

Half-yearly Report 2022

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Short profile

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

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

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

Foreword of the Board of Management

Ladies and Gentlemen,

The landscape changed dramatically for all of us in the first half of 2022. As well as being a humanitarian and geopolitical catastrophe, Russia's war of aggression in Ukraine also has grave consequences for the economy. The supply chain disruption triggered by the coronavirus pandemic continues to intensify, while energy and raw material shortages are giving an additional boost to surging inflation rates. The discontinuation of gas deliveries from Russia could turn the existing significant economic downturn into a full-blown recession.

Even in times of crisis, Haspa remains a reliable partner for people and business across the Hamburg Metropolitan Region, with comprehensive market knowledge and broad industry expertise. Our branches are closely intertwined with their neighbourhoods. This helps us to develop our local business and facilitates our multifaceted corporate social responsibility activities, which we expanded with several fundraising campaigns to help people from Ukraine in the first half of the year.

Our loan portfolio grew by around € 850 million to more than € 38 billion during the period under review. Once again, this shows that we are financing investments in the future of our region, something that is more important than ever as crises speed up structural change. Germany is looking to accelerate the expansion of renewable energy sources and invest even more in resource and energy efficiency to ensure that it can rid itself of its dependence on Russian gas deliveries as quickly as possible while at the same time protecting the environment. We want to provide our customers with strong support as they navigate their journey of transformation towards more climate-friendly and sustainable businesses and lifestyles that also integrate the social and economic aspects of sustainability.

One positive development we observed in the first half of the year was the decision by central banks to begin raising interest rates to tackle surging inflation rates, as this enables us to pay higher interest on deposits and investments once again.

The end of an era of extremely expansive monetary policy with zero and negative interest rates will help us to improve our earnings situation. This will provide fresh momentum for our future investments and help us to continue making progress with our digitalisation efforts, for example.

In May, we took a significant step forward with our decision to move to the new Deutschlandhaus building on Gänsemarkt from autumn 2023 onwards. By renting almost all of the building's commercial space, we can bring together our core departments, which are currently spread across three office locations.

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

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

Hamburg, 31 August 2022

The Board of Management



Jürgen Marquardt,

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

Reporting area:
Finance, Risk and
Human Resources



Frank Brockmann,

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

Reporting area:
Customer Business



Dr. Harald Vogelsang,

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

Reporting area:
Central Staffs Functions
and Central Real Estate
Business



Axel Kodlin,

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

Reporting area:
Processes, IT and
Market Support



Dr. Olaf Oesterhelweg,

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

Reporting area:
Customer Business,
Marketing and Trans-
formation Management
and Treasury

Interim management report

of Hamburger Sparkasse AG for the period ended 30 June 2022

1. Fundamental information about the company

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

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

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

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

We are also expanding our range of digital services and making increased use of the German Savings Banks Finance Group's solutions and standards. We are continuing to reduce our workforce in order to be even leaner and more efficient going forward. In order for this reduction to be implemented in as socially responsible a manner as possible, a reconciliation of interests was agreed with the Works Council in February 2020.

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

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

As motivated employees are a key factor for future success, we rely on flat hierarchies and teams that build each other up and develop innovative, customer-focused solutions with strong teamwork.

2. Report on economic position

2.1. Macroeconomic and sector-specific environment

Economic prospects deteriorated considerably in the first half of 2022 due to Russia's decision to launch a war of aggression against Ukraine in late February of this year and the generally challenging conditions facing the global economy. Surging prices, energy shortages, disrupted supply chains, the ongoing coronavirus pandemic and a lack of visibility about when the war will end are exerting significant pressure on the economy and creating a very high degree of uncertainty. Against this backdrop, economic growth came to a standstill with a 0.8 percent quarter-on-quarter rise in seasonally and calendar-adjusted real gross domestic product in Germany in the first quarter of 2022. According to initial estimates by the Federal Statistical Office, economic growth was 0.0 percent in the second quarter.

The extraordinarily challenging environment also had an adverse impact on economic development in Hamburg. The findings of the Hamburg Chamber of Commerce's business barometer show a considerable deterioration in business sentiment. At the end of the second quarter of 2022, this indicator reached a figure of 89.3 points on a scale of 0 to 200 points, down 25.5 points from the end of 2021.

This suggests that the economy in Germany and Hamburg is in a state of stagflation in which stagnant growth is accompanied by high inflation rates. Consumer prices rose sharply in the first half of 2022. In June, prices increased by 7.6 percent year-on-year in Germany and by 8.6 percent across the eurozone.

For a long time, the European Central Bank (ECB) hoped that any rise in inflation would only be temporary and was slow to respond as inflation rates continued to climb. At the end of March, it stopped making bond purchases as part of the Pandemic Emergency Purchase Programme (PEPP) before calling a halt to the net purchase of securities as part of its Asset Purchase Programme (APP) at the end of the first half of 2022.

In both programmes, the repayment amounts for the acquired securities will be reinvested upon maturity. As the existing portfolios will not be reduced as a result, the ECB will continue to guarantee high levels of liquidity in the capital markets.

As announced by the ECB, base rates only rose after the bond purchase programme came to an end. On 21 July 2022, it decided to increase the rate for main refinancing operations from 0.00 to 0.50 percent and the interest rates on deposits by banks imposed by the ECB from -0.50 to 0.00 percent. According to the ECB's own statement, the aim of these rate hikes is to ensure that inflation drops back to its 2 percent target in the medium term. While this tightening of monetary policy means that interest rates on deposits will rise, the real yield will be clearly negative due to the sharp rise in inflation. The turnaround in interest rates will enable the lending industry to improve its earnings situation, which was previously heavily impacted by extremely low interest rates.

During the first half of the year, interest on the capital markets rose swiftly and sharply amid surging inflation and the decision by central banks to begin raising interest rates. The yield on ten-year Bunds rose from -0.18 percent at the start of the year to a high of 1.92 percent, the largest increase in yields since Germany's reunification. The yield was 1.37 percent as of 30 June 2022. Stock market performance was particularly impacted by the outbreak of war in Ukraine, the switch in interest rate policy and growing inflation and economic risks, causing share prices to tumble. While Germany's DAX share index was still trading above 16,000 points in January, this figure dropped to 12,784 points by the end of the first half.

2.2. Course of business

As a retail bank, Haspa focuses on competent and comprehensive services for private customers as well as small and mid-size corporate customers (SMEs) in the Hamburg Metropolitan Region.

Our receivables from customers and our customers' deposits once again increased sharply in overall terms in the first six months of the year. This means that our balance sheet structure continued to be dominated clearly by the customer business amid a challenging competitive and market environment. We did not change our involvement in the ECB's longer-term refinancing operations through which the ECB is providing additional liquidity in order to counter a possible credit squeeze and support the business cycle in an environment dominated by crises.

The total number of giro accounts was around 1.4 million as at the end of June 2022. The number of giro account holders who have opted for the "Haspa-Joker" account – Hamburg's advantage account – continues to expand, totalling around 705,000 at the end of the first half-year. Besides extensive banking services, these customers also benefit from a multitude of value-added services. The number of "Mäusekonten" – accounts aimed at children and adolescents – remained slightly below the level of the end of 2021 with a good 140,000. Currently offering 2 percent interest from the first euro up to an amount of € 500, Haspa's MäuseKonto account is not only a popular and safe investment. Established as a savings and learner account, it also gives children and adolescents the opportunity to learn how to manage money and a current account.

In light of the further consolidation of our positioning in the Hamburg Metropolitan Region and the exceptional situation triggered by the war of aggression against Ukraine including its impact on the economy as well as the ongoing coronavirus pandemic, we are generally satisfied with our business performance to date. Even though the interest rate landscape has begun to change, the first half of the year was dominated by low interest rates that had a particularly adverse impact on net interest income, and it also led once again to high expenses connected with our pension provisions. Persistently stringent regulatory requirements also had a negative impact.

Overall, we posted a result of just under € 13 million in the first six months of the year – a result which we should be satisfied with given the current environment. Other developments in the past half-year are described in the section on net assets, financial position and results of operations.

2.3. Net assets, financial position and results of operations

2.3.1. Net assets and financial position

Assets in € million	30.06.22	31.12.21	abs.	rel.
Cash reserve	9,903	9,839	+64	+1%
Receivables from banks	3,497	3,495	+1	+0%
Receivables from customers	38,079	37,231	+848	+2%
Securities	9,230	8,668	+561	+6%
Trading portfolio	109	95	+14	+15%
Other assets	609	603	+6	+1%
Total assets	61,426	59,931	+1,495	+2%

Equity and liabilities in € million	30.06.22	31.12.21	abs.	rel.
Liabilities to banks	13,229	13,281	-52	-0%
Liabilities to customers	38,326	37,279	+1,047	+3%
Securitized liabilities	4,047	4,000	+48	+1%
Trading portfolio	9	16	-7	-47%
Provisions	1,468	1,482	-14	-1%
Equity and fund for general banking risks	3,574	3,554	+20	+1%
Other equity and liabilities	774	320	+454	+142%
Total equity and liabilities	61,426	59,931	+1,495	+2%

Total assets increased

Total assets rose by € 1.5 billion or 2 percent to € 61.4 billion compared with 31 December 2021.

This increase is mainly attributable to a significant expansion in customer business on both the assets and liabilities side.

Our securities portfolio also grew on the assets side due to an exchange of securities required in connection with open market operations with the ECB. On the liabilities side, other equity and liabilities rose due to the latest interest rate hike, as our business partners increased the security payments deposited with us for the hedging derivatives we concluded with them.

The pass-through loans included in liabilities to banks – especially those of Kreditanstalt für Wiederaufbau – are reported as a component of the lending business on the assets side of the balance sheet and were slightly lower than the previous year.

Customer deposits rise

Overall, customer deposits were up € 1.0 billion or 3 percent to € 38.3 billion. This increase is primarily attributable to other liabilities, which rose sharply by € 0.9 billion to € 28.2 billion. While deposits payable on demand generally remained constant, there were significant increases in deposits with an agreed maturity or notice period. In addition, customer deposits increased by € 0.1 billion to € 10.1 billion. In the context of the funding and investment structure, Haspa's liquidity situation is comfortable on account of the high level of liabilities. For more information about compliance with the regulatory ratios and the management of the liquidity situation, please see the risk report.

Receivables from customers increased

Receivables from customers were up € 0.8 billion or 2 percent to € 38.1 billion. This encouraging development was largely attributable to longer-term loans. Despite a sharp increase in construction prices and rising interest rates, new loan commitments were only slightly lower than the very high level seen in the prior-year period.

2.3.2. Results of operations

Income statement in € million	01.01. to 30.06. 2022	01.01. to 30.06. 2021	abs.	rel.
Net interest income	321	339	-17	-5%
Net commission income	188	175	+13	+8%
Net income from financing activities	-0	2	-2	-102%
Administrative expenses	365	358	+7	+2%
Other operating result	-17	-59	+42	-71%
Net revaluation gain/loss	-71	-37	-34	+93%
Result from ordinary activities	56	62	-6	-9%
Extraordinary result	0	0	+0	n/a
Tax expense	44	52	-8	-16%
Result	13	10	+2	+25%

Result above prior-year level in what remains a challenging environment

At just under € 13 million, the half-year result for the first six months of 2022 was slightly higher than that of the prior-year period. The rise in interest rates in recent months led to write-downs of bonds in our proprietary securities portfolio and thus adversely affected the net revaluation loss while at the same time having a more favourable impact on other income. Other operating expenses also benefited from the trend in interest rates as expenses for adjustments to pension liabilities, though still high, were down on the previous year. The tax expense to be borne was lower than in the previous year and was impacted by the generally adverse effect of differences between measurement requirements under commercial and tax law.

Lower net interest income

At € 321 million, net interest income for the first half of the year was down € 17 million on the same period last year. This decrease was due to lower contributions from our participation in the ECB's aforementioned open market operations. The customer business, and the customer lending business in particular, made by far the biggest contribution to net interest income once again and was up overall on the prior-year period. Margins in the deposit business were slow to benefit from the rise in interest rates seen in recent months and therefore remained at a low level. By contrast, the contributions from maturity transformation and capital investment were slightly lower.

Net commission income up year-on-year

After the first half of the year, net commission income was up by € 13 million on the prior-year level at € 188 million. This increase was driven by all types of commission but particularly from clearing transactions due to the return to relatively normal travel activity, and from the insurance business.

Higher administrative expenses

Administrative expenses rose by a total of € 7 million year-on-year. This increase is attributable to both personnel expenses and other administrative expenses. The latest collective agreement and yet another increase in expenses for European guarantee schemes had an adverse impact, part of which could not be claimed against tax. We also recorded higher 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.

Other operating result improved

At € –17 million, the other operating result was up € 42 million year-on-year. Due to the rise in interest rates seen in recent months, the revaluation of our pension provisions continued to result in expenses that, while remaining high, were lower than in the same period of the previous year.

Net revaluation loss up year-on-year

Although the risk provisions for the lending business were slightly higher year-on-year, they remained at a low level – especially given the current crisis situation. The net revaluation loss of our own securities portfolio increased due to the current interest rate trend, which will have a positive effect in the years to come. The net revaluation loss also includes a provision for potential risks in subsequent years.

Development of the most important key performance indicators

In 2021, we introduced corporate governance and customer focus as new most important non-financial key performance indicators. Corporate governance was measured by calculating a “corporate energy” index from employee surveys. In the first full survey of the current year, this index was comparable to that ascertained at beginning of 2021. We measure customer focus using the Net Promoter Score (NPS). It is determined through regular customer surveys and calculated as the difference between the percentage of satisfied customers who would recommend Haspa and the percentage of customers who are critical of Haspa. After two survey rounds carried out so far in 2022, the score is higher than both the previous year and our target.

The bank’s most important financial key performance indicator is the operating result before loan loss provisions, as defined by the German Savings Banks Association (DSGV). This business-orientated approach does not include, in particular, any prior-period, external or extraordinary effects; these are instead presented in the non-operating result. Based on the operating result before loan loss provisions of € 159 million in accordance with the definition by the DSGV, the result from ordinary activities came to € 56 million after deduction of € 103 million in total. This deduction is composed of the net revaluation loss of € 71 million and the non-operating result of € 32 million, which as in previous years was mainly impacted by the measurement of our pension liabilities. Overall, the operating result before loan loss provisions was slightly above the prior-year level and slightly above projections for the period too.

3. Risk report

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

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

Risk management and the internal control processes also cover the accounting process. Internal Audit directly or indirectly reviews the accounting related internal control and risk management systems based on a risk oriented audit plan.

Risk management focusing on risk-bearing capacity

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

The objective of risk management is to identify at an early stage and comprehensively measure, monitor and control risks that could jeopardise Haspa's success or even the continuation of the institution as a going concern. Ensuring an institution's risk-bearing capacity on an ongoing basis, under both the economic and the normative perspective, is an integral part of effective risk management.

The central element of the economic perspective is the present value risk-bearing capacity calculation with the aim of ensuring the continuity of operations over the long term. The risk-bearing capacity calculation compares against Haspa's economic capital (risk coverage potential) all risks that could have a material impact on Haspa's capital position from an

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

The company's risk coverage potential consists largely of capital components eligible for regulatory capital and, from an economic perspective, is supplemented with hidden reserves and losses. The risk coverage potential as at 30 June 2022 was around € 4.2 billion, which is comparable to the figure applicable at the end of 2021. At around € 1.7 billion, the present value risks are below the level seen at the end of 2021. Overall, the economic capital analysis of Pillar II shows that free risk coverage potential still significantly exceeds the thresholds at € 2.5 billion, thus ensuring the continuation of Haspa as a going concern from an economic perspective even amid volatile market conditions.

Under the normative perspective of the risk-bearing capacity concept, the focus is on complying with the relevant regulatory and supervisory requirements on an ongoing basis. Haspa is subject to regulatory capital requirements primarily under the Capital Requirements Regulation (CRR). As at 30 June 2022, Haspa's total capital ratio applying the standard approach was 13.6 percent, and its Common Equity Tier 1 capital ratio was 12.7 percent. The HASPA Group continues to have comfortable capital resources, with a total capital ratio of 16.0 percent and a Common Equity Tier 1 capital ratio of 15.1 percent. As a result of the trend in new business, these capital ratios are therefore slightly lower than at the end of 2021.

The leverage ratio, which indicates an institution's exposures in relation to its own funds and is therefore based more on balance sheet figures, was around 5.7 percent and thus remained substantially higher than the minimum requirement of 3 percent. At HASPA Group level, the leverage ratio is 7.1 percent.

The decline in this ratio compared to the end of 2021 is related to the expiry of the temporary exemption of central bank balances and the current increase in total assets triggered by open market operations with the ECB.

In the first half of 2022, the HASPA Group participated in the European Central Bank's climate risk stress test. It achieved good results that were

generally above average for the participating banks. It is worth mentioning that the HASPA Group generates relatively little income from sectors with particularly high carbon emissions and is hardly affected by the physical risks simulated by the supervisory authority (drought and heat as well as flood risk). At the same time, the risk management objective embedded in the risk strategy is to continue to develop appropriate tools for the identification and management of climate and environmental risks.

Even when taking into account the war in Ukraine and the latest information about the progress and impact of the coronavirus pandemic, the capital ratios of both Haspa and the HASPA Group remain at a solid level due to high level of nominal capital in 2021. According to the latest forecasts, key figures are not expected to fluctuate significantly for the rest of the year, although there is still uncertainty about the progress of the war in Ukraine and the pandemic. Credit quality indicators (NPL ratio) are currently at a reasonable level based on a European and German cross-comparison. The Ukraine war and coronavirus pandemic did not have any notable impact by the middle of 2022. In order to give due consideration to the uncertainty over current macro-economic developments when measuring global valuation allowances, a specific adjustment amount was factored in in line with the recommendations of the German Savings Banks Association (DSGV) and commercial prudence.

Liquidity risks limited through funding strategy and solid liquidity limit

By considering a daily liquidity report which also covers Haspa's funding mix, short-term changes in customer behaviour and possible concentration risks can be identified at an early stage. When analysing the short-term insolvency risk, hypothetical liquidity scenarios simulating strong outflows of customer deposits and market losses on realisable assets are calculated. This makes it possible to determine whether the liquidity buffer is adequate even in the event that adverse developments arise quickly.

Based on its expected portfolio development, Haspa develops a strategic liquidity outlook that identifies possible liquidity needs early on. This enables us to assess our liquidity needs for future maturities and manage cash flows accordingly. Risk scenarios are also monitored and analysed. All of this enables Haspa to adopt timely control measures as necessary. The current and prospective requirements for the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) are clearly being met. As at 30 June 2022, the LCR was 172 percent and the NSFR was 122 percent.

Given its current funding and investment structure and the available funding opportunities, Haspa's liquidity situation remains orderly and adequate, even under the current circumstances triggered by the war in Ukraine and the coronavirus pandemic.

Risk assessment

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

4. Report on expected developments – opportunities and risks

Threat of recession in Germany and Hamburg

The war in Ukraine has caused economic prospects to deteriorate significantly. A weak second half of 2022 is emerging instead of the robust upturn originally anticipated. The economy may even slip into a period of recession. The war, coupled with high inflation, is weighing down consumer sentiment. Surging energy prices and a considerable increase in food prices is restricting the financial leeway of private households. After making a positive start to the year, industrial activity continues to be hampered by disruption to international supply chains and bottlenecks in key intermediate products. Likewise, foreign trade is not expected to contribute to growth in 2022 as imports are rising due to significantly more expensive energy imports, while there is only restrained growth in exports.

In light of this, and in accordance with our estimates at the end of July 2022, we expect economic growth in Germany to stagnate at best in the second half of the year. Nevertheless, we anticipate a 1.5 percent rise in real gross domestic product for the full year 2022. However, around half of this rise is based on a statistical overhang from the previous year. There is considerable uncertainty about the continued availability and pricing of energy. Germany will fall into recession if deliveries of Russian gas stop altogether.

As an export metropolis, Hamburg is also heavily affected by the global economic consequences of the war in Ukraine. As a result, we also expect Hamburg's economy to stagnate and slip into recession if the energy crisis escalates further. The deteriorating economic outlook is also reflected in the Hamburg Chamber of Commerce's business barometer, where surveyed companies' expectations for their business were significantly more pessimistic by the end of the first half of 2022. While 42 percent of respondents anticipate a less favourable business situation, only 9 percent of companies are optimistic about the future. Half of the companies surveyed are anticipating a roughly unchanged business situation. The balance of optimistic and pessimistic future expectations doubled from –16 percentage points in the first quarter to –33 percentage points in the second quarter.

According to our estimates, inflation in both Germany and the eurozone as a whole will reach 7.5 percent for the full year 2022 as the war in Ukraine and the ongoing coronavirus pandemic drive energy prices higher and continue to disrupt supply chains. Rising staff costs caused by the shortage of skilled workers will also result in price increases.

In light of persistently high inflation rates, the ECB will tighten its monetary policy further in a bid to get inflation back down to its target figure of 2 percent in the medium term – and will accept a decline in economic activity in order to achieve this. According to our assessment, the ECB's decision to raise the key interest rates significantly by 50 basis points in July should be viewed as the first in a series of key interest rate hikes, and we expect the rate for main refinancing operations to increase to at least 1.00 percent by the end of 2022.

Developments on the capital markets will be influenced by the economic downturn and the threat of recession, compromised earnings prospects for companies and the tightening of monetary policy, as well as exceptional uncertainty regarding the development and impacts of the war in Ukraine and any potential escalation of the coronavirus pandemic. In light of this, we expect the capital markets to fluctuate considerably. We anticipate a DAX target price of 13,300 points at the end of 2022. The yield on ten-year Bunds is likely to rise to as much as 1.75 percent by the end of the year.

Retail banking – core strategic focus

Whilst all of our activities will focus on private and corporate customers as well as our Private Banking, Private customers and SME customers are and will remain the foundation of our business. Haspa will continue to expand in the Hamburg Metropolitan Region thanks to its comprehensive services for this customer segment. We want to continue expanding our market position based on the investments in our new branch concept, the expansion of digital services and the broadening of our collaboration with the German Savings Banks Finance Group. Haspa also plans to further intensify its activities related to major corporate customers in its Enterprise Customers and Real Estate Customers divisions, as well as its Private Banking.

As the implementation of our forward-looking “Haspa Spring – Sparkasse richtig neu gedacht” project progresses, we aim to become more digital, leaner and more agile for the benefit of our customers. Our goal is to transform Haspa into a digital bank with the best branches, true to our vision for the future.

Course of business in line with expectations

In light of the recent increase in interest rates, we expect net interest income to have a positive impact on customer business, which should result in slightly higher-than-anticipated net interest income overall. Although we continue to expect a rise in net commission income, this figure is likely to fall short of our expectations. We anticipate a further slight increase in administrative expenses in the 2022 financial year. The net revaluation gain/loss is subject to greater uncertainty as a result of the exceptional situations outlined above. In light of the considerably uncertainty caused by the war in Ukraine – including the impact of a potential suspension of Russian gas deliveries to European and/or German companies – we have also taken into account an additional premium when measuring global valuation allowances.

While we generally anticipate considerably less favourable risk provisions in the lending business in the second half of the year, we predict that this charge will remain unchanged from our original expectations. As a result of higher interest rates, we anticipate an adverse impact from the net revaluation gain/loss from securities for 2022 at a similar level to the reporting date that will ease in subsequent years. Interest rate trends have already resulted in significantly lower expenses from the measurement of our pension provisions during the current year. We expect the operating result before loan loss provisions as defined by the German Savings Banks Association (DSGV) and the NPS to be slightly higher than in 2021.

Balance sheet

of Hamburger Sparkasse AG for the period ended 30 June 2022

Assets in € '000	30.06.2022	31.12.2021
1. Cash reserve		
a) Cash on hand	592,588	613,383
b) Balance with Deutsche Bundesbank	9,310,436	9,226,057
	9,903,024	9,839,440
2. Receivables from banks		
a) Payable on demand	1,660,771	1,455,284
b) Other receivables	1,835,802	2,040,065
	3,496,573	3,495,348
3. Receivables from customers	38,078,771	37,230,583
4. Debentures and other fixed-interest securities		
a) Money market instruments		
aa) by public sector issuers	355,220	426,004
ab) by other issuers	—	—
	355,220	426,004
b) Bonds and debentures		
ba) by public-sector issuers	5,016,004	4,695,018
bb) by other issuers	1,808,771	1,493,587
	6,824,774	6,188,605
c) Own debentures	1,100,000	1,100,094
	8,279,995	7,714,703
5. Equities and other non-fixed interest securities	949,836	953,681
5a. Trading portfolio	109,044	94,609
6. Long-term equity investments	105,584	105,584
7. Shares in affiliated companies	7,487	12,487
8. Fiduciary assets	210,871	192,359
9. Intangible fixed assets		
a) Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	831	831
b) Prepayments	146	4
	978	835
10. Tangible fixed assets	44,505	46,144
11. Other assets	223,383	239,681
12. Prepaid expenses	15,833	5,573
Total assets	61,425,883	59,931,027

Equity and liabilities in € '000	30.06.2022	31.12.2021
1. Liabilities to banks		
a) Payable on demand	408,071	358,532
b) With agreed maturity or notice period	12,821,229	12,922,416
	13,229,299	13,280,948
2. Liabilities to customers		
a) Savings deposits		
aa) With agreed notice period of three months	10,100,266	9,955,177
ab) With agreed notice period of more than three months	—	—
	10,100,266	9,955,177
b) Other liabilities		
ba) Payable on demand	23,029,195	23,017,300
bb) With agreed maturity or notice period	5,196,097	4,306,051
	28,225,292	27,323,350
	38,325,558	37,278,527
3. Securitised liabilities		
a) Debentures issued	4,047,078	3,999,508
	4,047,078	3,999,508
3a. Trading portfolio	8,528	16,011
4. Fiduciary liabilities	211,582	192,359
5. Other liabilities	543,752	105,126
6. Deferred income	18,484	22,645
7. Provisions		
a) Provisions for pensions and similar obligations	1,270,636	1,249,340
b) Provisions for taxes	34,644	65,479
c) Other provisions	162,322	167,084
	1,467,602	1,481,903
8. Fund for general banking risks	702,000	702,000
9. Equity		
a) Subscribed capital	1,000,000	1,000,000
b) Capital reserves	1,655,000	1,635,000
c) Revenue reserves		
ca) Legal reserve	0	0
cb) Reserve for shares in a parent or majority investor	—	—
cc) Reserves provided for by the articles of association	—	—
cd) Other revenue reserves	217,000	217,000
	217,000	217,000
d) Net retained profits	—	—
	2,872,000	2,852,000
Total equity and liabilities	61,425,883	59,931,027
1. Contingent liabilities		
b) Contingent liabilities from guarantees and indemnity agreements	612,555	603,853
	612,555	603,853
2. Other obligations		
c) Irrevocable loan commitments	3,798,284	3,672,795
	3,798,284	3,672,795

Income statement

of Hamburger Sparkasse AG for the period from 1 January to 30 June 2022

All figures stated in € '000	01.01. to 30.06.2022	01.01. to 30.06.2021
1. Interest income from		
a) Lending and money market transactions	321,015	349,576
b) Fixed interest securities and registered government debt	5,876	4,997
	326,891	354,573
2. Interest expense	-10,592	-26,546
	316,299	328,027
3. Current income from		
a) Equities and other non-fixed interest securities	3	7,500
b) Long-term equity investments	4,904	2,439
c) Shares in affiliated companies	—	—
	4,907	9,939
4. Income from profit pooling, profit transfer, or partial profit transfer agreements	185	687
5. Commission income	205,134	188,445
6. Commission expenses	-16,693	-13,322
	188,440	175,123
7. Net trading income or expense	-39	2,391
8. Other operating income	11,926	10,268
	521,718	526,436
9. General and administrative expenses		
a) Personnel expenses		
aa) Wages and salaries	-137,804	-137,877
ab) Social security, post-employment and other employee benefit costs	-40,216	-35,290
	-178,019	-173,167
b) Other administrative expenses	-183,230	-181,215
	-361,249	-354,381
10. Depreciation, amortisation and write-downs of tangible and intangible fixed assets	-4,173	-3,895
11. Other operating expenses	-28,986	-69,680
12. Write-downs of and valuation allowances on receivables and certain securities, and additions to loan loss provisions	-51,206	-28,846
13. Income from reversals of write-downs of receivables and certain securities and from the reversal of loan loss provisions	—	—
	-51,206	-28,846
14. Write-downs of and valuation allowances on other equity investments, shares in affiliated companies and securities classified as fixed assets	-19,617	-7,781
15. Income from reversals of write-downs of other equity investments, shares in affiliated companies and securities classified as fixed assets	—	—
	-19,617	-7,781
16. Cost of loss absorption	-338	-165
17. Additions to / withdrawals from the fund for general banking risks	—	—
18. Result from ordinary activities	56,149	61,689
19. Extraordinary income	—	—
20. Extraordinary expenses	—	—
21. Extraordinary result	—	—
22. Taxes on income	-43,649	-51,689

All figures stated in € '000	01.01. to 30.06.2022	01.01. to 30.06.2021
23. Other taxes not included in item 11	—	—
	-43,649	-51,689
24. Income from loss absorption	—	—
25. Profit transferred on the basis of profit pooling, profit transfer, or partial profit transfer agreements	-12,500	-10,000
26. Net income for the financial year	—	—
27. Retained profits/losses brought forward	—	—
	—	—
28. Withdrawals from revenue reserves		
a) from the legal reserve	—	—
b) from the reserve for shares in a parent or majority investor	—	—
c) from the reserves provided for by the articles of association	—	—
d) from other revenue reserves	—	—
	—	—
29. Appropriation to revenue reserves		
a) to the legal reserve	—	—
b) to the reserve for shares in a parent or majority investor	—	—
c) to the reserves provided for by the articles of association	—	—
d) to other revenue reserves	—	—
	—	—
30. Net retained profits	—	—

Condensed notes to the financial statements

Accounting standard and other disclosures

The half-yearly report of Hamburger Sparkasse AG as at 30 June 2022 was prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch) and the requirements of the German Ordinance on Accounting for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute), taking into account the requirements of the German Stock Corporation Act (Aktiengesetz).

All accounting policies – with one exception – that were applied to the annual financial statements for the year ended 31 December 2021 of Hamburger Sparkasse AG were retained. This exception resulted from the measurement of global valuation allowances, which previously was based on average credit losses over the last ten years. As of financial year 2022, the accounting standard IDW RS BFA 7 must be applied, which provides a more meaningful picture of the net assets, financial position and results of operations in accordance with the principles of proper accounting. Hamburger Sparkasse AG applies the practical expedients of IDW RS BFA 7 item 23 et seq. to determine the global valuation allowances based on a 12-month expected loss. The measurement technique used is based on the methods and systems of internal risk management and takes into account the adjustments recommended by the German Savings Banks Association to determine the reporting date-related global valuation allowances. This measurement technique results in a significant increase in global valuation allowances compared to the previous measurement technique and largely compensates for the specific adjustment amounts recognised in previous years. In order to give due consideration to the impact of the sharp rise in prices, energy shortages, disrupted supply chains, the ongoing Covid pandemic and the unforeseeable end of the war in Ukraine when determining global valuation allowances, a specific adjustment amount was also factored in on the basis of statistical-mathematical techniques and in line with the recommendations of the German Savings Banks Association and commercial prudence, and adjusted to the current situation. Overall, the total amount of global valuation allowances remains unchanged compared to 31 December 2021.

The half-yearly financial statements and the interim management report as at 30 June 2022 have not been reviewed by an auditor or audited pursuant to section 317 German Commercial Code.

The income taxes were determined on the basis of the taxable income as at 30 June 2022. The taxable income makes allowance for the differences between the calculation of profits for the financial statements and for the tax base known up until the end of the first half-year.

Hamburg, 31 August 2022

The Board of Management



Dr. Harald Vogelsang



Frank Brockmann



Axel Kodlin



Jürgen Marquardt



Dr. Olaf Oesterhelweg

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly reporting (half-yearly financial reporting), the 2022 half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Hamburger Sparkasse AG in accordance with German accepted accounting principles, and the interim management report includes a fair review of the development and performance of the business and the position of Hamburger Sparkasse AG, together with a description of the material opportunities and risks associated with the expected development of Hamburger Sparkasse AG for the remaining months of the financial year.

Hamburg, 31 August 2022

The Board of Management



Dr. Harald Vogelsang



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Axel Kodlin



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