Annual Report 2023

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 scheme 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,
The economic and political environment remains challenging for individuals and companies alike. Russia's continuing war of aggression in Ukraine has disrupted supply chains, caused energy and food prices to surge and created significant uncertainty that has been ratcheted up further by the Middle East conflict triggered by Hamas's attack on Israel. Other key factors include economic stagnation, persistently and excessively high levels of inflation with a corresponding loss of purchasing power, the European Central Bank (ECB)'s restrictive monetary policy, and major challenges in tackling climate change. This demanding environment is adversely impacting consumers and companies.

One key aspect for the lending industry and its customers is the turnaround in interest rates triggered by the ECB in July 2022, which continued with six more key rate hikes in 2023. The rate increase announced in September 2023 means that key rates have risen quickly and sharply by 4.50 percentage points in the space of 14 months. This restrictive monetary policy is increasing financing costs and thus putting a damper on macroeconomic demand, which is intended to bring inflation rates back to their medium-term ECB target of 2 percent.

After Haspa's economic situation was heavily impacted by an extremely expansive monetary policy characterised by zero and negative interest rates in the ten years preceding the round of interest rate hikes, the turnaround in interest rates has improved our earnings situation. This allows us to build up additional equity so that we can meet increasing regulatory requirements to enable future credit expansion, since we want to continue supporting the Hamburg metropolitan region's growth as well as its economic and social transformation towards sustainable and climate-friendly lifestyles and businesses.

As with sustainability and climate protection, creating living space is a very important task for the future sustainability of the Hamburg metropolitan region, where a growing number of people want to live and work. This is why we want to step up our strong support for residential construction by supporting inexpensive construction, cooperative living and joint building ventures. We advise our customers on the best ways to build up sufficient equity to purchase property. Haspa's "Young Urban Living" apartments for trainees are also being built at Alsenplatz in the Altona district, enabling us to provide affordable housing for our junior staff.

Being an attractive employer means providing a modern and innovative working environment for our employees, both in our branches and other decentralised locations as well as at our head office. Our planned move to the new Deutschlandhaus building on Gänsemarkt in the spring of 2024 with our core departments, which are currently spread across three office locations, will see us relocate to a state-of-the-art building in the heart of Hamburg that received LEED (Leadership in Energy and Environmental Design) Gold pre-certification for its energy efficiency and sustainability. Our employees will be able to communicate and exchange ideas even more effectively, work together creatively and foster relationships at the Deutschlandhaus. 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.

We have stepped up our connections with representatives of the local economy such as retailers, tradespeople and other business people as well as associations, initiatives and non-profit organisations via approximately 100 neighbourhood branches. Our diverse calendar of events and presentation opportunities provides space for discussion topics, products and services from across the city districts, allowing us to strengthen local economic structures and communities. With multifaceted corporate social responsibility activities across the Hamburg metropolitan region, we are also strongly committed to improving quality of life and enabling all people to participate in economic, social and cultural life. In light of our improved earnings, we made a special donation of € 2 million during the year under review for the benefit of eleven non-profit organisations.

We are the bank for all individuals and companies in the Hamburg metropolitan region. As a reliable partner, we want to keep growing and building our market share across all customer groups. To do this, we will place an even greater focus on our customers and continue to position ourselves as the digital bank with the best branches in our competitive environment.

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

Hamburg, 12 March 2024

The Board of Management

Birte Quitt,

born in 1971, holds a banking diploma (Bankkauffrau) and a degree in business administration (Diplom-Betriebswirtin). She has been a member of the Board of Management of Hamburger Sparkasse AG since 1 January 2024.

Reporting area:
Customer Business

Jürgen Marquardt,

born in 1963, holds a banking diploma (Bankkaufmann) and a degree in savings bank administration (Diplom-Sparkassen-betriebswirt). He has been a member of the Board of Management of Hamburger Sparkasse AG since 2014.

Reporting areas:
Finance and Risk

Dr. Harald Vogelsang,

born in 1959, holds a banking diploma (Bankkaufmann) 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 Customer Business

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 and has been Deputy Spokesman of the Board of Management since 1 October 2023.

Reporting areas:
Customer Business, Human Resources and Treasury

Axel Kodlin,

born in 1962, holds a banking diploma (Bankkaufmann) 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

Management report

of Hamburger Sparkasse AG for the year ended 31 December 2023

Uncertainty surrounding geopolitical and economic developments, a loss in purchasing power caused by high inflation rates, and increased financing costs all created a challenging environment for the economic activities of individuals and companies in the Hamburg metropolitan region during the year under review. At the same time, higher interest rates are beneficial for savers and investors, enabling them to diversify their cash and capital investments more broadly and generate income after a long period of zero and negative interest rates.

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 in what has been a challenging environment overall.

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

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

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 savings mentality and capital formation of 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

The completion of the "Haspa Spring – Sparkasse richtig neu gedacht" project at the end of the year under review allowed Haspa to become even leaner and more efficient. We expanded our range of digital services as part of this project and made increased use of the German Savings Banks Finance Group's solutions and standards. Our private customer and corporate customer business is centralised in seven regions, with a combined management team in each of these regions. Branches in the regions have extensive local decision-making authority.

We refined our commercial strategy and supplemented it in several key areas during the year under review: In line with the 2030 Commercial Strategy adopted by the Board of Management in October 2023, we want to keep growing and building our market share across all customer groups. To do this, we will place an even greater focus on our customers and continue to position ourselves as the digital bank with the best branches in our competitive environment. We see commercial potential in areas such as promoting residential construction, as creating living space is one of the most important tasks for our society together with sustainability. This is why we will provide our customers with strong support as they navigate the economic and social shift towards greater sustainability and climate protection. Against a backdrop of demographic change and an increasing shortage of skilled workers, we want to enhance our appeal as an employer and recruit additional trainees.

As we believe that 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 move to the new Deutschlandhaus building on Gänsemarkt scheduled for spring 2024, which will see our core departments that are currently spread across three office locations come together under one roof, 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

Stagflation in a challenging environment dominated by uncertainty

The macroeconomic environment is dominated by economic stagnation, inflation rates that remain well above the ECB's targets, restrictive monetary policy and ongoing geopolitical uncertainty that has been ratcheted up further by the Middle East conflict triggered by Hamas's attack on Israel. According to initial calculations of the Federal Statistical Office and in light of these challenging conditions, Germany's price-adjusted gross domestic product fell by 0.3 percent year-on-year in 2023. Economic output declined by 0.1 percent on a price and calendar-adjusted basis.

In the first six months of 2023, Hamburg's real gross domestic product increased by 1.7 percent year-on-year according to Northern Statistical Office calculations. As a result, this figure was well above the national average. Germany's real gross domestic product declined by 0.3 percent in the first six months of 2023. For the full year, we project that Hamburg's real gross domestic product grew at a higher rate than in Germany as a whole. We also came to this conclusion because the Hamburg Chamber of Commerce's business barometer in the fourth quarter shows an improvement in the surveyed companies' assessment of their current business situation compared to the previous quarter.

In the Hamburg real estate market, the panel of experts for property values in Hamburg observed significantly fewer sales across all property types, as well as a decline in the prices of both developed and undeveloped properties. In our opinion, the energy efficiency category of real estate is a decisive factor in determining prices.

Persistent inflation and restrictive monetary policy

Inflation rates in Germany and the eurozone remained well above the European Central Banks (ECB) 2 percent target in the first half of 2023. According to calculations by the Federal Statistical Office, consumer prices in Germany increased by an annual average of 5.9 percent year-on-year in 2023, down from 6.9 percent in 2022. While this means that inflation fell by a percentage point, it remains well above the ECB's target.

Based on the Harmonised Index of Consumer Prices considered by the 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 6.1 percent, while euro area inflation stood at 5.4 percent.

Since July 2022, the ECB has implemented a total of ten key rate increases, after a ten-year run of zero and negative interest rates. By September 2023, key interest rates had risen rapidly and sharply by 4.50 percentage points. The ECB raised interest rates six times during the year under review. The most recent of these key rate hikes in September 2023 increased the rate for main refinancing operations to 4.5 percent and raised the interest rates on deposits by banks imposed by the ECB to 4.0 percent. The ECB did not carry out any additional interest rate hikes in October and December 2023 as well as in January 2024, having announced its intention to keep key rates at a sufficiently restrictive level for as long as necessary to quickly return inflation to its medium-term target of 2 percent.

The trend in the lending industry is marked by the shift in interest rates, regulation and digitalisation efforts.
We estimate that the turnaround in interest rates probably helped improve the financial situation in the lending business since July 2022 after this was hit hard by the extremely low interest rate levels of preceding years.

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

In our opinion, 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 according to our observations have increased 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

Environment dominated by geopolitical uncertainty, stagflation and restrictive monetary policy
Uncertainty surrounding geopolitical and economic developments, stagflation and the ECB's restrictive monetary policy created a challenging environment in the 2023 financial year. With regard to our customers' investments, the interest rate hikes increased financing costs, causing new loan approvals in the lending business and receivables from customers to fall. At the same time, however, higher interest rates are beneficial for savers and investors, enabling them to diversify their cash and capital investments more broadly and generate income after a long period of zero and negative interest rates. We believe that longer-term investments in securities and savings products with longer terms could prompt a return to a positive real yield.

In what remained a 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.

Number of giro accounts increased
Haspa manages around 1.4 million giro accounts. As in the previous year, around 725,000 giro account holders – representing almost 75 percent of the just over 1.0 million 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 just under 136,000, 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.

Quite satisfactory business development
In light of the challenging environment described earlier, we are quite satisfied overall with our business performance in the reporting period. We are pleased not only that our liabilities to customers also increased again in 2023, but that we also recorded significant growth in securitised liabilities. We believe that this is attributable to changes in customer behaviour caused by factors including rising interest rates and demonstrates the trust placed in us by our customers. As a result, we were pleased to be able to extend the maturity structure of our liabilities, which continues to be clearly dominated by the customer business. On the assets side of the balance sheet, we recorded a decline in receivables from customers that in our opinion is connected to the trend in interest rates and increase in construction costs. The investment of funds caused receivables from banks to rise sharply. After the first half of the previous year was still notably impacted by several years of low and negative interest rates, the rise in interest rates had a positive impact on net interest income and the customer business in particular in full-year 2023.

This meant we were able to more than offset the opposing effects of contributions from capital market segments in particular, resulting in a sharp year-on-year increase in net interest income. In our loan portfolio, we recorded increased loan loss provisions in the past financial year compared to the previous year. This development was largely expected due to various crisis situations in recent years and the resulting increase in interest rates as well as rising construction costs.

As in previous years, the revaluation of our pension provisions had a negative impact overall and pension provisions were also affected by persistently stringent regulatory requirements and charges. 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 quite satisfied with our result for the year of € 115 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	2023 € million	2022 € million	abs.	rel.
Cash reserve	747	502	+245	+49%
Receivables from banks	11,361	7,338	+4,022	+55%
Receivables from customers	36,718	38,066	–1,349	–4%
Securities	10,155	10,406	–252	–2%
Trading portfolio	96	90	+7	+7%
Other assets	548	603	–56	–9%
Total assets	59,624	57,006	+2,618	+5%

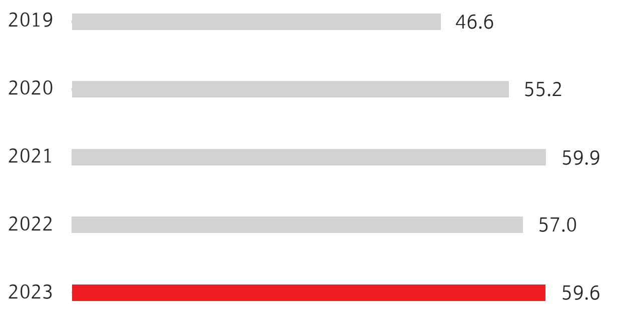
Equity and liabilities	2023 € million	2022 € million	abs.	rel.
Liabilities to banks	7,293	7,275	+19	+0%
Liabilities to customers	39,338	39,132	+206	+1%
Securitised liabilities	6,786	4,519	+2,267	+50%
Trading portfolio	6	4	+1	+34%
Provisions	1,598	1,573	+26	+2%
Equity and fund for general banking risks	3,719	3,574	+145	+4%
Other equity and liabilities	884	929	–45	–5%
Total assets	59,624	57,006	+2,618	+5%

Total assets increased

At € 59.6 billion, total assets were up € 2.6 billion on the previous year’s reporting date. This is primarily attributable to a sharp rise in securitised liabilities, with liabilities to customers also increasing to a lesser extent. On the asset side, receivables from customers fell due to lower demand for credit compared to the previous year, while receivables from banks increased. Our proprietary securities investments fell slightly and continued to be dominated by providing collateral for our participation in ECB open market operations, which remained unchanged at a good € 3 billion. In addition, further allocations were made to our equity capital and we increased the fund for general banking risks in accordance with section 340g German Commercial Code. 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 lower 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. The activities we have already begun to establish a public cover pool should create additional issue potential. 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)



Increase in liabilities to customers and securitised liabilities

Liabilities to customers rose by € 0.2 billion to € 39.3 billion. This modest rise resulted from longer-term deposits, while the portfolio of deposits payable on demand decreased. Our portfolio of securitised liabilities grew significantly by € 2.3 billion to € 6.8 billion, which is more or less equally attributable to private customers and individual larger customers.

Lower customer receivables

Receivables from customers fell by € 1.3 billion to € 36.7 billion. Customer loans continue to be made up mainly of residential construction loans and business loans. Totalling € 4.1 billion, new loan approvals in the financial year ended were below the prior-year figure of € 6.5 billion due to a decline in demand for credit amid rising financing and construction 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 2023, this amounted to a good € 2.9 billion, while the fund for general banking risks, which from a regulatory perspective is assigned to Common Equity Tier 1 capital, stood at € 0.8 billion after the addition made this year. The regulatory ratios relating to own funds are presented in the risk report section.

2.3.2. Results of operations

Income statement	2023 € million	2022 € million	abs.	rel.
Net interest income	873	673	+200	+30%
of which income statement items 1 and 2.	866	661	+205	+31%
of which income statement items 3 and 4.	7	12	–5	–41%
Net commission income	360	359	+1	+0%
Net income from financing activities	6	–1	+7	n/a
Administrative expenses	825	785	+39	+5%
Other operating result	29	–5	+34	n/a
Net revaluation gain/loss	–187	–96	–91	+95%
Result from ordinary activities	256	145	+111	+77%
Tax expense	–141	–100	–41	+41%
Result for the year	115	45	+70	+156%

Result for the year up on the prior-year figure

Despite what continued to be a challenging environment, the result for the year was up year-on-year. Here, the shift in interest rate policy had a positive effect on the entire calendar year, with the income statement benefiting from opposing effects overall after the low and negative interest rate environment had a significant negative impact for many years before that. This boosted net interest income in particular. Opposing effects such as those arising from the interest-induced revaluation of our proprietary securities investments, had a less pronounced adverse impact.

In addition, net commission income was also lifted slightly year-on-year, but fell well short of our expectations. As in previous years, the changes on the expenses side were driven by the revaluation of our pension provisions. While the net revaluation loss weighed more heavily on the income statement than in the previous year, it came in more favourably than expected. The result for the year was up by € 70 million on the prior-year figure to € 115 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 0.2 percent for Haspa at the end of the year.

Net interest income above prior-year level

Net interest income was up € 200 million on the prior-year level at € 873 million, significantly exceeding our projections, with the rise in interest rates impacting the full-year 2023 compared to the prior-year period. In particular, contributions from the customer business increased and continued to make up by far the largest proportion of net interest income. By contrast, periodic contributions from maturity transformation and capital investment were lower. The maturity transformation created one-time effects from the derivatives portfolio that resulted in a negative impact of € 42 million in 2023 which will be offset by corresponding positive effects in future years. The limit for the present value interest rate risk from maturity transformation was met at all times amid fluctuations during the year.

Net commission income up year-on-year

Net commission income rose by € 1 million year-on-year to € 360 million, falling well short of our expectations in a persistently challenging environment. The prior-year figure was exceeded due mainly to higher income from clearing transactions and the securities business, with the lending and insurance business in particular making lower contributions.

Net trading income positive

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 exceeded our expectations.

Administrative expenses above prior-year level

Personnel expenses were only slightly higher than the prior-year figure, rising by € 8 million year-on-year to € 418 million and slightly above the expected level. As in the previous year, this figure includes considerable expenses from allocations to the pension provisions due to actuarial effects. Other administrative expenses, amortisation and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets at € 407 million in total were up € 31 million on the prior-year figure and considerably lower than the projected figure. This year-on-year increase is largely attributable to price increases and investments in our forward-looking projects.

Other operating result more favourable than in the previous year

The other operating result made a positive contribution of € 29 million, € 34 million higher than in the previous year and much more favourable than forecast. Compared to the previous year, the interest-induced revaluation of our pension provisions generated income in 2023 that is attributable to the sharp rise in interest rates.

Net revaluation loss up year-on-year

Although risk provisions in the lending business, which required much more significant allocations again in 2023 for the first time in several years, had a negative impact on our income statement, they were still lower than originally anticipated. The figure for the reporting period includes provisions to cover as-yet unidentifiable risks in the lending business. As in the previous year, we recorded a net revaluation loss on our proprietary securities investments that was attributable to interest rate-related revaluation effects arising on interest-bearing securities and was in line with expectations. 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 in the previous year. Overall, the net revaluation loss is significantly higher than in the previous year, as planned.

Result from ordinary activities up year-on-year

In a challenging environment, the result from ordinary activities at € 256 million was € 111 million higher than in the previous year and slightly higher than originally projected.

Tax expense up year-on-year

At € 141 million, the tax expense to be borne is significantly higher than in the previous year. This was due in particular to a higher result before tax as well as continued marked differences between measurement requirements under commercial and tax law, particularly those relating to pension provisions.

Development of the most important key performance indicators

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. We achieved our target here of being above-average for the peer group. Corporate governance was measured by calculating a “corporate energy” index from employee surveys. Overall, the results were slightly higher than in the previous year. We deliberately refrained from making a projection for 2023, but are monitoring performance on the basis of comparisons with benchmark values. 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 highly satisfied customers who would recommend Haspa and the percentage of customers who are critical of Haspa. With figures remaining steady throughout the year, the level seen in 2023 was significantly below the previous year and also significantly below our expectations.

The bank’s most important financial key performance indicator was 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. In this DSGV-wide comparative figure, we generated € 536 million (previous year: € 342 million) and, after deducting a total of € 280 million, the result from ordinary activities came to € 256 million. This deduction is composed of the net revaluation loss of € 187 million and the non-operating result of € 93 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. Parts of the accounting systems in use were applications developed by Finanz Informatik GmbH & Co. KG. These are 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 Information Technology and Organization 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 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. 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, taking into account separately defined management buffers. 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. 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 was between € 3.9 and just over € 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 € 1.5 and € 1.9 billion during the year. Accordingly, to continuously ensure its risk-bearing capacity, Haspa not only complies with the risk limits but also maintained an appropriate level of free risk coverage potential, specifically € 2.1 to € 2.5 billion in the period under review. 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 at least annually 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 baseline scenario reflects the current challenging economic environment, with geopolitical crises, high rates of price increases, interest rate hikes and recession risks as well as negative trends in the real estate market. The economic forecast shows a subdued outlook, with the yield curve initially remaining inverse before normalising at a slightly lower level in the future. When considering the adverse scenarios, particular attention was paid to the impact of a prolonged crisis with very high inflation. Increasing competition between different political systems suppresses innovation, reduces growth and results in weak demand. This leads to a lasting recession, persistently high interest rates with delayed flattening of the yield curve at a lower level, and adverse impacts on the equity markets. Yet the prospect of a sharp decline in property prices also formed part of our considerations of adverse scenarios. According to the results of the capital planning process, capital ratios are expected to rise further over the coming years, while the defined thresholds will be maintained. In addition, based on the normative perspective continual monitoring of regulatory capital requirements using internal thresholds, the intra-year 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 2023, Haspa's total capital ratio applying the standard approaches was 14.7 percent and its Tier 1 capital ratio was 13.4 percent. The capital ratios improved in 2023, partly due to the strengthening of own funds and, for the first time, the issue of subordinated bonds eligible as supplementary capital (Tier 2); on the other hand, the year-on-year decline in new business resulted in a fall in risk-weighted assets. 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 6.0 percent and thus remained substantially higher than the minimum requirement. The ratio remained stable during the course of 2023. The leverage 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 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 2023, the HASPA Group also took part in the EU-wide stress test in accordance with the requirements of the European supervisory authorities EBA and ECB. With a discount to the Common Equity Tier 1 capital ratio of less than 3 percentage points in an adverse scenario, it achieved a very good result compared to other participants. This confirms the HASPA Group's conservative risk profile and solid capital base. 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

The banking regulator defines sustainability risks as events or conditions arising from the environmental, social and governance (ESG) areas whose occurrence could have actual or potential negative effects on Haspa's net assets, financial position and results of operations as well as its reputation. In keeping with the ECB's corresponding guidelines, risk management at Hamburger Sparkasse AG primarily focuses on the identification and management of climate-related and environmental risks. Other sustainability risks (social and governance risks) are also incorporated into risk management at selected points (as part of the below analysis of the S-ESG score, for example). When identifying and managing climate-related and environmental risks, particular attention is paid to the two risk drivers of physical risk and transition risk. While physical risk refers to acute events and lasting (chronic) effects (e.g. extreme weather events, gradual changes in climate, environmental degradation), transition risk results from changes in the economy if specific business models are no longer viable or permitted due to the legislative situation (process of adjustment towards a lower-carbon and more sustainable economy).

Other environmental risks are also considered. Haspa is also fundamentally exposed to climate-related and environmental risks as part of its business activities, with the two risk drivers of physical risk and transition risk. These risk drivers primarily affect existing risk types and categories and are deemed to be potentially relevant. Their actual relevance and materiality is scrutinised closely each year as part of the risk inventory.

Generally speaking, the planning horizon used by banks is typically shorter than the time horizon in which the effects of climate-related change are likely to materially impact the value of collateral. As a result, Haspa takes a forward-looking approach to the management of climate-related and environmental risks and incorporates longer-than-usual time horizons into its considerations. On the one hand, this approach takes into account climate-related and environmental risks that could occur in the short and medium term and are therefore relevant to the normative and economic perspective. These primarily consist of acute physical risks and transition risks. This perspective is referred to as the operational sustainability risk inventory (a period of up to 5 years). In order to properly take sustainability risks into account, however, Haspa deems it equally necessary to consider a longer (strategic) time horizon. Taking sustainability risks into account over the planning horizon for the risk inventory in particular is therefore no longer sufficient, and these risks must also be analysed over the strategic horizon. As a result, the longer-term strategic perspective (until 2050) is also considered in the strategic risk inventory of climate-related and environmental risks.

Requirements have been specified for managing sustainability risks in lending business, proprietary investments and investment advisory services. These are disclosed on our website. 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. 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. Only with regard to transition risks relating to real estate is it important to keep an eye on current legislative initiatives in order to avoid having any unrecorded transitory risks in the portfolio going forward. In 2023, environment-related core risk indicators were established in 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. Furthermore, a company-wide decarbonisation target was adopted and published on our website.

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. Rising recovery rates in recent years are having a hedging effect, particularly given the price increases in the Hamburg metropolitan region. Recent price reductions in the last 12 months are of little significance in relation to the portfolio business due to the fact that market values for lending are generally much lower. Here, too, Haspa benefits from information advantages resulting from its knowledge of the local market and deliberately enters into the concentration of risk. The rating models used are calibrated to a one-year probability of default in a methodologically consistent way, using the DSGV master scale as a benchmark. The DSGV master scale is divided into 26 rating classes, 23 of which are for borrowers who are not in default, plus three default classes. Each class is assigned an average probability of default. The exposure-weighted cover for rating and scoring systems in the customer lending business is 98 percent, with 97 percent cover for the customer and proprietary business. Eighty percent of the business exposed to counterparty risk relates to investment-grade customers (with a rating of 5 or above). To manage credit risk and incorporate the credit risk strategy into our operations, we have set lending standards and differentiated credit risk indicators that are monitored and reported on an ongoing basis. In terms of sectors, our loan portfolio is still largely concentrated on real estate and housing (33.0 percent) and private customers (29.1 percent). Loans are predominately secured by residential and commercial mortgages. Given the significant proportion of real estate transactions, we have, among other things, carried out intensive analysis in this area in light of recent market developments and, in particular, have made risk-oriented adjustments to our commercial property financing guidelines. In doing so, we use our regional market knowledge to avoid risk.

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 € 495 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.

Capital market risks still shaped by geopolitical crises and sharply rising key interest rates

2023 proved to be yet another turbulent year on the capital markets. The war in Ukraine and Hamas’s attack on Israel have shaped global political events. While the sharp rise in inflation appears to have passed its peak in 2023, the German economy in particular continues to be weighed down by high energy prices. The ECB raised its key rate in several steps from 2.5 percent at the start of the year to 4.5 percent on 20 September 2023. The yield on ten-year Bunds began rising again by the third quarter before slumping afresh in the fourth quarter to drop below the previous year's level. The US dollar moved within a relatively narrow range against the euro, depreciating slightly on balance over the year.

Having posted a loss of 12.3 percent in the previous year, the German DAX share index recorded gains at the start of the new year. After a period of sideways movement in the second quarter and a setback in the third quarter, the DAX recorded significant growth by the year-end and closed 2023 with a performance of + 20.3 percent.

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. There is also a special fund with highly liquid bonds (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 market price risk exposure of the total portfolio of proprietary securities investments was € 677 million at the end of the year, compared with € 632 million in the previous year. This increase is attributable to the expansion of capital investment, especially the volume of equities.

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.

Managing interest rate risks amid multiple 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.

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 € 523 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.

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 € 151 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 guideline and process descriptions, and are monitored by Internal Audit.

In the year under review, Haspa 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.

Funding strategy and comfortable cash position limit liquidity risks

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.

As the largest driver of liquidity risk, the deposit structure and its development is analysed in detail on a monthly basis. Future liquidity progress is also monitored and analysed in risk and stress scenarios over a horizon of the next 12 months in order to assess the overall liquidity risk situation. In these liquidity progress reviews, scenario-specific liquidity requirements resulting from contractual and modelled net cash outflows are contrasted with the potential liquidity available in each scenario, and a net liquidity position (NLP) is created for each maturity band. The survival period (SVP) is also calculated as a metric that specifies the time horizon until insolvency in each scenario. NLP and SVP thresholds are defined that reflect Haspa's risk tolerance. Compliance with these thresholds is monitored at least once a month so that timely control measures can be adopted as necessary. Haspa also creates a multi-year liquidity ratios outlook based on divisional planning under both expected and adverse conditions. This enables us to assess our liquidity needs for future maturities and manage cash flows accordingly.

A diversified, liquidity-focused capital investment consisting of highly liquid unencumbered assets as well as a supply of liquidity in central bank accounts is held as a buffer to cover any unexpected liquidity needs that may arise in the short term. In addition to a liquidity buffer to cover operational liquidity risks, managing the balance sheet structure is the key instrument for limiting any strategic liquidity risks that may arise in the long term. As a result, Haspa has a stable refinancing structure diversified across several channels. However, our most important refinancing channel is the deposit business with our customers. Our customer structure gives us a stable level of deposits, even in the face of mounting competition.

With successful Pfandbrief issues in recent years, Haspa has tapped into the vast liquidity potential of the Pfandbrief market. We always significantly exceed statutory excess cover requirements for our mortgage collateral pool, which means Haspa has additional potential from issue planning to be able to cover unexpected liquidity needs. The activities we have already begun to establish a public cover pool in 2024 should create additional issue potential.

We also received our own issuer rating from ratings agency Moody's in the year under review (rating score of Aa3), enabling us to issue large-volume unsecured instruments on the capital markets.
In October 2023, Haspa became the first German savings bank to successfully issue a senior preferred loan in a benchmark format of over € 500 million with a term running until February 2029. These channels allow us to raise liquidity from institutional customers in addition to selling bearer debentures to private customers. For years, Haspa has also served as a lender in the interbank lending market. As a result, liquidity can be created in the short term from the expiry of money market receivables on the one hand and from the reputation developed by money market liabilities on the other.

The current and prospective requirements for the regulatory liquidity ratios – liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) – are clearly being met. Both ratios, together with internal metrics, are an indication that Haspa has excellent liquidity. Early warning thresholds defined internally for minimum liquidity requirements are always comfortably exceeded. At year-end, the LCR is 215 percent and the NSFR is 133 percent.

Risk assessment

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

5. Report on expected developments – opportunities and risks

Prolonged stagflation in Germany

High inflation, the ECB's restrictive monetary policy and uncertainty surrounding future economic and geopolitical developments are all adversely impacting consumers and companies in Germany. Surging interest rates mean higher financing costs that are dampening macroeconomic demand. Against this backdrop, real gross domestic product in Germany is likely to only increase slightly. We expect the German economy to expand by just 0.5 percent in 2024.

In the first six months of 2023, Hamburg's real gross domestic product increased by 1.7 percent year-on-year according to Northern Statistical Office calculations. As a result, this figure was well above the national average. Germany's real gross domestic product declined by 0.3 percent in the first six months of 2023. According to our estimates, real gross domestic product saw a stronger increase in Hamburg in 2023 than it did in Germany as a whole. Against this backdrop, we also expect Hamburg's economy to outperform the overall German economy in 2024.

We believe that labour shortages and wage increases will keep inflation above the ECB's target of 2 percent. We anticipate annual average inflation rates of between 2.5 and 3.0 percent in Germany and the eurozone for 2024.

The ECB announced its intention to keep key rates at a sufficiently restrictive level for as long as necessary to quickly return inflation to its medium-term target of 2 percent. We only expect the ECB to lower key rates by 0.25 percentage points in the second half of the year. We anticipate a rate for main refinancing operations of 4.25 percent and a deposit rate of 3.75 percent at the end of 2024.

Uncertainty surrounding geopolitical and economic developments, weak economic growth, stagflation and the expectation that central banks will lower key interest rates are likely to shape developments in the capital markets and trigger price fluctuations. Our DAX target at the end of 2024 is 17,200 points. We expect the yield on ten-year Bunds to be 2.75 to 3.00 percent by the end of the year.

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 2024 financial year. The forward-looking statements 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 2024, which results in specific budgets.

Low margins in the deposit business with customers are expected to push net interest income in the 2024 financial year considerably below the level seen in the past financial year. 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, contributions might be higher or lower.

Administrative expenses are likely to slightly exceed the 2023 figure in the current year, a trend that is partly due to expected salary and 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 slightly higher level of risk provisions in the lending business is anticipated for the current year. If this year is similar to 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 slightly negative impact due to interest-related effects. Overall, we anticipate a slightly lower charge from the net revaluation loss than in the previous year.

From 2024 onwards, our most important financial key performance indicators will be the “result before allocation to contingency reserves”. We expect this figure to be slightly lower than in the previous year. We are also anticipating a sharp rise in NPS to 2022 levels. For the corporate energy index, we expect a slightly higher figure than 2023 and are aiming to reach the upper echelons of the peer group in the innovation index.

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 2023 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 2023 Sustainability Report together with the 2023 Annual Report in the Company Register.

Hamburger Sparkasse AG has held Prime status with a C grade in the ISS ESG sustainability rating since 2022.

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 2022, the Supervisory Board set a target for the share of women on the Supervisory Board of 25 percent to be achieved by 30 June 2027.

In 2022, the Supervisory Board set a target for the share of women in the Board of Management of 40 percent to be achieved by 30 June 2027.

A target of 30 percent each with a deadline of 30 June 2027 was set by the Board of Management for the two management levels below the Board of Management in 2022, i.e. management level 1 (divisional managers) and management level 2 (unit and branch managers including deputy managers).

Balance sheet

of Hamburger Sparkasse AG for the year ended 31 December 2023

Assets in € '000		31.12.2023	31.12.2022
1. Cash reserve			
a) Cash on hand		269,843	353,431
b) Balance with Deutsche Bundesbank		477,159	148,600
		747,002	**502,030**
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		4,345	—
b) Public-sector loans		—	—
c) Other receivables		11,356,252	7,338,362
of which:			
Payable on demand	9,179,687		(5,533,202)
loans on securities	—		(—)
		11,360,598	**7,338,362**
4. Receivables from customers			
a) Mortgage loans		17,897,867	17,723,897
b) Public-sector loans		1,258,574	1,471,570
c) Other receivables		17,561,338	18,870,850
of which:			
loans on securities	145,963		(190,773)
		36,717,779	**38,066,318**
5. Debentures and other fixed interest securities			
a) Money market instruments			
aa) by public-sector issuers		—	—
of which: eligible as collateral for Deutsche Bundesbank advances	—		(—)
ab) by other issuers		—	14,986
of which: eligible as collateral for Deutsche Bundesbank advances	—		(14,986)
		—	14,986
b) Bonds and debentures:			
ba) by public-sector issuers		4,708,859	5,340,199
of which: eligible as collateral for Deutsche Bundesbank advances	4,708,859		(5,214,962)
bb) by other issuers		3,258,280	2,921,893
of which: eligible as collateral for Deutsche Bundesbank advances	3,208,563		(2,905,698)
		7,967,139	8,262,091
c) Own debentures		1,100,094	1,100,094
Principal amount	1,100,000		(1,100,000)
		9,067,233	**9,377,171**
6. Equities and other non-fixed interest securities		**1,087,540**	**1,029,143**
6a. Trading portfolio		**96,343**	**89,631**
7. Long-term equity investments		**105,243**	**105,134**
of which:			
in banks	2,504		(2,504)
in financial services institutions	—		(—)
in investment firms	—		(—)
8. Shares in affiliated companies		**5,837**	**7,487**
of which:			
in banks	—		(—)
in financial services institutions	—		(—)
in investment firms	—		(—)

Assets in € '000		31.12.2023	31.12.2022
9. Fiduciary assets		172,350	198,383
of which:			
Fiduciary loans	172,350		(198,383)
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		503	575
c) Goodwill		—	—
d) Prepayments		—	—
		503	575
11. Tangible fixed assets		56,760	47,675
12. Other assets		189,489	231,507
13. Prepaid expenses			
a) From the issue and lending business		14,887	10,844
b) Other		2,543	1,711
		17,431	12,555
Total assets		59,624,107	57,005,973

Equity and liabilities in € ’000		31.12.2023	31.12.2022
1. Liabilities to banks			
a) Registered mortgage Pfandbrief securities issued		332,987	292,338
b) Registered public sector Pfandbrief securities		—	—
c) Other liabilities		6,960,390	6,982,362
of which:			
Payable on demand	142,446		(210,048)
Registered mortgage Pfandbrief securities furnished to lenders for securing loans	—		(—)
Registered public-sector Pfandbrief securities furnished to lenders for securing loans	—		(—)
		7,293,377	7,274,700
2. Liabilities to customers			
a) Registered mortgage Pfandbrief securities issued		2,894,994	2,879,130
b) Registered public sector Pfandbrief securities		—	—
c) Savings deposits			
ca) With agreed notice period of three months		8,395,091	10,177,226
cb) With agreed notice period of more than three months		—	—
		8,395,091	10,177,226
d) Other liabilities		28,048,295	26,075,985
of which:			
Payable on demand	24,312,074		(24,000,224)
Registered mortgage Pfandbrief securities furnished to lenders for securing loans	—		(—)
Registered public-sector Pfandbrief securities furnished to lenders for securing loans	—		(—)
		39,338,380	39,132,341
3. Securitised liabilities			
a) Debentures issued			
aa) Mortgage Pfandbrief securities		3,306,263	3,281,587
ab) Public sector Pfandbrief securities		—	—
ac) Other debentures		3,479,405	1,237,541
		6,785,668	4,519,128
b) Other securitised liabilities		—	—
of which:			
Money market instruments	—		(—)
		6,785,668	4,519,128
3a. Trading portfolio		5,744	4,293
4. Fiduciary liabilities		172,350	198,383
of which: Fiduciary loans	172,350		(198,383)
5. Other liabilities		640,426	711,601
6. Deferred income			
a) From the issue and lending business		9,188	13,433
b) Other		4,924	5,555
		14,112	18,987
7. Provisions			
a) Provisions for pensions and similar obligations		1,385,549	1,337,645
b) Provision for taxes		67,643	80,211
c) Other provisions		144,972	154,683
		1,598,163	1,572,539

Equity and liabilities in € '000		31.12.2023	31.12.2022
8. Subordinated liabilities		56,887	—
9. Fund for general banking risks		802,000	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		1,700,000	1,655,000
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		—	—
		2,917,000	2,872,000
Total equity and liabilities		59,624,107	57,005,973
1. Contingent liabilities			
a) Contingent liabilities from endorsement of discounted bills of exchange		—	—
b) Contingent liabilities from guarantees and warranties		588,892	569,650
c) Contingent liabilities from the granting of security for third-party liabilities		—	—
		588,892	569,650
2. Other obligations			
a) Repurchase obligations under sales with an option to repurchase		—	—
b) Placement and underwriting obligations		—	—
c) Irrevocable credit commitments		2,208,617	3,221,421
		2,208,617	3,221,421

Income statement

of Hamburger Sparkasse AG for the period from 1 January to 31 December 2023

All figures stated in € '000		2023	2022
1. Interest income from			
a) Lending and money market transactions		1,528,156	727,929
b) Fixed interest securities and registered government debt		123,503	31,880
		1,651,660	759,809
2. Interest expense		–786,072	–98,857
		865,588	**660,952**
3. Current income from			
a) Equities and other non-fixed interest securities		34	2,289
b) Long-term equity investments		6,911	7,461
c) Shares in affiliated companies		—	1,968
		6,946	**11,718**
4. Income from profit pooling, profit transfer, or partial profit transfer agreements		**108**	**273**
5. Commission income		**388,071**	**391,885**
6. Commission expenses		–27,632	–32,942
		360,439	**358,943**
7. Net trading income or expense		**6,213**	**–991**
8. Other operating income		54,040	54,756
		1,293,334	**1,085,650**
9. General and administrative expenses			
a) Personnel expenses			
aa) Wages and salaries		–295,348	–284,798
ab) Social security, post-employment and other employee benefit costs		–122,559	–125,180
		–417,906	**–409,978**
of which: in respect of post-employment benefits	–72,541		(76,773)
b) Other administrative expenses		–399,856	–368,441
		–817,762	**–778,419**
10. Depreciation, amortisation and write-downs of tangible and intangible fixed assets		**–7,005**	**–7,071**
11. Other operating expenses		**–25,462**	**–59,734**
12. Write-downs of and valuation allowances on receivables and certain securities, and additions to loan loss provisions		**–85,884**	**–77,981**
13. Income from reversals of write-downs of receivables and certain securities and from the reversal of loan loss provisions		—	—
		–85,884	**–77,981**
14. Write-downs of and valuation allowances on other equity investments, shares in affiliated companies and securities classified as fixed assets		**–915**	**–17,274**
15. Income from reversals of write-downs of other equity investments, shares in affiliated companies and securities classified as fixed assets		—	—
		–915	**–17,274**
16. Cost of loss absorption		**–344**	**–483**
17. Additions to/withdrawals from the fund for general banking risks		**–100,000**	**—**
18. Result from ordinary activities		**255,962**	**144,689**
19. Extraordinary income		—	—
20. Extraordinary expenses		—	—
21. Extraordinary result		—	—
22. Taxes on income		**–140,962**	**–99,689**

All figures stated in € '000	2023	2022
23. Other taxes not included in item 11	—	—
	–140,962	–99,689
24. Profit transferred on the basis of profit pooling, profit transfer, or partial profit transfer agreements	–115,000	–45,000
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 2023 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.

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 amount of the respective specific valuation allowances is determined taking into account the debtor's financial circumstances and the current valuation of existing collateral.

Global valuation allowances are calculated in accordance with accounting standard IDW RS BFA 7. 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. Haspa has reassessed the necessity and appropriateness of the specific adjustment amount recognised in the previous year in terms of type and scope as at the reporting date. In order to give due consideration to the uncertainty about the future geopolitical and economic development, inflation-related loss of purchasing power and higher financing costs when determining global valuation allowances, a specific adjustment amount of € 14.5 million was again factored in on the basis of statistical-mathematical techniques and in line with commercial prudence. Overall, the total amount of global valuation allowances is € 27.7 million higher than at the prior-year reporting date.

Securities

All securities that are not allocated to the investment portfolio or trading portfolio are allocated to the liquidity reserve (current assets). The allocation of securities to the liquidity reserve, the trading portfolio or the investment portfolio was not changed in the financial year.

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%.

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.

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 up to 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.

Other assets

For other assets, impairments or identifiable risks were taken into account by factoring in appropriate measurement discounts.

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 1.82 percent (average market interest rate for the past ten years) and 1.73 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	2023 € million	2022 € million
Net income for the financial year	**0.0**	**0.0**
Profit transferred on the basis of profit transfer agreements	115.0	45.0
Net income/loss for the period before profit transfer	**115.0**	**45.0**
Depreciation, amortisation and write-downs and valuation allowances on receivables and items of fixed assets/reversals of such write-downs and valuation allowances	79.9	89.1
Increase/decrease in provisions (excluding provisions for income taxes)	38.2	75.9
Other non-cash expenses/income	15.4	18.7
Gain/loss on disposal of fixed assets	–0.5	1.2
Other adjustments (net)	0.0	0.0
Increase/decrease in receivables from banks	–4,021.4	–3,833.0
Increase/decrease in receivables from customers	1,377.4	–892.0
Increase/decrease in securities (unless classified as long-term financial assets)	312.4	55.8
Increase/decrease in other assets relating to operating activities	63.2	–4.8
Increase/decrease in liabilities to banks	–119.7	–6,081.7
Increase/decrease in liabilities to customers	206.5	1,838.3
Increase/decrease in securitised liabilities	2,224.8	514.8
Increase/decrease in other liabilities relating to operating activities	–100.6	597.7
Interest expense/interest income	–865.6	–661.0
Current income from equities, non-fixed interest securities, equity investments and shares in affiliated companies	–6.9	–11.7
Expenses for/income from extraordinary items	0.0	0.0
Income tax expense/income	141.0	99.7
Interest payments received	1,624.4	728.5
Payments received from current income from equities, non-fixed interest securities, equity investments and shares in affiliated companies	6.9	11.7
Interest paid	–605.6	–3.5
Extraordinary receipts	0.0	0.0
Extraordinary payments	0.0	0.0
Income tax payments	–153.5	–85.0
Cash flows from operating activities	**331.3**	**–7,496.6**
Proceeds from disposal of long-term financial assets	310.0	73.5
Payments to acquire long-term financial assets	–366.1	–1,880.4
Proceeds from disposal of tangible fixed assets	0.0	0.0
Payments to acquire tangible fixed assets	–15.9	–8.6
Proceeds from disposal of intangible fixed assets	0.0	0.0
Payments to acquire intangible fixed assets	–0.3	–0.4
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	**–72.3**	**–1,815.8**
Cash receipts from capital contributions of HASPA Finanzholding	45.0	20.0
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	–115.0	–45.0
Change in cash from other capital sources (net)	56.0	0.0
Cash flows from financing activities	**–14.0**	**–25.0**
Net change in cash funds	245.0	–9,337.2
Effect of exchange rate movements on cash funds	0.0	0.0
Cash funds at beginning of period	502.0	9,839.4
Cash funds at end of period	**747.0**	**502.0**

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		2023 € million	2022 € million
This item includes:			
Receivables from affiliated companies		0.0	0.0
Receivables from other long-term investees and investors		0.0	0.0
Subordinated receivables		21.8	21.8
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	1,247.1	902.2
more than	3 months up to 1 year	230.8	299.0
more than	1 year up to 5 years	609.6	507.1
more than	5 years	30.7	32.7

Receivables from customers		2023 € million	2022 € million
This item includes:			
Receivables from affiliated companies		366.7	336.8
Receivables from other long-term investees and investors		0.1	0.5
Subordinated receivables		0.0	0.1
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	1,389.9	1,309.9
more than	3 months up to 1 year	3,423.9	3,143.9
more than	1 year up to 5 years	9,486.1	10,145.7
more than	5 years	21,180.1	22,479.4
with indefinite maturity		1,219.8	969.5

Debentures and other fixed interest securities	2023 € million	2022 € million
Of the marketable securities included in this balance sheet item the following are:		
listed	8,544.6	7,520.0
not listed	522.6	1,857.2
due in the following year	2,324.4	1,036.9
The carrying amount of the debentures and other fixed interest securities treated as fixed assets is	5,160.1	5,099.0
Securities not measured at the lower of cost or market	4,529.7	5,099.0
Fair value of these securities	4,293.4	4,690.1

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 € 61.1 million in the financial year and amounts to € 5,160.1 million. These securities had to be written up by € 18.0 thousand.

Equities and other non-fixed interest securities	2023 € million	2022 € 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	0.0	494.8
Fair value of these securities	0.0	474.2

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 their market values were higher than their carrying amounts.

This balance sheet item contains shares in special funds with a carrying amount of € 1,087.5 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 reinvested.

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

NAME	ISIN	Carrying amount at 31.12.2023	Market value at 31.12.2023	Difference	Distribution 2023	Returnable daily	Write-downs omitted
Wikinger-Fonds 1	DE000DK0NLE4	592.1	713.4	121.2	0.0	Yes	No
Equity and property investment fund: Equity and property investment fund shares							
Wikinger-Fonds 2	DE000DK0LNF1	494.8	501.1	6.4	0.0	Yes	No
Bond fund: Pfandbrief securities, government-guaranteed bonds and investment grade euro corporate bonds							

Trading portfolio	2023 € million	2022 € million
The trading portfolio comprises:		
Derivative financial instruments	7.3	6.8
Receivables	8.6	7.9
Debentures and other fixed interest securities	82.0	76.2
Equities and other non-fixed interest securities	0.0	0.0
Other assets	0.0	0.0
Subtotal	97.9	90.9
Risk discount	–1.6	–1.3
	96.3	89.6

The nominal volume of the derivative financial instruments is € 93.9 million for interest rate swaps and € 9.9 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 31.12.2023[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	27,424.1	106.5
Bürgschaftsbank Schleswig-Holstein GmbH, Kiel	7.18	42,278.3	188.9
Cenito Service GmbH, Hamburg	100.00	800.0	0.0[3]
CFC Corporate Finance Contor GmbH, Hamburg	49.00	2,509.1	2,009.1
Deka Erwerbsgesellschaft mbH & Co. KG - Unterbeteiligung -, Neuhardenberg	2.96	1,785,143.0[4]	100,111.0
Hanseatischer Sparkassen- und Giroverband, Hamburg	74.87	63,938.0	7.0
HASPA Projektentwicklungs- und Beteiligungsgesellschaft mbH, Hamburg	30.00	26,489.1	6,489.1
Haspa Direkt Servicegesellschaft für Direktvertrieb mbH, Hamburg	100.00	687.1	0.0[3]
Next Commerce Accelerator GmbH, Hamburg	16.66	47.0	–99.4
SCHUFA Holding AG, Wiesbaden	2.22	157,164.7	50,865.9

[1] *Equity investments unless insignificant as defined in section 286 (3) HGB*
[2] *Based on the most recent annual financial statements available for 2022 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	2023 € million	2022 € million
This item includes:		
Long-term equity investments	105.2	105.1
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	5.8	7.5
Of the marketable securities included in this balance sheet item the following are:		
listed	0.0	0.0
not listed	0.0	0.0
Other assets	0.0	0.0
	111.1	112.6

The carrying amount of the equity investments increased by € 0.1 million to € 105.2 million in the reporting year as a result of participation in a capital increase. The carrying amount of the shares in affiliated companies decreased by € 1.7 million to € 5.8 million in the reporting year due to recognition of a valuation allowance.

Fiduciary assets

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

Intangible and tangible fixed assets

Changes in intangible and tangible fixed assets:

	Intangible fixed assets € million	Tangible fixed assets € million
Cost		
Cost on 01.01.2023	156.4	144.0
Additions	0.3	15.9
Disposals	0.0	5.1
Reclassifications	0.0	0.0
Cost on 31.12.2023	156.7	154.9
Depreciation, amortisation and write-downs		
Accumulated depreciation, amortisation and write-downs as at 01.01.2023	155.9	96.4
Depreciation, amortisation and write-downs	0.4	6.6
Reversal of write-downs	0.0	0.0
Disposals	0.0	4.9
Reclassifications	0.0	0.0
Accumulated depreciation, amortisation and write-downs as at 31.12.2023	156.2	98.1
Carrying amount as at 31.12.2023	**0.5**	**56.8**
Carrying amount previous year	**0.6**	**47.7**

Other assets	**2023 € million**	**2022 € million**
Other assets are comprised as follows:		
Capitalised inventories and other assets	2.0	1.3
Adjustment item from foreign currency translation	11.1	3.3
Other receivables from affiliated companies	25.9	13.8
Other receivables from cash collateral	24.4	18.7
Receivables from collateral under central clearing	109.5	183.3
Trade receivables from third parties	10.3	8.7
Receivables from insurance claims	1.9	0.0
Other receivables	4.4	2.4
	189.5	231.5

Prepaid expenses	**2023 € million**	**2022 € million**
Prepaid expenses include:		
The difference between the lower of the settlement amount and the issue price of liabilities or debentures	14.9	10.4
The difference between the higher of the nominal amount and the settlement amount of receivables	0.0	0.4
Other prepaid expenses	2.5	1.7
	17.4	12.5

Notes to the balance sheet (equity and liabilities)

Liabilities to banks		2023 € million	2022 € million
This item includes:			
Liabilities to affiliated companies		0.0	0.3
Liabilities to other long-term investees and investors		1.2	2.4
Total amount of assets transferred as collateral for the liabilities included in this item		11,285.1	12,510.8
Breakdown by maturity:			
up to	3 months	3,475.7	288.8
more than	3 months up to 1 year	304.4	372.8
more than	1 year up to 5 years	1,307.4	10,442.6
more than	5 years	1,901.7	1,870.3

At the reporting date, securities with a carrying amount of € 7,936.0 million had been deposited with Deutsche Bundesbank for TLTRO III operations with a volume of € 3,150.0 million.

A further € 256.7 million was deposited with Deutsche Bundesbank in accordance with the MACCs (Mobilisation and Administration of Credit Claims) procedure.

A total of € 1.5 million were utilised in connection with transactions in futures exchanges and at clearing houses, for which securities with a carrying amount of € 120.4 million were deposited.

Liabilities to customers		2023 € million	2022 € million
This item includes:			
Liabilities to affiliated companies		112.0	109.2
Liabilities to other long-term investees and investors		12.7	33.8
Breakdown by maturity (without savings deposits):			
up to	3 months	1,390.7	739.0
more than	3 months up to 1 year	512.1	252.4
more than	1 year up to 5 years	1,245.7	767.2
more than	5 years	3,389.4	3,094.3

Securitised liabilities	2023 € million	2022 € million
This item includes:		
Liabilities to affiliated companies	5.0	5.0
Liabilities to other long-term investees and investors	0.0	0.0
Debentures issued that are due in the following year	1,859.5	725.9

Trading portfolio	2023 € million	2022 € million
The trading portfolio is comprised as follows:		
Derivative financial instruments	5.7	4.3
Liabilities	0.0	0.0
Subtotal	5.7	4.3
Risk premium	—	—
	5.7	**4.3**

The nominal volume of the derivative financial instruments is € 90.9 million for interest rate swaps and € 9.9 million for currency options.

Fiduciary liabilities

The fiduciary liabilities reported exclusively concern liabilities to banks.

Other liabilities	2023 € million	2022 € million
The other liabilities comprise:		
Tax liabilities	20.8	17.1
Liabilities to companies of HASPA Finanzgruppe		
under profit transfer agreements	115.3	45.4
other liabilities	0.6	6.8
Liabilities to employees		
from vacation savings deposits and grants	6.5	6.7
other liabilities	15.7	16.4
Liabilities from collateral under central clearing	435.7	586.4
Adjustment item from foreign currency translation	4.1	26.6
Trade payables to third parties	31.8	0.9
Other liabilities	9.9	5.3
	640.4	711.6

Deferred income	2023 € million	2022 € million
Deferred income includes:		
The difference between the lower of the nominal amount and the settlement amount of loan receivables	2.3	6.7
The difference between the higher of the settlement amount and the issue price of liabilities or debentures	5.6	5.3
Other deferred income	6.2	7.0
	14.1	19.0

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 € 23.5 million as at 31 December 2023 (previous year: € 91.7 million).

Subordinated liabilities

Interest of € 0.9 million was paid on € 56.9 million in subordinated liabilities during the reporting year. The subordinated liabilities consist of bullet bearer debentures and registered bonds. An obligation to repay it early cannot arise. According to the terms and conditions of these debentures and bonds and the rules of the Single Resolution Mechanism (SRM), the relevant resolution authorities are entitled to convert claims to capital and interest into shares or other Common Equity Tier 1 capital instruments. The issues made represent supplementary capital in accordance with the Articles 62 to 71 of the Capital Requirements Regulation (CRR).

Subordinated liabilities that exceed 10 percent of the total portfolio

Securitisation	Liability € million	Currency	Interest rate p.a.	Maturity	Redemption rate
Bearer debenture	15.4	€	6.330%	13.07.2033	100%
Registered bond	10.1	€	6.500%	23.10.2035	100%

Fund for general banking risks

This position includes an extraordinary item of € 800 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 01.01.2023	1,000.0	1,655.0	217.0	0.0	2,872.0
Allocation		45.0			
Net income/loss for the period before profit transfer				115.0	
Profit to be transferred				–115.0	
Balance on 31.12.2023	1,000.0	1,700.0	217.0	0.0	2,917.0

The transfer to the capital reserve resulted from a capital injection made by HASPA Finanzholding.

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. Appropriate risk provisions have been recognised for significant default risks.

Notes to the income statement

Interest income
In the financial year, negative interest of € 0.1 million is shown for lending products. This item also includes a total of € 33.5 thousand due to the discounts on provisions related to the banking business.

Interest expense
Interest expense includes negative interest for deposit products of € 0.2 million. This item also includes a total of € 0.4 thousand (previous year: € 93 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 € 0.1 million includes € 33.8 thousand in tax allocations.

Current income
There was no distribution from Haspa’s special funds in the reporting period.

Commission income
A portion of 30.2% of total commission income is attributable to brokerage and management services for third parties. This item includes € 0.6 million in prior-period income.

Other operating income
This item contains € 19.0 million (previous year: € 16.0 million) in income from currency translation and € 3.5 million in income from staff leasing.

It also includes € 7.4 million in income from the reversal of provisions. This item also includes a total of € 1.4 million due to the discounts on long-term provisions.

Other operating expenses
Other operating expenses include a total of € 13.2 million (previous year: € 48.6 million) due to the unwinding of discounts on long-term provisions.

Taxes on income
This item totalling € 141.0 million includes € 139.9 million in tax allocations. The tax allocations are comprised of expenses from current tax allocations of € 155.4 million and prior-period reimbursements of tax allocations of € 15.5 million.

Other disclosures

Disclosures in accordance with section 160 (1) no. 8 AktG
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) AktG in conjunction with section 16 (1) AktG) 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 2023 financial year, the members of the Board of Management received total benefits of € 3.3 million. Loans and guarantees granted to members of the Board of Management amounted to € 3.6 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 2023 amounted to € 0.7 million. Loans and guarantees granted to members of the Supervisory Board amounted to € 2.5 million.

Expenses for the auditor
The total fee for the auditor for the 2023 financial year amounted to € 1.2 million, of which € 1.2 million concerned the audit of the annual financial statements and € 14 thousand other assurance services. Other operating income includes € 24 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 2023 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
2024	58.4	6.8
2025	54.1	5.2
2026	43.3	5.2
	155.9	17.2

As a unitholder in the Wikinger-Fonds 1 special fund, Haspa has taken on the obligation of making capital contributions to the special fund for the target funds' outstanding capital calls if the special fund's freely available funds are not sufficient. Taking these freely available funds into account, this obligation amounts to € 7.8 million as of the reporting date.

Haspa is affiliated with the nationwide guarantee scheme of the German Savings Bank's Organisation. There is a cross-guarantee system between participants in this protection scheme, which means that participants have the German Savings Banks Finance Group's entire volume of guarantees at their disposal. According to section 48 (2) No. 5 of the German Deposit Guarantee Act (EinSiG), Haspa is obligated to make guaranteed annual and special contributions to this guarantee scheme as well as the one-off payment. In the financial year, Haspa made use of the option to make part of its annual contributions in the form of an irrevocable payment obligation. As of 31 December 2023, corresponding irrevocable payment obligations associated with the German Savings Banks Finance Group guarantee scheme totalled € 20.7 million (previous year: € 12.5 million). Haspa has deposited cash collateral equal to the amount of the irrevocable payment obligations that are recognised under "Receivables from banks".

At a European level, Haspa has been obligated since 2015 to make annual contributions to the restructuring fund ("European bank levy"). Irrevocable payment obligations associated with the bank levy in accordance with the EU Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Fund (SRF) amounted to € 23.7 million as of 31 December 2023 (previous year: € 18.7 million). Haspa has deposited cash collateral equal to the amount of the irrevocable payment obligations that are recognised under "Other assets".

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 € 1,023.7 million and € 878.3 million respectively.

Forward transactions / Derivative financial transactions

The following tables show the volume of transactions in effect at the end of 2023.

Derivatives are always measured by reference to their current market price. The prices on the last trading day in 2023 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 bulk of Haspa's interest-related transactions mentioned below were carried out to limit interest rate risks. They are 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 31.12.2023	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	6.8	16.7	0.0	23.5	0.3	0.3
Floors	0.0	0.0	0.8	0.8	0.0	0.0
Structured swaps	71.2	308.9	4,636.9	5,017.0	24.8	483.3
Interest rate swaps	573.9	2,802.5	10,442.2	13,818.6	857.3	384.1
Stock market instruments						
Interest rate futures	17.1	0.0	0.0	17.1	0.1	0.1
Total	**669.0**	**3,128.1**	**15,079.9**	**18,877.0**	**882.5**	**867.8**
Currency-related transactions						
OTC products						
Forward currency transactions	2,544.1	102.0	0.0	2,646.1	22.9	20.2
Currency swaps	0.0	0.0	132.6	132.6	13.0	11.1
Stock market instruments						
Interest rate futures	12.8	0.0	0.0	12.8	0.3	0.0
Total	**2,556.9**	**102.0**	**132.6**	**2,791.5**	**36.2**	**31.3**
Transactions involving other price risks						
OTC products						
Structured swaps	2.9	0.0	0.0	2.9	0.5	0.0
Stock market instruments						
Index futures	24.7	0.0	0.0	24.7	0.4	0.0
Index options	21.0	0.0	0.0	21.0	0.1	0.1
Total	**48.6**	**0.0**	**0.0**	**48.6**	**1.0**	**0.1**

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

as at 31.12.2023	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	0.2	3.8	A3/P1	—
Forward transactions in securities	—	—	—	—
Interest rate swaps	12.0	440.9	A3/P2/P5	—
Stock market instruments				
Interest rate futures	—	—	—	—
Total	**12.4**	**444.9**		**—**
Currency-related transactions				
OTC products				
Forward currency transactions	—	—	—	0.1
Currency swaps	—	—	—	—
Stock market instruments				
Interest rate futures	—	—	—	—
Total	**—**	**—**		**0.1**
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 31.12.2023	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	24.3	44.6	115.9	184.8	6.8	5.3
Total	**24.3**	**44.6**	**115.9**	**184.8**	**6.8**	**5.3**
Currency-related transactions						
OTC products						
Currency options	14.2	5.6	0.0	19.8	0.5	0.5
Total	**14.2**	**5.6**	**0.0**	**19.8**	**0.5**	**0.5**

Hedges

Both liabilities with a carrying amount of € 3,053.3 million and executory contracts with a nominal value of € 19.1 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 € 458.2 million were in place to hedge interest rate risks; transactions with a negative fair value of € 1.0 million to hedge currency risks; as well as transactions with a positive fair value of € 0.5 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 € 1,046.1 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	2023 € million	2022 € million
Receivables from banks	0.0	0.0
Receivables from customers	8,044.9	7,410.9
Debentures and other fixed interest securities	550.0	550.0

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	2023 € million	2022 € million
Section 28 (1) no. 1, 3 and 7 PfandBG		
Mortgage Pfandbrief circulation		
of which derivative transactions	0.0	0.0
Nominal value	6,487.1	6,411.9
Present value	6,378.5	6,068.3
Risk net present value	6,111.1	5,654.3
Cover assets		
of which derivative transactions	0.0	0.0
Nominal value	8,594.9	7,960.9
Present value	8,328.6	7,477.8
Risk net present value	7,904.0	6,905.0
Excess cover		
Nominal value	2,107.8	1,549.0
Present value	1,950.1	1,409.5
Risk net present value	1,792.9	1,250.7
Excess cover in % of Pfandbrief circulation		
Nominal value	32.5	24.2
Present value	30.6	23.2
Risk net present value[1]	29.3	22.1
Statutory excess cover [2]		
Nominal value	255.0	248.6
Present value	127.6	121.4
Contractually agreed excess cover [3]		
Nominal value	0.0	0.0
Present value	0.0	0.0
Voluntary excess cover [4]		
Nominal value	1,852.8	1,300.5
Present value	1,822.6	1,288.1

[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*

Present values do not have to be presented by foreign currency because the cover assets are based exclusively on euro-denominated transactions.

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)	279.3	511.6
Day on which the largest negative sum results (1-180)	146	176
Total amount of cover assets that meet the requirements of section 4 (1a) sentence 3 PfandBG (liquidity coverage)	558.2	551.8
Surplus liquidity	278.9	40.2

	in percent	in percent
Section 28 (1) no. 13 PfandBG		
Share of fixed-interest cover assets in total cover assets	85.9	84.7
Share of fixed-interest Pfandbrief securities in the liabilities to be covered	98.6	99.4

I) Information regarding total amount and maturity structure		2023 € million	2022 € million
Section 28 (1) no. 4 and 5 PfandBG			
Maturity structure of the mortgage Pfandbrief circulation			
up to	0.5 years	596.5	611.0
more than	0.5 years up to 1 year	320.0	112.1
more than	1 year up to 1.5 years	819.0	596.5
more than	1.5 years up to 2 years	133.0	320.0
more than	2 years up to 3 years	1,035.0	952.0
more than	3 years up to 4 years	928.9	1,005.0
more than	4 years up to 5 years	1,227.5	920.4
more than	5 years up to 10 years	1,118.3	1,624.0
more than	10 years	309.0	271.0
Fixed-interest periods of the cover assets			
up to	0.5 years	755.4	423.3
more than	0.5 years up to 1 year	550.0	428.6
more than	1 year up to 1.5 years	442.5	524.3
more than	1.5 years up to 2 years	485.1	504.4
more than	2 years up to 3 years	827.6	859.4
more than	3 years up to 4 years	915.1	734.0
more than	4 years up to 5 years	880.9	886.3
more than	5 years up to 10 years	2,810.3	2,790.9
more than	10 years	928.1	809.7
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	0.0
more than	0.5 years up to 1 year	0.0	0.0
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	916.5
more than	3 years up to 4 years	1,035.0	952.0
more than	4 years up to 5 years	928.9	1,005.0
more than	5 years up to 10 years	2,193.8	2,499.4
more than	10 years	461.0	316.0

Prerequisites for the extension of maturity of the Pfandbriefe in accordance with section 30 (2a) PfandBG	2023
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.	

	2022
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.	

Powers of the cover pool administrator in the event of the extension of maturity of the Pfandbriefe in accordance with section 30 (2a) PfandBG	2023
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.	

	2022
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.	

II) Composition of ordinary cover assets	2023 € million	2022 € million
Section 28 (2) no. 1 PfandBG		
a) Total amount of receivables used for cover, by size class		
Credit coverage		
up to € 300 thousand	2,306.8	2,265.6
more than € 300 thousand up to € 1 million	1,925.5	1,663.6
more than € 1 million up to € 10 million	2,576.2	2,381.4
more than € 10 million	1,236.4	1,100.3

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	
	2023 € million	2022 € million	2023 € million	2022 € million
Commonhold properties	885.3	781.5	0.0	0.0
Single- and two-family homes	2,042.9	1,868.3	0.0	0.0
Multi-family homes	2,644.9	2,536.7	0.0	0.0
Office buildings	0.0	0.0	1,078.7	986.0
Commercial buildings	0.0	0.0	216.7	214.7
Industrial buildings	0.0	0.0	247.1	195.2
Other commercially used buildings	0.0	0.0	929.4	828.6
Unfinished buildings 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

	2023 in years	2022 in years
Section 28 (2) no. 3 and 4 PfandBG		
Volume-weighted average age of receivables	7.3	7.5

	2023 in percent	2022 in percent
Section 28 (2) no. 3 and 4 PfandBG		
Average weighted loan-to-value ratio	52.3	52.0

	2023 € million	2022 € 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*

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III) Composition of additional cover assets	2023 € million	2022 € 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	0.0
Receivables as defined in section 19 (1) sentence 1 no. 3 a) to c) PfandBG	0.0	0.0
Receivables as defined in section 19 (1) no. 4 PfandBG	550.0	550.0
Section 28 (1) no. 12 PfandBG		
Total amount of receivables exceeding the limits of section 19 (1) no. 2 PfandBG	0.0	0.0
Total amount of receivables exceeding the limits of section 19 (1) no. 3 PfandBG	0.0	0.0
Total amount of receivables exceeding the limits of section 19 (1) no. 4 PfandBG	0.0	0.0

IV) Overview of past due payments	2023 € million	2022 € 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	2023		2022	
Section 28 (1) no. 2 PfandBG	DE000A12UET0	DE000A254YU1	DE000A12UET0	DE000A13SPX0
	DE000A1R07B5	DE000A2E4NP1	DE000A1R07B5	DE000A1TM3V7
	DE000A1YC1T0	DE000A2TSB73	DE000A1YC1T0	DE000A254YU1
	DE000A2DAFL4	DE000A3H2044	DE000A2DAFL4	DE000A2E4NP1
	DE000A2YNQ25	DE000A3H20F6	DE000A2LQQ01	DE000A2TSB73
	DE000A3H2051	DE000A3OV4M5	DE000A2YNQ25	DE000A3H2044
	DE000A3MQYT3	DE000A30V6P3	DE000A3H2051	DE000A3H20F6
	DE000A13SPX0	DE000A351M80	DE000A3MQYT3	DE000A3OV4M5

VI) Notes to the annual financial statements

Section 28 (2) no. 5 PfandBG	Land used for residential purposes		Land used for commercial purposes	
	2023 Number	2022 Number	2023 Number	2022 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	
	2023 € million	2022 € million	2023 € million	2022 € million
Total interest in arrears	0.0	0.0	0.0	0.0

Trustees
Joachim Pradel – retired judge
Claus Wilhelm Möller – deputy, retired department head at Deutscher Ring
Dr. Rolf-Hermann Henniges – retired notary public

Employees

	Annual average		
	Male	**Female**	**Total**
Full-time employees	1,676	975	2,650
Part-time employees	119	906	1,026
	1,795	**1,881**	**3,676**
Trainees	90	89	179
	1,884	**1,970**	**3,855**

Part-time employees are included on a prorated basis as full-time employees according to their contractual working hours. An annual average of 1,512 part-time staff were employed in 2023.

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

Frank Brockmann
Deputy Spokesman of the Board of Management
(until 2 June 2023)

Supervisory Board	
Sparkasse zu Lübeck AG, Lübeck (until 14 August 2023)	Deputy Chairman

Dr. Olaf Oesterhelweg
Deputy Spokesman of the Board of Management, since 1 October 2023

Supervisory Board	
Bordesholmer Sparkasse AG, Bordesholm (until 17 August 2023)	Member
LBS Bausparkasse Schleswig-Holstein-Hamburg AG, Hamburg (until 15 September 2023)	Member
LBS Landesbausparkasse NordOst AG, Potsdam (since 15 September 2023)	Member

Axel Kodlin

Supervisory Board	
Sparkasse Mittelholstein Aktiengesellschaft, Rendsburg	Chairman

Jürgen Marquardt

Supervisory Board	
LBS Bausparkasse Schleswig-Holstein-Hamburg AG, Hamburg (until 15 September 2023)	Deputy Chairman
LBS Landesbausparkasse NordOst AG, Potsdam (since 15 September 2023)	Second Deputy Chairman
neue leben Lebensversicherung Aktiengesellschaft, Hamburg	Deputy Chairman
neue leben Pensionskasse Aktiengesellschaft, Hamburg	Chairman
neue leben Unfallversicherung Aktiengesellschaft, Hamburg	Deputy Chairman

Birte Quitt
(since 1 January 2024)

Supervisory Board	
Bordesholmer Sparkasse AG, Bordesholm (since 17 August 2023)	Member
neue leben Pensionskasse Aktiengesellschaft, Hamburg (since 6 March 2024)	Member

Directors

Olav Melbye
General Legal Representative

Supervisory Board	
Sparkasse Mittelholstein Aktiengesellschaft, Rendsburg	Member
Sparkasse zu Lübeck Aktiengesellschaft, Lübeck	Member

Michael Maaß
General Legal Representative, since 1 July 2023

Supervisory Board	
Sparkasse zu Lübeck Aktiengesellschaft, Lübeck (since 21 August 2023)	Deputy Chairman

Wilfried Jastrembski
(until 31 December 2023)

Board of Directors	
Hamburgische Investitions- und Förderbank, Hamburg	Member

Supervisory Board

Prof. Dr. Burkhard Schwenker Chairman	Chairman of the Supervisory Board of HASPA Finanzholding Senior Fellow Roland Berger GmbH
Stefan Forgé Deputy Chairman, until 20 April 2023	Second Deputy Chairman of the Works Council Hamburger Sparkasse AG
Gottfried Max Segert Deputy Chairman **(since 20 April 2023)**	Chairman of the Works Council Hamburger Sparkasse AG
Josef Katzer Additional Deputy Chairman **(until 17 February 2023)**	Managing Partner Katzer GmbH
Dipl.-Kff. Franziska Wedemann Additional Deputy Chairwoman **(since 20 April 2023)**	Managing Partner WIK Wedemann Immobilien Kontor GmbH & Co. KG
Björn Benthin **(since 20 April 2023)**	Employee Organisation and Process Management division Hamburger Sparkasse AG
Michaela Dabelstein **(until 20 April 2023)**	Employee Credit and Legal division Hamburger Sparkasse AG
Sandra Goldschmidt	Head ver.di Hamburg District
Cord Hamester **(until 20 April 2023)**	Works council member Hamburger Sparkasse AG
Sabine Holtmeier **(since 20 April 2023)**	Branch Manager Harvestehude branch Hamburger Sparkasse AG
Katja Karger **(until 20 April 2023)**	Chairwoman German Trade Unions Association Berlin-Brandenburg district
Dr. Thomas Ledermann	Member of the Board of Management BÖAG Börsen Aktiengesellschaft
Dirk Lender	Head Legal Advice Hamburger Sparkasse AG

Dipl.-Kff. Nathalie Leroy	Managing Director Flughafen München GmbH
Dipl.-Kff. Astrid Lurati	Member of the Board of Management Charité – Universitätsmedizin Berlin
Dr.-Ing. Georg Mecke	Prokurist Airbus Operations GmbH
Olav Melbye	Head Credit and Legal division Hamburger Sparkasse AG
Dipl.-Volkswirt Hjalmar Stemmann	Managing Partner Stemmann & Leisner Mund-, Kiefer- und Gesichtstechnik GmbH
Claudia Stübe (until 20 April 2023)	Works council member Hamburger Sparkasse AG
Dr. Jost Wiechmann	Lawyer, Tax Consultant, German Public Auditor Wiechmann – Rechtsanwälte
Stephan Wittkuhn (since 20 April 2023)	Lawyer Legal Secretary ver.di – Hamburg District

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) AktG. Whilst Haspa in turn has equity interests in subsidiaries as well, pursuant to section 296 HGB it may dispense with preparation of (partial) consolidated financial statements.

Haspa's subsidiaries are individually and jointly subject to section 296 (2) HGB. 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
(until 2 June 2023)

Dr. Olaf Oesterhelweg
Deputy Spokesman, since 1 October 2023

Axel Kodlin
Member of the Board of Management

Jürgen Marquardt
Member of the Board of Management

Birte Quitt
Member of the Board of Management
(since 1 January 2024)

Hamburg, 12 March 2024

The Board of Management

Dr. Harald Vogelsang　　Dr. Olaf Oesterhelweg

Axel Kodlin　　Jürgen Marquardt　　Birte Quitt

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, 12 March 2024

The Board of Management

Dr. Harald Vogelsang

Dr. Olaf Oesterhelweg

Axel Kodlin

Jürgen Marquardt

Birte Quitt

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 2023, the income statement, the cash flow statement and the statement of changes in equity for the financial year from 1 January to 31 December 2023 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 2023. 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 2023, and of its results of operations for the financial year from 1 January to 31 December 2023, 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 2023. 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 current economic environment

   a) Loan assets in the amount of € 36,717.8 million have been reported in the Sparkasse’s annual financial statements as of 31 December 2023 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 2023 which consist of specific and global valuation allowances and provisions for credit risks. The expenses for risk provisions in the lending business recognised in the income statement for financial year 2023 have increased 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. Global valuation allowances were recognised in accordance with accounting standard IDW RS BFA 7 for foreseeable counterparty risks in the lending business that have not yet been specified for individual borrowers in the amount of the expected loss over a period of 12 months based on the figure calculated and also used for internal risk management purposes. In order to give due consideration to the current uncertainty about the future geopolitical and economic development, inflation-related loss of purchasing power and higher financing costs, a specific adjustment amount was also factored in on the basis of statistical-mathematical techniques when determining global valuation allowances. Overall, the total amount of global valuation allowances is € 27.7 million higher than at 31 December 2022.

   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. Measurement of the provisions for pensions and similar obligations

a) The annual financial statements of Hamburger Sparkasse AG, Hamburg, include provisions for pensions and similar obligations totalling € 1,385.5 million.

In our view, this matter was particularly significant in the context of our audit as the expenses resulting from this matter are material for the assessment of the net assets, financial position and results of operations and recognition and measurement of the provisions is largely based on the estimates and assumptions of the company's Board of Management and is therefore classified as highly complex.

b) As part of our audit of this matter, we assessed its presentation in accordance with the requirements of the German Commercial Code based on the contractual framework and using the available opinion of external experts. Among other things, we also reviewed whether:

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

– the key assumptions underlying the estimated figures are plausible according to internal and external expectations and are thus sound,

– the notes to the annual financial statements for the 2023 financial year are complete and correct.

On the basis of our audit procedures, we were satisfied that the estimates and assumptions made by the company's Board of Management are generally comprehensible, and that the accounting for provisions for pensions and similar obligations has thus been carried out in an appropriate manner.

c) Further information is included in the notes to the annual financial statements under the “Accounting policies” and “Notes to the balance sheet (equity and liabilities)” sections.

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, "Note on the non-financial declaration in accordance with section 289b HGB",
- the corporate governance declaration in accordance with section 289f HGB contained in section 7 of the management report, "Declaration in accordance with section 289f HGB",
- the report of the Supervisory Board, and
- all other parts of the annual report of Hamburger Sparkasse AG for the year ended 31 December 2023 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-2023-12-31.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 2023 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 regulation for the HSGV'S audit office, we are the Sparkasse's statutory auditor. On 20 April 2023, the General Meeting of the Sparkasse adopted a resolution electing us as auditor for the 2023 financial year. We were engaged by the Supervisory Board on 02 May 2023.

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, 18 March 2024

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 two other meetings at which it discussed the business scenarios underlying planning with the Supervisory Board of HASPA Finanzholding and made decisions associated with the departure of a member of the Board of Management. 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 committees established from among the members of the Supervisory Board. The Supervisory Board met in person and made one decision outside of one in-person meeting.

In addition to the ongoing discussions on the financial and risk situation, other issues of importance for the Supervisory Board were the succession planning for the Board of Management, changes to the Articles of Association, sustainability in our business activities and customer business, the internal ratings-based approach (IRBA) for calculating capital requirements, the imminent move to the Deutschlandhaus and the European Central Bank's SREP decision.

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 savings banks' financial concept and IT security, taking into account the ECB's planned cyber resilience stress test.

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 2023 – 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 submitted to the members of the Audit Committee tasked with conducting a preliminary review and presented to further members of the Supervisory Board for inspection. 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 AktG. Under the control and profit transfer agreement, the net income for the 2023 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.

Ms Michaela Dabelstein, Ms Katja Karger, Ms Claudia Stübe and Mr Cord Hamester stepped down from the Supervisory Board on the conclusion of the General Meeting on 20 April 2023. Ms Sabine Holtmeier, Ms Franziska Wedemann, Mr Björn Benthin, Mr Gottfried Max Segert and Mr Stephan Wittkuhn were newly appointed to the Supervisory Board. Mr Segert and Ms Wedemann were subsequently appointed as Deputy Chairs.

Mr Frank Brockmann stepped down from the Board of Management with effect from 2 June 2023, and Ms Birte Quitt joined the Board of Management with effect from 1 January 2024.

The Supervisory Board would like to thank its former members for their services and dedication in the past years. The Supervisory Board also 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, 11 April 2024

The Supervisory Board

Prof. Dr. Burkhard Schwenker
Chairman of the Supervisory Board

Divisions

Compliance
Christian Albers

Direct Consulting
David Paviera

Purchasing, Facility Management and Logistics
Volker Widdra

Comprehensive Bank Controlling
Stefan Hahn

Real Estate Customers
Jens Ole Heitmann

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
Björn Sass

South Region
Arent Bolte
Marcel Sluppke

West Region
Metta Schade
Helge Steinmetz

Works Council

Audit
Thorsten Pegelow

Risk Management
York Heitmann

Treasury
Dr. Jan Zurek

Corporate Development
Tobias Lücke

Corporate Communication
Stefanie von Carlsburg

Enterprise Customers
Gesa Clausen-Hansen
Andreas Mansfeld, General Legal Representative

Chairman of the Works Council
Gottfried Max Segert

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