



Investor Presentation

Bausparkasse Schwäbisch Hall AG



Summary 2020

Vision	<ul style="list-style-type: none">■ Profitable market leadership in all matters related to housing and residential property finance in close cooperation with the cooperative banks
Mission	<ul style="list-style-type: none">■ To create and preserve homes
Position	<ul style="list-style-type: none">■ Sustainable real estate financing provider and part of the German Cooperative Banking Group■ €19.1 bn new housing financing business
Earnings position/ balance sheet	<ul style="list-style-type: none">■ €81 m profit before tax (IFRS consolidated)■ Total assets €81.7bn
Sales network	<ul style="list-style-type: none">■ Approximately 3,300 sales agents and almost 100% of cooperative banks
Customers	<ul style="list-style-type: none">■ Around 7 million customers in Germany■ Almost 1.7 million customers outside Germany
Cover pool/ Rating	<ul style="list-style-type: none">■ Highly granular cover pool■ Our Pfandbriefe have been awarded the top Aaa rating/+7 leeway
Funding	<ul style="list-style-type: none">■ The issuance of Pfandbriefe serves to refinance housing financing
Outlook	<ul style="list-style-type: none">■ Stable new housing construction in combination with continued high level of household purchase intentions (potential of 1.5 million properties in the next two to three years)■ Expected development at around €278 billion in the volume of (debt) financing in the housing financing business with private households in Germany (moderate growth trend, +2.0% on 2020*)



Agenda

1. Schwäbisch Hall at a Glance
2. Business Strategy
3. Balance Sheet and Income Statement Data
4. Cover Pool
5. Funding
6. Rating



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Largest German
Bausparkasse with around
30% market share



Around 8m contracts
More than €316bn Bauspar sum
in the portfolio

Bausparkasse Schwäbisch Hall at a glance



One of Germany's largest providers
of housing finance with more than
**€19bn new housing
financing business***



Around 8.7m customers
in Germany and abroad (around 7m in DE)



Since 1948, construction, purchase,
modernisation or remodelling of
more than 9m homes
(co-financed)

*incl. brokerage business

Data as at: 31 Dec. 2020



Our Success Story

1931 16 May: Established in Cologne as “Deutsche Bau-sparer AG, Bau-, Spar- und Entschuldungskasse”

1944 Schwäbisch Hall becomes the new head office due to wartime events

1956 Investment by “Raiffeisen-Zentralkassen” (agricultural credit cooperatives’ central institutions). New name: “Bausparkasse Schwäbisch Hall AG, Bausparkasse der Volksbanken und Raiffeisenkassen”

1975 The Schwäbisch Hall brand animal is born: the “Bauspar fox” takes the stage



from **1992** Establishment of subsidiaries* in Eastern Europe (currently Slovakia and Hungary)

1994 Establishment of Schwäbisch Hall Training GmbH (SHT)

2000 Establishment of today’s Schwäbisch Hall Kreditservice GmbH (SHK) as a processing service provider

2002 Establishment of Schwäbisch Hall Facility Management GmbH (SHF) as a specialist for building management and services

2004 Bauspar starts in China (in four provinces since 2018)

2014 Evolution of business strategy: on the way to becoming a provider of housing finance with Bausparen as core business segment

2020 New Record: More than €19bn in new business in housing finance

*minority interests (except Hungary)

Our Partners – the Basis of our Success

The German Cooperative Banking Group



More than **800** cooperative banks

Around **9,000** branches

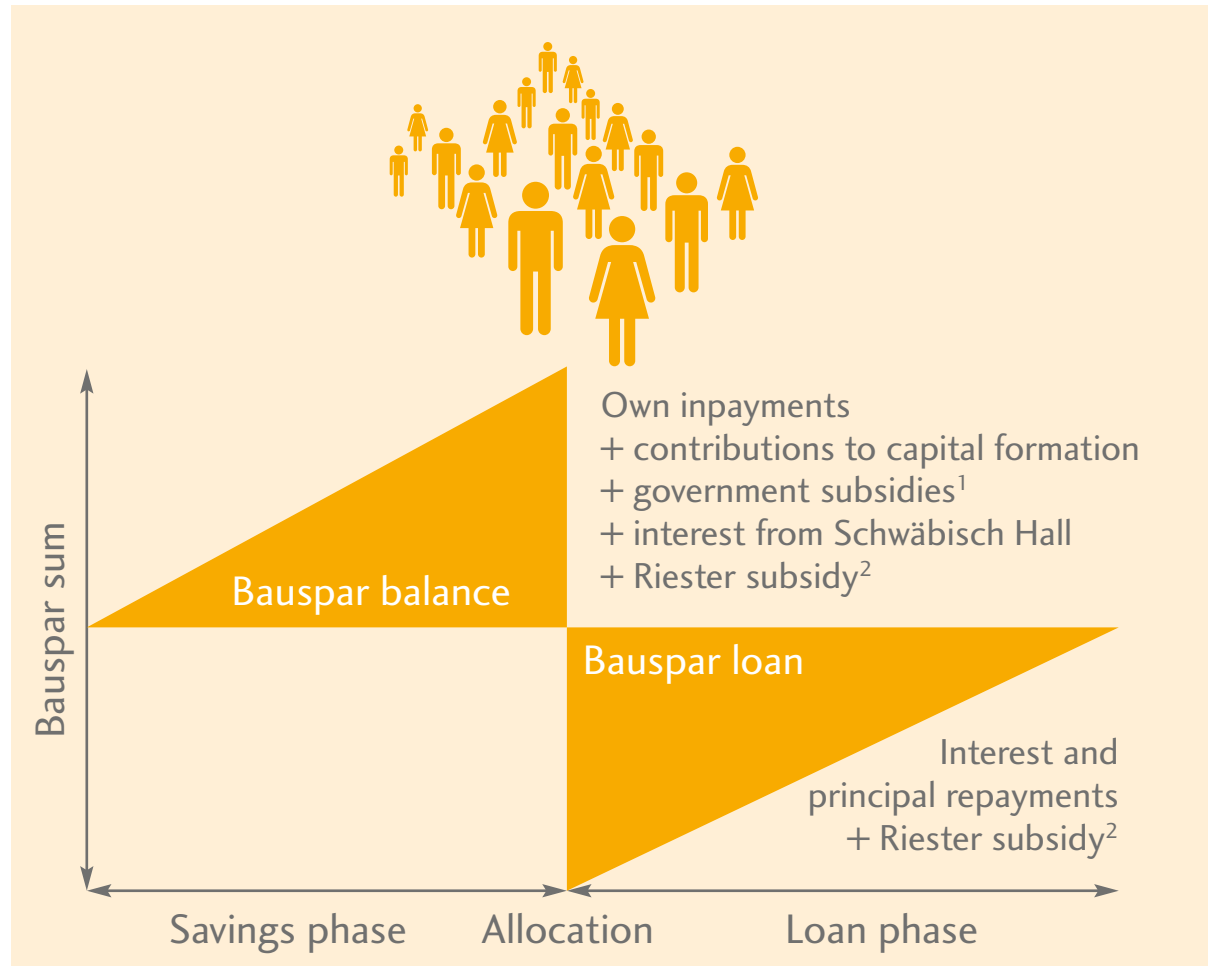
140,000 employees

18.6 million members

A+/AA- Network rating
by Standard & Poor's and Fitch Ratings



How Does Bausparen Work?



¹Income limits and other conditions apply

²If eligible

³and further allocation requirements have been met



Saving equity capital

In the Bausparen model, the customer enters into a **Bauspar contract** for a specific sum and saves about half of this amount in regular instalments



Taking out loans

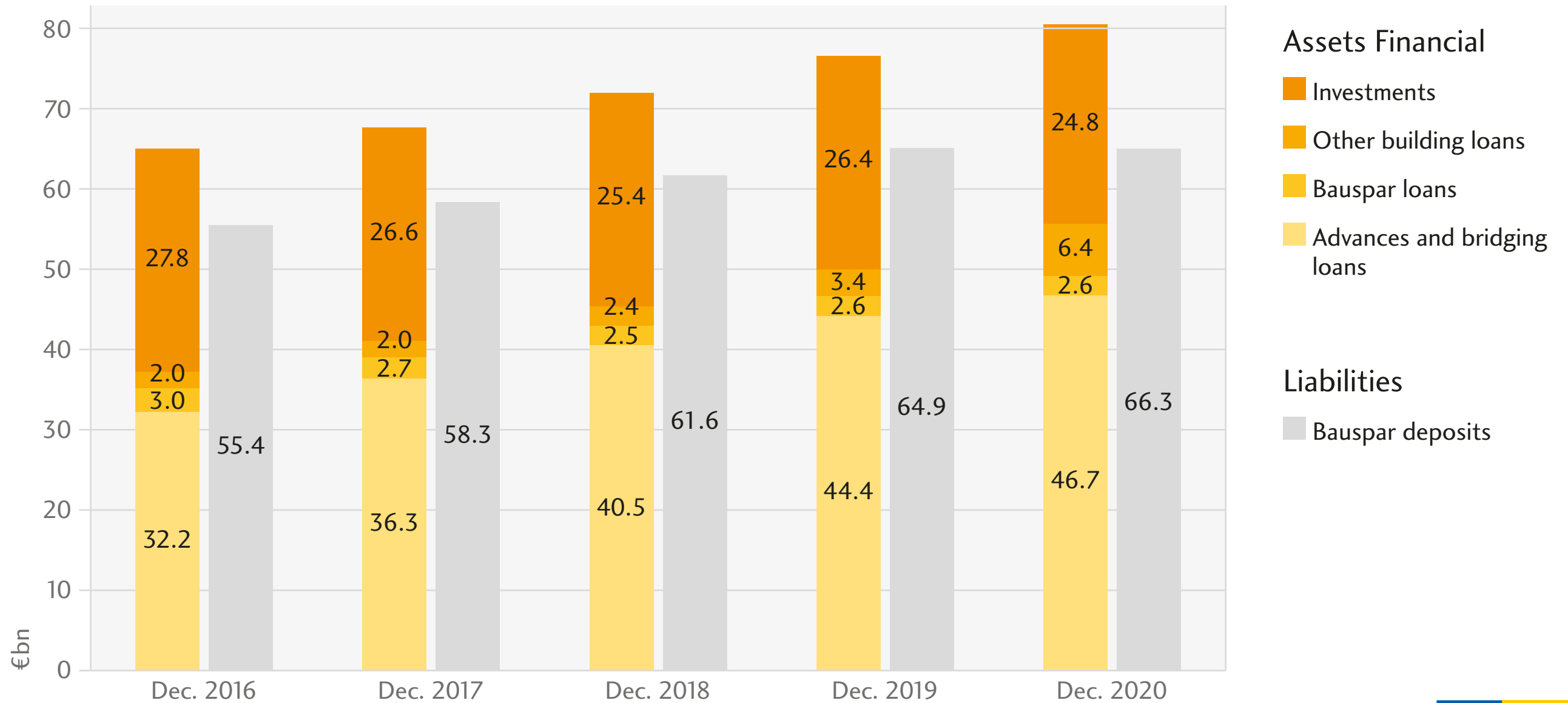
Once the agreed portion of the Bauspar sum has been saved³, a **low-interest Bauspar loan** can be taken out for the remainder



Paying back convenient instalments

In the **repayment phase**, the customer repays the loan in regular instalments

Sustainable Growth



1. Schwäbisch Hall at a Glance

2. Business Strategy

3. Balance Sheet and Income Statement Data

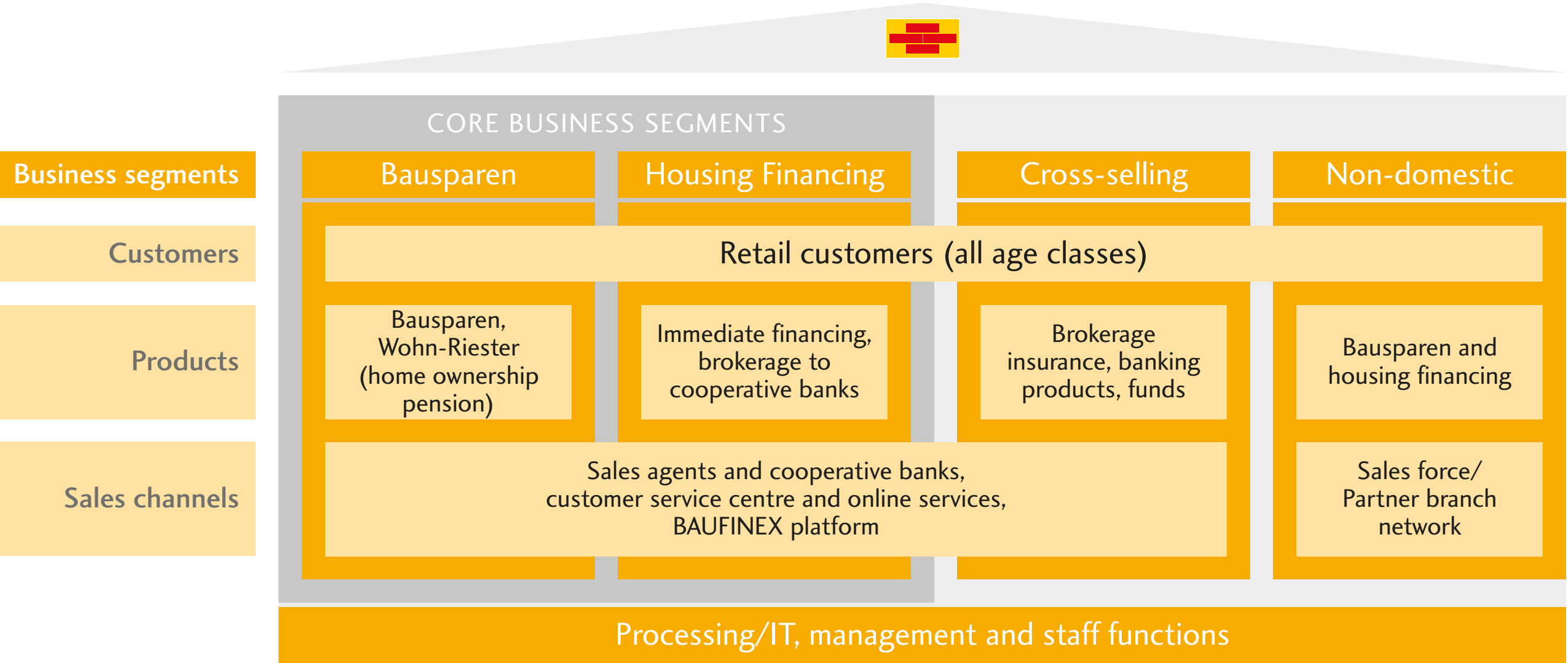
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BSH's Business Model and Business Segments



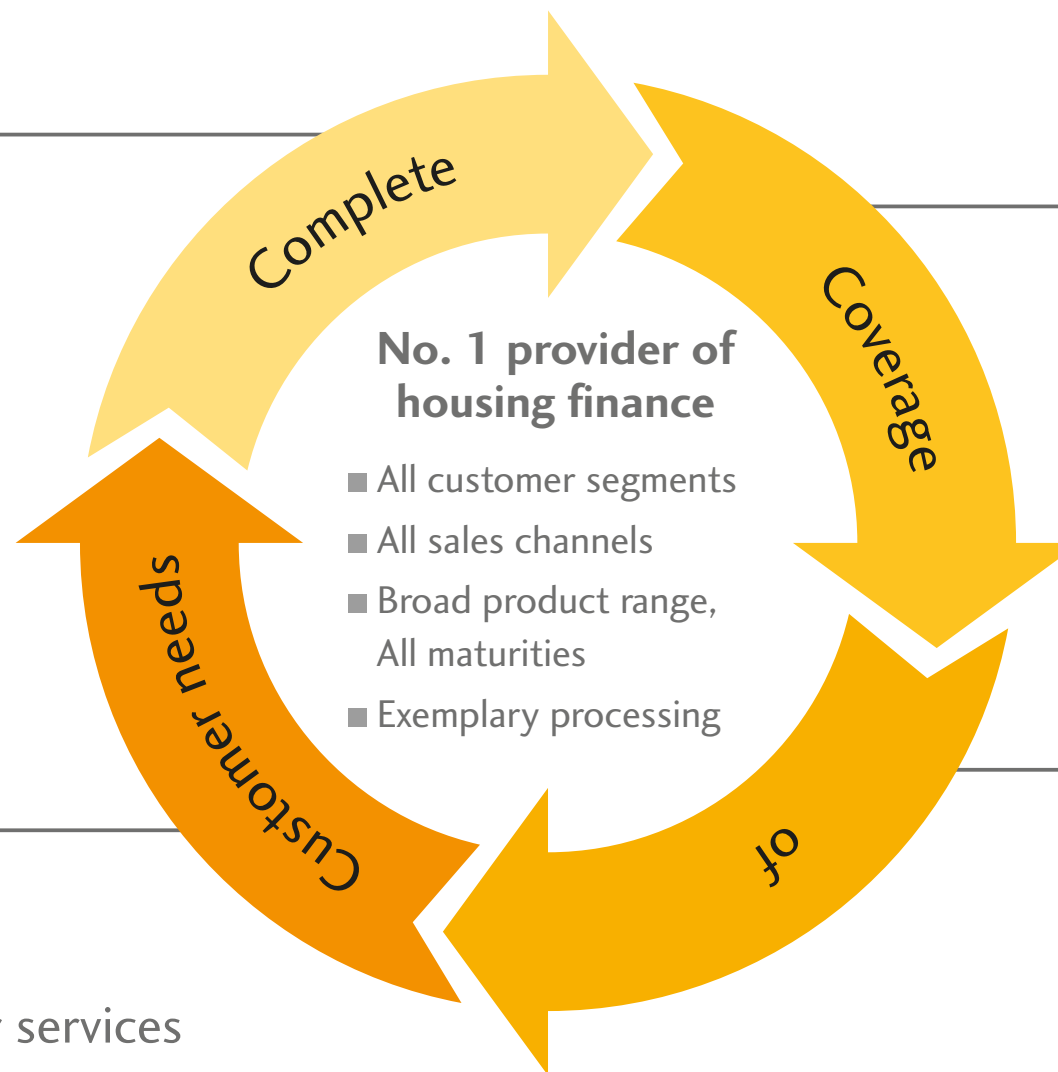
Our Ambition: No. 1 Provider of Housing Finance

Sales/customer care

- Large number of expert housing finance advisers
- Nationwide cooperation with the banks of the German Cooperative Banking Group
- Expansion platform business

Service

- Ongoing enhancement of advisory systems
- Further expansion of customer services (Customer Journey)



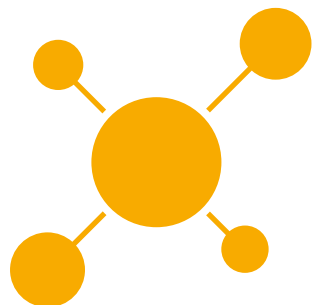
Products, conditions/commissions

- End-to-end cover of customer needs
- Wohn-Riester as a unique selling point
- Attractive conditions

Processes

- Cost-effective loan processing (economies of scale)
- Expansion of process automation (E2E)

Our Unique Selling Points



Powerful sales organisation

- ~ 3.300 force employees
- Nationwide cooperation with the cooperative banks
- BAUFINEX B2B-platform

Broad customer base

BSH: ~ 7m customers
GCBG: ~ 30m customers



Funding by collective independent of capital markets
New: supplemented by Pfandbriefe (covered bonds)

Above-average housing finance growth compared with the market*



High brand recognition

„Auf diese Steine können Sie bauen“
(You can build on these stones)

Our Sustainability Concept

We have been producing a sustainability report since 2012, which focuses on the following action areas:

Products and Services

- Products and services have a positive CO₂ impact, measurement in the credit portfolio
- Support for our customers in asset formation and private retirement provision

Responsible Employer

- HR policy based on stages of the employee life cycle, e.g. work-life balance, operational health management
- High level of employee satisfaction and identification with employer

Sustainable Banking

- Eco-efficiency in banking
- Climate strategy of the DZ BANK Group
- External commitments (e.g. Foundation 2°, Association for the environmental management and sustainability in financial institutions)

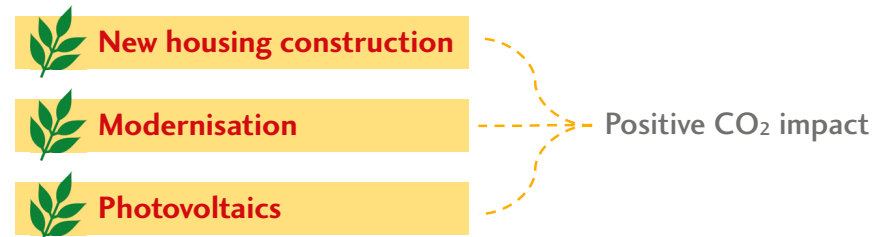
Social Commitment

- Active role as a corporate citizen in the region
- Specific support for volunteering and social and cultural projects
- Engagement with foundations and alliances

Schwäbisch Hall customers saved around 538,000 tonnes of CO₂ with our support in 2020

Types of loan use with positive CO₂ impact

Among other projects, we provide financing for:



Calculation of the positive CO₂ impact for each loan

(with intended use of modernisation used as an example)

- 1 What is the size of the **space** to be modernised with the refurbishment expenditure?¹
- 2 By how much will the refurbishment reduce **energy consumption**? Assumption: saving of **84 kWh/year** per square metre modernised²
- 3 What is the amount of CO₂ **emissions** that will be **avoided** as a result of the refurbishment? Assumption: approx. 0.3kg of CO₂ will be avoided per kilowatt hour saved³

¹BSH calculates relevant refurbishment space using comparative figures from the German Economic Institute (IW), which classifies up to 50% of refurbishment expenditure as energy-related measures and assumes average energy-related capital expenditure of €350 per square metre.

²Source: Federal Ministry for Economic Affairs and Energy (BMWi)

³Source: German Economic Institute (IW)

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Figures and Facts 2020

Schwäbisch Hall Group: selected financial data*

	31 Dec 2020	31 Dec 2019
Balance sheet total in €m	81,673	77,469
Equity in €m	6,065	5,700
Common Equity Tier 1 capital ratio in %	31.6	31.4
Profit before tax in €m	81	189
Cost/income ratio in %	82.7	71.6
RORAC in %	3.0	7.1
LCR in % (only Bausparkasse SHA AG)	441.7	249.4

DZ BANK AG and Bausparkasse Schwäbisch Hall have entered into a profit and loss transfer agreement

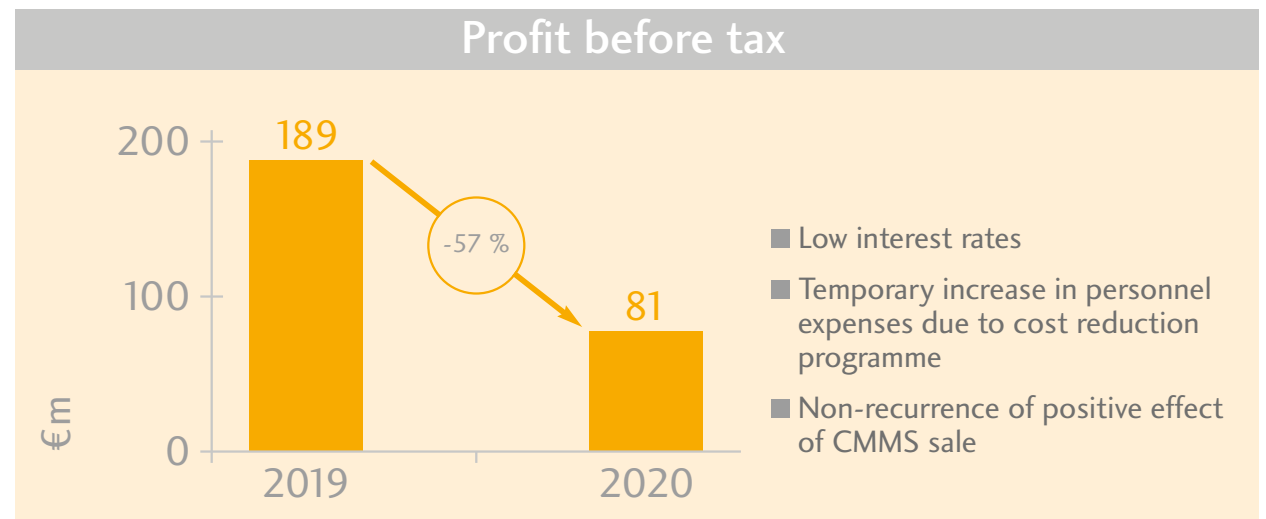
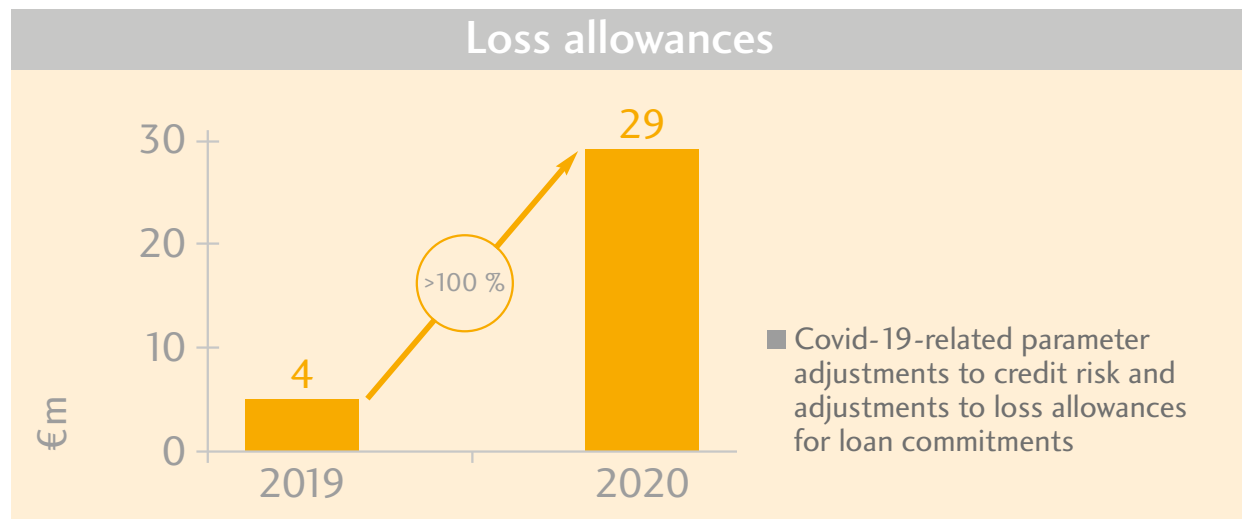
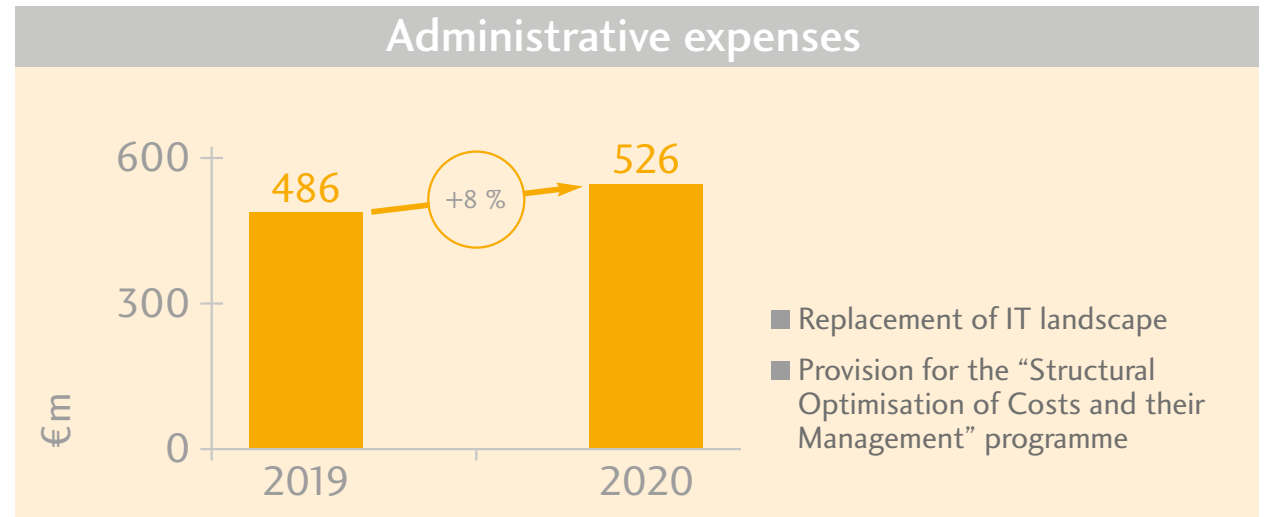
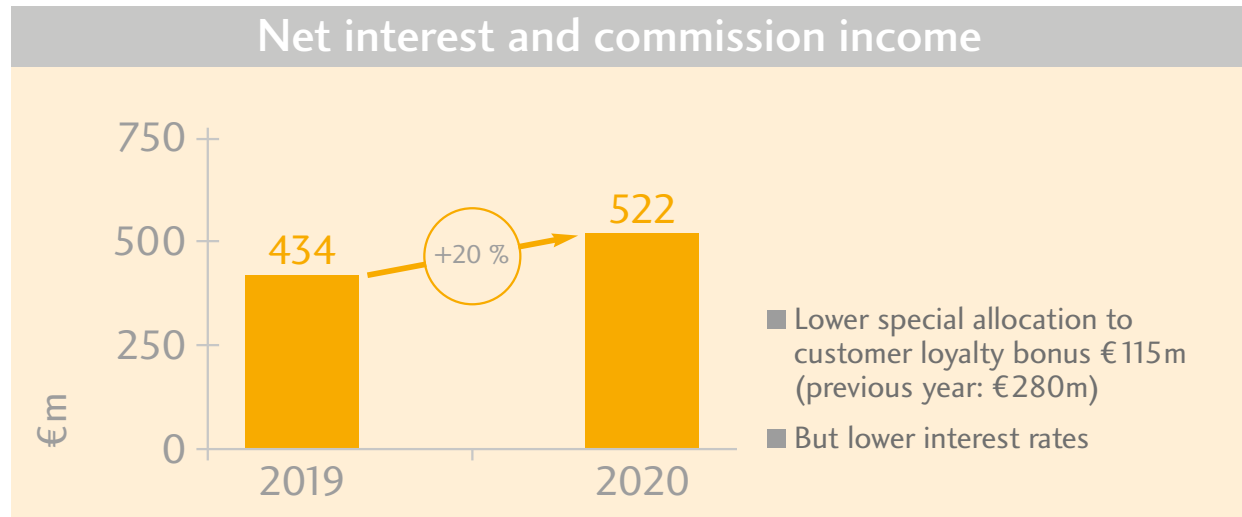
Schwäbisch Hall Consolidated Balance Sheet

Assets			Equity and liabilities		
€m	31 Dec 2020	31 Dec 2019	€m	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	542	138	Deposits from banks	7,776	6,142
Loans and advances to banks	8,937	11,209	Deposits from customers	65,074	63,607
Loans and advances to customers*	59,044	54,032	Fair value changes of hedged items in portfolio hedges of interest rate risk	23	-4
Positive fair values of hedging instruments	31	3	Issued bonds	513	-
Investments	12,825	11,803	Negative fair values of hedging instruments	-	5
Investments accounted for using the equity method	106	103	Provisions	1,766	1,695
Intangible assets	210	183	Income tax liabilities (current + deferred)	283	133
Property, plant and equipment and right-of-use assets	123	131	Other liabilities	173	191
Income tax assets (current + deferred)	7	5	Equity	6,065	5,700
Other assets	34	27			
Loss allowances	-186	-165			
Total assets	81,673	77,469	Total equity and liabilities	81,673	77,469

*incl. country borrower's note loans



Income, Expense and Earnings Trends



IFRS Income Statement* (condensed)

€m	31 Dec 2020	31 Dec 2019
Net interest income	531	462
Net fee and commission income	-9	-28
Gains or losses on investments	56	151
Other gains or losses on valuation of financial instruments	5	18
Gains or losses on derecognition of financial assets measured at amortised cost	15	18
Loss allowances	-29	-4
Administrative expenses	-526	-486
Other net operating income	38	58
Profit before taxes	81	189
Income taxes	-22	-23
Net profit	59	166



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You Can Build on This Cover Pool

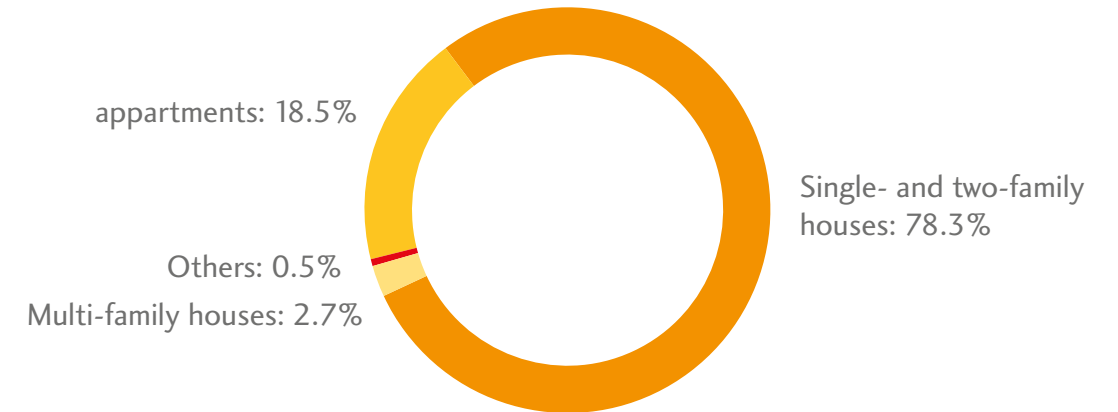
Cover Pool: Private residential property finance



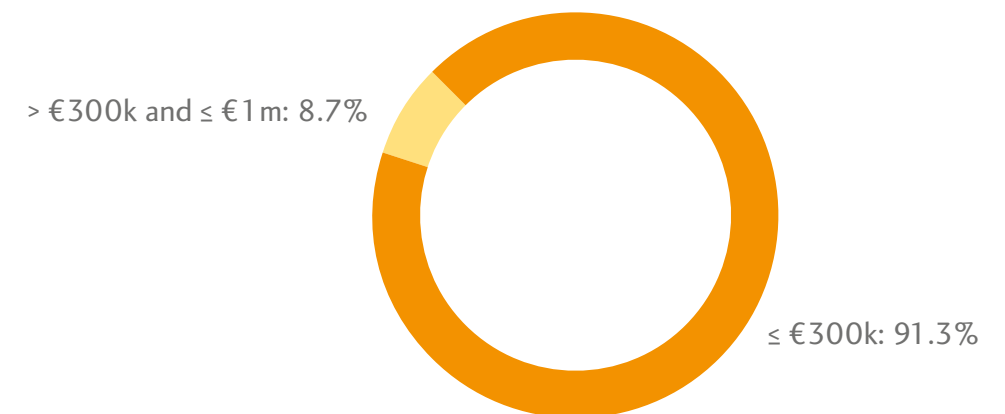
as of: 31 Dec. 2020

- Residential property cover pool due to Bausparkassen Act (significant restrictions for commercial lending)
- Granular, Germany-wide diversified loan portfolio
 - Around 90% owner-occupied property
 - Around 78% single- and two-family houses
 - All collateral located in Germany
 - No foreign currencies

Usage category of regular cover assets



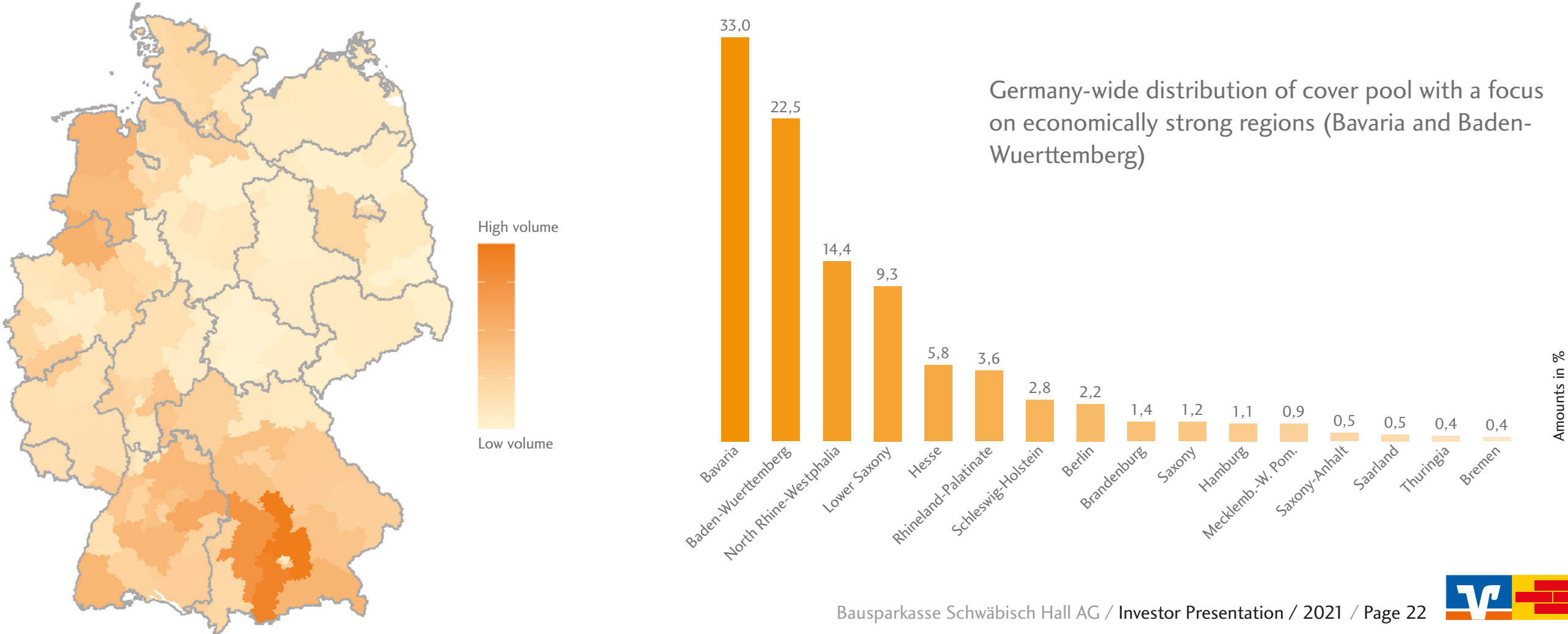
Granular cover assets: Size classes of mortgage cover



Overview of Cover Pool for Schwäbisch Hall's Pfandbriefe

Regional distribution of regular cover pool assets

as of: 31 Dec. 2020



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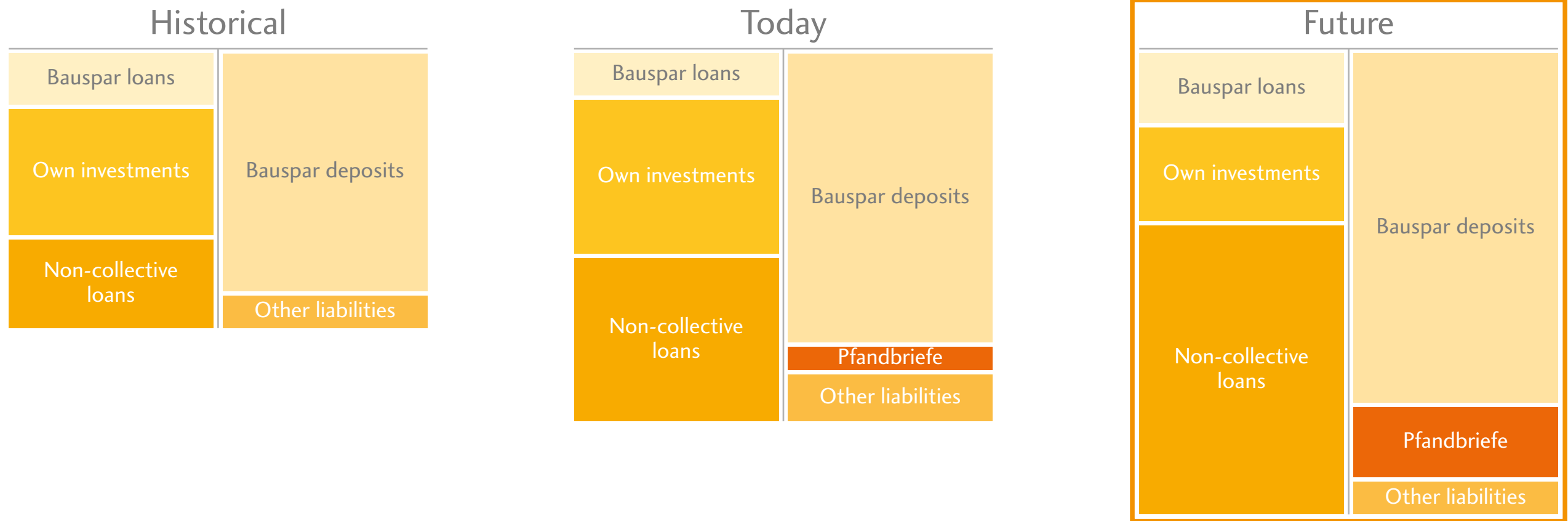
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Overview of Bausparkasse Schwäbisch Hall's Funding Structure



“In future, growth in the housing financing business will lead to funding via Pfandbriefe”

Our Target Vision for the Future Funding Structure

Assets	Liabilities	Remarks
Bauspar loans	Bauspar deposits	<ul style="list-style-type: none"> ■ The new lending business will increase total assets ■ Issuance of Pfandbriefe as an additional, sustainable and low-cost source of funding in line with the business model
Own investments		
Non-collective loans	Pfandbriefe	<ul style="list-style-type: none"> ■ Future growth in cover pool will enable regular issuances in sub-benchmark and benchmark formats ■ Bauspar deposits will remain an important source of funding

Future funding via Bauspar deposits and **Pfandbriefe**

Successful benchmark debut (15.10.2020)

Issue Characteristics

Issuer	Bausparkasse Schwäbisch Hall AG (BAUSCH)
Format	Mortgage Covered Bond (Hypothekendarlehenbrief)
Issuer Rating	Aa1 (Moody's)
Exp. Issue Rating	Aaa (Moody's)
Currency / Size	EUR 500,000,000.-
Settlement Date	22 October 2020 (T+5)
Maturity Date	22 October 2030
Re-offer v s m/s	+ 4bps
Price / Yield	102.811% / -0.267%
Coupon	0.010%
Bookrunners	Commerzbank, DZ Bank, LBBW, Natixis, UniCredit
Documentation	Under the Issuer's EUR 5bn
ISIN	DE000A3H24G6

Emissions Highlights

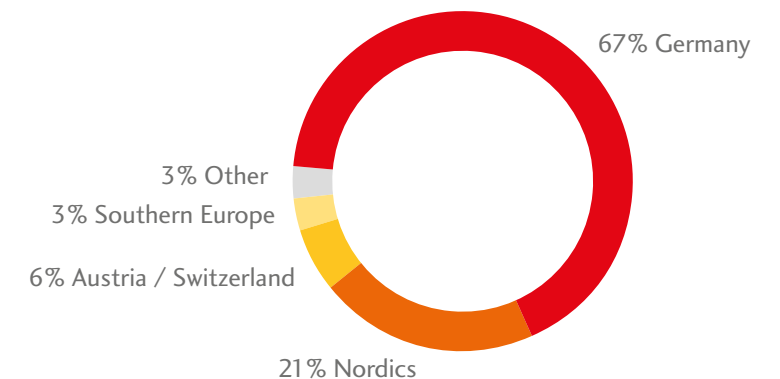
In brief

Guidance	m/s +8bps area
Final re offer	m/s +4bps
Sprd. vs DBR 08/30	+36.5bps
Book size	> EUR 1.9bn
# of investors	> 50
Subscription	> 3.8x

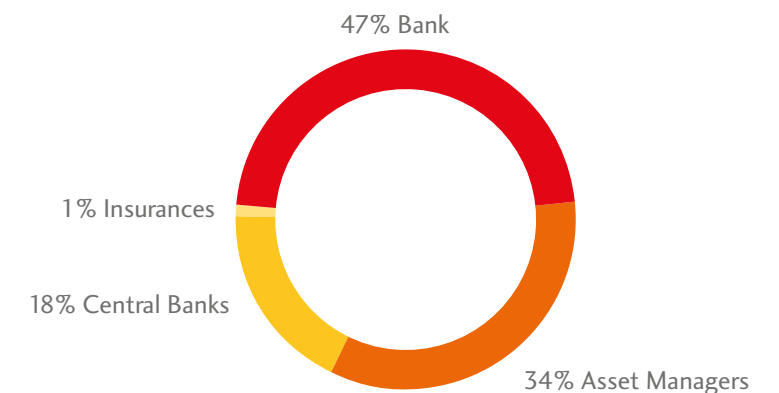
Bookbuilding timeline (CET):

- 08:50:** Books opened for the EUR 500mn sized deal at m/s +8bps area
- 09:39:** First update with books north of EUR 1bn (excl. JLM)
- 10:25:** Books well above EUR 1.9bn (excl. JLM) and spread set at +4bps
- 11:30:** Books closed in excess of EUR 1.9bn (excl. JLM)
- 14:21:** The deal was successfully priced at m/s +4bps, yielding -0.267%

Orders by Geography



Orders by Investor Type



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Rating

MOODY'S

S&P Global
Ratings

FitchRatings



imug

	Moody's	S&P	Fitch
Issue ratings			
Hypothekenpfandbrief (German mortgage covered bonds)	Aaa	–	–
Bank ratings*			
Long-term	Aa1	A+*	AA-*
Outlook	negative	stable*	stable*
Short-term	P-1	A-1*	F1+*

Rating provider	Rating	Date of Rating
ISS ESG	Prime/ C+	2019
imug	positive (BB)	2019

Schwäbisch Hall organises its sustainability activities under the umbrella of the DZ BANK Group. The results receive regular recognition: ISS ESG, one of the leading rating agencies for sustainable investments, has confirmed the corporate rating of **“Prime Status C+”** awarded to the DZ BANK Group and therefore also to Bausparkasse Schwäbisch Hall.

This means that Schwäbisch Hall remains in the top group of particularly sustainable companies.

as of: July 2021

*S&P and Fitch: collective rating for the German Cooperative Banking Group



Details of the Rating Profile

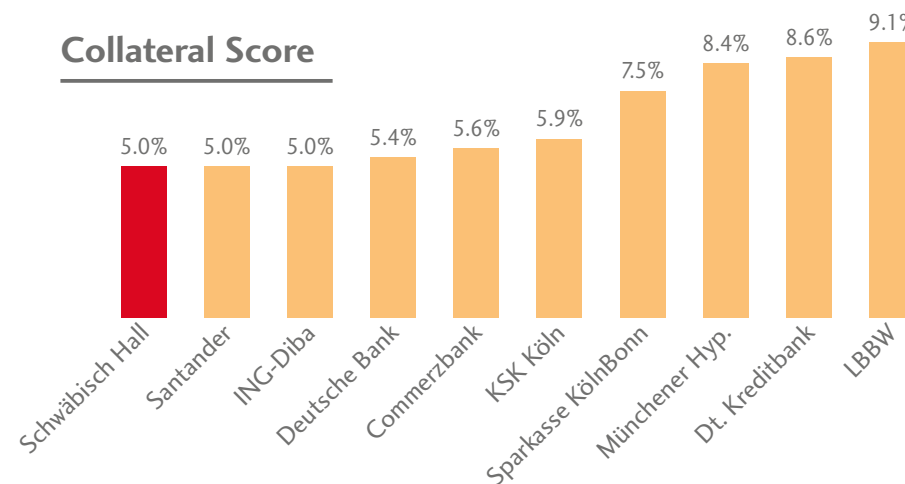
Moody's Pfandbrief rating: Aaa

- Bausparkasse Schwäbisch Hall is rated **Aa1** (high quality and subject to very low credit risk)
- BSH's Pfandbriefe have been awarded the **top Aaa** rating (highest quality, with minimal credit risk)

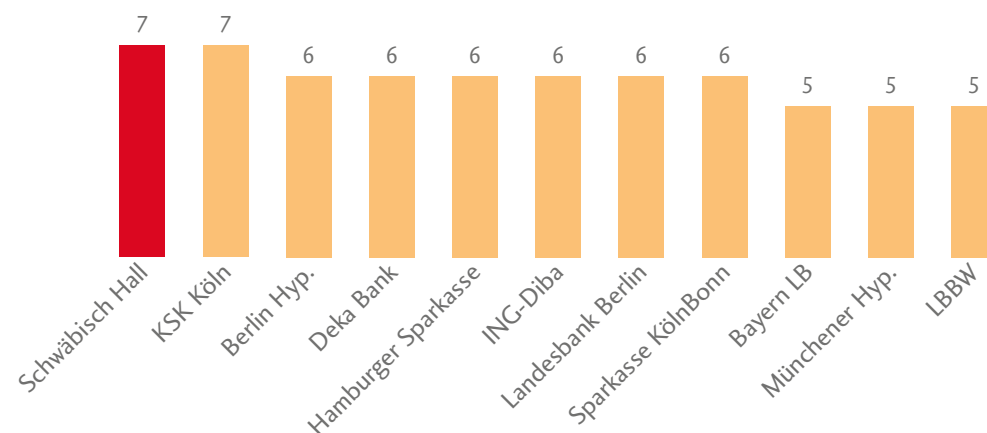
Aaa
+7 Leeway

Selected rating details

Collateral Score

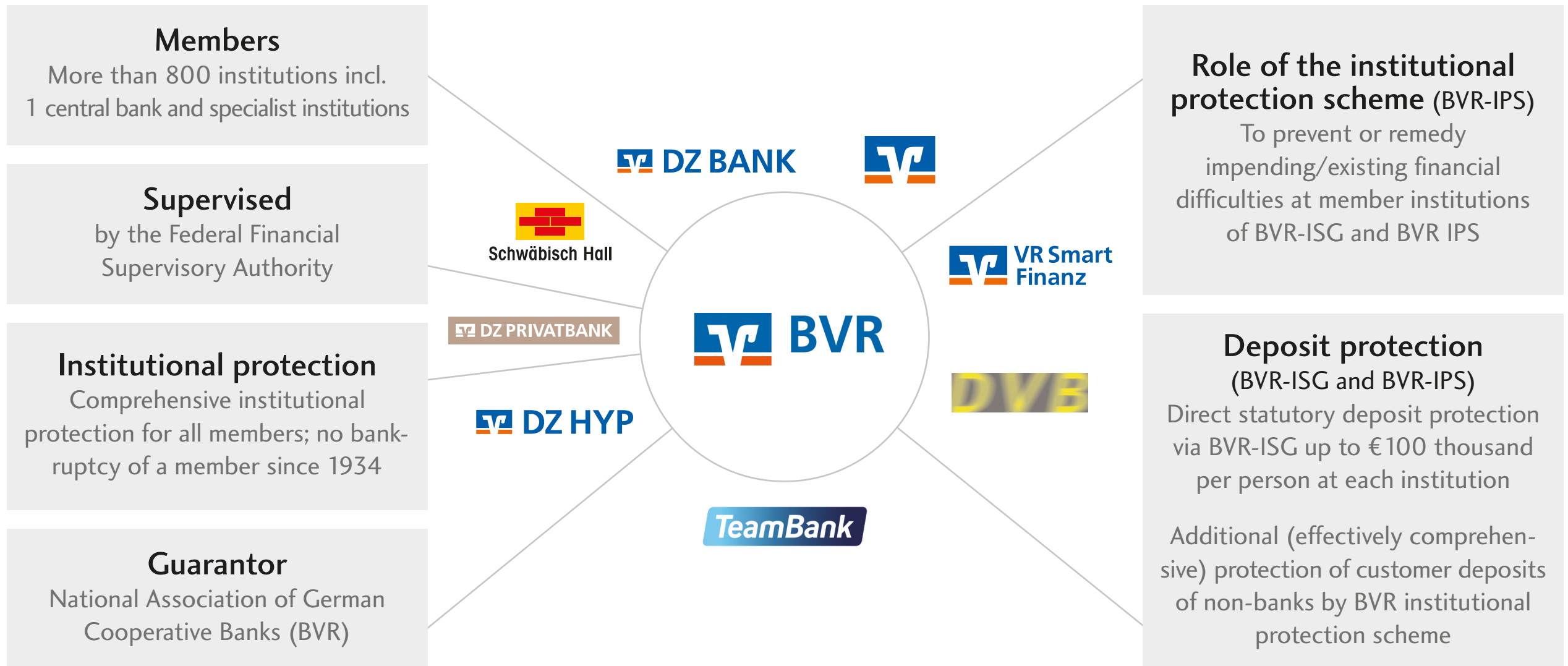


Leeway



- Moody's assesses the **credit risk of the Pfandbrief cover pool** based on the "collateral score"
- The better the **credit quality**, the **lower** the "collateral score"
- Schwäbisch Hall's Pfandbriefe have a **collateral score of 5,0 %**
- **Another indicator** for the quality of Pfandbriefe: How many notches can the institution's rating fall before the Pfandbrief rating is cut (under otherwise identical conditions)? (= leeway)
- For Bausparkasse Schwäbisch Hall, the **leeway is 7 notches**

BVR Cooperative Institutional Protection Scheme



Contacts

Any questions?
– We're happy to help!

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