

Investor Presentation

Introducing Sparkasse Hannover

Hanover, May 2024





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Disclaimer



1.

Sparkasse Hannover

Presenting the leading financial institution for the Hanover region



Total assets of **€20.4 bn** make us Germany's sixth largest savings bank.



Our institution provides work to **1,902** people, 73 of whom are vocational or university trainees.



Approximately **544,000** private customers, corporate clients, municipalities, and institutions hold current accounts with Sparkasse Hannover.



We remain capable of fully funding our credit business – thanks to customer deposits of **€14.9 bn**.



Our portfolio comprises **€9.4 bn** in home loan and construction financings for private customers and corporates.



Where we operate: the Hanover region



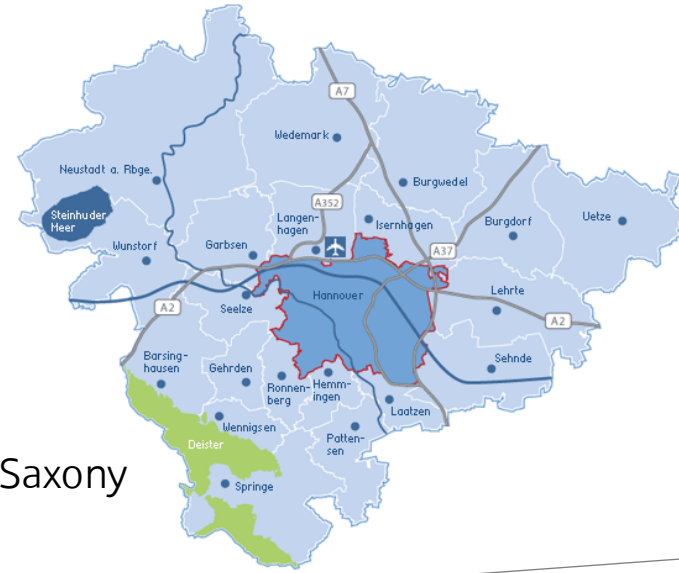
21 cities and local authorities
2,300 square kilometres
1.2 million people



15% of the population of Lower Saxony
18% of jobs
25% of economic output



Major north German transportation hub
International trade show venue
Numerous high-potential industries
(such as automotive, energy, healthcare, production)



Source: Wikipedia

Legal structure of Sparkasse Hannover

Sparkasse Hannover is a **public-sector institution** (*Anstalt öffentlichen Rechts, AöR*), i.e. a legally independent legal entity subject to **specific statutory regulations**, in our case: the **Lower Saxony Savings Bank Act** (*Niedersächsisches Sparkassengesetz, NSpG*).

Our highest supervisory authority is the Lower Saxony Ministry of Finance.

We operate independently, and our **Board of Directors**, as the highest corporate body, advises the Management Board and supervises its management activities.

The **Management Board** conducts the savings bank's business under its own responsibility and represents the savings bank in and out of court.

Sparkasse Hannover's **public mandate** is to **strengthen competition** in its business area and to **ensure** that the entire population, and in particular small and medium-sized enterprises, have adequate and sufficient **access to banking services**.

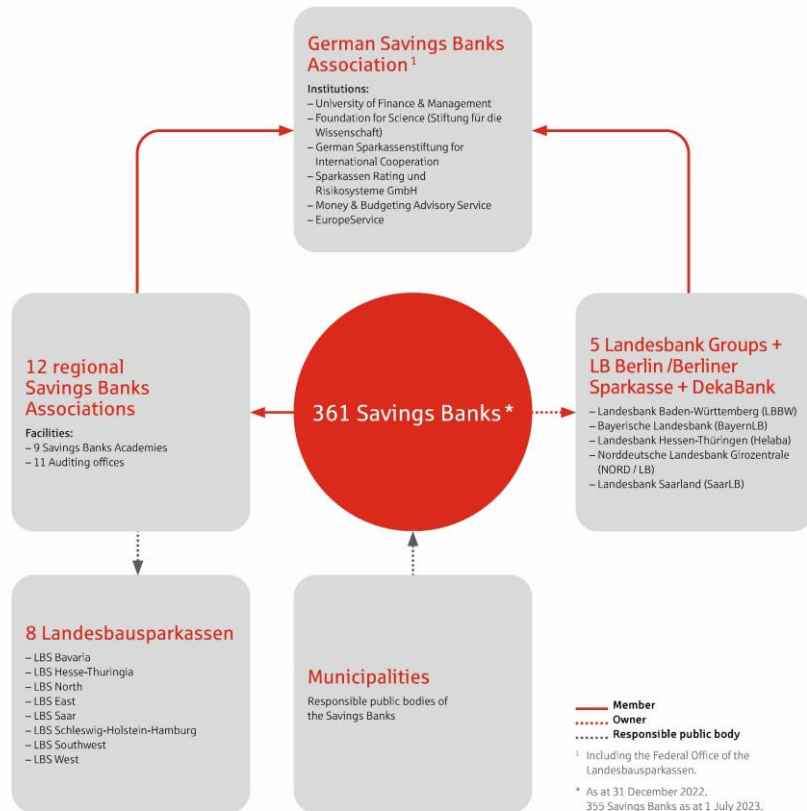
Generating profits is not a primary focus.

We support our **responsible public body** (*Träger*), the **Hanover region**, in fulfilling municipal tasks. Our responsible public body, in turn, helps us fulfil our tasks.

Whilst Sparkasse Hannover is held liable with its entire assets for its liabilities, **our responsible public body is not liable** for our liabilities.

The Savings Banks Finance Group

Summary of the Savings Banks Finance Group's association structure



Source: DSGV

The German savings banks network comprises **353 institutions***, over **11,000** branch offices and more than **190,000** employees across the entire country. The savings banks and their partner institutions within the Savings Banks Finance Group provide banking products to all sections of the population across Germany.

Savings banks are universal credit institutions and as such execute all customary banking transactions with private households, corporates (especially SMEs and craft trade enterprises), municipalities, and institutional clients. Their joint total assets amounted to nearly €1,500 bn in the 2022 financial year.

Savings banks are committed to driving economic growth and promoting the common good in the communities they serve, and are closely linked to the German cities, local authorities and counties that are their responsible public bodies. Savings banks are subject to the Regional Principle, meaning that they generally conduct business in the same area as their municipal responsible public bodies.

Special protection from the Institutional Protection Scheme

Sparkasse Hannover is a **member of the Institutional Protection Scheme** established by the Savings Banks Finance Group, which provides special protection to **deposits held with savings banks, Landesbanken or Landesbausparkassen.**

The objective of the Institutional Protection Scheme is to avoid member institutions running into financial difficulties. This objective is achieved by implementing a **voluntary institutional protection scheme** subject to statutory provisions, ensuring that contractual business relationships with customers remain intact.

The Institutional Protection Scheme also fulfils all the requirements for a **statutory deposit guarantee scheme.** Pursuant to the German Deposit Guarantee Act (*Einlagensicherungsgesetz, EinSiG*), customers under a deposit guarantee scheme are entitled to reimbursement of their deposits of up to €100,000.

Savings Banks Finance Group ratings

Moody's "Corporate Family Rating"

Aa2 (February 2024)

Outlook: stable

Fitch Group rating

A+ (April 2024)

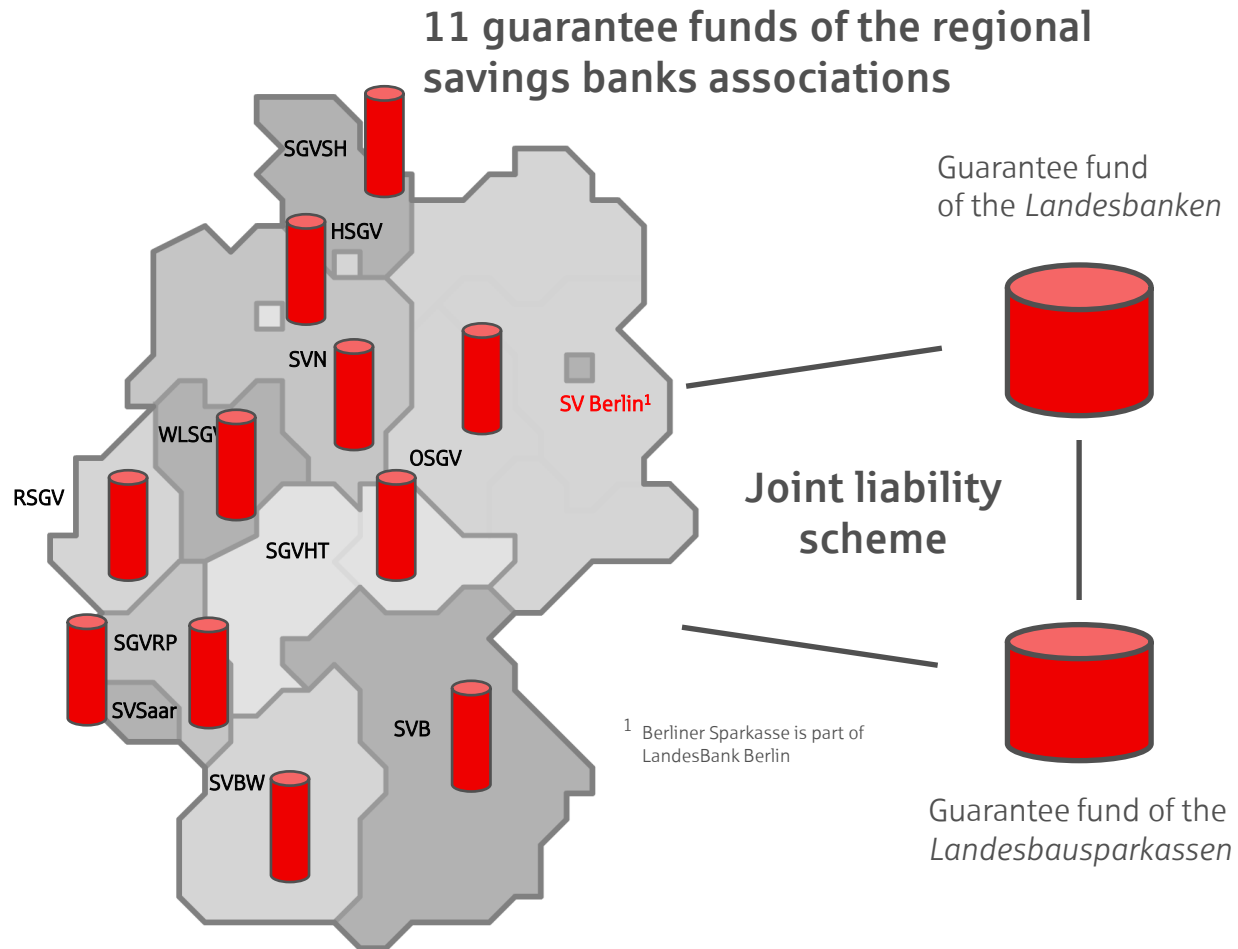
Outlook: stable

DBRS floor rating

A (high) (March 2023)

Outlook: stable

The joint liability scheme – how it works



The Institutional Protection Scheme of the Savings Banks Finance Group has set up a **single guarantee fund** composed of 13 linked sub-funds:

- 11 guarantee funds of the regional savings banks associations;
- the guarantee fund of the *Landesbanken* and *Girozentralen*; and
- the guarantee fund of the *Landesbausparkassen*.

All member institutions of the Savings Banks Finance Group have agreed to set up an additional fund from 2025 onwards that will be available in addition to the existing guarantee funds in order to increase efficiency and capabilities.



2.

Our business in figures

Please note: The figures for 2023 are subject to our Board of Directors' approval on 27 May 2024.

A brief overview of our financial figures

	31 Dec 2023	31 Dec 2022	Change in 2023	
	€ mn	€ mn	€ mn	%
Portfolio development				
Total assets	20,450	19,927	523	2.6
Business volume	21,227	20,737	490	2.4
Average total assets	20,233	20,456	-223	-1.1
Loans and advances to customers	14,807	14,784	23	0.2
Customer deposits (non-banks) **	14,959	15,171	-212	-1.4
Equity and fund for general banking risks	1,672	1,527	145	9.5
Income statement	€ mn	€ mn	€ mn	%
Net interest income *	417	268	149	55.6
Net commission income	117	113	4	3.5
General administrative expenses	253	238	15	6.3
Operating result before risk provisioning *	285.6	140.9	145	102.7
Operating result before risk provisioning (in % of average total assets)	1.41	0.69	1	104.3
Taxes on income	49	-5	54	-1,080.0
Net retained profit	20	20	0	0.0
Key financial indicators and employees				%
Number of employees	1,902	1,744	158	9.1
Number of SKH Group employees	2,173	2,200	-27	-1.2

* "Net interest income" and "Operating result" in accordance with the savings banks intercompany comparison

** "Customer deposits (non-banks)" = (Liabilities to customers, securitised liabilities excluding credit institutions, own bonds issued, subordinated liabilities excluding credit institutions)



Selected key financial indicators

Please note: The figures for 2023 are subject to our Board of Directors' approval on 27 May 2024.

	2018	2019	2020	2021	2022	2023
Total capital ratio (%)	14.55	13.02	12.94	13.01	14.02	14.91
Common equity tier 1 ratio (%)	13.61	12.40	12.34	12.42	12.67	13.30
Leverage ratio (%)	7.83	7.23	6.62	7.11	6.72	7.10
LCR (%)	162	140	165	176	133	159.5
NSFR (%)	128	127	129	130	118	118
Cost/income ratio	67.6	64.4	63.6	66.9	63.3	46.8

Our balance sheet at a glance

Assets	Equity and liabilities
Loans and advances to customers €14,807	Deposits from customers €14,959
Own investments and liquidity €5,080	Pfandbriefe €2,694
Other €563	Equity €1,672
	Other €1,125

Total assets: €20,450

- Healthy structure of customer assets and liabilities
- Stable deposits in 2023 despite of challenging environment thanks to a prudent condition policy

Updated: 31 December 2023,
simplified illustration,
rounded figures, in mn Euro



3. Our funding strategy

Our track record as an issuer

Experienced long-term issuer of bearer bonds and Pfandbriefe

Regular Pfandbrief issues (sub-benchmark and private placements) to institutional investors and bearer bond issues to private customers

Consistent, sustainable stocking up of cover assets pools for Mortgage and Public-sector Pfandbriefe since 2008

Member of the Association of German Pfandbrief Banks (vdp)

Green Bond Framework and placement of Green issues since 2021

Updated securities base prospectus since 2023

Our funding strategy



Regular placement of benchmark Mortgage and Public-sector Pfandbrief issues (€500 mn)

Gradual build-up of our own secondary market curve

Private placements with individual maturities of up to 25 years as registered Pfandbrief issues

Green Pfandbriefe upon request

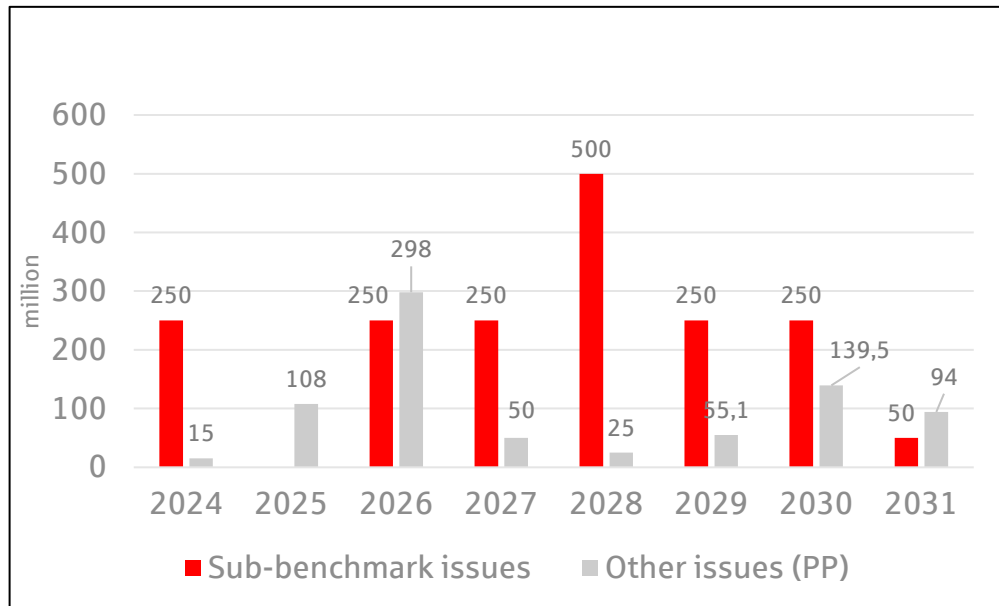
Documentation referencing the securities base prospectus or as a standalone financial instrument (registered bonds)

Regular contact with investors based on open dialogue during regular credit updates – online or on site.

Our maturity profile

Main funding sources: Pfandbriefe and retail deposits

Regular benchmark issues expected going forward, driven by our lending business



ISIN	Volume (in € mn)	Issue date	Maturity	Type
DE000A13R822	250	3 Dec 2014	3 Dec 2024	Public-sector Pfandbrief
DE000A3E5TY6	100	10 Jun 2021	10 Feb 2026	Mortgage Pfandbrief
DE000A30V3G9	250	16 Nov 2022	16 Nov 2026	Mortgage Pfandbrief
DE000A3H3G41	150	9 Dec 2021	9 Dec 2026	Mortgage Pfandbrief
DE000A2GSN58	250	15 Nov 2017	22 Nov 2027	Mortgage Pfandbrief
DE000A30V8U9	250	7 Feb 2023	7 Feb 2028	Mortgage Pfandbrief
DE000A352BZ0	250	23 Nov 2023	23 Nov 2028	Public-sector Pfandbrief
DE000A2YNX91	250	24 Oct 2019	24 Oct 2029	Mortgage Pfandbrief
DE000A351TJ8	250	17 May 2023	17 May 2030	Mortgage Pfandbrief
DE000A3E5X86	50	21 Jul 2021	21 Jul 2031	Green Mortgage Pfandbrief



4.

Our cover pools

Our cover pools – certainly regional

Setting the highest standards for our cover assets pools. Collateralisation only in Germany. High internal cover thresholds. No performance defaults. No derivatives. No foreign currencies.

Public-sector Pfandbriefe

Focus on the Hanover region with its 21 cities and local authorities

62 different borrowers, 57 of them with a PD of 0.00% (92 per cent)

Excellent rating (Fitch Ratings): AAA, last confirmed in November 2023

Cover assets: €1,472.41 mn*

Outstanding issues of more than €846.10 mn*

Mortgage Pfandbriefe

Granular mortgage business, mainly with regional clients

Cover assets: €2,997.91 mn*

Outstanding issues of more than €1,892.6 mn*

Excellent rating (Fitch Ratings): AAA, last confirmed on 05 January 2024

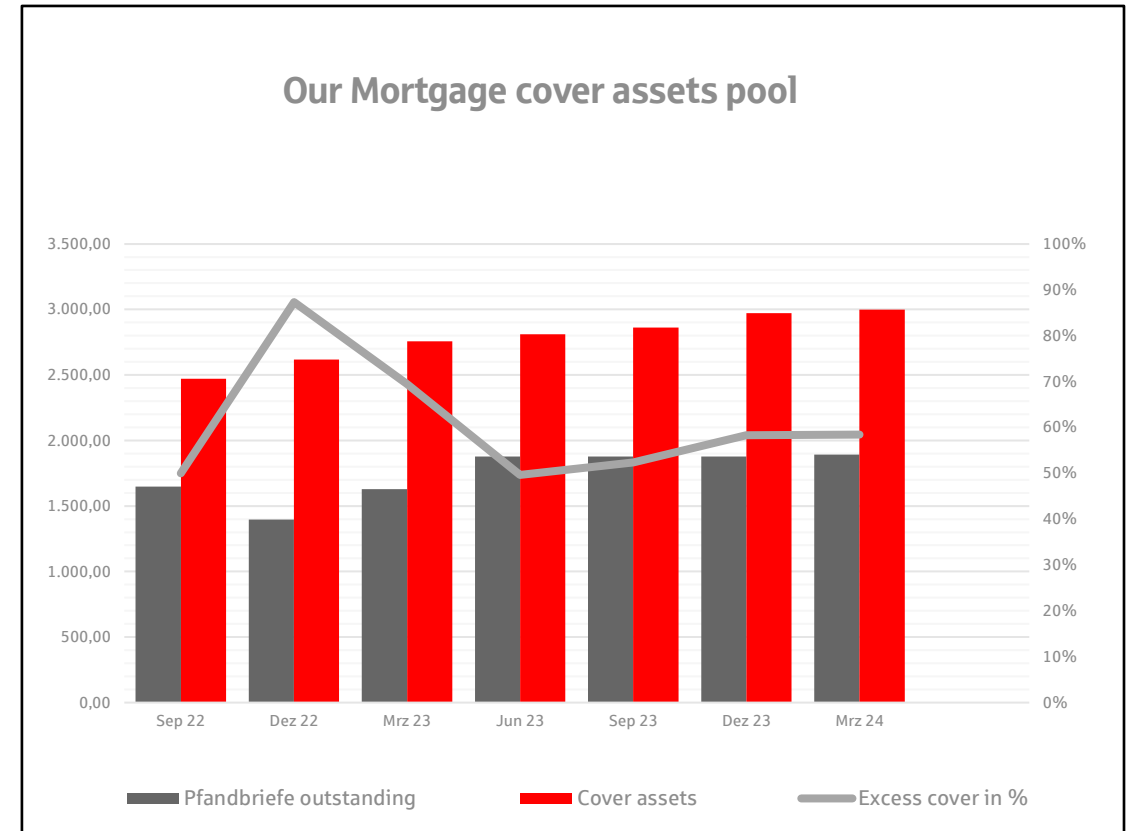
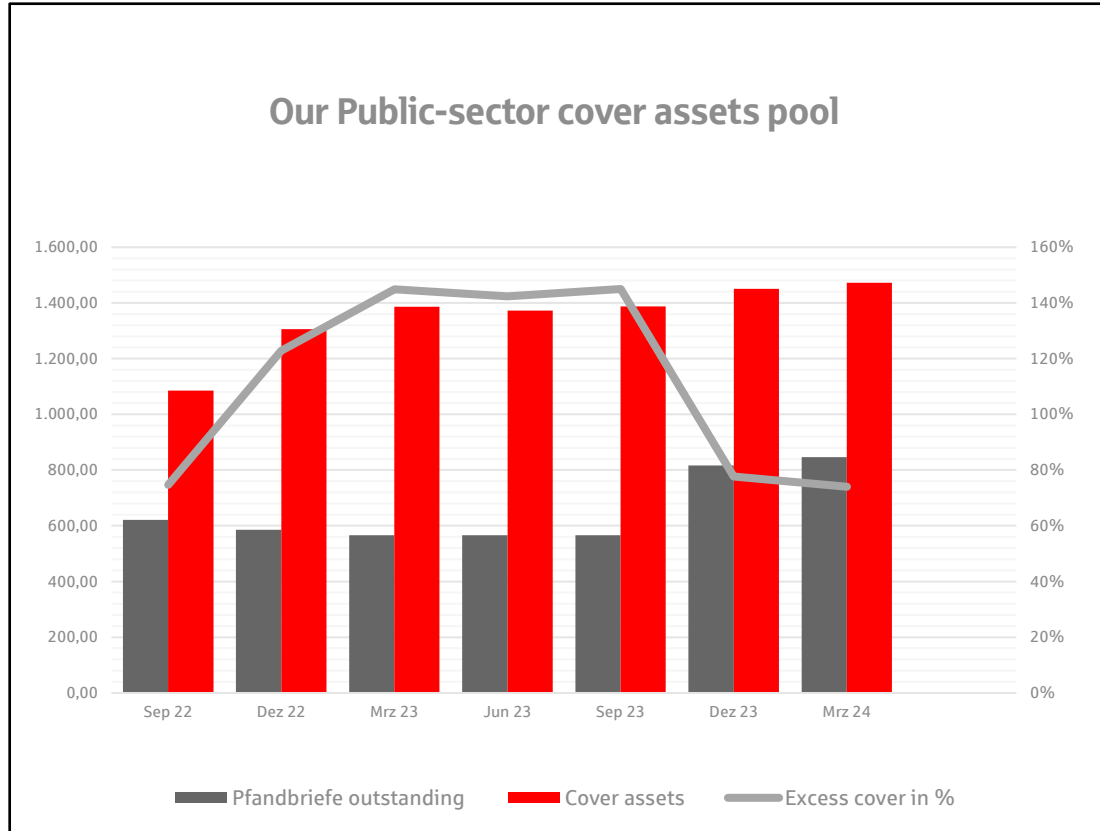
Excess cover

Bonds issued by the German Federal Government and by the states and their development and promotional banks

* Data as at 31 March 2024



Performance of cover assets and Pfandbriefe outstanding





Our Mortgage cover pool

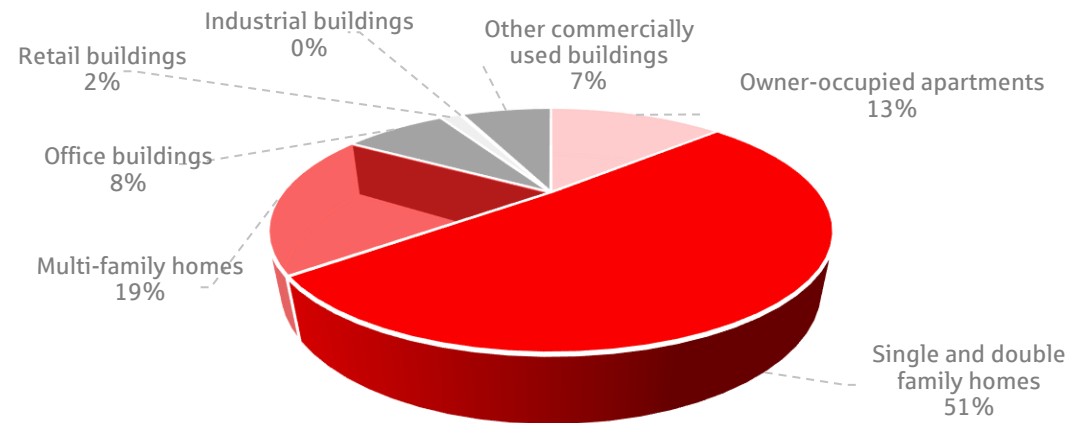
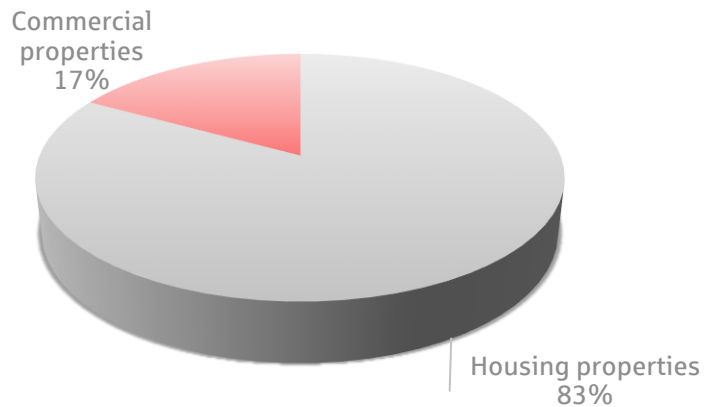
High share of residential housing

The Mortgage cover assets pool has a regular cover assets volume of **€2,997.91 mn** as at **31 March 2024**.

Housing properties with a nominal value of around €2,435 mn account for approx. 83%.

Commercial properties with a nominal value of around €458 mn account for approx. 17%.

The average weighted loan-to-value ratio is 55.63%.

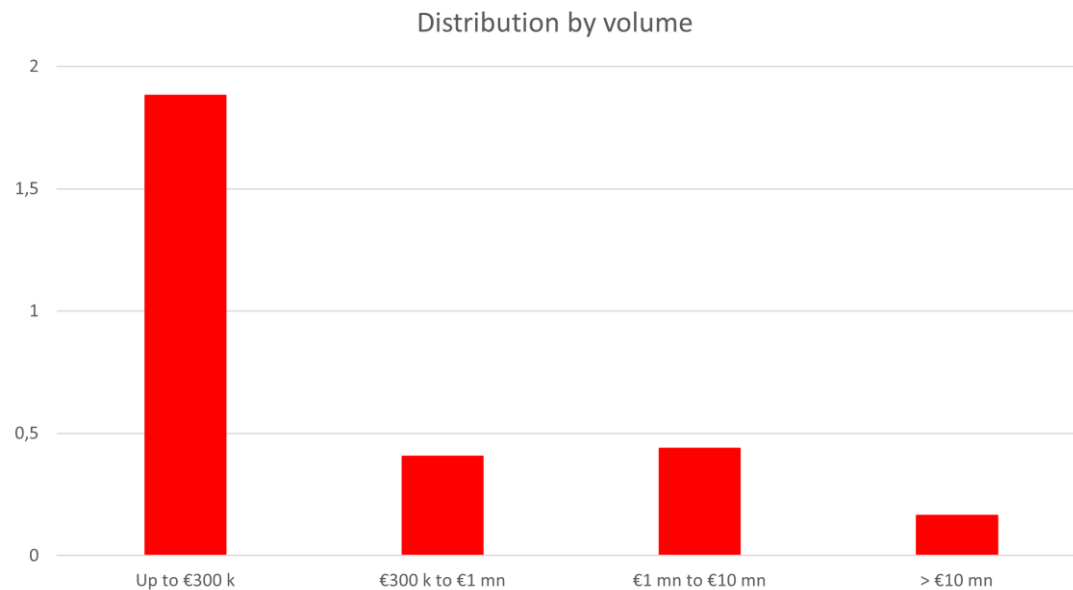


Updated: 31 March 2024

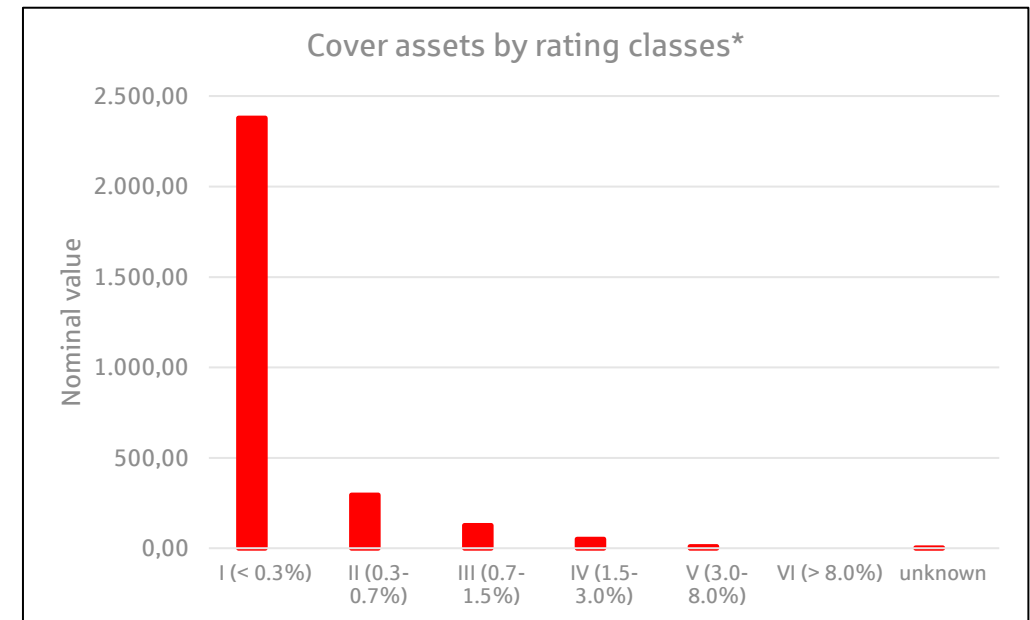
Structure of the Mortgage cover pool

The very high share of loans with a volume of up to €300,000 reflects Sparkasse Hannover's **core business of home loan and construction financings** and provides for excellent risk diversification.

99.2% of our clients in the cover assets pool are allocated to rating class 1.



- Largest loan volume: approx. €37 mn
- Average loan volume: approx. €158 k

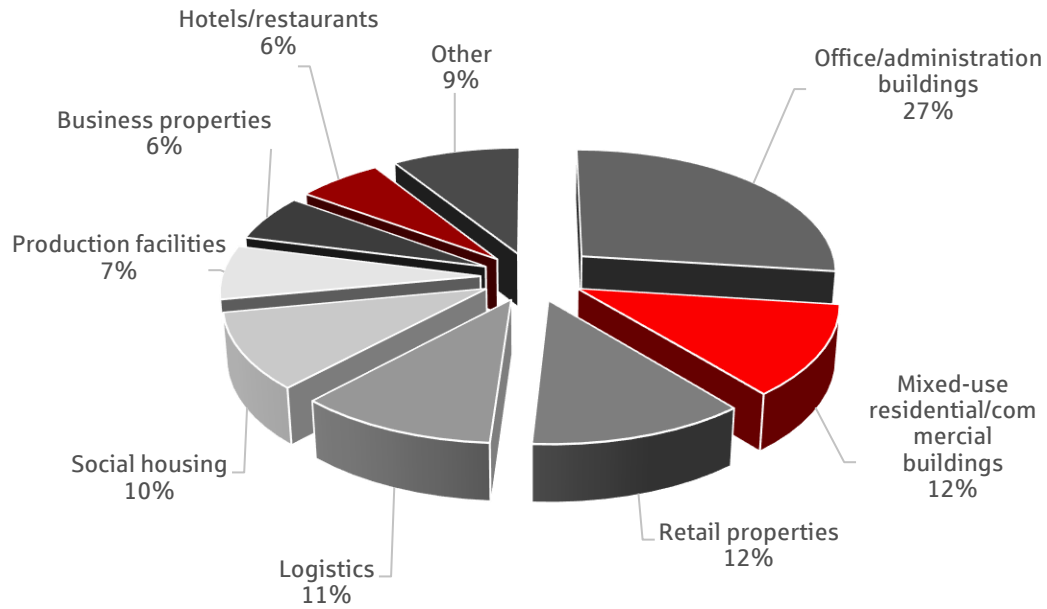


* Rating classes according to DSGV classification; PD in %

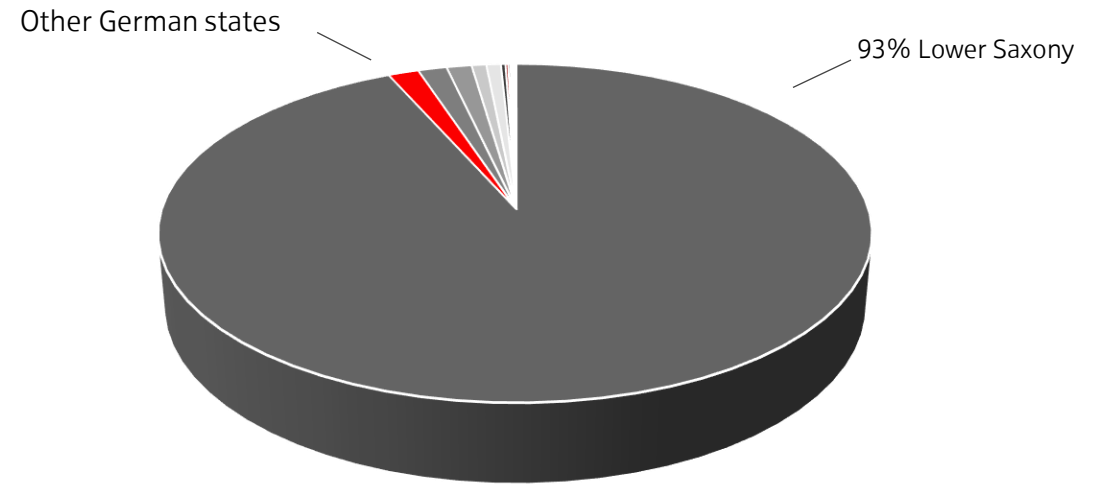


The commercial share of the Mortgage cover pool

By type of property use



By region



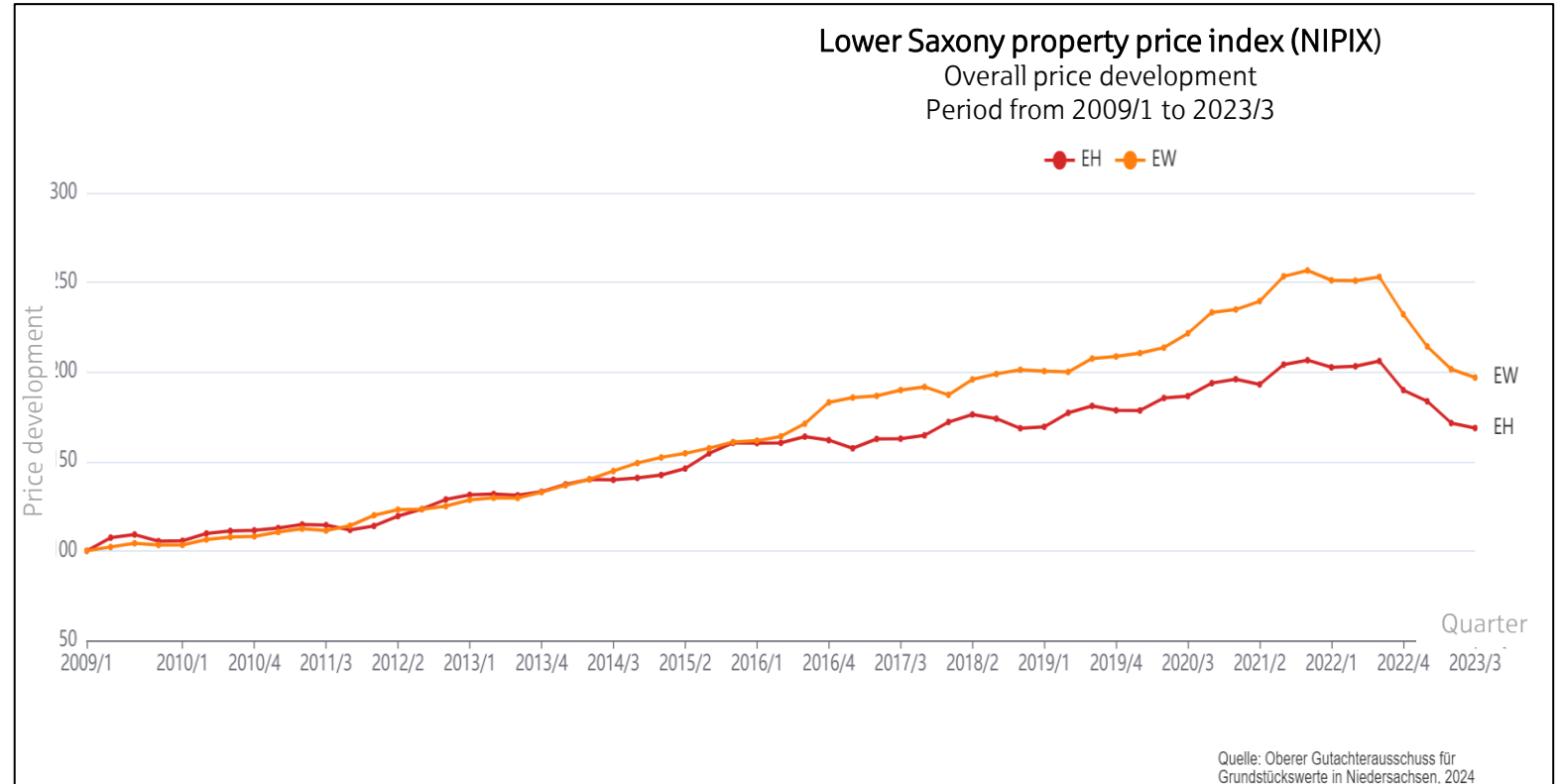
100% within the Federal Republic of Germany

Regional property price development

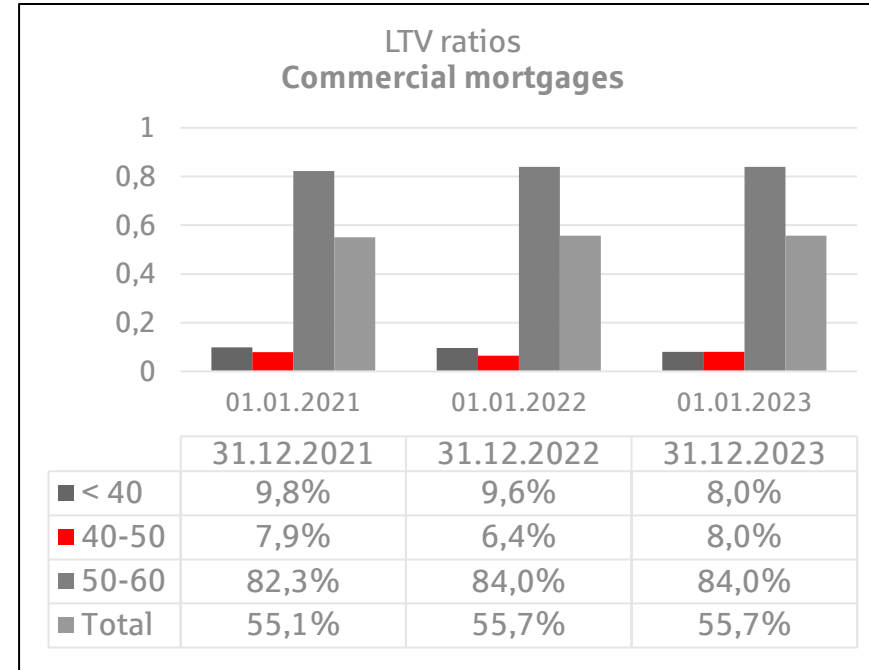
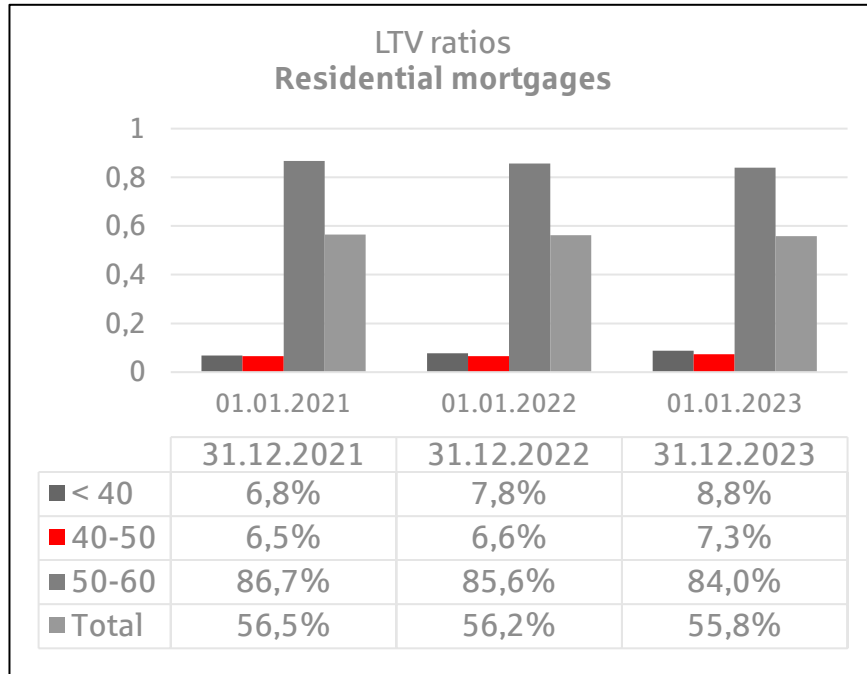
Owner-occupied houses (EH) and apartments (EW)

Price declines evident since 2022
 High demand for limited housing offer
 New construction projects are being postponed due to

- Increased interest rates
- land purchase and construction costs
- labour and material costs



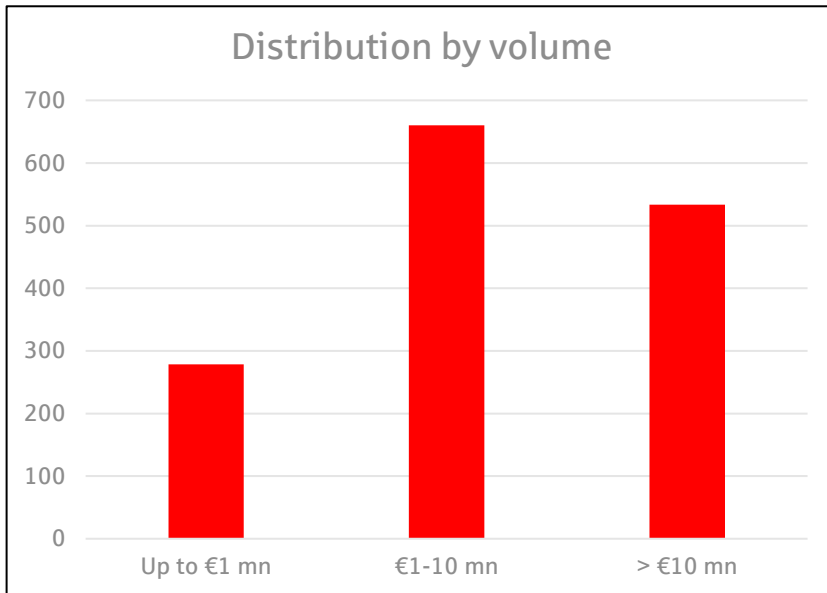
Loan-to-value ratios (LTV)



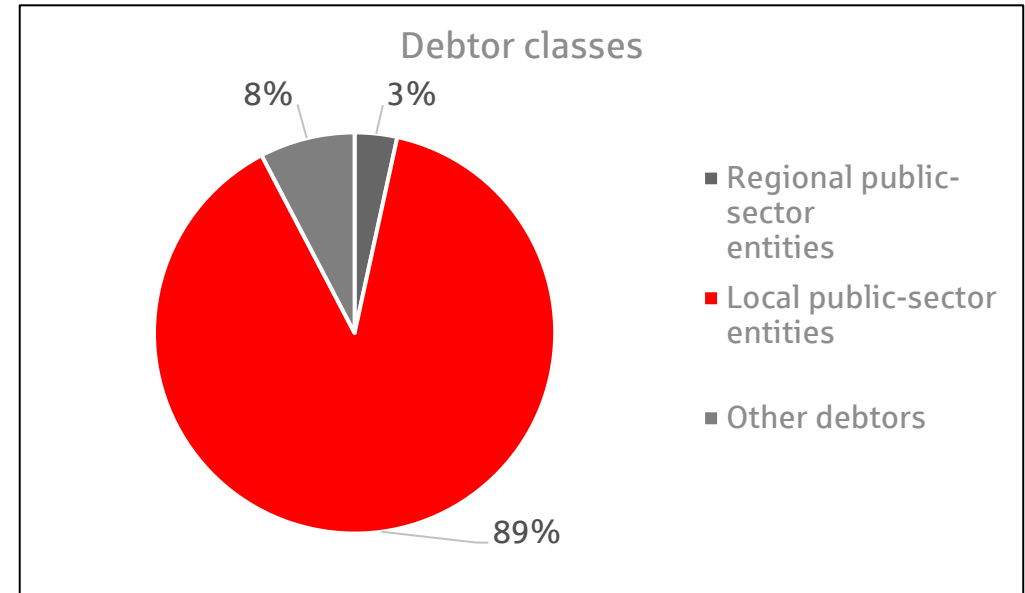
Our Public-sector cover pool

Sparkasse Hannover has close municipal ties in line with the Regional Principle.

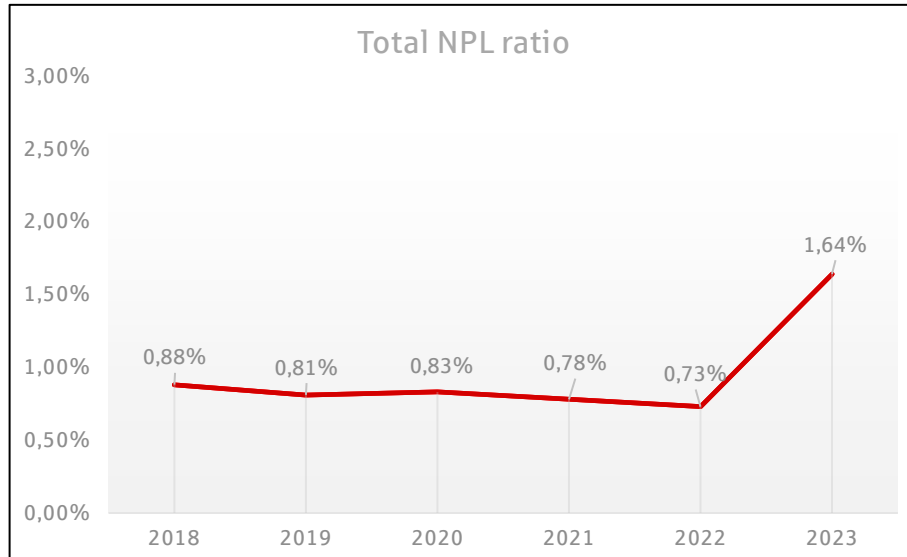
Our Public-sector cover assets pool comprises various volume sizes which ensures that our risk profile is balanced.



- ➡ Largest loan volume: approx. €86 mn
- ➡ Average loan volume: approx. €3.7 mn



Non-performing loans (NPL) and risk classification



Risk classification Mortgage cover assets pool		%
Clients	14,371	100
Of which RC 1 to PD 1.98*	14,252	99.2
Of which RC 1 to PD 0.09**	8,940	62.2
Of which RC 2 to PD 6.67***	104	0.7
* Corresponds to BB or Ba2		
** Corresponds to A- or A3		
*** Corresponds to B or B2		
Updated: 2 January 2024		
New loans included in cover must have at least risk class 2.		
Loans and advances to customers with poor ratings (risk classes 3 and 4) will be removed from cover at the latest after four weeks.		

Conservative lending standards and permanent adjustments to the market environment

Low NPL ratios due to Sparkasse Hannover's conservative loan portfolio

2023: NPL ratio increase due to the deteriorated rating of six larger individual exposures (mainly from the construction and housing sectors); the affected exposures are almost fully collateralised.

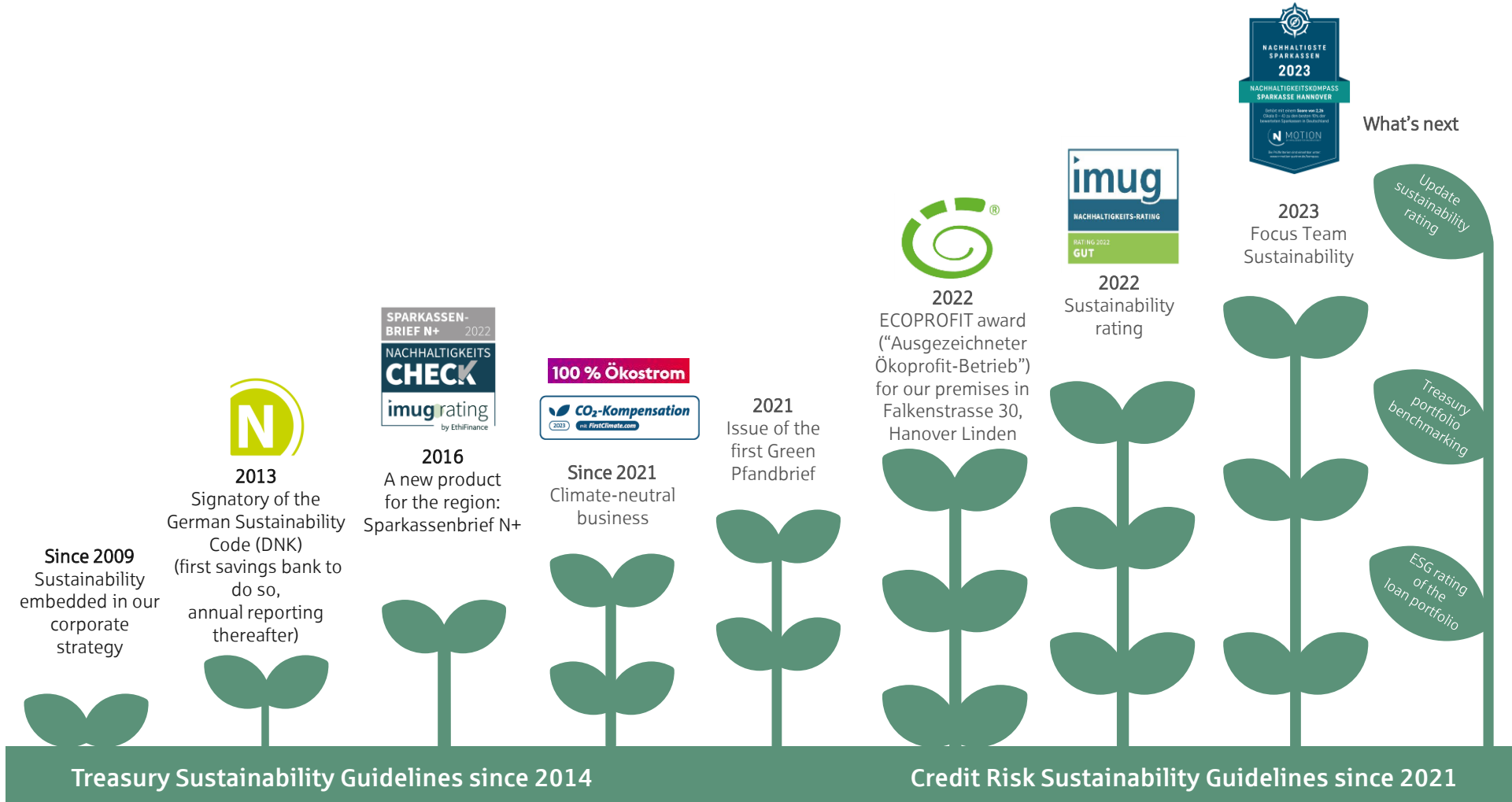
No exposure to US commercial real estate (CRE)



5.

Our approach to sustainability

Milestones along our path of sustainability



A small excerpt from our activities (I)

Governance

Sustainability embedded in our business strategy

Regular reporting

External review, auditing and ratings of our activities and products

Core business

Sustainability standards and exclusion criteria for **own investments** and the **credit business**

Partner for sustainable transformation:

- Providing advice, enabling climate-related investments, financing sustainable start-ups
- Intermediating subsidies for climate change mitigation, resource efficiency and social purposes

Strong regional driver: empowering the regional economy and SMEs, promoting economic and social participation

Offering **investment funds with sustainability features**

100 % Ökostrom



A small excerpt from our activities (II)

Business

Climate-neutral: decarbonisation measures, e.g. operation of own photovoltaic plants, introduction of an energy management system in accordance with ISO 50001 in 2023, procurement of green electricity, transition to electric vehicles in our fleet, compensation of residual emissions via CO₂ certificates
Sustainability standards in procurement and within the supply chain

Social commitment

We grant approximately €3 mn annually to **promote over 550 regional projects** and initiatives in the areas of education and community, science and business, environment, arts and culture, and sports.
We actively support our employees doing volunteer work.

For more information, please refer to: www.sparkasse-hannover.de/nachhaltigkeit

100 % Ökostrom



Our sustainability is outstanding!



Top 10 bei der Nachhaltigkeitsberichterstattung
Bewertung der CSR-Berichte 2022 in Punkten

Rang	Institut	2021	2022
1	KfW	4,12	4,19
2	Taunus Sparkasse	4,10	4,12
3	Helaba	3,82	3,80
4	Sparkasse Hannover	3,36	3,87
5	Sparkasse Münsterland Ost	2,78	3,85
6	Sparkasse Düren	3,56	3,81
7	Nassauische Sparkasse	3,03	3,76
8	Sparkasse KölnBonn	2,68	3,75
9	Kreissparkasse Göppingen	3,31	3,74
9	Hamburger Sparkasse	2,87	3,74
10	Sparkasse Bremen	3,55	3,73

Quelle: Zielke Research Consult
Börsen-Zeitung

Source: Börsen-Zeitung vom 03.05.2024



Do you have any questions regarding our issues? Here are your contacts:

Markus Schmidt
Head of Treasury

Phone: +49 511 3000-4220
markus.schmidt@sparkasse-hannover.de

Veronika Black
Treasury

Phone: +49 511 3000-4246
veronika.black@sparkasse-hannover.de

Martin Pandera
Treasury

Phone: +49 511 3000-4227
martin.pandera@sparkasse-hannover.de

www.sparkasse-hannover.de/investor

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