section on "accounting policies" and in the management report section "2.3.2. Results of operations".

2. Valuation of interest rate-related transactions of the banking book (interest rate portfolio) in the context of the changes to the ECB's interest rate policy

a) In the Sparkasse's annual financial statements, interest-bearing financial instruments (including derivatives) of the banking book (interest rate portfolio) are assessed based on the IDW position statement IDW RS BFA 3 new version as part of a value-based calculation, making allowance for individual refinancing options. In line with internal risk management system, the banking book includes all on- and off-balance sheet interest-bearing financial instruments outside the trading portfolio. The assessment encompasses all interest income from interest-bearing financial instruments of the banking book as well as all administrative expenses and the cost of risk expected up until the completion of the business. According to the Sparkasse's calculations, there is no excess of liabilities over assets, so it was not necessary to recognise a provision at 31 December 2022.

The shift in the ECB's interest rate policy has significant effects for the value-oriented measurement of the Sparkasse's interest rate portfolio. In addition, the measurement parameters applied, which are subject to a high level of uncertainty, play a considerable role in determining whether it is necessary to establish a provision and, if so, its amount. In this context, this matter was particularly significant in the context of our audit.

b) As part of our audit of this matter, we assessed the presentation of the matter in accordance with the requirements of the German Commercial Code. Among other things, we also reviewed whether:

– the assessment and presentation of the Board of Management based on commercial law complies with statutory provisions and generally accepted accounting principles,

– the controls implemented within the Sparkasse's relevant internal control system and the functionality of these controls are effective on a spot check basis,

– the key assumptions relating to the value-oriented measurement of the interest book are plausible according to internal and external expectations and are thus sound.

On the basis of our audit activities, we were able to confirm the appropriateness of the value-oriented measurement of the banking book (interest rate portfolio) carried out by the Sparkasse's Board of Management as well as the appropriateness and effectiveness of the processes implemented by the Sparkasse.

c) Further information is included in the notes to the annual financial statements of the Sparkasse in the section on "accounting policies".

Other information

The Board of Management and the Supervisory Board are responsible for the other information.

The other information comprises:

– the separate non-financial report in accordance with section 289b HGB, which is referenced in section 6 of the management report,

– the corporate governance declaration in accordance with section 289f HGB contained in section 7 of the management report,

– the report on equality and equal pay in accordance with section 21 German Transparency of Pay Act,

– the report of the Supervisory Board, and

– all other parts of the annual report of Hamburger Sparkasse AG for the year ended 31 December 2022 that are not relevant for the audit.

The Supervisory Board is responsible for the report of the Supervisory Board. The Board of Management is responsible for the other information.

Our audit opinions on the annual financial statements and on the management report do not extend to the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

– is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or

– otherwise appears to be materially misstated.

Responsibility of the Board of Management and the Supervisory Board for the annual financial statements and the management report

The Sparkasse's Board of Management is responsible for the preparation of the annual financial statements, which in all material respects comply with the provisions of German commercial law as applicable to banks, and it is responsible that the annual financial statements in compliance with the German proper accounting principles give a true and fair view of the assets, liabilities, financial position and results of operations of the Sparkasse. In addition, the Sparkasse's Board of Management is responsible for such internal control as they have determined necessary in accordance with the German principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Sparkasse’s Board of Management is responsible for assessing the Sparkasse’s ability to continue as a going concern. Furthermore, it has the responsibility to disclose matters related to going concern, as applicable. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

In addition, the Sparkasse’s Board of Management is responsible for the preparation of the management report, which as a whole provides a suitable view of the Sparkasse’s situation, is consistent with the annual financial statements in all material respects, complies with the German legal regulations and suitably presents the opportunities and risks of future development. Furthermore, the Sparkasse’s Board of Management is responsible for such arrangements and measures (systems) which it has deemed necessary in order to enable the preparation of a management report in accordance with the German legal regulations to be applied and to furnish sufficient and appropriate evidence for the statements in the management report.

The Supervisory Board is responsible for overseeing the Sparkasse’s financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor’s Responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Sparkasse’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

As part of an audit, we exercise professional judgement and maintain professional scepticism. We also

– identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

– obtain an understanding of internal control system relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these Sparkasse systems.

- evaluate the appropriateness of accounting policies used by the Sparkasse’s Board of Management and the reasonableness of estimates made by the Sparkasse’s Board of Management and related disclosures.

- form conclusions on the appropriateness of the Sparkasse’s Board of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sparkasse’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors’ report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Sparkasse to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements in compliance with the German proper accounting principles give a true and fair view of the assets, liabilities, financial position and results of operations of the company.

- evaluate the consistency of the management report with the annual financial statements, its legal consistency, and the view of the Sparkasse’s position it provides.

- perform audit procedures on the forward-looking information presented by the Sparkasse’s Board of Management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Sparkasse’s Board of Management as a basis for the forward-looking information, and evaluate the proper derivation of the forward-looking information from these assumptions. We do not express a separate audit opinion on the forward-looking information and on the underlying assumptions. There is a significant, unavoidable risk that future events will differ materially from the forward-looking information.

We discuss with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in the auditor’s report, unless law or regulation precludes public disclosure of the matter.

Other legal and regulatory requirements

Assurance report in accordance with section 317 (3a) HGB on the electronic reproduction of the annual financial statements and the management report prepared for publication purposes

Assurance conclusion
We have performed an assurance engagement in accordance with section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter also referred to as “ESEF documents”) contained in the attached electronic file Haspa_AG_ESEF-2022-12-31.xhtml and prepared for publication purposes complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2022 contained in the “Report on the Audit of the Annual Financial Statements and on the Management Report” above.

Basis for the reasonable assurance conclusion
We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 (06.2022)). Accordingly, our responsibilities are further described below in the “Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents” section. Our audit department has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibility of the Board of Management and the Supervisory Board for the ESEF documents

The Sparkasse’s Board of Management is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with section 328 (1) sentence 4 no. 1 HGB.

In addition, the Sparkasse’s Board of Management is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor’s responsibilities for the assurance engagement on the ESEF documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error. As part of an audit, we exercise professional judgement and maintain professional scepticism. We also

– identify and assess the risks of material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

– obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

– evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 as applicable on the reporting date on the technical specification for this electronic file.

– evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited management report.

Further information pursuant to Article 10 of the EU Audit Regulation
In accordance with section 340k (3) HGB in conjunction with the Articles of Association of Hamburger Sparkasse AG, Hamburg, and the HSGV as well as the audit office of the HSGV, we are the Sparkasse’s statutory auditor. On 13 April 2022, the General Meeting of the Sparkasse adopted a resolution electing us as auditor for the 2022 financial year. We were engaged by the Supervisory Board on 26 April 2022

We declare that the audit opinions expressed in this auditors’ report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

The services rendered by us in addition to the audit of the financial statements are listed in the notes to the financial statements of Sparkasse under Other information, Expenses for the auditor.

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be uploaded to the Company Register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

Responsible auditor
The German Public Auditor responsible for the engagement is Mr Dirk Bolte.

Hamburg, 27 March 2023

Auditing Division of the
HANSEATISCHER SPARKASSEN-
UND GIROVERBAND (HANSEATIC SAVINGS BANKS ASSOCIATION)

Dirk Bolte
Wirtschaftsprüfer (German Public Auditor)

Report of the Supervisory Board

During the reporting year, the Supervisory Board and the Board of Management regularly, without delay and comprehensively discussed all fundamental matters related to the strategic alignment of Hamburger Sparkasse AG, its corporate policies, its company planning, the development of its operating business, its financial condition, its exposure to risk and the business and risk strategy, and the Supervisory Board made all decisions that were incumbent on it. All issues key to the company were discussed in depth with the Board of Management in four plenary sessions. In addition, the Supervisory Board convened for a constituent meeting as well as one other meeting at which it discussed the scenarios in the medium-term planning with the Supervisory Board of HASPA Finanzholding. Matters of major importance as well as topics specified in particular in the German Banking Act were discussed and fleshed out ahead of time at the meetings of the appropriate committees. With the exception of one ordinary meeting and the constituent meeting, which were held as video conferences due to the coronavirus pandemic, the Supervisory Board meetings were held in-person.

In the context of performance and risk reporting, and taking particular account of the repercussions of the war in Ukraine, the Supervisory Board discussed the financial and risk situation of Hamburger Sparkasse AG at length. Other issues of importance were the succession planning for the Board of Management, the change in the division of responsibilities for the Board of Management and the appointment of a new director of labour relations, the adoption of governance guidelines, the imminent move to the Deutschlandhaus and the SREP resolved by the European Central Bank.

Following a lengthy debate and based on a list of different criteria, the Supervisory Board then assessed its structure, size, composition and performance as well as the knowledge, skills and experience of both Supervisory Board members and the Supervisory Board as a whole and determined these to be adequate and in line with regulatory requirements. The Supervisory Board also devoted attention to the structure, performance and suitability of the Board of Management and its members, which it judged to be appropriate and in line with the requirements applicable to Hamburger Sparkasse AG, and decided on how to measure and set the variable remuneration awarded to the members of the Board of Management.

The Supervisory Board was involved in all material decisions of Hamburger Sparkasse AG requiring its consent by law or the company's articles of association. The Chairman of the Supervisory Board and the Spokesman of the Board of Management also regularly engaged in discussions at which the latter informed the former of current operational matters and addressed strategic considerations ahead of time. The Supervisory Board satisfied itself of the Board of Management's due and proper conduct of business and made all decisions that are incumbent upon it by its authority – especially under the requirements of applicable laws and the articles of association. It received regular reports on the work of the committees. The annual training event addressed the advantages and challenges of an internal ratings-based approach (IRBA) for calculating capital requirements.

The auditing division of the Hanseatischer Sparkassen- und Giroverband (Hanseatic Savings Banks Association), which the General Meeting had elected to serve as the auditors, audited the bank's annual financial statements as at 31 December 2022 – comprising the balance sheet, income statement, notes as well as the cash flow statement and the statement of changes in equity – including the bookkeeping system as well as the management report and issued an unqualified auditors' report.

The auditors' report was presented to the members of the Audit Committee tasked with conducting a preliminary review. The auditors attended the financials meetings of the Audit Committee and the Supervisory Board and reported on the material findings of their audit. The Supervisory Board discussed the auditors' report in detail and duly noted its findings. The Supervisory Board's own review fully concurs with the results of the audit by the auditing division of the Hanseatic Savings Banks Association. The Supervisory Board sees no reason to raise any objections against the management and the financial statements that were presented. The Supervisory Board approved the annual financial statements as prepared by the Board of Management at today's meeting. The annual financial statements have thus been adopted pursuant to section 172 German Stock Corporation Act. Under the control and profit transfer agreement, the net income for the 2022 financial year before profit transfer, as reported in the annual financial statements, is transferred in full to HASPA Finanzholding without requiring a resolution of the General Meeting as to the appropriation of net retained profits.

The Supervisory Board also reviewed the non-financial report (Sustainability Report). In doing so, it took into account the findings of the review of the report conducted by the Compliance division. The audit did not lead to any reservations.

The Additional Deputy Chairman of the Supervisory Board, Mr Ulrich Wachholtz, stepped down from the Supervisory Board with effect from 13 April 2022 due to the age limit set out in the Articles of Association. Mr Wachholtz guided and supported the development of Hamburger Sparkasse AG in a spirit of consistently constructive and loyal cooperation. Mr Thomas Sahling likewise stepped down from the Supervisory Board with effect from 31 July 2022 owing to his retirement. The Additional Deputy Chairman of the Supervisory Board, Mr Josef Katzer, also stepped down for personal reasons with effect from 17 February 2023. The Supervisory Board would like to thank its former members for their services and dedication in recent years. Mr Hjalmar Stemmann was elected as a new Supervisory Board member with effect from 13 April 2022. On 1 August 2022, Ms Michaela Dabelstein succeeded Mr Sahling as his elected substitute member on the Supervisory Board.

The Supervisory Board expresses its gratitude and appreciation to the Board of Management and to all employees of Hamburger Sparkasse AG for their great personal dedication and successful work in the financial year just ended, which again was dominated by extraordinary challenges. The Supervisory Board also thanks the works council for the good and constructive collaboration.

Hamburg, 20 April 2023

The Supervisory Board

Prof. Dr. Burkhard Schwenker
Chairman of the Supervisory Board

Divisions

Compliance
Christian Albers

Direct Consulting
Michael Maaß

Purchasing, Facility Management and Logistics
Volker Widdra

Comprehensive Bank Controlling
Stefan Hahn

Real Estate Customers
Jens Ole Heitmann
Wilfried Jastrembski

IT Management
Niels Rasmussen

Credit and Legal
Olav Melbye, General Legal Representative

Customer Journey Investment and Pension
Thomas Hinsch

Customer Journey Daily
Lars Fiolka

Customer Journey Start-up and Grow
Thorsten Detjen

Customer Journey Living
Helge Fobbe

Omnichannel Management
Arne Nowak

Organisation and Process Management
Alexandra Hasse

People & Culture
Dennis Chan

Private Banking
Frank Krause
Annemarie Schlüter

Alster-East Region
Ralf Günther
Tobias Take

Alster-West Region
Carsten Blöß
Tobias Foerster

North Region
Frank Ennen
Dörte Martens

North-East Region
Dörte Paulsen
Silke Schwing

East Region
Holger Knappe
TBD

South Region
Arent Bolte
Marcel Sluppke

West Region
Metta Schade
Helge Steinmetz

Works Council

Audit
Thorsten Pegelow

Risk Management
York Heitmann

Transfer Support
Joachim Ewald

Treasury
Dr. Jan Zurek

Corporate Development
Tobias Lücke

Corporate Communication
Stefanie von Carlsburg

Enterprise Customers
Andreas Mansfeld, General Legal Representative

Chairman of the Works Council
Gottfried Max Segert

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