Half-yearly Report 2019

Haspa
Hamburger Sparkasse

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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 public sector 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 Hamburg-based Hanseatischer Sparkassen- und Giroverband (Hanseatic Savings Banks Association – HSGV) and the Frankfurt-based Verband der freien Sparkassen (Association of Independent Savings Banks). Through HSGV, Haspa is affiliated with the Deutscher Sparkassen- und Giroverband e. V. (German Savings Banks Association, DSGV) 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).

Foreword of the Board of Management

Ladies and Gentlemen,
We leverage our positioning as the most personal multi-channel bank in the Hamburg Metropolitan Region and an even stronger networking of people and businesses to create added value for our customers. To this end, we are investing both in our branch network and in the expansion of our digital services.

With our "branch of the future" concept, we will develop our branches into meeting places for local people that offer more than financial services. The branches of the future provide a space for the neighbourhood to come together – to plan the next district festival or a charitable initiative, for example. Our branches serve as venues for events that cover a wide variety of topics, and for concerts and readings. Among the other reasons to visit a branch are the presentation areas that we make available to companies or clubs from the local area free of charge.

Our new branch concept will make our strong regional ties, proximity to the people and skills of our local customer support and consulting staff even more apparent than before. After the first five branches of the future were launched in 2017, a total of 32 conversions were carried out in 2018. In the first half of 2019, we converted 11 additional branches to the new concept. Our goal is to complete about 16 more conversions this year.

Of course, we are also rapidly expanding our digital offering in this age of digital transformation, as customers want to be able to access modern online and mobile services around the clock in addition to local customer support and consulting.

The successful conversion of large parts of our IT infrastructure to the Finanz Informatik system in April is an important step for us on the way to becoming the most personal multi-channel bank in Hamburg. It enables us to offer new services and to continue to meet our customers' requirements for modern banking in the future.

With our innovation and investments in the future, we remain the bank for all of Hamburg – and have been ever since our foundation in 1827. We continue to keep money in circulation in the region and keep the regional business cycle going, and serve the public interest with our multifaceted corporate social responsibility activities, particularly in education and social welfare, art, music and sport.

We thank our customers and business partners for the trust they continue to place in us. Special thanks also go to all Haspa employees for their dedication in a challenging environment. We would also like to thank the Supervisory Board and the Works Council for their constructive cooperation.

Hamburg, 3 September 2019

The Board of Management

From left to right: Bettina Poullain, Dr. Harald Vogelsang, Axel Kodlin, Jürgen Marquardt, Frank Brockmann

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.

In his capacity as Spokesman of the Board of Management he is responsible for the Corporate Development, Human Resources and Communication reporting area, to which the Digital Sales, Human Resources, Corporate Communication and Board Staff divisions are assigned.

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.

In the Corporate Customers and Treasury reporting area, he is responsible for the Corporate Customers 1, Corporate Customers 2, Real Estate Customers, SME Customers, Treasury, Enterprise Customers and Sales Management Corporate Customers divisions.

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.

His Processes and IT reporting area comprises Information Technology and Organisation, and the Securities and Transaction Service divisions.

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.

In his Finance and Risk reporting area, he is responsible for the Compliance, Comprehensive Bank Controlling, Credit and Legal, Risk Management, and Sales Management Private Customers divisions.

Bettina Poullain, born in 1958, holds a degree in business administration (Diplom-Kauffrau). She has been a member of the Board of Management of Hamburger Sparkasse AG since 2013.

Her Private Customers reporting area includes the Private Customers Central, Private Customers North-East, Private Customers North-West, Private Customers South-East, Private Banking, Audit and Purchasing, Facility Management and Logistics divisions.

Interim management report

of Hamburger Sparkasse AG for the period ended 30 June 2019

1. Fundamental information about the company

Haspa is the bank for all of Hamburg. As a reliable partner and indispensable promoter of the Hamburg Metropolitan Region, our actions are inseparably intertwined with the interests of Hamburg and the welfare of all its residents.

In particular, we provide opportunities for safe 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 continue to refine our corporate vision and the strategies that we derive from it. In that connection, we will stick to the stable core of our alignment – i.e. a main emphasis on our operations in the Hamburg Metropolitan Region and our focus on all private and corporate customers, the enterprise and real estate customer business, as well as private banking.

Using our expertise and customer proximity, we assist people and companies in their financial planning and in safeguarding the future. Our sound knowledge of the regional market, an efficient organisational structure and local expertise enable us to make decisions quickly. We have also established an extensive network with people, companies, associations and institutions in all parts of the Hamburg metropolitan region. This puts us in a position to provide our customers with valuable contacts and to receive important ideas and input ourselves.

Our customers are increasingly using digital services. Yet the Internet cannot replace face-to-face contact altogether, Personal customer advisory and service in our branches and centres remains very important to our customers.

We are building on our strategic positioning as the most personal multi-channel bank in the Hamburg Metropolitan Region in order to move closer to our goal of being the most recommended financial partner in Hamburg. We are investing in our new branch concept, expanding our digital offering and opening up new business areas as well as broadening our collaboration with the German Savings Banks Finance Group. In April, large parts of our IT infrastructure migrated to the OSPlus system of the German Savings Banks Finance Group's central IT service provider Finanz Informatik GmbH & Co. KG.

We also continued the project launched in November 2018 aimed at shaping our future in order to position ourselves in an even more customer-focused, digital and lean way.

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

2. Report on economic position

2.1. Macroeconomic and sector-specific environment

The pace of growth in the German economy slowed in the first half of 2019. Real gross domestic product (GDP) grew by 0.6 percent year-on-year in the first quarter of the year, compared to 0.9 percent year-on-year in the fourth quarter of 2018 and 1.1 percent year-on-year in the third quarter of last year.

Hamburg Chamber of Commerce's economic barometer signalled a slowdown in the city's economy. While a substantial majority of the Hamburg-based companies surveyed in the second quarter of 2019 still think that business is good, not bad, their assessments are slightly more cautious than in the first quarter. In addition, a comparison with the prior-year quarter shows that the positive balance of good and bad assessments of the current business situation has dropped significantly from 25.3 to 19.8. While unemployment in Hamburg rose by 1.4 percent in June compared to the same period last year, the number of employees subject to social security contributions continued to increase in the first half of 2019.

The European Central Bank (ECB) maintained its extremely expansionary monetary policy in the first half of 2019 with zero percent and negative interest rates. The ECB kept the rate for main refinancing operations at 0.00 percent, while the interest rate on deposits by banks imposed by the ECB remained at – 0.4 percent. The extremely low interest rates result in investors losing out on interest income and reduce the incentive to make private retirement provision. Furthermore, the extremely low level of interest rates continues to limit credit institutions' opportunities to generate revenue.

In the first six months of the year, the capital markets were caught between announcements of further monetary policy easing on the one hand and political uncertainties such as the trade dispute between the USA and China, Brexit and the Iran conflict on the other. In this challenging environment, Germany's DAX share index initially managed to make up most of the losses it suffered at the end of 2018. The politically-motivated uncertainty led investors to intensify their search for safe-haven investments such as German government bonds, where returns dropped considerably. As a result, the yield on ten-year Bunds fell to a new low.

2.2. Course of business

As a retail bank, Haspa focuses on competent and comprehensive services for private customers as well as commercial customers in the Hamburg Metropolitan Region. Haspa has been gaining both customers and deposits thanks to this stable business model. In total, we succeeded in acquiring some 29,000 new customers in the first six months of the year, lifting the total number of giro accounts to almost 1.4 million as at the end of June 2019. The number of giro account holders who have opted for the “Haspa-Joker” account – Hamburg’s advantage account – continues to expand, totalling almost 689,000 at the end of the first half-year. Besides extensive banking services, these customers also benefit from a multitude of value-added services.

We are delighted to report that the number of Haspa MäuseKonto accounts has continued to grow and reached almost 138,000 in the year to date. Currently offering three percent interest from the first euro up to an amount of €500, Haspa’s MäuseKonto account is not only a popular and safe investment. Established as a savings and learner account, it also gives children the opportunity to learn how to manage money and a current account.

In view of the further consolidation of our positioning in the Hamburg Metropolitan Region, we are generally satisfied with the course of business up to 30 June 2019. The historically low and negative interest rate environment continued to have a particularly adverse impact on net interest income, and it also led once again to high expenses connected with our pension provisions. Persistently stringent regulatory requirements also continued to have a negative impact. Half-year earnings were €35 million, which was in line with our expectations and on a par with the result achieved in the same period last year.

This result also includes expenses from investments in our new branch concept, expanding our digital offering and opening up new business areas as well as broadening our collaboration with the German Savings Banks Finance Group in the area of IT. In proprietary securities investments, we continued with the structural adjustment initiated in 2018 and successfully migrated large parts of our IT infrastructure to the OSPlus system of the German Savings Banks Finance Group’s central IT service provider Finanz Informatik GmbH & Co. KG in April 2019. Other developments in the past half-year are described 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 in € million	30.06.19	31.12.18	abs.	rel.
Cash reserve	608	2,299	− 1,691	− 74 %
Receivables from banks	5,410	2,645	+ 2,764	+ 104 %
Receivables from customers	33,429	32,743	+ 686	+ 2 %
Securities	5,438	7,076	− 1,638	− 23 %
Trading portfolio	115	125	− 10	− 8 %
Other assets	203	205	− 2	− 1 %
Total assets	45,203	45,093	+ 110	+ 0 %

Equity and liabilities in € million	30.06.19	31.12.18	abs.	rel.
Liabilities to banks	3,921	3,786	+ 135	+ 4 %
Liabilities to customers	33,614	33,627	− 12	− 0 %
Securitised liabilities	2,927	2,935	− 8	− 0 %
Trading portfolio	26	24	+ 2	+ 8 %
Provisions	1,101	1,088	+ 13	+ 1 %
Equity and fund for general banking risks	3,503	3,433	+ 70	+ 2 %
Other equity and liabilities	111	200	− 89	− 45 %
Total equity and liabilities	45,203	45,093	+ 110	+ 0 %

Total assets increased

Total assets rose only slightly by €0.1 billion or 0.2 percent compared with 31 December 2018 to €45.2 billion. While receivables from customers showed a slight increase, liabilities to customers and securitised liabilities remained virtually unchanged. The bank's cash management activities resulted in a significant increase in receivables from banks, while the cash reserve decreased significantly. Liabilities to banks, which continue to be dominated by pass-through loans especially of Kreditanstalt für Wiederaufbau, were slightly higher on the reporting date than at the close of the previous year. These pass-through loans are reported as a component of the lending business on the assets side of the balance sheet and at around €2.4 billion were slightly higher year-on-year. Our proprietary securities portfolio shrunk significantly by €1.6 billion to €5.4 billion. This was due to the structural adjustment of proprietary securities investments initiated in 2018. In addition to further reducing portfolios within the special funds, new special funds were also launched, resulting in a positive tax effect. In addition, further allocations were made to our equity capital, as planned.

Customer deposits unchanged amid low interest rates

Overall, customer deposits remained virtually unchanged at €33.6 billion. This also reflects our customers' trust in the development of our portfolio of traditional products. We are happy to report that savings deposits increased in a time of low interest rates by €0.1 billion or 1.4 percent to €9.2 billion. Other liabilities, however, decreased by €0.1 billion or 0.6 percent to €24.4 billion. In the context of the funding and investment structure, Haspa's liquidity situation is considered comfortable on account of the large portfolio of liabilities from the customer business. For more information about compliance with the regulatory ratios and the management of the liquidity situation, please see the risk report.

Receivables from customers increased

Receivables from customers were up €0.7 billion or 2.1 percent to €33.4 billion. This encouraging development was largely attributable to longer-term loans. Although new loan approvals were slightly down year-on-year, they remained at a high level.

2.3.2. Results of operations

Income statement in € million	1–6 2019	1–6 2018	abs.	rel.
Net interest income	330	325	+5	+1 %
Net commission income	165	153	+12	+8 %
Net income from financing activities	–1	–1	–0	+84 %
Administrative expenses	–371	–352	–20	+6 %
Other operating result	–48	–44	–4	+10 %
Net revaluation gain/loss	–39	–13	–25	+189 %
Result from ordinary activities	35	69	–34	–49 %
Extraordinary result	0	0	+0	k.A.
Tax expense	0	–34	+34	–100 %
Result	35	35	+0	+0 %

Result at prior-year level in a still challenging climate

The persistently low level of interest rates and the substantially increasing regulation continue to pose major challenges for the lending industry. In this challenging climate, earnings for the first half of the year is not entirely satisfactory. The figure of €35 million is on a par with the prior-year period and thus in line with our expectations, with various, sometimes opposing effects recorded compared to the previous year. Although expenses were up on the same period last year, particularly as a result of costs arising from the broadening of our collaboration with the German Savings Banks Finance Group, they were partially offset by increased income. In terms of net revaluation gains and losses, there was a higher overall charge in the prior-year period due to our proprietary securities investments, while the net valuation gain on loans once again required encouragingly low risk provisions. In addition, no tax expense was reported for the first half of the year as expected, as the strategic realignment of our proprietary securities investments had a positive tax effect.

Higher net interest income

Net interest income rose by €5 million to €330 million year-on-year in the first half of 2019. Overall, the interest rates held at a low level through the continuation of an extremely loose monetary policy had a negative impact on various components of net interest income. In view of this, the increase primarily resulted from contributions from maturity transformation, which benefited from the drop in interest rates. As a result, the limit for the present value interest rate risk was not utilised. By contrast, liability margins in our customer business, which accounted for by far the largest share of net interest income, remained under pressure. In addition, distributions from special funds, which are reported under current income from equities and other non-fixed interest securities, were lower in light of the decreased portfolios.

Net commission income up year-on-year

After the end of the first half of the year, net commission income was up by €12 million on the prior-year level at €165 million. Income from loans and clearing transactions in particular was slightly higher, while contributions from securities business were lower.

Higher administrative expenses

Administrative expenses increased by a total of €20 million compared with the prior-year period. As well as a slight rise in personnel expenses, this growth was particularly attributable to other administrative expenses, where higher costs connected with the migration of large parts of our IT infrastructure in April this year had an impact despite us maintaining our consistent approach to cost management. As in previous years, expenses for the European guarantee schemes also had a negative impact.

Other operating result down

Other operating income was down €4 million year-on-year. Once again, this increase mostly stemmed from expenses attributable to the revaluation of our pension provisions as a result of the low and negative interest environment, which drove up charges significantly compared with the prior-year period.

Net revaluation gain down year on year

Although the risk provisions for the lending business were slightly higher year on year, they remained at an encouraging level. Conversely, the net revaluation loss on our proprietary securities investments, particularly our special funds, was slightly higher than in the previous year. This is due on the one hand to uncertainties on the capital market and on the other hand to the aforementioned realignment of our proprietary securities investment. Overall, the net revaluation loss in the first half of 2019 was considerably higher than in the prior-year period.

Development of the most important key performance indicators

The most important financial key performance indicator for our internal management 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 €139 million, following the definition by the DSGV, the result from ordinary activities came to €35 million after deduction of €104 million in total. This deduction was composed of the net revaluation loss of around €34 million and the non-operating result of €71 million. Due to the low and negative interest environment, the development of the non-operating result was particularly dominated by expenses associated with pension provisions as well as greater investments in broadening our collaboration with the German Savings Banks Finance Group in the area of IT. Overall, the operating result before loan loss provisions was marginally above the prior-year level and slightly exceeded projections for the period.

The most important non-financial key performance indicator for our internal management is gross new customer additions. This was slightly below the comparable figure for the previous year and a bit lower than the half-year target figure.

3. Risk report

Internal control and risk management system as an essential component of the business organisation

Pursuant to section 25a (1) German Banking Act, overall responsibility for proper business organisation and the risk management system integral to it rests with Haspa's Board of Management. The Board of Management is supported by Compliance and Risk Management in this context. Among other things the risk management system comprises the implementation of internal control procedures consisting of an internal control system and an internal auditing system. Internal Audit 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. Internal Audit directly or indirectly reviews the accounting related internal control and risk management systems based on a risk oriented audit plan.

Risk management focusing on risk-bearing capacity

Given Haspa's commercial strategy, our private and corporate customers, enterprise and real estate customer business, and private banking form the core of our business. Capital market instruments are also used to stabilise income and support the company's strategic goals relating to risk management, balance sheet management and refinancing. Haspa is exposed to credit, interest rate, market price, liquidity and operational risks as part of its business activities.

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 risk-bearing capacity calculation compares against Haspa's economic capital (risk coverage potential) all risks that could have a material impact on Haspa's capital position from an economic perspective. Under the economic perspective, risk-bearing capacity is assured if all material risks are covered by the risk coverage potential on an ongoing basis.

The company's risk coverage potential consists largely of capital components eligible for regulatory capital and, from an economic perspective, is supplemented with hidden reserves and losses. The risk coverage potential as at 30 June 2019 was therefore just under €4.0 billion, the same figure as at the end of 2018. Present value risks rose to just under €1.6 billion compared to the end of 2018, primarily due to rising credit risks resulting from new business with real estate customers. The alignment of proprietary securities investments remains conservative, with risks currently only taken within a manageable range. Overall, the risk-bearing capacity calculation resulted in free risk coverage potential of just under €2.4 billion, thus ensuring the continuation of Haspa as a going concern from an economic perspective.

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. Haspa is subject to regulatory capital requirements primarily under the Capital Requirements Regulation (CRR). As at 30 June 2019, Haspa's total capital ratio applying the standard approach was 14.2 percent, and its Common Equity Tier 1 capital ratio was 13.3 percent. At around 16.9 percent and 15.9 percent, respectively, the total capital ratio and the Common Equity Tier 1 capital ratio of the HASPA Group remained at a comfortable level. The leverage ratio, which indicates an institution's exposures in relation to its own funds and is therefore based more on balance sheet figures, was around 7.1 percent and thus substantially higher than the requirement of 3 percent applicable from mid-2021.

Liquidity risks limited through funding strategy and solid liquidity limit

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.

When analysing the short-term insolvency risk, hypothetical liquidity scenarios simulating strong outflows of customer deposits and market losses on realisable assets are calculated. This makes it possible to determine whether the liquidity buffer is adequate even in the event that adverse developments arise quickly.

Haspa also uses its divisional planning to develop a strategic liquidity outlook that identifies possible liquidity needs early on. This enables us to assess our liquidity needs for future maturities and manage cash flows accordingly. Risk scenarios are monitored and analysed. Based on our funding strategy, stoplight systems are used to define and regularly monitor Haspa's risk tolerance, taking into account the funding potential, such that timely control measures can be adopted as necessary.

The current and prospective requirements for the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) are clearly being met. As at 30 June 2019, the LCR was 321 percent and the NSFR was 126 percent.

Given its current funding and investment structure and the available funding opportunities, Haspa's liquidity situation is comfortable.

Risk measurement

No going-concern risks or risks with a material effect on its net assets, financial position and results of operations were identified for the current year.

4. Report on expected developments – opportunities and risks

Economic slowdown in Germany and Hamburg

Political uncertainty such as the trade dispute between the USA and China, Brexit and the Iran conflict are having an increasingly negative impact on industrial activity and foreign trade. Against this backdrop, the economic outlook has deteriorated significantly despite real pay growth and the sustained construction boom. In the German economy, real gross domestic product (GDP) is expected to grow by between 0.5 and 1.0 percent for 2019 as a whole.

The growth prospects for Hamburg's economy have also worsened. In the second quarter of 2019, the Hamburg Chamber of Commerce's economic barometer reported a net negative assessment of the surveyed companies' future business situation for the first time in six years. Planned investments, recruitment and export prospects also declined on a net basis.

In light of the subdued economic outlook and lower inflation expectations, the ECB announced at the start of June that key interest rates would remain at their current levels until at least through the first half of 2020. It also signalled further monetary easing measures at the end of July, which could see the ECB further lower its bank deposit rate from its current level of – 0.4 percent and introduce a tiering system to ease the burden on financial institutions. The ECB could also resume its bond purchase programme.

Customer business remains the focus of our activities

Whilst all of our activities remain focused on our private and corporate customers, our enterprise and real estate customer business as well as our Private Banking, Haspa will continue to expand in the Hamburg Metropolitan Region thanks to its comprehensive services for these customer segments. We will focus on the requirements of our customers, which will continue to increase in the future, such as being able to conduct banking transactions flexibly at all times, also online and using mobile devices.

Result for the year below expectations

Overall, the result for the year, which will be transferred in full to HASPA Finanzholding in the annual financial statements, is expected to be slightly below the prior-year level. Specifically – and contrary to expectations – we anticipate that net interest income will be slightly below the previous year's figure due in part to the further reduction in interest rates. We now assume a moderate increase in net commission income. Administrative expenses in 2019 are still likely to exceed the 2018 figure slightly.

Following a strong performance again in the first six months, risk provisions for the lending business are expected to trend slightly less favourably in the second half of the year, while remaining at a favourable level. We expect the net revaluation gain from securities to be significantly higher compared to both the previous year and our previous planning.

We expect the operating result before loan loss provisions as defined by the DSGV to be considerably lower than in 2018 and moderately below target. We anticipate the gross increase in customers to be slightly below the planned figure.

Balance sheet

of Hamburger Sparkasse AG for the period ended 30 June 2019

Assets in € '000	30.06.2019	31.12.2018
1. Cash reserve		
a) Cash on hand	521,797	485,261
b) Balance with Deutsche Bundesbank	86,178	1,813,751
	607,975	2,299,012
2. Receivables from banks		
a) Payable on demand	3,328,388	606,137
b) Other receivables	2,081,159	2,039,160
	5,409,547	2,645,297
3. Receivables from customers	33,429,318	32,743,218
4. Debentures and other fixed-interest securities		
b) Bonds and debentures		
ba) by public-sector issuers	3,156,902	3,307,130
bb) by other issuers	658,585	782,994
	3,815,487	4,090,124
	3,815,487	4,090,124
5. Equities and other non-fixed interest securities	1,622,457	2,985,604
5a. Trading portfolio	115,067	124,667
6. Long-term equity investments	106,255	106,255
7. Shares in affiliated companies	12,512	12,512
8. Fiduciary assets	2	2
9. Intangible fixed assets		
a) Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	2,497	8,076
b) Prepayments	5,030	4,229
	7,527	12,304
10. Tangible fixed assets	37,880	32,274
11. Other assets	27,886	33,958
12. Prepaid expenses	11,114	7,984
Total assets	45,203,028	45,093,214

Equity and liabilities in € ’000	30.06.2019	31.12.2018
1. Liabilities to banks		
a) Payable on demand	197,791	145,683
b) With agreed maturity or notice period	3,723,206	3,640,107
	3,920,997	**3,785,790**
2. Liabilities to customers		
a) Savings deposits		
aa) With agreed notice period of three months	9,235,337	9,111,229
ab) With agreed notice period of more than three months	—	—
	9,235,337	**9,111,229**
b) Other liabilities		
ba) Payable on demand	18,882,113	18,959,215
bb) With agreed maturity or notice period	5,496,937	5,556,318
	24,379,050	**24,515,533**
	33,614,387	**33,626,762**
3. Securitised liabilities		
a) Debentures issued	2,926,999	2,935,121
	2,926,999	**2,935,121**
3a. Trading portfolio	**25,784**	**23,960**
4. Fiduciary liabilities	**2**	**2**
5. Other liabilities	**81,689**	**179,507**
6. Deferred income	**29,408**	**20,958**
7. Provisions		
a) Provisions for pensions and similar obligations	992,606	943,767
b) Provisions for taxes	6,906	36,760
c) Other provisions	101,251	107,586
	1,100,763	**1,088,113**
8. Fund for general banking risks	**702,000**	**702,000**
9. Equity		
a) Subscribed capital	1,000,000	1,000,000
b) Capital reserves	1,584,000	1,514,000
c) Revenue reserves		
ca) Legal reserve	—	—
cb) Reserve for shares in a parent or majority investor	—	—
cc) Reserves provided for by the articles of association	—	—
cd) Other revenue reserves	217,000	217,000
	217,000	**217,000**
d) Net retained profits	—	—
	2,801,000	**2,731,000**
Total equity and liabilities	**45,203,028**	**45,093,214**
1. Contingent liabilities		
b) Contingent liabilities from guarantees and indemnity agreements	579,661	577,485
	579,661	**577,485**
2. Other obligations		
c) Irrevocable loan commitments	3,595,072	3,537,867
	3,595,072	**3,537,867**

Income statement

of Hamburger Sparkasse AG for the period from 1 January to 30 June 2019

All figures stated in € '000	01.01. bis 30.06.2019	01.01. bis 30.06.2018
1. Interest income from		
a) Lending and money market transactions	400,331	406,421
b) Fixed interest securities and registered government debt	3,240	1,007
	403,572	407,428
2. Interest expense	–108,229	–120,216
	295,342	287,211
3. Current income from		
a) Equities and other non-fixed interest securities	31,308	35,000
b) Long-term equity investments	2,388	1,117
c) Shares in affiliated companies	—	—
	33,696	36,117
4. Income from profit pooling, profit transfer, or partial profit transfer agreements	514	1,514
5. Commission income	177,278	164,487
6. Commission expenses	–12,400	–11,176
	164,877	153,311
7. Net trading income or expense	–1,001	–544
8. Other operating income	12,608	11,940
	506,037	489,549
9. General and administrative expenses		
a) Personnel expenses		
aa) Wages and salaries	–146,894	–144,745
ab) Social security, post-employment and other employee benefit costs	–35,360	–33,362
	–182,254	–178,107
b) Other administrative expenses	–182,198	–167,180
	–364,453	–345,287
10. Depreciation, amortisation and write-downs of tangible and intangible fixed assets	–6,925	–6,489
11. Other operating expenses	–60,820	–55,664
12. Write-downs of and valuation allowances on receivables and certain securities, and additions to loan loss provisions	–38,650	–13,242
13. Income from reversals of write-downs of receivables and certain securities and from the reversal of loan loss provisions	—	—
	–38,650	–13,242
14. Write-downs of and valuation allowances on other equity investments, shares in affiliated companies and securities classified as fixed assets	—	—
15. Income from reversals of write-downs of other equity investments, shares in affiliated companies and securities classified as fixed assets	—	—
	—	—
16. Cost of loss absorption	–189	–181
17. Additions to / withdrawals from the fund for general banking risks	—	—
18. Result from ordinary activities	35,000	68,686
19. Extraordinary income	—	—
20. Extraordinary expenses	—	—
21. Extraordinary result	—	—

All figures stated in € '000	01.01. bis 30.06.2019	01.01. bis 30.06.2018
22. Taxes on income	—	−33,686
23. Other taxes not included in item 11	—	—
	—	−33,686
24. Income from loss absorption	—	—
25. Profit transferred on the basis of profit pooling, profit transfer, or partial profit transfer agreements	−35,000	−35,000
26. Net income for the financial year	—	—
27. Retained profits / losses brought forward	—	—
	—	—
28. 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	—	—
	—	—
29. Appropriation to revenue reserves		
a) to the legal reserve	—	—
b) to 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	—	—
	—	—
30. Net retained profits	—	—

Notes

Accounting standard and other disclosures

The half-yearly report of Hamburger Sparkasse AG as at 30 June 2019 was prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch) and the requirements of the German Ordinance on Accounting for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute), taking into account the requirements of the German Stock Corporation Act (Aktiengesetz).

All accounting policies that were applied to the annual financial statements for the year ended 31 December 2018 of Hamburger Sparkasse AG were retained.

The half-yearly financial statements and the interim management report as at 30 June 2019 have not been reviewed by an auditor or audited pursuant to section 317 German Commercial Code.

The income taxes were determined on the basis of the taxable income as at 30 June 2019. The taxable income makes allowance for the differences between the calculation of profits for the financial statements and for the tax base known up until the end of the first half-year.

Hamburg, 3 September 2019

The Board of Management

Dr. Harald Vogelsang

Frank Brockmann

Axel Kodlin

Jürgen Marquardt

Bettina Poullain

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly reporting (half-yearly financial reporting), the 2019 half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Hamburger Sparkasse AG, and the interim management report includes a fair review of the development and performance of the business and the position of Hamburger Sparkasse AG, together with a description of the material opportunities and risks associated with the expected development of Hamburger Sparkasse AG for the remaining months of the financial year.

Hamburg, 3 September 2019

The Board of Management

Dr. Harald Vogelsang

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