Investitionsbank Schleswig-Holstein

Information for Investors
Kiel, 17.04.2020
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Investitionsbank Schleswig-Holstein – Key Facts

- Owned by the federal state (Land) of Schleswig-Holstein (refinancing guarantee)
- Exempt from insolvency per Section 52 of the Schleswig-Holstein Administration Act
- AAA rating (Fitch)
- Total assets: EUR 20.6bn* / 625 employees*
- New promotion-related business: EUR 2.3bn in 2019
- Operating profit before risk provisions: EUR 77.3m*
- Cost-income-ratio: 0.48*
- Regular issuer since 2014: at least one benchmark IHS per year

* per 31.12.2019, subject to the auditors’ certification of the annual financial statements
Our Owner is the Land of Schleswig-Holstein

Institutional liability, Article 4 (1) IBG

Guarantor liability, Article 4 (2) IBG

Refinancing guarantee, Article 4 (3) IBG

IB.SH is exempt from insolvency
regulated by Article 52 of the Schleswig-Holstein Administration Act (LVwG)
Liability Guarantees per Article 4 IBG

- **Institutional liability**
  obliges the Land (federal state) as the institution's guarantor to permanently guarantee its viability and economic basis, and where necessary to provide financial support.

- **Guarantor liability**
  refers to the Land's obligation to assume IB.SH's liabilities to third parties, if these can no longer be covered by the assets of IB.SH.

- **Refinancing guarantee**
  includes the Land’s liability for loans raised by IB.SH and for IB.SH guarantees (this guarantee means that banks from which IB.SH raises funds are not obliged to provide capital cover for these loans).

IB.SH's material **exemption from insolvency** is formally regulated by law.
Promotional Banking Landscape in Germany

Schleswig-Holstein’s promotional institution is the IB.SH

Overall 19 promotional banks on federal and state level implement public promotion in Germany:

2 federal promotional institutions with the Federal Republic of Germany’s guarantee:
- Kreditanstalt für Wiederaufbau (KfW)
- Landwirtschaftliche Rentenbank

17 federal state promotional institutions with the respective Land’s guarantee
Over 100 Years Tradition in Schleswig-Holstein

Homestead foundation in Schleswig-Holstein

Transition to „Landestreuehandstelle für Wohnungs- und Kleinsiedlungswesen“

Wohnungsbaukreditanstalt (WKA)

Foundation of Investitionsbank Schleswig-Holstein as Landesbank’s Schleswig-Holstein central unit

Independence of IB.SH


1 Our Place in the Promotional Banking Landscape
The IB.SH Promotional Volume is No. 1 in the North...

New Promotional volume of the federal states’ promotional institutions in 2018 by federal state (without KfW and LR)

Source: The Association of German Public Banks, Promotion-Related Business in Germany 2009 – 2018, banks’ consolidated financial statements, per August 2019

* In 2018, short-term loans of EUR 4.9bn were rescheduled in long-term loans by the WiBank through the state programme „HESSENKASSE“ (one-time effect)
… and No. 1 in Relation to GDP Nationwide

Promotional volume / GDP (2018, per federal state)

Promotional volume per inhabitant (2018, per federal state)

Source: The Association of German Public Banks, Promotion-Related Business in Germany 2009 – 2018, banks’ consolidated financial statements, per August 2019

* In 2018, short-term loans of EUR 4.9bn were rescheduled as long-term loans by the WiBank through the state programme „HESSENKASSE“ (one-time effect)
### Promotional Banks and Their Role as Issuers

<table>
<thead>
<tr>
<th>Promotional Bank</th>
<th>Guarantor</th>
<th>Moody’s</th>
<th>S&amp;P</th>
<th>Fitch</th>
<th>Public Benchmarks</th>
<th>Stock Exchange Listing</th>
<th>Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRW.Bank</td>
<td>Nordrhein-Westfalen (North Rhine-Westphalia)</td>
<td>Aa1</td>
<td>AA-</td>
<td>AAA</td>
<td>yes</td>
<td>regulated market</td>
<td>independent</td>
</tr>
<tr>
<td>L-Bank</td>
<td>Baden-Württemberg</td>
<td>Aaa</td>
<td>AAA</td>
<td>AAA</td>
<td>yes</td>
<td>regulated market</td>
<td>independent</td>
</tr>
<tr>
<td>LfA Bayern</td>
<td>Bayern (Bavaria)</td>
<td>Aaa</td>
<td>-</td>
<td>-</td>
<td>no</td>
<td>regulated market</td>
<td>independent</td>
</tr>
<tr>
<td>BayernLaBo</td>
<td>Bayern (Bavaria)</td>
<td>Aaa</td>
<td>-</td>
<td>-</td>
<td>yes</td>
<td>regulated market</td>
<td>institution within Land’s bank</td>
</tr>
<tr>
<td>WI-Bank</td>
<td>Hessen (Hesse)</td>
<td>-</td>
<td>AA+</td>
<td>-</td>
<td>yes</td>
<td>regulated market</td>
<td>institution within Land’s bank</td>
</tr>
<tr>
<td>IB.SH</td>
<td>Schleswig-Holstein</td>
<td>-</td>
<td>-</td>
<td>AAA</td>
<td>yes</td>
<td>over-the-counter market</td>
<td>independent</td>
</tr>
<tr>
<td>SAB</td>
<td>Sachsen (Saxony)</td>
<td>-</td>
<td>AAA</td>
<td>-</td>
<td>no</td>
<td>over-the-counter market</td>
<td>independent</td>
</tr>
<tr>
<td>IBB</td>
<td>Berlin</td>
<td>-</td>
<td>-</td>
<td>AAA</td>
<td>yes</td>
<td>regulated market</td>
<td>independent</td>
</tr>
<tr>
<td>IFB Hamburg</td>
<td>Hamburg</td>
<td>-</td>
<td>-</td>
<td>AAA</td>
<td>no</td>
<td>over-the-counter market</td>
<td>independent</td>
</tr>
<tr>
<td>ILB</td>
<td>Brandenburg</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>no</td>
<td>over-the-counter market</td>
<td>independent</td>
</tr>
</tbody>
</table>
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Development via Consulting and Finance

Real Estate, Housing & Urban Development

- General and social housing promotion
- Consulting and financing
- Energy-efficient modernisation / efficient energy consumption
- Residential quarter development
- Urban development and renewal

Municipalities and Infrastructure

- Loans for municipalities and companies operated by the public sector
- Infrastructure competence centre
- Broadband network development
- Energy saving concepts
- Promoting infrastructure projects
- Promoting investments of financially weak municipalities
Development via Consulting and Finance

**Economy & Technology**

- Free consulting
- Company financing in cooperation with house banks
- Start-up and succession financing
- Equity products
- Consulting and financing renewable energy projects
- Passing on the Federal Government funding
- Individual company investment promotion

**Employment, Education and EU Programmes**

- Consulting on EU funding programmes
- Support for EU cooperations
- Management of Interreg programmes in the Baltic Sea Region and in the German-Danish cross-border region as well of European programmes in Schleswig-Holstein
- Landesprogramm Arbeit (LPA) grant allocation
- Support of company-internal and company-external education and training
We Assume Social Responsibility

**Economically**
We plan long term and conserve resources to support the future viability of our customers using innovative and tailor-made products and services.

**Environmentally**
Supported by our energy agency, all our promotional activities take account of environmental and climate protection.

**Socially**
We promote sustainable social development. We support the nurturing of young talent. Our donation platform WIR BEWEGEN.SH facilitates diverse voluntary projects.
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Our New Promotion Volume Has Remained Very Stable

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of the Labour Market</td>
<td>223.1</td>
<td>131.6</td>
<td>308.6</td>
<td>306.0</td>
<td>270.9</td>
</tr>
<tr>
<td>and Structural Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Customers</td>
<td>602.8</td>
<td>647.2</td>
<td>538.5</td>
<td>508.4</td>
<td>632.4</td>
</tr>
<tr>
<td>Real Estate Clients</td>
<td>623.3</td>
<td>604.0</td>
<td>595.2</td>
<td>643.7</td>
<td>665.7</td>
</tr>
<tr>
<td>Corporate Clients</td>
<td>885.6</td>
<td>975.6</td>
<td>881.5</td>
<td>703.2</td>
<td>723.0</td>
</tr>
<tr>
<td>Total</td>
<td>2,334.7</td>
<td>2,358.4</td>
<td>2,323.8</td>
<td>2,161.3</td>
<td>2,292.0</td>
</tr>
</tbody>
</table>
... and Covers a Wide Range of Business Sectors

New promotion-related business by business sectors* (per 31/12/2019)

- Transportation and storage: 1.2%
- Other: 7.8%
- Energy supply: 2.6%
- Human health and social work activities: 3.2%
- Information and communication: 3.5%
- Real estate activities: 8.9%
- Public administration: 20.6%
- Financial and insurance activities**: 30.0%
- Activities of households and of extraterritorial organisations and bodies: 22.3%

* The illustrated business volume does not include new business by grant-funding and KFW loans granted under Germany’s Upgrading Training Assistance Act (BAföG). The classification is based on the Federal Statistical Office’s “Classification of Economic Activities” (WZ 2008).

** mainly local savings and other banks
Our Proprietary Business

Rating class structure of IB.SH’s proprietary business* (per 31/12/2019)

- per 31/12/2019, approx. 60% of the securities portfolio was classified in the top rating classes (AAA to AA-)
- IB.SH considers its investment strategy to be solidly based

* securities and promissory note loans according to Issue Credit Rating S&P
... and Our Assets and Operating Profit Are Stable

Trend in main financial key performance indicators (2017 to 2019)*

* figures per 31/12/2019 subject to the auditors’ certification of the annual financial statements
Overall, IB.SH Benefits from its Solid Financial Basis

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>20.0</td>
<td>20.6</td>
</tr>
<tr>
<td>Overall risk position</td>
<td>8.6</td>
<td>8.8</td>
</tr>
<tr>
<td>Total capital</td>
<td>1,737.9</td>
<td>1,826.7</td>
</tr>
<tr>
<td>CET1 capital</td>
<td>97.5</td>
<td>97.5</td>
</tr>
<tr>
<td>Supplementary capital</td>
<td>8,924.9</td>
<td>9,138.5</td>
</tr>
<tr>
<td>Total income</td>
<td>137.9</td>
<td>149.5</td>
</tr>
<tr>
<td>Total expenses</td>
<td>-68.5</td>
<td>-72.2</td>
</tr>
<tr>
<td>Operating profit before risk provision / valuation</td>
<td>10.4</td>
<td>-8.9</td>
</tr>
<tr>
<td>Risk provisions / valuation</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Special effects</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Annual net profit</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Volume of new promotion-related business</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total regulatory capital ratio</td>
<td>19.5%</td>
<td>20.0%</td>
</tr>
<tr>
<td>CET1 capital ratio</td>
<td>18.4%</td>
<td>18.9%</td>
</tr>
<tr>
<td>Leverage Ratio</td>
<td>8.6%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Liquidity Coverage Ratio</td>
<td>11.5%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Number of employees</td>
<td>617</td>
<td>625</td>
</tr>
</tbody>
</table>
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Refinancing Structure is Broadly Diversified

Breakdown of capital market / interbank refinancing per 31.12.2019

- **EUR-Benchmark bearer bonds issued:**
  - ISIN: DE000A13SL59 (27.07.2022) EUR 600
  - ISIN: DE000A13SL67 (20.10.2020) EUR 500
  - ISIN: DE000A13SL75 (06.09.2024) EUR 600
  - ISIN: DE000A13SL83 (03.11.2027) EUR 500
  - ISIN: DE000A13SL91 (13.06.2025) EUR 500
  - ISIN: DE000A2TR109 (17.10.2029) EUR 500

- **Money market:** 19%
- **Bearer bonds:** 39%
- **Interbank refinancing:** 21%
- **Promissory note loans/registered bonds:** 21%
IB.SH Issuance Programme: Our Refinancing Strategy

Promotion-related business development:
Demand for development financing, particularly with long maturities, is expected to remain high for the next few years.

Main focus of development in 2020/2021:
• Create affordable housing
• Finance sustainability and climate protection
• Promote start-ups / takeovers
• Drive forward digital transformation
• Support individual qualifications

Refinancing:
The annual refinancing requirement on the money and capital market is estimated at ca. EUR 1.5bn. Capital is only taken up in euros.

Refinancing through:
• Private Placements
• Public placements with order book → Senior debt completely guaranteed by the Land in the form of bearer bonds, promissory note loans, and registered bonds
→ Plain vanilla products only (fix and float)
IB.SH Issuance Programme: A Safe Haven

Key aspects for IB.SH investors:

• Investing funds in a sustainable development model
• IB.SH is exempt from insolvency
• No recognition per Section 46f of the German Banking Act (KWG) (subordination rule of Section 46f (5) of the amended KWG does not apply to IB.SH issues)
• ECB eligibility
• AAA rating by Fitch
• LCR class 1
• Solva-0 deduction (privileged treatment according to Art. 116 (4) CRR)
• On the ECB securities purchase list
• Public offering of over-the-counter bearer bonds
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