Half-yearly Report 2018

Haspa
Hamburger Sparkasse

Contents

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) 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,
In the first six months of 2018, we continued to build on our strategic positioning as the most personal multi-channel bank in the Hamburg Metropolitan Region.

Following the first five renovations in 2017, by the end of June 2018 eight more branches had been converted to our new branch concept, in which the branches not only offer financial services but also increasingly serve as a meeting place for local people.

The "branch of the future" provides a space for the neighbourhood to come together to plan the next district festival or charitable initiative, for example. These branches can also play host to events such as concerts or 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.

The "branch of the future" 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. This means that branches remain at the heart of Haspa, Hamburg's most personal multi-channel bank.

Of course, we are also 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.

For example, the JokerApp enables our customers to access the benefits of our value-added account and take advantage of regional offers on the go. With the innovative kiekmo and AINO apps, we are digitally reinforcing our traditional competitive advantages of proximity and regionality. And in our corporate customer business we launched the Haspa Connect online platform with which our employees can arrange business contacts for their customers.

Furthermore, we are pursuing future growth opportunities in two new business areas. By taking part in start-up accelerators for innovative business models, we connect established companies with innovative start-ups to jointly develop innovative products. HASPA Projektentwicklungs- und Beteiligungsgesellschaft mbH is directly involved in real estate project developments in our business territory, and we offer strategic consulting services for corporate customers through CFC Corporate Finance Contor GmbH.

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, 28 August 2018

The Board of Management

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 2018

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 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 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.

We provide comprehensive customer support and consulting services in five areas of competency: financial consulting, asset accumulation, asset optimisation, property financing and corporate customer advisory.

We have divided our business territory into 28 regions that have knowledge of the local market and decision-making authority. Each region comprises at least one financial centre and several branches. In the financial centres our customers can find the range of services offered by all five areas of competency. Financial consultations and advice on asset accumulation are offered at the branches.

We have forged close ties with the local people and companies by setting up an advisory board in each of these regions. There is also an advisory board for the Real Estate Customers, Private Banking and Corporate Customers divisions. The members of the advisory boards provide significant input for the city districts and Haspa.

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.

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

Report on economic position

Macroeconomic and sector-specific environment

The German economy continued to grow in the first six months of 2018, though the pace of growth slowed. In the first quarter of 2018, real gross domestic product (GDP) increased by 1.6 percent year-on-year. Economic growth in the third and fourth quarters of 2017 had been higher – at over 2 percent in each case.

The Hamburg Chamber of Commerce's economic barometer in the first quarter of 2018 indicates that Hamburg's economy is also slowing down. While a substantial majority of the Hamburg-based companies surveyed still think that business is good, not bad, their assessments are more cautious than in the fourth quarter. Hamburg's economic situation, which by and large is still good, led to a further decrease in unemployment at the same time. In June 2018, around 63,800 people were reported unemployed – 7 percent less than for the same month a year ago. The number of employees subject to social security contributions rose to approximately 973,000 in April 2018 – 2.5 percent more than in the same month of the previous year.

Despite rising inflation, the European Central Bank (ECB) continued its extremely expansionary monetary policy in the first half of 2018 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. However, the reduction in the ECB's bond purchase programme from €60 billion to €30 billion per month in January 2018 shows that the central bank is now pursuing a slightly less expansionary course.

Although this monetary policy has helped all euro zone countries to return to growth, it is also causing investors to miss out on interest income and reducing the incentive to make private retirement provision. The extremely low interest rates also continue to limit banks' and savings banks' opportunities to generate revenue.

The capital markets experienced considerable volatility in the first half of 2018. A weakening economic outlook, increased protectionist tendencies and the formation of a new government in Italy all created uncertainty. Concerns about a renewed euro crisis put the euro under pressure. With investors scrambling to move assets into more secure investment vehicles, yields on ten-year Bunds temporarily fell from 0.65 to 0.25 percent.

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 just under 30,000 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 2018. The number of giro account holders who have opted for the "Haspa-Joker" account – Hamburg's advantage account – continues to expand, totalling more than 676,000 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 132,000 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 satisfied on the whole with the course of business up to 30 June 2018. However, owing to the historically low and negative interest rate environment that depressed net interest income in particular, Haspa generated a result for the half-year of €35 million, which was slightly below expectations. Continued high, non-tax-deductible expenses arising from the revaluation of pension provisions and persistently stringent regulatory requirements also impacted on the result of operations.

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

Net assets, financial position and results of operations

Net assets and financial position

Assets	30.06. 2018 € million	31.12. 2017 € million	abs.	rel.
Cash reserve	857	690	+167	+24 %
Receivables from banks	4,200	3,828	+373	+10 %
Receivables from customers	31,487	30,901	+587	+2 %
Securities	7,882	7,976	–94	–1 %
Trading portfolio	103	71	+33	+46 %
Other assets	203	205	–1	–1 %
Total assets	**44,734**	**43,670**	**+1,063**	**+2 %**

Equity and liabilities	30.06. 2018 € million	31.12. 2017 € million	abs.	rel.
Liabilities to banks	3,976	3,782	+194	+5 %
Liabilities to customers	33,108	32,662	+446	+1 %
Securitised liabilities	3,024	2,625	+398	+15 %
Trading portfolio	26	28	–2	–7 %
Provisions	1,078	1,067	+11	+1 %
Equity and fund for general banking risks	3,433	3,353	+80	+2 %
Other equity and liabilities	88	153	–65	–42 %
Total equity and liabilities	**44,734**	**43,670**	**+1,063**	**+2 %**

Total assets increased

Total assets rose by €1.1 billion or 2.4 percent compared with 31 December 2017 to €44.7 billion. This was attributable on the one hand to higher receivables from customers and liabilities to customers, but also to an increase in securitised liabilities following Pfandbrief issues in the second quarter. A moderate rise at the reporting date is also reported on both the assets and the liabilities side from the business with other banks. Liabilities to banks continue to be dominated by pass-through loans – especially of Kreditanstalt für Wiederaufbau – and were slightly higher on the reporting date than at the close of the previous year. Pass-through loans are reported as a component of the lending business on the assets side of the balance sheet and at around €2.3 billion were slightly higher year-on-year. Proprietary securities investments edged down by €0.1 billion in total to €7.9 billion due

to a slight decrease in our direct investments in securities that are held for liquidity purposes. As regards the minor increase in shares held in special funds, we specifically merged our Jupiter-Fonds 3, established to comply with regulatory requirements that have now been removed, with our largest fund by far, Jupiter-Fonds 1, while retaining our investment strategy.

Customer deposits increased amid low interest rates

Overall, customer deposits increased by €0.4 billion or 1.4 percent to €33.1 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 €0.2 billion or 2.2 percent to €8.9 billion. Other liabilities also rose by 1.1 percent to €24.2 billion. In view of the low interest rate environment, this was mainly due to increases in the balances of demand deposits. 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 €0.6 billion or 1.9 percent to €31.5 billion. This encouraging development is largely attributable to real estate financing and to other longer-term loans. We are delighted to report that, at €3.4 billion, new loan approvals as at 30 June were also up significantly versus the prior-year period.

Results of operations

Income statement	1–6 2018 € million	1–6 2017 € million	abs.	rel.
Net interest income	325	363	–38	–11 %
Net commission income	153	155	–2	–1 %
Net income from financing activities	–1	0	–1	–252 %
Administrative expenses	352	356	–4	–1 %
Other operating result	–44	–39	–5	+13 %
Net revaluation gain/loss	–13	–35	+22	–62 %
Result from ordinary activities	69	88	–19	–22 %
Extraordinary result	0	0	+0	k.A.
Tax expense	–34	–48	+14	–30 %
Result	**35**	**40**	**–5**	**–12 %**

Half-year result slightly below 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. At €35 million, earnings were slightly below the prior-year level and also fell short of our expectations. Specifically, this year-on-year decrease was mainly attributable to a large drop in net interest income. With risk provisions continuing to develop encouragingly on the whole, the net revaluation gain was much more favourable.

Net interest income down

At €325 million in the first half-year, net interest income was down by as much as €38 million on the prior-year period. 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. The decline was mainly due to reduced distributions from the special funds, presented under current income from equities and other non-fixed interest securities. Also in our customer business, which accounted for the largest share of net interest income, liability margins remained under pressure and contributions from the maturities transformation were down on the prior-year figure. The limit for the present-value interest rate risk was not fully utilised during the year, so – in view of the difficult interest rate environment – a conscious decision was made to forego additional earnings potential. Investment income was lower than in the previous year, particularly as a result of the sale of shares in the German Savings Banks Finance Group to a payment service provider.

Net commission income down

After the end of the first half of the year, net commission income was down slightly by €2 million on the prior-year level at €153 million. Income from the insurance business and from clearing transactions was marginally higher, but was not enough to offset modest decreases in other types of commission completely.

Administrative expenses reduced

Administrative expenses decreased by a total of €4 million compared with the prior-year period. This was due in particular to the positive impact on personnel expenses of actuarial effects connected with our pension provisions. We continued to make important investments in our new branch concept, the expansion of our digital offering and the opening up of new areas of business as well as the broadening of our collaboration with the German Savings Banks Finance Group while maintaining our consistent approach to cost management. As in the previous year, expenses for the European guarantee schemes also had a negative impact.

Other operating result down

Other operating income was down €5 million year-on-year. Once again, this increase mostly stemmed from expenses attributable to the revaluation of our pension provisions, which resulted in significantly higher charges compared with the prior-year period.

Net revaluation gain still at strong level

The measurement approaches that Haspa uses were conservative, as in the previous year. As a result Haspa's proprietary investments in securities were still measured using the strict lower-of-cost-or-market principle, taking into account the requirement to reverse write-downs. In light of our diversified, conservative risk strategy, this required only low provisions for risk that were slight above the prior-year level. Although the risk provisions for the lending business were slightly higher year on year, they remained at an encouraging level. Overall, the net revaluation gain in the first half of 2018 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 €137 million, following the definition by the DSGV, the result from ordinary activities came to €69 million after deduction of €68 million in total. This deduction was composed of the net revaluation loss of around €14 million and the non-operating result of €54 million. 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. Overall, the operating result before loan loss provisions was considerably below the prior-year level and fell slightly short of projections.

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 moderately below the half-year target figure.

Risk report

Internal control and risk management system as an essential component of risk management

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. The Board of Management is supported by Compliance and Risk Controlling 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 thus also 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.

Solid exposure to risk

Given Haspa's retail banking strategy, our private and corporate customers, our enterprise and real estate customer business, and private banking are still at the heart of its comprehensive bank controlling activities. Gains and risks from trading, own investments, maturities transformation and the operating business complete the picture. In 2018, Haspa refined its risk-bearing capacity concept, which means it already fulfils future new European regulatory requirements. Since January 2018, the present value risks in the economic outlook have been measured with a higher confidence level of 99.9 percent. The economic risk exposure did not fundamentally change from 2017 to 2018. In the first half of 2018, the present value risks remained virtually unchanged overall. The focus of our proprietary investment portfolio remains conservative. Risks are only taken within a manageable range and are mitigated using appropriate hedging strategies.

Solid economic and regulatory risk-bearing capacity guarantees risks taken

The bank's risk-bearing capacity with regard to internal and external requirements is assessed from an economic point of view by regularly comparing risk coverage potential with the risks taken. Starting in 2018, hidden liabilities from pension commitments resulting from a difference between German Commercial Code (HGB) and IFRS accounting are deducted in the bank's risk coverage potential even though Haspa still presents its accounts in accordance with the German Commercial Code. The risk coverage potential as at 30 June 2018 was therefore just under €4.0 billion. Even with a very conservative confidence level of 99.9 percent, the present value risks taken as at 30 June 2018 were below €1.4 billion in total, resulting in a free risk coverage potential of slightly below €2.6 billion. In view of the present value risks in the economic outlook, the existence of Haspa as a going concern has thus been ensured, which in turn ensures the risk-bearing capacity.

Regulatory capital adequacy requirements for credit institutions require that they maintain an adequate capital base at all times. As at 30 June 2018, Haspa's total capital ratio was 14.1 percent and its Tier 1 capital ratio was 13.2 percent. At around 16.6 percent and 15.7 percent, respectively, the total capital ratio and the Tier 1 capital ratio of the HASPA Group remained at a comfortable level.

Diversified funding strategy creates comfortable liquidity situation

Beyond its short-term liquidity outlook, 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. 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. Risk scenarios are also monitored and analysed. Overall, the liquidity situation continues to be comfortable, not least because of our diversified liability structure.

The in some cases only prospective requirements for the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) are clearly being met and indicate that Haspa has a good level of liquidity. As at 30 June 2018, the LCR was 166 percent and the NSFR was 120 percent.

Balanced overall exposure

No going-concern risks or risks with a material effect on Haspa's net assets, financial position and results of operations have been identified for the current year despite the uncertainties regarding future macroeconomic developments.

Report on expected developments – opportunities and risks

Sustained economic growth in Germany and in Hamburg

In spite of growing uncertainty sparked by protectionist tendencies, the good employment situation and favourable financing opportunities created by the ECB's continued low interest rate policy will ensure sustained economic growth in Germany once again in the current year. However, the growth will lose some of its momentum, leading us to expect an increase of 1.9 percent in 2018, 0.3 percentage points less than in the previous year.

Hamburg's economy will also continue to grow. The Hamburg Chamber of Commerce's economic barometer in the first quarter of 2018 shows that Hamburg-based enterprises are more optimistic than pessimistic in their estimates of their future business situation and of investments and forecasts for the export sector even if the assessments indicate a decrease in positive sentiment. Almost one-quarter of the companies surveyed expect to see a rise in their payroll. The further increase in the number of people in gainful employment will help to expand Hamburg's economy, leading to the expectation that Hamburg's GDP will grow faster than the national average.

The ECB has decided to end its bond-buying programme at the end of 2018. It also announced that key interest rates would remain at their present levels "at least through the summer of 2019". Consequently, we do not expect interest rates to be raised until the fourth quarter of 2019.

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 down marginally on the prior-year level and also to fall short of expectations. This development is attributable in particular to a lower estimate for net interest income. Aside from this, the forecasts made in our annual financial statements as at 31 December 2017 and other statements about further development in the current financial year have not changed significantly.

We continue to assume that net commission income will rise substantially year on year.

Total expenses in 2018 are still likely to exceed the 2017 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 an appropriate level. The net revaluation gain from securities is still expected to be marginally higher than in the previous year. However, the uncertainty on the capital markets might put further strain on this item.

We expect the operating result before loan loss provisions, following the definition by the German Savings Banks Association (DSGV), to be considerably lower than in 2017 and clearly below target.

Balance sheet

of Hamburger Sparkasse AG for the period ended 30 June 2018

Assets in € '000	30.06.2018	31.12.2017
1. Cash reserve		
a) Cash on hand	420,948	477,674
b) Balance with Deutsche Bundesbank	436,085	212,243
	857,033	689,917
2, Receivables from banks		
a) Payable on demand	1,441,841	1,570,299
b) Other receivables	2,758,647	2,257,616
	4,200,488	3,827,915
3. Receivables from customers	31,487,269	30,900,716
4. Debentures and other fixed interest securities		
b) Bonds and debentures		
ba) By public-sector issuers	2,981,554	3,107,962
bb) By other issuers	433,440	418,507
	3,414,994	3,526,468
	3,414,994	3,526,468
5. Equities and other non-fixed interest securities	4,467,293	4,450,009
5a. Trading portfolio	103,099	70,518
6. Long-term equity investments	106,682	106,677
7. Shares in affiliated companies	12,512	12,524
8. Fiduciary assets	2	3
9. Intangible fixed assets		
a) Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	10,785	14,762
b) Prepayments	5,338	5,300
	16,123	20,063
10. Tangible fixed assets	23,444	21,468
11. Other assets	21,683	37,102
12. Prepaid expenses	22,923	7,032
Total assets	44,733,545	43,670,412

Equity and liabilities in € '000	30.06.2018	31.12.2017
1. Liabilities to banks		
a) Payable on demand	261,624	194,056
b) With agreed maturity or notice period	3,714,537	3,587,815
	3,976,161	3,781,871
2. Liabilities to customers		
a) Savings deposits		
aa) With agreed notice period of three months	8,896,664	8,708,168
ab) With agreed notice period of more than three months	112	110
	8,896,776	8,708,279
b) Other liabilities		
ba) Payable on demand	18,507,789	18,286,859
bb) With agreed maturity or notice period	5,703,671	5,666,612
	24,211,460	23,953,471
	33,108,236	32,661,750
3. Securitised liabilities		
a) Debentures issued	3,023,815	2,625,338
	3,023,815	2,625,338
3a. Trading portfolio	26,145	28,176
4. Fiduciary liabilities	2	3
5. Other liabilities	67,484	131,429
6. Deferred income	20,719	21,858
7. Provisions		
a) Provisions for pensions and similar obligations	898,489	856,801
b) Provision for taxes	31,292	50,055
c) Other provisions	148,202	160,131
	1,077,983	1,066,987
8. Fund for general banking risks	702,000	702,000
9. Equity		
a) Subscribed capital	1,000,000	1,000,000
b) Capital reserves	1,514,000	1,434,000
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	—	—
	2,731,000	2,651,000
Total equity and liabilities	44,733,545	43,670,412
1. Contingent liabilities		
b) Contingent liabilities from guarantees and warranties	573,825	570,761
	573,825	570,761
2. Other obligations		
c) Irrevocable credit commitments	3,384,545	2,807,399
	3,384,545	2,807,399

Income statement

of Hamburger Sparkasse AG for the period from 1 January to 30 June 2018

All figures stated in € '000	01.01. to 30.06.2018	01.01. to 30.06.2017
1. Interest income from		
a) Lending and money market transactions	406,421	427,228
b) Fixed interest securities and registered government debt	1,007	981
	407,428	428,209
2. Interest expense	–120,216	–129,812
	287,211	298,397
3. Current income from		
a) Equities and other non-fixed interest securities	35,000	59,030
b) Long-term equity investments	1,117	4,539
c) Shares in affiliated companies	—	—
	36,117	63,570
4. Income from profit pooling, profit transfer, or partial profit transfer agreements	1,514	1,257
5. Commission income	164,487	164,543
6. Commission expenses	–11,176	–9,675
	153,311	154,868
7. Net trading income or expense	–544	359
8. Other operating income	11,940	16,046
	489,549	534,497
9. General and administrative expenses		
a) Personnel expenses		
aa) Wages and salaries	–144,745	–144,630
ab) Social security, post-employment and other employee benefit costs	–33,362	–34,420
	–178,107	–179,051
b) Other administrative expenses	–167,180	–169,296
	–345,287	–348,347
10. Depreciation, amortisation and write-downs of tangible and intangible fixed assets	–6,489	–7,824
11. Other operating expenses	–55,664	–54,757
12. Write-downs of and valuation allowances on receivables and certain securities, and additions to loan loss provisions	–13,242	–34,974
13. Income from reversals of write-downs of receivables and certain securities and from the reversal of loan loss provisions	—	—
	–13,242	–34,974
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	—	0
	—	0
16. Cost of loss absorption	–181	–508
17. Additions to/withdrawals from the fund for general banking risks	—	—
18. Result from ordinary activities	68,686	88,088
19. Extraordinary income	—	—
20. Extraordinary expenses	—	—
21. Extraordinary result	—	—

All figures stated in € '000	01.01. to 30.06.2018	01.01. to 30.06.2017
22. Taxes on income	–33,686	–48,088
23. Other taxes not included in item 11	—	—
	–33,686	–48,088
24. Income from loss absorption	—	—
25. Profit transferred on the basis of profit pooling, profit transfer, or partial profit transfer agreements	–35,000	–40,000
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 treasury shares	—	—
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 treasury shares	—	—
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 (half-yearly financial report) of Hamburger Sparkasse AG as at 30 June 2018 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 2017 of Hamburger Sparkasse AG were retained.

The half-yearly financial statements and the interim management report as at 30 June 2018 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 2018. 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, 28 August 2018

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 2018 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, 28 August 2018

The Board of Management

Dr. Harald Vogelsang

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